



From The Evil Empire To The Grave: Insights From Recent Trademark Infringement Cases

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What's the Score in the Trademark Infringement Game?



We will look at:

- The New York Yankees' recent fight with Evil Enterprises, Inc. over the "Evil Empire" trademark; and
- SCI North Carolina Funeral Services, LLC's fight with McEwen Ellington Funeral Services, Inc. over the "McEwen" trademark.

Protection of an Unregistered Trademark



Both cases address:

- protection of unregistered trademarks and
- the application of a "likelihood of confusion" analysis

Protection of an Unregistered Trademark

But, the cases diverge from there to address unique and interesting legal questions.



The Lanham Act of 1946: The Federal Trademark Act



The Yankees case focuses on **federal law** under the Trademark Act, 15 U.S.C. § 1051 *et seq.* and also addresses:

- the public use doctrine; and
- the false suggestion of a connection to another

North Carolina Common Law



The SCI funeral home case focuses on North Carolina ***common law*** and also addresses:

- the trademarking of a surname; and
- the fraudulent intent doctrine

Let's Play Ball!



Before the U.S. Patent & Trademark
Office Trademark Trial and Appeal Board



New York Yankees Partnership v. Evil Enterprises, Inc.,
Opposition No. 91192764
(TTAB Feb. 8, 2013)

The Origin of “The EVIL EMPIRE”

The term EVIL EMPIRE was first used in reference to the New York Yankees in 2002, when the president of the Boston Red Sox, Larry Lucchino, reportedly said:

**“The evil empire extends its tentacles
even into Latin America,”**

after learning that a highly sought Cuban pitcher, Jose Contreras, signed a contract to play for the Yankees instead of the Red Sox.



The Origin of “The EVIL EMPIRE”

Since 2002:

- the media, Yankees’ fans, and disparagers of the Yankees have used the term EVIL EMPIRE in reference to the team; and
- The **Yankees team** has played ominous music from the soundtrack of the STAR WARS movies at its baseball games.

The Yankees, however, have not registered the term EVIL EMPIRE.
Nor have the Yankees used the mark in connection with
any goods or services.

The Attempted Dawning of “BASEBALLS EVIL EMPIRE”

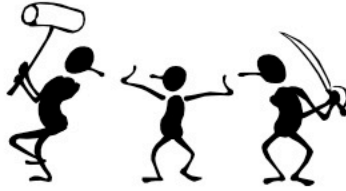
In 2008, Evil Enterprises, Inc. filed an application with the U.S. Patent & Trademark Office (“USPTO”) to register the mark:

BASEBALLS EVIL EMPIRE



for use on “clothing, namely, shirts, t-shirts, sweatshirts, jackets, pants, shorts and hats.”

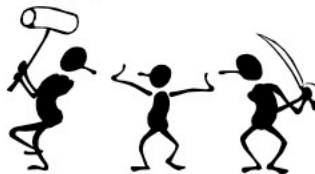
The Yankees Opposition Before the TTAB



Trademark Act § 13, 15 U.S.C. § 1063 provides that any person “who believes that he would be damaged by the registration of a mark upon the principal register” may oppose registration of the mark.

Accordingly, the Yankees filed an opposition to Evil Enterprises, Inc.’s registration of the BASEBALLS EVIL EMPIRE mark.

The Yankees Opposition Before the TTAB



The Yankees asserted as grounds for the opposition:

- (1) priority and likelihood of confusion under **Section 2(d)** of the Trademark Act,
- (2) a false suggestion of a connection with the Yankees under **Section 2(a)** of the Act, and
- (3) disparagement of the Yankees and/or that the mark brings the Yankees into contempt or disrepute, under **Section 2(a)** of the Act.

NY Yankees, Opp. No. 91192764 at 2.

The TTAB Decision in Favor of the Yankees

The Trademark Trial and Appeals Board (“TTAB”) found **in favor** of the Yankees:



- on the ground of **likelihood of confusion** under Section 2(d) of the Trademark Act and
- on the ground that the mark **falsely suggests a connection** with the Yankees under Section 2(a) of the Act.

However, the TTAB found that use of the term **BASEBALLS EVIL EMPIRE is not disparaging** to the Yankees.

