UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Polar Corp.,)
Plaintiff,))
v.)
PepsiCo, Inc. and The Concentrate Manufacturing Company of Ireland,)
Defendants.)))

C.A. No.

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION

I. <u>INTRODUCTION</u>

Plaintiff Polar Corp. ("Polar") has moved this Court for issuance of a Preliminary Injunction pursuant to Fed.R.Civ.P. 65 and the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, enjoining defendants PepsiCo, Inc. and The Concentrate Manufacturing Company (collectively, "PepsiCo" or "Defendants") from using the trademark POLAR in their POLAR SHOCK products, advertisements and promotional materials, websites, domains or other products or materials.

II. <u>STATEMENT OF FACTS</u>

Based in Worcester, Massachusetts, Polar has owned the trademark POLAR for over 100 years. Polar owns the incontestable federal registered trademark POLAR for three separate POLAR marks, has owned and consistently used the trademark POLAR since at least 1902, and is also the owner of state registrations in Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, Virginia and West Virginia for the term POLAR for soft drinks and carbonated beverages. Polar is well-known throughout these regions.

Polar's claims arise out of PepsiCo's intentional and unauthorized use of the confusingly similar POLAR SHOCK mark in connection with competitive slush-type beverages. PepsiCo's branded Mountain Dew SHOCK products confirm the consumer impression PepsiCo is trying to create by combining a famous brand with the word "SHOCK." The positioning of the term POLAR as the first term in the POLAR SHOCK family of marks is identical to the positioning of MOUNTAIN DEW in the MOUNTAIN DEW BLUE SHOCK mark. Defendants' use of POLAR in this manner is willfully infringing Polar's rights and is highly likely to confuse consumers as to the source of Defendants' "SHOCK" products.

Through its wholly-owned subsidiary, PepsiCo has applied for federal registration for a total of ten POLAR SHOCK marks. Moreover, despite actual knowledge of Polar's trademark rights and interests, Defendants – since the late fall of 2010 – have begun to sell and promote these infringing products in stores and fountain services in Massachusetts and other venues. Defendants are therefore wrongfully and willfully using the POLAR trademark without permission in connection with their "SHOCK" products in violation of Plaintiff's long-established trademark rights.

The goodwill that Polar has developed in its POLAR mark is at risk. Defendants' use, if permitted, will lessen the capacity of Polar's trademark POLAR to distinguish Polar's products, thereby causing harm to Polar. Moreover, Polar has suffered and will continue to suffer irreparable harm as a result of Defendants' use of the POLAR SHOCK marks in connection with the sale of beverages. Polar has no adequate remedy at law to address its injuries. Both a balancing of the equities and the public interest favor granting injunctive relief for Polar.

Plaintiff asks this Court to preliminarily enjoin Defendants from continuing to infringe upon and profit from Polar's trademark rights.

III. <u>ARGUMENT</u>

A. <u>PLAINTIFF IS ENTITLED TO A PRELIMINARY INJUNCTION</u> ENJOINING DEFENDANTS' UNAUTHORIZED USE OF POLAR

To obtain a preliminary injunction, a plaintiff must show: (1) a likelihood of success on the merits; (2) a risk of irreparable harm to the plaintiff if the injunction is not issued; (3) the balance of equities favors an injunction; and (4) the public's interest will not be adversely affected by granting an injunction. *See, e.g., Commerce Bank & Trust Co. v. TD Banknorth, Inc.*, 554 F. Supp. 2d 77, 83 (D. Mass. 2008). "The *sine qua non* of this four-part inquiry is likelihood of success on the merits." *New Comm. Wireless Servs. v. SprintCom, Inc.*, 287 F.3d 1,

9 (1st Cir. 2002). This is particularly true when the movant seeks a preliminary injunction on the basis of a trademark claim, since irreparable harm generally follows from infringement. *See Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 115 (1st Cir. 2006).

1. Plaintiff Has a Reasonable Likelihood of Succeeding on the Merits of its Federal Trademark Infringement Claim Under The Lanham Act

In order for Plaintiff to prevail on its claim of trademark infringement, it must show that: (1) Plaintiff owns a valid mark; and (2) Defendants' use of a similar name or mark is likely to confuse the consumer. *See Star Fin. Servs., Inc. v. AASTAR Mort. Corp.*, 89 F.3d 5, 9 (1st Cir. 1996) (citations omitted). Plaintiff easily demonstrates a likelihood of confusion arising from Defendants' use of confusingly similar names and marks for POLAR and the POLAR SHOCK family of marks for the same or similar types of beverages targeted to the same consumers.

a. <u>POLAR Is a Valid Mark</u>

Polar has owned and used the trademark POLAR since 1902 in connection with the sale of its beverages, including carbonated soft drinks, bottled water, seltzer water, and other beverages. Polar also owns several U.S. Trademark Registrations. The POLAR Registered Mark has a priority date that long predates Defendants' first use in 2010.