Id. at 25.

Trademark Rights Under the Public Use Doctrine

Despite:

- not having registered the term EVIL EMPIRE as a trademark and
- never having used it in connection with the sale of goods or services,

the TTAB found that the Yankees team “has a protectable trademark right in the term EVIL EMPIRE as used in connection with baseball.”

Id. at 13.



Trademark Rights Under the Public Use Doctrine

The public use doctrine provides that a company may have a protectable property right in a term:

- even if the company itself has not made use of a term,
- if the public has come to associate the term with the company or its goods or services.

Citing cases dating back to 1942, the TTAB stated that the doctrine is “well-settled.”

Id. at 9.

Public Use of EVIL EMPIRE

The Yankees submitted evidence, including:

- Hundreds of [news stories](#) using EVIL EMPIRE to refer to the Yankees,
- Internet [blogs](#) and [message boards](#) using EVIL EMPIRE to refer to the Yankees,
- A [Wikipedia baseball glossary](#) using the term in connection with the Yankees,
- Printouts of Evil Empire, Inc.'s [web pages](#) showing use of the phrase BASEBALLS EVIL EMPIRE to refer to the Yankees, and
- A [dictionary](#) definition of “evil.”

Id. at 2-3, 11-12.

Public Use of EVIL EMPIRE



The Yankees admitted in discovery that they “**implicitly embraced**” the EVIL EMPIRE theme by playing music and using other things from the **STAR WARS** movies at games played at Yankee Stadium.

Id. at 6, 12, 24.

Public Use of EVIL EMPIRE

Evil Enterprises, Inc. admitted in discovery that:

“the New York Yankees baseball team has been referred to and known as the ‘Evil Empire’ by the press, fans, media, other Major League baseball teams and/or public.”

Evil Enterprises, Inc.’s own webpage (<http://www.baseballsevillempire.com/>) states:

“Baseballs Evil Empire takes pride in our merchandise and our great task of alerting all baseball fans and the like to send the message out loud that **the NY Yankees are Baseballs Evil Empire**”

Id. at 9.

Public Use of EVIL EMPIRE

From www.baseballsevillempire.com:



The screenshot shows the homepage of the Baseballs Evil Empire website. On the left is a sidebar with the 'Baseballs Evil Empire' logo (a red devil face with horns and a pitchfork) and buttons for 'Merchandise', 'Hats', and 'Tee Shirts'. The main content area has a navigation bar with links: Home, Merchandise, About Us, News Blog, and Favorite Links. Below this is a section titled 'Merchandise / Hats | Tee Shirts | NEW! Custom items here!'. It contains a paragraph about the company's history (established in 1919) and its mission to alert fans. To the right of the text are images of a white baseball cap and a white t-shirt, both featuring the 'Baseballs Evil Empire' logo. A quote from the company is also present: 'Baseballs Evil Empire takes pride in our merchandise and our great task of alerting all baseball fans and the like to send the message out loud that The NY Yankees are Baseballs Evil Empire, and can only be categorized as "the best team money can buy"'. At the bottom of the main content area, a box states: 'Now, you can get the "Baseball's Evil Empire" logo on literally hundreds of other clothing items.'

“...the record shows that there is only one **EVIL EMPIRE** in baseball and it is the New York Yankees.”



- TTAB in NY Yankees, Opp. No. 91192764 at

Priority in the EVIL EMPIRE Mark

The Yankees **established their priority** in the mark EVIL EMPIRE: Evil Enterprises, Inc.'s admitted that it knew that the Yankees has been referred to and known as the "Evil Empire" prior to filing its application in 2008.



Id. at 8.

Likelihood of Confusion by BASEBALLS EVIL EMPIRE

Section 2 of the Trademark Act, 15 U.S.C. §1052, reads:



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:

- (d) Consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, **as to be likely, when applied to the goods of the applicant to cause confusion, or to cause mistake or to deceive.**

Likelihood of Confusion by BASEBALLS EVIL EMPIRE



The Yankees asserted **likelihood of confusion** under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d) because:

The “mark, **BASEBALLS EVIL EMPIRE**, when used in connection with [Evil Enterprises, Inc.’s] clothing so resembles the mark

EVIL EMPIRE which has become associated with [the Yankees], as to be likely to cause confusion.”

NY Yankees, Opp. No. 91192764 at 8.

Likelihood of Confusion by BASEBALLS EVIL EMPIRE

The test for likelihood of confusion established by In re E.I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563 (CCPA 1973) has **13 factors** to consider.

The TTAB analyzed facts relevant to only the following du Pont factors bearing on the likelihood of confusion analysis in this case, as **only factors of significance to the particular mark need be considered**:

- Fame of the mark
- Similarity or dissimilarity of the goods, the channels of trade, and classes of consumers
- The similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression

NY Yankees, Opp. No. 91192764 at 8-9, 13-20.

duPont Factor: Fame of the Mark

- Fame plays a “dominant role in the process of balancing the *DuPont* factors.” *Recot, Inc. v. M.C. Becton*, 214 F.3d 1322, 54 USPQ2d 1894, 1897 (Fed. Cir. 2000).
- “[T]here is no excuse for even approaching the well-known trademark of a competitor . . . all doubt as to whether confusion, mistake, or deception is likely is to be resolved against the newcomer, especially where the established mark is one which is famous.” *Nina Ricci S.A.R.L. v. E.T.F. Enters. Inc.*, 889 F.2d 1070, 12 USPQ2d 1901, 1904 (Fed. Cir. 1989) (citations and quotations omitted).

“We have no doubt that EVIL EMPIRE, in the world of baseball at a minimum, has become famous in identifying the Yankees for purposes of likelihood of confusion. EVIL EMPIRE, thus, is entitled to a broad scope of protection, especially since applicant markets its goods to [the Yankees’] baseball fans.”

NY Yankees, Opp. No. 91192764 at 13-16.

duPont Factors: Similarity & Dissimilarity **Both factors favor the Yankees**

- The similarity or dissimilarity of the **goods**, the **channels of trade**, and **classes of consumers**:
 - The goods identified in the application (shirts, t-shirts, sweatshirts, jackets, pants, shorts and hats) are identical to the clothing sold by the Yankees to promote its team under its Yankees marks.
 - The channels of trade and classes of consumers are also identical.
- The similarity or dissimilarity of the **marks in their entirety** as to **appearance**, **sound**, **connotation** and **commercial impression**:
 - the marks are sufficiently similar in terms of overall commercial impression that confusion as to the source of services offered under the respective marks is likely.
 - BASEBALLS EVIL EMPIRE encompasses the entire EVIL EMPIRE mark and the addition of “BASEBALLS” makes it more likely to confuse.

Id. at 16-18.

Parody & False Suggestion of a Connection

- **Parody** is not a defense in the likelihood of confusion analysis, if the marks are confusingly similar.
- **Section 2(a) of the Trademark Act**, 15 U.S.C. § 1052(a), prohibits registration of “matter which may . . . falsely suggest a connection with persons, living or dead, institutions, beliefs or national symbols.”

“We have no doubt that BASEBALLS EVIL EMPIRE would be understood by consumers to point uniquely and unmistakably to the New York Yankees because that is precisely applicant’s demonstrated intent: to associate its products with the New York Yankees baseball club.”

“[C]onsumers, upon seeing ... BASEBALL EVIL EMPIRE on clothing, would be likely to assume that these goods are connected with the Yankees baseball club when there is no such connection.”

Id. at 20-23.

Disparaging to the Yankees?

Section 2(a) of the Trademark Act, 15 U.S.C. § 1052(a), prohibits registration of a mark that “consists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”

The TTAB found that the Yankees’:

embracing the EVIL EMPIRE characterization, whether explicitly or implicitly, undermines its argument that use of BASEBALLS EVIL EMPIRE disparages the Yankees. In other words, having succumbed to the lure of the dark side, [the Yankees] will not now be heard to complain about the judgment of those who prefer the comfort of the light. **We find that use of the term BASEBALLS EVIL EMPIRE is not disparaging to [the Yankees].**

Id. at 23-25 (emphasis added).

Takeaways from the EVIL EMPIRE

- The public use doctrine is a way to gain trademark rights without the use in commerce that is usually required to obtain trademark rights.