Registration is "*prima facie* evidence of the validity of the registered mark." 15 U.S.C. § 1115(a); *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 161 n.12 (1st Cir. 1977) (explaining that "registration is *prima facie* evidence that the . . . mark is distinctive per se"). The holder of a registered mark is entitled to a presumption that its mark is *distinctive*, *i.e.*, strong. *See* 15 U.S.C. § 1115(a); *Borinquen*, 443 F.3d at 120. If the registered mark has become incontestable through the owner's compliance with the applicable statutory formalities, as is the case here, the presumption is conclusive. *See* 15 U.S.C. § 1115(b); *Borinquen*, 443 F.3d at 115.

In accordance with Sections 7(b), 22, and 33(a) of the Lanham Act, Plaintiff's POLAR registrations constitute *prima facie* evidence of the validity of the registered marks, Plaintiff's ownership of the marks shown in said registration, and Plaintiff's *exclusive* right to use the mark in commerce in connection with the goods and services named therein, without condition or limitation. Since 1902, Plaintiff has owned and consistently and substantially used the trademark POLAR in interstate commerce throughout New England and New York. More broadly, in Massachusetts, Connecticut, Maine, New Hampshire, Vermont, New York, Ohio, Pennsylvania, Rhode Island, North and South Carolina, Virginia, Tennessee, Minnesota, Maryland, Delaware, New Jersey, Florida, and South Dakota, Polar has used in interstate commerce the trademark POLAR since a date prior to Defendants' use. This also establishes Plaintiff's valid, incontestable mark. *See Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 26-27 (1st Cir. 1989).

Based on the foregoing, Plaintiff owns a valid, incontestable, strong mark.

b. <u>There Is a Likelihood of Confusion</u>

The purpose of trademark law is "to prevent one seller from using the same 'mark' as – or one similar to – that used by another in such a way that he confuses the public about who really produced the goods." *Star Fin. Servs.*, 89 F.3d at 8 (citations omitted). Consumer confusion may "jeopardize the commercial reputation of the senior (first) user, which might be tarnished by association with the junior (subsequent) user." *See Dialogo, LLC v. Santiago Bauza*, 467 F. Supp. 2d 115, 126 (D. Mass 2006) (quoting *DeCosta v. Viacom Int'l, Inc.*, 981 F.2d 602, 605 (1st Cir. 1992)). This is equally true in the context of so-called "reverse confusion" where a large or well-established junior user enters a market and threatens to overwhelm a smaller, more senior user. *See, e.g., Commerce Bank*, 554 F. Supp. 2d at 83.

The test for infringement is the likelihood of consumer confusion. In determining whether a mark presents a likelihood of confusion, Courts consider each of eight factors:

- (1) the similarity of the marks;
- (2) the similarity of the goods;
- (3) the relationship between the parties' channels of trade;
- (4) the relationship between the parties' advertising;
- (5) the classes of prospective purchasers;
- (6) evidence of actual confusion;
- (7) the defendant's intent in adopting its mark; and
- (8) the strength of the plaintiff's mark.

Borinquen, 443 F.3d at 120 (citing *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.,* 718 F.2d 1201, 1205 (1st Cir. 1983)); *see Best Flavors, Inc. v. Mystic River Brewing Co.*, 886 F. Supp. 908, 912 (D. Maine 1995) (finding likelihood of confusion between plaintiff's ROYAL MISTIC and MISTIC marks and defendant's MYSTIC SEAPORT, both for non-alcoholic beverages, and issuing injunction). No single factor is determinative; all factors must be evaluated in the context of the circumstances in which the ordinary consumer will confront the marks. *See Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 817 (1st Cir. 1987).

The likelihood of confusion generated by the Defendants' use of the POLAR SHOCK family of marks, long after Plaintiff's first use, marketing and registration of POLAR for a variety of beverages, is readily established under this eight-factor test. Confusion is especially likely in light of the facts that: (1) PepsiCo's marks completely incorporate Plaintiff's registered mark POLAR; (2) PepsiCo's marks and Polar's mark cover the same category of beverage products within Class 32; (3) PepsiCo and Polar sell their beverage products to the same or overlapping demographic of customers; (4) Both PepsiCo and Polar's beverages are sold in the same channels of commerce; and (5) PepsiCo's use of Mountain Dew SHOCK and Polar SHOCK suggests an intent to springboard off the famous marks Mountain Dew and Polar.

(1) Plaintiff's POLAR Trademark and Defendants' POLAR SHOCK Family of Marks are Virtually Identical

Since 1902, Polar has owned and used the trademark POLAR for a variety of nonalcoholic beverages. Plaintiff owns the incontestable trademark Registrations on the Principal Register for POLAR, POLAR PURE, and POLAR and Design. Plaintiff also owns an allowed Application for POLAR, which will mature into a Registration in the near future. POLAR is either the sole element or the dominant component of each of Plaintiff's marks.