- Companies should consider strategically how and whether to embrace nicknames. Embracing a nickname may limit arguments that use of the mark by others is disparaging, but it also may help to endow the company with protectable rights in the mark.

Before the North Carolina Business Court



**SCI North Carolina Funeral Servs., Inc. v. McEwen Ellington
Funeral Servs., Inc.,**

No. 13 CVS 558, 2013 NCBC 15 (NCBC Mar. 1, 2013)

A Grave Matter: History of the Case

- In 1921, Carl J. McEwen founded [McEwen Funeral Services, Inc. \("MFS"\)](#) and began servicing funeral homes.
- By 1944, McEwen opened a location in Charlotte on Morehead Street and brought in family members to help run [MFS](#) and [McEwen Funeral Home of Mint Hill \("MFS Mint Hill"\)](#), including his grandson Carl McEwen Ellington, Sr. From 1956 to 1986 Ellington Sr. ran the company.
- **Defendant Carl McEwen Ellington, Jr. was a shareholder in MFS and a partner in MFS Mint Hill.**
- On July 24, 1986, the McEwen family, including Ellington Sr. and Ellington Jr., sold MFS's stock and MFS Mint Hill's assets to Service Corporation International ("SCI").

SCI NC, 2013 NCBC 15 at *8-9.

A Grave Matter: History of the Case

The Stock Agreement and Asset Agreement explicitly covered the ownership and sale of MFS and MFS Mint Hill's trademarks and trade names:

"[MFS] owns the common law and exclusive right to the trade name 'McEwen Funeral Service' in the trade area in which such name is utilized in the Corporation's business . . . [.]"

"[MFS Mint Hill], at the Closing . . . will sell, transfer, convey and deliver to [SCI] . . . all of the assets . . . of [MFS Mint Hill] of every type and description, . . . including, without limitation, . . . [all] trademarks, trade names (including all trade names under which the Seller does business)"



Id. at *9.

A Grave Matter: History of the Case



- Since 1986, the **McEwen** name has been used in the ownership and operation of funeral homes throughout Charlotte and nearby cities.
- MFS continued to use its Charlotte location until the early 2000s.
- The **McEwen** name has been promoted through sponsorship of community activities organized by many schools and organizations, and advertised in the Charlotte area through \$10,000+ in television, radio, and print media annually.

Id. at *10-11.

A Grave Matter: History of the Case

- Plaintiffs have not registered the **McEwen** name under either the [North Carolina Trademark Registration Act](#) or the [federal Trademark Act of 1946](#).
- But, Plaintiffs own and operate [five](#) funeral homes in North Carolina containing the name **McEwen**.
- Recently, Defendant Ellington, Jr., former MFS shareholder and MFS Mint Hill partner, registered a funeral home with the North Carolina Board of Funeral Service under the trade name [McEwen Ellington Funeral Services](#).
- Defendant Ellington Jr. also registered the following corporations with the North Carolina Secretary of State: [McEwen Ellington Funeral Services, Inc.](#); [McEwen Funeral Home, Inc.](#); and [McEwen Funeral Services, Inc.](#)

Id. at 12-16.

A Grave Matter: History of the Case

- Defendants began funeral home operations at the same Charlotte location previously used by Plaintiffs with a sign using the name [McEwen Ellington Funeral Services](#). The script used in the sign was similar to that used on the MFS sign at this location until the early 2000s;
- Defendants had decorated the lobby of the location with the same painting of Carl J. McEwen that is in the lobby of MFS' s new location and MFS Mint Hill Chapel.
- While Defendant Ellington, Jr. had not customarily used his middle name (McEwen) in other business contexts, he started using the McEwen name when Defendants opened their competing funeral home business.
- Defendants had contracted for advertising under the [McEwen Ellington Funeral Services](#) name in the January 12-13, 2013 weekend edition of the Charlotte Observer.

Id. at 14-15.

The Temporary Restraining Order

On January 11, 2013, Plaintiffs filed a complaint against defendants alleging claims for **common law trademark infringement** and **unfair and deceptive trade practices**.



Plaintiffs also filed a **Motion for Temporary Restraining Order**, which the Court **GRANTED** at a hearing that same day.

The Temporary Restraining Order: Likelihood of Confusion



The TRO enjoined Defendants from:

"any and all activities that are **likely to cause confusion** with Plaintiffs' rights in the [McEwen name], including using, in advertising, marketing, or promotion, or as any part of the name of a funeral services business in the greater Charlotte area, the [McEwen name]."

and

"using the names *McEwen Ellington Funeral Services*, *McEwen Funeral Home, Inc.*, *McEwen Funeral Services, Inc.*, or any other similar mark, word, name, symbol, or slogan that incorporates the [McEwen name] or is **likely to cause confusion** with the [McEwen name]."

SCI North Carolina Funeral Servs., Inc. v. McEwen Ellington Funeral Servs., Inc., 13 CVS 558 at 5-6 (N.C. Super. Ct. Jan. 11, 2013) (order granting TRO).



North Carolina Business Litigation Report

Posted at 11:30 AM on January 14, 2013 by Mack Sperling

Funeral Homes In Charlotte Battle Over Trademark Infringement

You don't see a trademark infringement action in the Business Court every day, let alone a TRO decision, but a case with both came along last Friday in [SCI Carolina Funeral Services, LLC v. McEwen Ellington Funeral Services, Inc.](#) Moreover, this was a common law trademark case, with no federal registration -- or even a state registration -- involved.

The Defendants had previously operated funeral homes under the McEwen name in the Charlotte, North Carolina area. In 1986, they sold those funeral homes, and their trademarks and trade names, to the Plaintiffs.

Then, notwithstanding their agreement, the Defendants opened a funeral home under the McEwen name and began advertising under that name as well. They also registered a trade name with the North Carolina Board of Funeral Services as McEwen Ellington Funeral Services.

There's very little North Carolina state law on trademark infringement, but Judge Murphy found enough to enter a temporary restraining order against the Defendants.

He held, relying on a 1907 North Carolina Supreme Court decision, that "North Carolina common law protects corporations' trade names," stating that



It is well settled that an exclusive right may be acquired in the name in which a business has been carried on, whether the name of a partnership or of an individual, and it will be protected against infringement by another who assumes it for the purpose of deception, or even when innocently used without right, to the detriment of another; and this right, which is in the nature of a right to a trade-mark, may be sold or assigned.

Op. ¶9 (quoting *Blackwell's Durham Tobacco Co. v. American Tobacco Co.*, 145 N.C. 367, 374, 59 S.E. 123, 127 (1907)).

Then, although there's no reported state court decision on when a trademark infringement plaintiff has shown the likelihood of confusion necessary to prevail, Judge Murphy relied on a federal decision from the Western District of North Carolina holding that the factors to be considered are:

1) the strength or distinctiveness of the mark; 2) the similarity of the two marks; 3) the similarity of the goods/services the marks identify; 4) the similarity of the facilities the two parties use in their businesses; 5) the similarity of the advertising used by the two parties; 6) the defendant's intent; and 7) actual confusion.

Op. ¶10 (quoting *Wachovia Bank & Trust Co. v. Crown Nation Bancorporation*, 835 F. Supp. 882, 886 (W.D.N.C. 1993)).

If that standard sounds familiar, that's because it is, and drawn from the Fourth Circuit Court of Appeals' often cited opinion in *Pecunia Uno v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)).

Given that the Plaintiffs had shown that their McEwen mark was distinctive, the marks in question appeared to be similar, the funeral services provided by the parties were identical, the parties use similar facilities, the parties' advertising is similar, and that one of the Defendants had registered and operated under the challenged mark with the intent to cause confusion among the consuming public, it was any easy step to enjoin the Defendants from using the McEwen name in connection with funeral services.

It's hard to tell how the Defendants defended this pretty clear case of infringement, given that they didn't even file a brief in opposition to the motion for a TRO.

Trackbacks (0)

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Likelihood of Confusion Confirmed By Actual Confusion:




Illustrating that a likelihood of confusion between the parties' trade names exists, Plaintiffs later alleged that:

- (1) that on the week of January 7, 2013, mail for *McEwen Ellington Funeral Services* was mistakenly delivered to MFS's Mint Hill Chapel location;
 - (2) that on January 14, 2013, flowers intended of a funeral service to be performed by *McEwen Ellington Funeral Services* were delivered by mistake to MFS's current location; and
 - (3) that on January 14, 2013, one of MFS's managers was asked by a customer if a funeral service could be held at *McEwen Ellington Funeral Services*' new facility.
- Id. at *17.