The degree of similarity between marks is determined by analyzing their sight, sound, and meaning. "[S]imilarity is determined on the basis of the total effect of the designation, rather than a comparison of individual features. . . ." *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir.1981); *see also I.P. Lund Trading ApS*, 163 F.3d at 43. However, less weight is given to the generic portions of the parties' respective, composite marks. *See, e.g., Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 491 (2d Cir. 1988). Moreover, courts have routinely found that where parties use identical words in their marks, the specter of confusion is raised. *See, e.g., Commerce Bank*, 554 F. Supp. 2d at 85 (noting that the words "Commerce Bank" in the respective marks are "virtually identical" and enjoining defendant). Defendants' POLAR SHOCK family of marks is very similar to Polar's POLAR mark. Indeed, "POLAR SHOCK" is virtually identical to Plaintiff's POLAR trademark, the only difference being the addition of the word "SHOCK."¹

PepsiCo's POLAR SHOCK mark looks and sounds confusingly similar to Plaintiff's POLAR mark and wrongly suggests that Plaintiff is manufacturing, promoting, selling or

¹ The POLAR SHOCK family of infringing marks includes the following: (i) POLAR SHOCK; (ii) POLAR SHOCK ORANGE FROST; (iii) POLAR SHOCK RASBERRY BLUES; (iv) POLARSHOCK; (v) POLAR SHOCK; (vi) POLAR SHOCK SERIOUS STRAWBERRY; (vii) POLAR SHOCK POTENT PEACH; (viii) POLAR SHOCK VIVA MAGARITA; (ix) POLAR SHOCK CHILLA VANILLA; and (x) POLAR SHOCK MO MOCHA.

sponsoring the Defendants' frozen, sugary, slush-type product. Because the term "POLAR" is the first term in every one of Defendants' marks, POLAR is the first word that will be read by consumers of the products identified by the marks. POLAR is the dominant feature of both Plaintiff's and Defendants' marks and is therefore an integral component in the commercial impression that each of the marks makes. Thus, the commercial impression of every one of the POLAR SHOCK marks is very and confusingly similar to that created by Polar's mark, POLAR. Each of the POLAR SHOCK marks so resembles and creates such a similar commercial impression to Polar's POLAR marks as to be likely, when applied to Defendants' beverage goods, to cause confusion, mistake or deception.

This factor weighs in favor of Plaintiff.

(2) <u>Similarity of the Goods</u>

An owner of a trademark is afforded "protection against use of its mark on any product or service which would reasonably be thought by the buying public to have come from the same source." *Anheuser-Busch v. Caught-on-Bleu*, 288 F. Supp. 2d 105, 118 (D.N.H. 2003), *aff'd without op.*, 105 Fed. Appx. 285 (1st Cir. 2004), *cert. denied*, 544 U.S. 920 (2006).

Here, Plaintiff and Defendants are directly competing for the same consumer, offering a similar non-alcoholic beverage product. All of PepsiCo's POLAR SHOCK beverages are marketed and sold to the same or overlapping demographic profile of customers as Polar's beverages. These customers encounter both parties' goods in convenience stores, supermarkets, and at fountain services. Indeed, "all chilled nonalcoholic beverages, other than perhaps milk, are closely related for many beverage purchasing decisions. The competition in the market is (to use the trade's term) for 'the beverage share of the belly.'" *Best Flavors*, 886 F. Supp. at 914.

Moreover, consumers of the parties' products are likely to make purchase decisions that rely on quick, impulse choices. The nature of those purchase decisions increases the likelihood of confusion when the consumers are confronted with the similarities between the marks. *See, e.g., Best Flavors*, 886 F. Supp. at 917 (heightened risk of confusion where relatively inexpensive products are purchased quickly). POLAR and POLAR SHOCK branded products are also sold through fountain dispensing machines in outlets in the food service industry, including in various restaurants throughout New York and New England.

Accordingly, there is little doubt that the parties' beverage products are related and this factor therefore also weighs in favor of Plaintiff.

(3), (4), & (5) The Parties Channels of Trade, Advertising <u>Methods and Class of Consumers Are Identical</u>

The relationship between the parties' channels of trade, the relationship between their advertising, and the classes of their prospective purchasers are normally considered together. *See Beacon Mut. Ins. Co. v. OneBeacon Ins. Group*, 376 F.3d 8, 19 (1st Cir. 2004).

Plaintiff and Defendants directly compete, offer directly competing products and operate in overlapping channels of trade. Plaintiff and Defendants both advertise their products on websites, television, radio and newspapers and in overlapping geographic regions and both parties' general advertising is directed to consumers in a wide-range of ages.

In addition, Polar's beverage products and Defendants' POLAR SHOCK beverage products are sold for similar prices and compete for the same consumer regarding that consumer's decision to purchase a beverage. In *Best Flavors*, the Court noted that with respect to the parties' sales, "the parties target different audiences but naturally seek not to foreclose others from buying and consuming their product. In fact, there will be substantial overlap." *Best Flavors*, 886 F. Supp. at 916. Indeed, the targeted consumer for Plaintiff's and Defendants'

products "ultimately is everyone with a mouth." *Id.* at 917. Furthermore, non-carbonated, nonalcoholic frozen flavored beverages and other beverages such as iced teas, water and carbonated beverages are often found in close proximity in retail outlets.