Defendant's Advertising in the *Charlotte Observer* After the TRO

LOCAL Sunday, February 26, 2012 3B


Carl M. Ellington
FUNERAL SERVICES
727 EAST MOREHEAD STREET | CHARLOTTE, NC 28202



**HISTORIC DILWORTH
FUNERAL HOME REOPENS**

My family and I are proud to announce the reopening of our historic Dilworth funeral home located at 727 East Morehead Street. Since 1944, this beautiful facility has served thousands of families in Charlotte and the surrounding areas. For more than 60 years, our family has developed a reputation for providing funeral services with the utmost care and compassion at a reasonable price. Today, that tradition continues.

PHONE: 704.334.6700
WWW.CARLMELLINGTON.COM



"My family and I look forward to serving you again. Call to discuss your needs and schedule a chapel tour."
-Carl (Mickey) Ellington
President

We Honor All Prearranged Services
Members received and processed and are affiliated with any national firm

The Preliminary Injunction: Likelihood of Confusion vs. Fraudulent Intent Doctrine

North Carolina common law regarding trademark rights and protection is not well developed:

"Within the last one-hundred-and-fifteen years there has been very little case law discussing the status of North Carolina's common law as it applies to trademarks, trade names, and surnames."

Although the Court applied the likelihood of confusion analysis from Pizzeria Uno Corp. v. Temple, 747 F.2d 1522 (4th Cir. 1984) at the TRO stage of the proceeding, the Court later held that the likelihood of confusion analysis **would not** be applied in considering the issuance of a preliminary injunction in this case.

Id. at *39 & n.5.

The Preliminary Injunction: Likelihood of Confusion vs. Fraudulent Intent Doctrine

Instead of the **likelihood of confusion** standard, the Court applied the **fraudulent intent** doctrine established by two North Carolina state cases that deal with the **trademark rights in a surname**: Zagier v. Zagier, 167 N.C. 616, 83 S.E. 913 (1914) and Bingham Sch. v. Gray, 122 N.C. 699, 30 S.E. 304 (1898).

“The use of a separate standard for surname cases leaves this Court to conclude that the Supreme Court did not intend for the confusion standard to be applied.”

“While the applicable case law is old, the standards and legal conclusions articulated in Bingham School and Zagier have not been overturned. Accordingly, the Court is unconvinced, at this point, that the application of North Carolina's common law requires the adoption of the ‘likelihood of confusion’ test.”

Id. at *19-23, 37, 39.

What’s In a Name: The Fraudulent Intent Doctrine

The Court held that under Zagier and Bingham School, the rule in North Carolina is that **a surname cannot be trademarked**:



A man has the right to use his own name in connection with his business, provided he does so honestly and does not resort to unfair methods by which he wrongfully encroaches upon another's rights or commits a fraud upon the public. Accordingly, as a rule, a trademark can not be taken in a surname.

Id. at *19 (citations and quotations omitted).

The Fraudulent Intent Doctrine

According to Zagier and Bingham School, a plaintiff does not have exclusive right to its founder's surname.

Another corporation can be created and operated under the same name:

- **when not in the same locality**,
- in the absence of proof of an **intent to injure** the first named corporation or
- to **avail itself fraudulently** of the other's good name and reputation.

and

Anyone having the same surname as a long running, successful business, can conduct a similar business under the same name:

- provided there be **no intent to injure** or
- **fraudulently attract** the benefit of the good name and reputation previously acquired by the other.

Id. at *20-21.

The Fraudulent Intent Doctrine: Locality

The Court found that Defendants operate in the same locality – the Charlotte area – as SCI and therefore cannot operate a business using the McEwen name within that same area under Bingham School.



Id. at *44.

The Fraudulent Intent Doctrine: Intent to Injure

The Court held that facts suggest an intent on the part of the Defendants to injure the Plaintiffs or avail themselves of Plaintiffs' good name and reputation:

- (1) Defendants began funeral home operations at the same location previously used by Plaintiffs for the same services;
- (2) Defendants erected a sign on that location with script similar to that on the MFS sign at this location until the early 2000s“;
- (3) Defendants decorated the lobby of their competing funeral home with the same painting “of Carl J. McEwen that is displayed in the lobby” of plaintiff’s funeral homes; and
- (4) Ellington, who has not customarily used his middle name in other business contexts, started using McEwen when Defendants opened their competing funeral home business.

Id. at *46.

The Fraudulent Intent Doctrine: Intent to Injure

“While the Court cannot say that the lawful use of an individual's name in the promotion of a business could be evidence of an intent to injure,

the fact that a person inexplicably changes the use of their middle name when they enter into a competing endeavor suggests to the Court that there was an intent to acquire the existing company's good will and reputation.”



Id. at *47.

What About Defendants' Registration of the Businesses Using *McEwen*?

The Court held that Defendants' registrations with the NC Board of Funeral Services and NC Secretary of State had **no effect** on Plaintiffs' common law right to use the *McEwen* name under *N.C. GEN. STAT. § 55D-20(e)*, which states:

"registration does not authorize the use . . . of a name in violation of the rights of any third party under . . . the trademark act of this State, or other statutory or common law, and is not a defense to an action for violation of any of those rights."

Preliminary Injunction **Granted**

Plaintiffs showed a likelihood of success on the merits and that they would suffer irreparable harm if injunctive relief is not granted.

Defendants were:

- immediately **restrained** and **enjoined** from any and all activities that use the *McEwen* name in the provision of funeral services within Charlotte, Mint Hill, Pineville, and Monroe.
- Defendants were prohibited from using the names *McEwen Ellington Funeral Services*, *McEwen Funeral Home, Inc.*, *McEwen Funeral Services, Inc.*, or any other similar mark, word, name, symbol, or slogan that incorporates the *McEwen* name.
- Any and all uses or proposed uses by Defendants of the *McEwen* name or any similar mark, including in signs, advertisements, or promotions materials, in connection with funeral services in Charlotte, Mint Hill, Pineville, and Monroe, were strictly prohibited.

The Wrap Up



- North Carolina's fraudulent intent doctrine served Plaintiffs well with the extreme facts of this case, but the elevated standard requiring *intent to injure* may hinder some companies from protecting their rights in a mark.
- Where state trademark law is un/underdeveloped, companies should continue to argue for the application of the federal likelihood of confusion standards adopted by the Circuit Courts of Appeals.
- The Court noted, but did not decide, that the sale contracts in which Defendant Ellington, Jr. relinquished his rights in his surname may have been an alternative grounds for enjoining his use of the *McEwen* name. Companies should consider contract language regarding transfer of trademarks in surnames carefully.

Funeral director loses trademark fight over name *David Donovan - NC Lawyers Weekly – March 8, 2013*

A funeral home director's right to use his middle name as a trademark passed away Feb. 18 due to a preliminary injunction, after a brief battle in the North Carolina Business Court.

Carl McEwen Ellington Jr. is the great-grandson of Carl J. McEwen, founder of McEwen Funeral Services in Charlotte. Ellington went into the family trade and was a shareholder in MFS until the company and its trademarks were sold to Service Corporation International in 1986. In 2012, Ellington opened up a new funeral home, McEwen Ellington Funeral Services, at the same Morehead Street location where the original MFS had been located until the early 2000s.

SCI, which today uses the McEwen name on five funeral homes in the greater Charlotte area, sued to force Ellington to stop using the name. It alleged that Ellington had not customarily used his middle name in other business contexts and chose the McEwen name in order to purposely create confusion with the existing brand. SCI said that Ellington had further encouraged confusion by choosing signage evocative of the previous McEwen funeral home at that location and placing in his lobby the same portrait of his great-

grandfather that hangs in other McEwen funeral homes. Ellington said that SCI's prior use of the McEwen name did not give them a monopoly on it. The state courts had very little to say in the previous century about the use of surnames in trade, but in 1898, the state Supreme Court held in *Bingham Sch. v. Gray* that "a man has the right to use his own name in connection with his business, provided he does so honestly and does not resort to unfair methods," and that "as a rule, a trademark cannot be taken in a surname."