As noted above, consumers of Polar's POLAR products and Defendants' POLAR SHOCK products make purchase decisions that likely rely on quick, impulse choices. Moreover, POLAR products and Defendants' POLAR SHOCK products are inexpensive. Both POLAR and POLAR SHOCK are used by their respective owners on cups, on beverage dispensers and in point of purchase materials in retail establishments. As the *Best Flavors* court noted, "[i]n this context, the court's so-called 'ordinarily prudent purchaser' does not stop to study labels but reaches for a quickly identifiable beverage. . . . I conclude, therefore, that the classes of purchasers overlap and cannot be segregated. . . ." *Id.* at 916.

Accordingly, the factors of similarity of the parties' marketing, channels of trade and prospective consumers weigh in favor of Plaintiff.

(6) <u>Actual Confusion</u>

In order to prevail, a plaintiff does not have to show actual confusion; mere likelihood of confusion is sufficient. *See Wheeler*, 814 F.2d at 818. Here, Defendants have not yet begun extensive distribution of the POLAR SHOCK family of products and actual confusion should be stopped by the Court before it begins. *See, e.g., Best Flavors*, 886 F. Supp. at 916.

(7) <u>Defendants' Intent</u>

It is well established that good faith is not a defense to trademark infringement. *Star Financial Services*, 89 F.3d at 11 (citations omitted). The reason is clear: If potential purchasers are confused, no amount of good faith can make them less confused. While evidence of bad faith is not required, it is probative in finding a likelihood of confusion. *See id.* at 12.

In the present case, Defendants had both constructive and actual notice of Plaintiff's POLAR mark well before they chose the POLAR SHOCK marks. Plaintiff owned its trademark registrations prior to Defendants' first use of its marks. Plaintiff's registrations are, in fact, constructive notice to the world of Plaintiff's trademark rights. *See* 15 U.S.C. § 1072.

Defendants' counsel also corresponded with Plaintiff's counsel concerning the POLAR and POLAR SHOCK marks. Further, there is an existing business relationship between PepsiCo and Polar, making Defendants' knowledge of Polar's brand irrefutable. Executives for PepsiCo and Polar have also served together on boards and directly discussed the POLAR and POLAR SHOCK marks. Nevertheless, Defendants knowingly incorporated Plaintiff's mark into their POLAR SHOCK marks. A presumption of bad faith may arise, where the infringer adopts a mark with knowledge of the Plaintiff's mark for competing goods , sold to unsophisticated purchasers. *See R.J. Toomey Co. v. Toomey*, 683 F. Supp. 873, 877-78 (D. Mass. 1998).

Defendants knowingly and intentionally entered at least the Massachusetts market and, intend to enter the market throughout the United States, offering a beverage product in connection with marks nearly identical to that of Plaintiff's, an established and successful enterprise. Worse still, Defendants already own and use the "SHOCK" mark in connection with their MOUNTAIN DEW brand. Defendants are free to combine their own famous brands with the term SHOCK, but PepsiCo cannot misappropriate the famous Polar brand for POLAR SHOCK.

(8) <u>Strength of Plaintiff's Mark</u>

The final factor to be considered in the consumer-confusion analysis is the strength of the Plaintiff's mark. Plaintiff owns incontestable registrations for POLAR, POLAR PURE and POLAR and Design and Plaintiff owns an allowed application for POLAR.

Registration is "prima facie evidence of the validity of the registered mark," and the holder is entitled to a presumption that its marks are *distinctive, i.e.,* strong. *See* 15 U.S.C. § 1115(a). This presumption cannot be rebutted with evidence of descriptiveness once the mark becomes incontestable. *See* 15 U.S.C. § 1115(b); *Borinquen,* 443 F.3d at 115.

Moreover, Plaintiff has owned and consistently used in interstate commerce the POLAR trademark since at least 1902. *See Boxcar Media, LLC,* 345 F. Supp. 2d at 79 (use of trademark in commerce is critical factor in acquiring trademark rights). Plaintiff thus owns an indisputably distinctive mark, by virtue of its incontestable status, and its use for over 100 years. This factor weighs in Plaintiff's favor.

Therefore, Plaintiff has demonstrated a likelihood of success on the merits. *See Commerce Bank*, 554 F. Supp. 2d at 87.

2. <u>The Plaintiff Is Suffering Irreparable Harm</u>

Once Plaintiff establishes a likelihood of succeeding on the merits of its trademark infringement claim, irreparable injury is presumed as a matter of law. *See id.* at 87. Plaintiff has demonstrated a likelihood of success on its claim and is therefore entitled to injunctive relief.

Even without the presumption, Polar is suffering irreparable harm. Irreparable injury occurs when a trademark owner has lost control of its reputation and goodwill by another's use of a confusingly similar name or mark. *See McNeil-PPC, Inc. v. Merisant Co.,* 2004 U.S. Dist. LEXIS 27733, at *67, *73-*74 (D.P.R. July 29, 2004). Plaintiff faces irreparable damage to its own goodwill and reputation should Defendants provide inferior products. Plaintiff cannot control the quality or public perception of Defendants' products. Moreover, PepsiCo's products are sugary, slush products, and Plaintiff has emphasized its products' good quality and healthy nature, including its FIZZICALLY FIT campaign in the summer of 2010.

Money damages cannot wholly compensate Plaintiff for its injuries because they involve incalculable harm to Plaintiff's goodwill, reputation and relationship with customers.

3. <u>The Balance of Hardships Weighs in Favor of Plaintiff</u>

In weighing the balance of harms resulting from the granting or denial of a preliminary injunction in a trademark infringement case, it is generally true that the "harm to the defendant flowing from an injunction where infringement appears likely is entitled to less consideration than other harms." *See Commerce*, 554 F. Supp. 2d at 88. Plaintiff here has demonstrated a likelihood of consumer confusion, and that showing "is enough to place the weight of public interest concerns in favor of granting the injunction." *See Boustany v. Boston Dental Group, Inc.*, 42 F. Supp. 2d 100, 113 (D. Mass. 1999).

Defendants cannot complain that they will suffer irreparable injury if a Preliminary Injunction is issued because they misappropriated Plaintiff's POLAR mark with full knowledge of Plaintiff's trademark rights. Moreover, any harm Defendants could conceivably sustain is far outweighed by the harm to Plaintiff if injunctive relief is denied. In balancing hardships, courts generally place little weight on injuries that parties bring upon themselves through blatant misconduct. *See Pappan Enterprises, Inc. v. Hardee's Food Systems, Inc.*, 143 F.3d 800, 806 (3d Cir. 1998). The balance of hardships favors Plaintiff.

4. <u>An Injunction Will Serve the Public Interest</u>

Consumer confusion is contrary to the public interest. *See Telerep Caribe, Inc. v. Zambrano*, 146 F. Supp. 2d 134, 146 (D.P.R. 2001). In trademark cases, the public interest almost always favors the granting of otherwise "appropriate injunctions." *See Boustany*, 42 F. Supp. 2d at 113 (citations omitted).

Plaintiff has demonstrated likelihood of success on the merits of its claims and irreparable injury. The public will undoubtedly be harmed if Defendants are permitted to continue to deceive or confuse the public as to the origin or sponsorship of their POLAR SHOCK products. The issuance of an injunction will protect the public from the deceptive and confusing use of Plaintiff's POLAR registered trademark.

IV. CONCLUSION

For the reasons discussed above, this Court should grant Plaintiff's Motion for a Preliminary Injunction.

Respectfully submitted,

POLAR CORP.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

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Polar Corp.,)	
)	
Plaintiff,)	
)	
V.)	C.A. No.
)	
PepsiCo, Inc. and The Concentrate Manufacturing)	
Company of Ireland,)	
)	
Defendants.)	
	_)	

PEPSICO, INC.'S OPPOSITION TO PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION

Defendants, PepsiCo, Inc. and The Concentrate Manufacturing Company of Ireland hereby oppose the Motion for a Preliminary Injunction brought by Plaintiff, Polar Corp.

PRELIMINARY STATEMENT

Plaintiff's request for a preliminary injunction, barring PepsiCo's marketing of its POLAR SHOCK products, is unwarranted and unsupported. Plaintiff cannot establish a substantial likelihood of success on the merits because Defendants' use of the POLAR SHOCK Marks on stand-alone machines that blend and dispense frozen slush drinks is not likely to cause confusion with Plaintiff's marks. Though both include "Polar", the marks are replete with key differences that reflect the distinct nature of the parties' products, brands and markets:





PepsiCo's Mark and Product

Plaintiff's Mark and Product

The POLAR SHOCK Marks, as applied to frozen slush beverages and machines, suggest the cold, invigorating nature of the drinks. The vibrant logo is evocative of the indulgent qualities of the confection, which is marketed to young males. In stark contrast, Plaintiff markets water, seltzers, mixers and other carbonated beverages under a staid blue banner with a white polar bear or similar reserved designs. Plaintiff's coexistence for many years with other thirdparty uses of marks including "POLAR" in connection with beverages demonstrates that Plaintiff owns no exclusive rights to "POLAR", and that its marks are entitled to a narrow scope of protection. Even slight differences between "POLAR" marks are sufficient to avoid confusion. The differences here are extensive and there have been no known instances of confusion. There is nothing urgent or irreparable about Plaintiff's situation. Plaintiff knew by at least as early as June 2010 that Defendant was determined to use the POLAR SHOCK Marks on frozen slush products. By early July, PepsiCo's products were publicly offered to consumers in the same geographic markets as Plaintiff's products. Yet, Plaintiff waited seven months before seeking injunctive relief. At this late date, such "relief" would erode PepsiCo's customer relationships and eradicate its substantial investment in its POLAR SHOCK products. There have been no complaints about PepsiCo's products, there is no evidence of actual confusion, diverted sales or any threat to Plaintiff's purported reputation and goodwill. The issuance of a preliminary injunction would inflict real and unwarranted economic injury on Defendant, when Plaintiff has suffered no harm, irreparable or otherwise. Plaintiff's Motion should be denied.