The *Bingham* decision, however, put limits on a proprietor's ability to use a surname already being used by another company. It said that a new corporation could be created using the same name, so long as it wasn't being used in the same locality, and there was no intent to injure the existing corporation or to fraudulently leech onto its good name and reputation.

Ellington argued that the court should employ a different test, the "likelihood of confusion" framework articulated by the state Supreme Court in the (only slightly) more recent case of *Blackwell's Durham Tobacco Co. v. The American Tobacco Co.*, and find that SCI should not be able to enjoin him from using the McEwen name.

Business Court Judge Calvin E. Murphy disagreed, saying, in essence, that *Blackwell's* was distinguishable

from surname cases because it did not deal with surnames. The language from *Bingham* was a little dusty, but Murphy ruled it was squarely on point. Applying its test, he found that Ellington had both used the McEwen name in the same locality where SCI was using it, and used it with a fraudulent intent.

“All of these facts suggest an intent on the part of the Defendants to injure the Plaintiffs or avail themselves of Plaintiffs’ good name and reputation. While the Court cannot say that the lawful use of an individual’s name in the promotion of a business could be evidence of an intent to injure, the fact that a person inexplicably changes the use of their middle name when they enter into a competing endeavor suggests to the Court that there was an intent to acquire the existing company’s good will and reputation,” Murphy wrote.

Murphy also found that Ellington operated in the same locality as SCI and enjoined Ellington from using the McEwen name in the areas where SCI operated funeral homes using it. But because Murphy was unsure whether cases subsequent to *Bingham* had eliminated locality as a relevant factor, he also analyzed intent to defraud as an alternative justification for granting the

injunction. He declined to weigh in on SCI’s additional argument that Ellington contracted away any future rights to use the McEwen name when he and the other board members sold their funeral home in 1986.

Ellington had argued that he was entitled to use the name because he had registered it as a trademark with the North Carolina Secretary of State. Murphy held that the registration did not make any difference because the state’s trademark statute explicitly says that registration does not authorize any use that would violate the state’s common law.

Anthony T. Lathrop and J. Mark Wilson of Moore & Van Allen represented SCI. Fred W. DeVore III and Troy Stafford of Devore, Acton & Stafford and James P. Cooney of Womble Carlyle represented Ellington.

Lathrop said his firm could not comment on ongoing litigation.

The 20-page opinion is *SCI North Carolina Funeral Services, LLC v. McEwen Ellington Funeral Services* (Lawyers Weekly No. 13-15-0183). The full text of the opinion is available online at nclawyersweekly.com.

About Tony Lathrop

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Tony Lathrop is a seasoned corporate trial lawyer who partners closely with his clients to handle trials, litigation and disputes in ways that maximize value for their businesses. He uses his experience as a trial attorney and certified mediator to develop strategies for obtaining optimal trial results or other resolutions in high-stakes cases and to advise his clients regarding strategies to reduce future risk.

Mr. Lathrop has experience representing a diverse portfolio of clients in a broad range of complex civil litigation matters. He has represented his clients successfully in the state and federal courts of North Carolina, before mediators and arbitrators, and before North Carolina administrative courts and agencies. Mr. Lathrop's recent matters include the following federal and state actions at the trial and appellate levels involving class action, breach of contract, intellectual property, insurance, eminent domain, and product liability claims.

As a recognized leader within the legal community of North Carolina and nationwide, Mr. Lathrop has developed relationships and credibility that add value for the firm's clients. He currently serves as the Immediate Past Chair of The Network of Trial Law Firms, which is an organization of 7,000 attorneys in 25 separate and independent trial law firms practicing in over 140 offices throughout the United States and Canada. In his nearly thirty years of service to the North Carolina legal community, Mr. Lathrop also has served as the President of the Mecklenburg County Bar (2006-2007), the Chair of the Merit Selection Panels for two U.S. Magistrate Judges in North Carolina's Western District (2003-2004), a member of the Advisory Committee on Local Patent Rules for the U.S. District Court for the Western District of North Carolina (2010), an Aide to Governor James B. Hunt, Jr. (1983-1985), and an appointed member of Governor Hunt's Crime Commission (1982-1985). He currently serves on the Charlotte Mecklenburg Planning Commission

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