I. STATEMENT OF FACTS

PepsiCo, through its predecessors in interest, has been engaged in the beverage business for well over 100 years and has become well and favorably known to members of the public, as well as to members of the beverage and food service industries, for quality products and services.

In January 2010, PepsiCo's food service division sought to develop a new brand to compete in the frozen un-carbonated flavored beverage category commonly referred to as "slushies," which included selling the machines that are used to blend and dispense the product in addition to the concentrate used to flavor the ice. The machines and concentrates would be marketed primarily to and through convenience stores, recreational facilities, and other venues frequented by the ultimate target consumers, males ages 16 to 22. These products would be sold as part of packages comprising various point of sale materials and servicing for the machines.

The popular slush brands that PepsiCo would compete against use cute, child-like names and cartoon animals to market their drinks. PepsiCo wanted to differentiate itself by bringing

some edginess to the category and creating a brand that would truly appeal to its target audience. To assist, PepsiCo engaged an independent brand identity firm to develop a bold, irreverent brand that would communicate the "cold" and "invigorating" nature of the slush to the target consumers. Based on its research, the POLAR SHOCK brand was selected and developed because it scored well with Defendant's core target market of 16 to 22 year olds.

Concurrently, Defendant developed a line of flavors and related names that also capture the boldness of this new product offering, along with marketing and point of sale materials targeted to its core market. In March 2010, Defendant filed its initial Application with the United States Patent and Trademark to register POLAR SHOCK in connection with non-carbonated, non-alcoholic frozen flavored beverages. Throughout April, additional applications for the POLAR SHOCK Marks were filed, namely, for POLAR SHOCK RAZZBERRY BLUES, for POLAR SHOCK, for POLAR SHOCK SERIOUS STRAWBERRY, for POLAR SHOCK ORANGE FROST, and for POLAR SHOCK & Design.¹ Two different Trademark Examiners at the U.S. PTO approved all ten of PepsiCo's applications for publication without any objection, notwithstanding Plaintiff's alleged marks, one specifically stating: "The trademark examining attorney has searched the USPTO database of registered and pending marks and has found no conflicting marks that would bar registration under Trademark Act Section 2(d)."²

Yet, on June 14, 2010, PepsiCo received a letter from Plaintiff's lawyers asserting broad rights in the word POLAR and objecting to PepsiCo's use of and applications for POLAR

¹ In November 2010, PepsiCo filed four additional applications, namely, for POLAR SHOCK POTENT PEACH, for POLAR SHOCK VIVA MARGARITA, for POLAR SHOCK CHILLA VANILLA and for POLAR SHOCK MO MOCHA The U.S. PTO likewisc approved each of these applications for publication without objection.

² Among other things, Trademark Examining Attorneys are charged with determining whether a pending mark is likely to cause confusion, using the so-called *duPont* factors which are comparable to those considered in trademark infringement and unfair competition claims in the First Circuit. *See Trademark Manual of Examining Procedure* § 1207; *In re E.1. du Pont de Nemours & Co.*, 476 F.2d 1357 (C.C.PA 1973).

SHOCK. PepsiCo responded by letter dated June 23, 2010, explaining that both the products and the marks were different such that confusion was not likely. Indeed, Defendant's POLAR SHOCK machines dispense frozen slush drinks; Plaintiff sells neither such machines nor any frozen drink. Even if it did, Plaintiff would not be alone in the marketplace and there would be no likely confusion. Specifically, PepsiCo cited a non-exhaustive list of 14 third party federal applications and registrations for marks comprising the term "POLAR" for beverages as evidence of the narrow scope of protection that should legally be afforded to Plaintiff's claimed mark.³ Given the multitude of third party POLAR marks, the differences between Plaintiffs marks and the POLAR SHOCK Marks, and diverse nature of the parties' respective products, PepsiCo made clear to Plaintiff that no likelihood of confusion would occur.

PepsiCo, therefore, proceeded to launch its POLAR SHOCK machines and frozen slush products in Florida, and, by early July 2010, the slushes were offered to consumers at convenience stores and gasoline stations, and recreational venues such as theme parks and arcades. POLAR SHOCK products were introduced into the New England states and New York by early August of 2010 without protest. PepsiCo continued to roll the products out, penetrating no less than 5,000 outlets by year's end. PepsiCo expended significant time and effort, and incurred hundreds of thousands of dollars in printing, material and other costs, including the purchase price of the machines, to market the new products. As a result, POLAR SHOCK

³ Representative examples of such third-party registrations include: (i) POLAR BEAR NATURAL SPRING WATER SODIUM-FREE NON-CARBONATED and "Bear" Design registered by Polar Bear Water Company for natural spring water (First Use June 1995); (ii) POLAR CHILL registered by Better Beverages for frozen soft drink beverages (First use Dec. 1997); (iii) POLAR KRUSH GET KOOL WITH THE KRUSH and "Bear" Design registered by Northumbrian Ice Cream Company Limited for flavored frozen drinks, non being pre-packaged for sale directly from retailers' shelves (First Use Dee. 2006); (iv) POLAR BEAR registered by Peaberry Coffee, Inc. for chilled, non-alcoholic, coffee-based drinks (First use Dec. 1991); (v) POLAR registered by Cerveceria Polar, C.A. for nonalcoholic malt beverages (First Use July 1941); and (vi) HAWAIIAN PUNCH POLAR BLAST registered by Dr Pepper/Seven Up, Inc. for fruit flavored drink containing water and concentrates for making same (First Use May 2009).

products were soon available in markets throughout the country and promoted using banners, decals, signage and point of sale displays. Still, Plaintiff stood silent.

On November 16, 2010, nearly four months after PepsiCo informed Plaintiff of its plans to move forward with the POLAR SHOCK launch, PepsiCo received a letter from Plaintiff responding to Defendant's contentions.⁴ Plaintiff then filed opposition proceedings against PepsiCo's registration of POLAR SHOCK Marks with the U.S. PTO. Plaintiff waited until the end of January to bring this action to enjoin PepsiCo. Yet, since introducing POLAR SHOCK in July 2010, Defendant has not become aware of a single complaint, instance of confusion or any diverted sales that might even hint that Plaintiff is being harmed at all, let alone irreparably.

This lack of confusion and harm is not surprising as many third parties market products and/or maintain registrations for beverage marks with the term POLAR, as shown below:



(7 years)



Hawaiian Punch Polar Blast (1.5 years)



Polar Chill (14 years)



⁴ Plaintiff apparently used the intervening months to institute several cancellation proceedings with the Trademark Trial and Appeal Board ("Board"). It is noteworthy, however, that such proceedings only affect a party's ability to register its mark. "The Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition." *Trademark Trial and Appeal Board Manual of Procedure* § 102.01.



National Spring Water Sci R, 62 (1.56 off) 1.51 (RH

Polar (40+ Years) Polar Bear (20+ Years)

POLAR



Polar Krush (4+ years)



Polar Ice (26 Years)

Such longstanding third party uses and/or registrations of POLAR marks also clearly demonstrate the lack of imminent and irreparable harm now claimed.

II. ARGUMENT

A. THE STANDARD

A party seeking such relief bears the heavy burden of demonstrating: (1) "a substantial likelihood of success on the merits," (2) "a significant risk of irreparable harm if the injunction is withheld," (3) "a favorable balance of hardships," and (4) "a fit (or lack of friction) between the injunction and public interest." *Unleashed Doggie Daycare, LLC v. PetCo Animal Supplies Stores, Inc.*, No. 10-10742-GAO, 2010 WL 5207599, at *2 (D. Mass. Dec. 16, 2010) (quoting *Nieves-Marquez v. Puerto Rico*, 353 F.3d 108, 120 (1st Cir. 2003)). The Supreme Court has noted "that a preliminary injunction is an extraordinary and drastic remedy, one that should not

be granted unless the movant, *by a clear showing*, carries the burden of persuasion." *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997). Polar cannot meet this substantial burden .

B. PLAINTIFF IS NOT LIKELY TO SUCCEED ON THE MERITS

To succeed on the merits on trademark infringement and unfair competition claims, a plaintiff must demonstrate both the validity of its mark and a likelihood that the defendant's use of a similar mark will cause confusion as to the source of the goods or services. *N. Trust Corp. v. N. Bank & Trust Co.*, No. 89-3052-T, 1991 WL 346397, at *1 (D. Mass. Nov. 26, 1991) (no likelihood of confusion between defendant's mark "Northern Bank & Trust Company" and plaintiff's marks "NORTHERN TRUST" and "NORTHERN"). It is not enough for one mark to merely call another to mind. A plaintiff must prove "a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care." *Int'l Ass 'n of Machinists & Aerospace Workers v. Winship Green Nursing Ctr.*, 103 F.3d 196, 200-01 (1st Cir. 1996).

In determining whether or not a likelihood of confusion exists, there are eight nonexclusive factors to be considered.⁵ No one factor controls the analysis. *See Unleashed Doggie Day Care, LLC*, 2010 WL 5207599, at *5. Application of those factors most relevant in the present situation reveals that confusion between Plaintiff's and PepsiCo's marks is unlikely.

1. Plaintiff's Marks Are Weak

Plaintiff's claimed POLAR marks are weak and entitled only to very narrow scope of protection. Marks, even if used for many years, can be weak indicators of source. *See e.g., N. Trust*, 1991 WL 346397, at *5 (denying preliminary injunction based on weakness of mark in use for over 100 years). Indeed, "a mark that is hemmed in on all sides by similar marks on

⁵ Those factors include: the similarity of the marks, the similarity of the goods, the relationship between the parties' channels of trade, the relationship between the parties' advertising, the classes of prospective purchasers, evidence of actual confusion, the defendants' intent in adopting its mark, and the strength of the plaintiff's mark. *Pignons SA. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981); *Volkswagenwerk Aktiengesellschafi v. Wheeler*, 814 F.2d 812, 817 (1st Cir. 1987).

similar goods cannot be very 'distinctive.' It is merely one of a crowd of marks." 2 McCarthy, *supra*, § 11:85. In such a crowd, customers will not likely be confused between any two members of the crowd and will have learned to distinguish one from the other. *See Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan,* 651 F.2d 311, 316 (5th Cir. 1981) ("extensive third-party use of the word 'Sun' impressive evidence that there would be *no* likelihood of confusion.").

Plaintiff's marks exist in a crowded field, having coexisted for years alongside many other POLAR marks for beverages. These third-party marks still have subsisting federal registrations, certain of which are incontestable. They are prima facie evidence of the validity of the registered marks, the registrant's ownership of the mark and exclusive right to use the mark in commerce throughout the United States. *See* 15 U.S.C. §§ 1052 and 1115.

As a result of these numerous uses and/or registrations of POLAR in connection with beverages, plus its common and well understood reference to a place or state of being cold, consumers have become conditioned to distinguish between such marks based on other distinctive matter, including, designs, figures and/or words. Likewise, PepsiCo's POLAR SHOCK Marks with their additional term SHOCK, unique design, stylized letters and/or flavor names are not likely to cause confusion with the Plaintiff's claimed POLAR marks, and no injunction is warranted. *See General Mills, Inc, v. Kellogg Co.,* 824 F.2d 622, 627 (8th Cir. 1987) (district court's refusal to issue a preliminary injunction correctly determined that thirdparty use of mark component weakened plaintiff's mark); *N Trust,* 1991 WL 346397, at *5 (citing third-party use as evidence of mark's weakness in denying preliminary injunction).

2. The Parties' Marks Are Different

When considered as a whole and against the backdrop of other third party POLAR marks, Defendant's POLAR SHOCK Marks do not look or sound like or evoke the same commercial impression as Plaintiff's marks. Similarity between two marks "is determined on the basis of the

total effect of the designation, rather than a comparison of the individual features." *Pignons S.A.*, 657 F.2d at 487 (affirming summary judgment on basis of no likelihood of confusion between ALPA and ALPHA); *see Bear Republic Brewing Co. v. Central City Brewing Co.*, 716 F. Supp. 2d 134, 147 (D. Mass. 2010) (RED RACER for beer was not similar to RED ROCKET for beer, where there was "no commonality between the fonts or label designs. [Plaintiff] prominently displays its house mark on its label, while the [Defendant's] can bears the Canadian red maple leaf."). Here, the sole point of commonality, POLAR, is insignificant where the parties' marks convey distinct visual and commercial impressions that avoid any likelihood of confusion.

PepsiCo's POLAR SHOCK Marks were designed to appeal particularly to young men. Accordingly, the marks embody the icy-coldness, the bold colors and the flavors inherent in the product. The words are set against a multicolored burst that connotes the product's intense flavors and colors. The burst itself is a composition of sharp lines and jagged spikes, evocative of icicles and the temperature of the drink. It is surrounded by sparks, reinforcing the impression of intensity. Of the two terms, SHOCK dominates in the logo and in Defendants' marketing materials. It is larger than POLAR and pierces through the confines of the burst in two places. In context, the term POLAR clearly functions as merely an adjective describing the coldness of the SHOCK. Combined, POLAR SHOCK evokes a jolting freeze that overwhelms the consumer's body; POLAR evokes tundra and polar bears. Plaintiff's logo depicting a lone white polar bear perched atop a simple arched navy banner containing the term POLAR in white stylized letters enhances this connotation and creates a mild, conservative impression, one utterly devoid of the frenzy of PepsiCo's POLAR SHOCK mark. Such divergent impressions, absent from the POLAR SHOCK Marks, nullify any likelihood of confusion. Similarly, the U.S. PTO agrees that the POLAR SHOCK Marks do not conflict with any prior pending application or registered mark, including Plaintiff's; such decisions should be afforded great weight. *See Syntex Labs., Inc. v. Norwich Pharmacal Co.,* 437 F.2d 566, 569 (2d Cir. 1971) (holding U.S. PTO decisions on trademark registration are "entitled to great weight"); *Pilot Corp. of Am. v. Fisher-Price, Inc.,* 501 F. Supp. 2d 292, 302-03 (D. Conn. 2007) (affording "great weight" to U.S. PTO's registration of accused mark as evidence of lack of likelihood of confusion). For at least these reasons, the marks are dissimilar such that confusion is not likely.

3. The Parties' Products are Different

PepsiCo sells stand-alone machines that blend and dispense frozen slush drinks under the POLAR SHOCK Marks. PepsiCo offers these machines and concentrates only as part of packages that include installation and servicing of the machines, which need to be cleaned weekly or they shut down automatically, and various point of sale materials. The ultimate drinks are brightly colored frozen confections intended for immediate consumption. POLAR SHOCK slush drinks are an indulgent treat or an experience as much as a beverage.

Notwithstanding its over 100 years of existence, Plaintiff makes no mention of ever having marketed or sold frozen slush products or machines; it has never expanded into that category. Rather, Plaintiff sells traditional beverages: water, seltzer, mixers and carbonated soft drinks typically in bottles or cans. Plaintiff's products can be purchased, stored and consumed at a later date. That Plaintiff claims to also sell some concentrated formulas of its carbonated beverages for use in soda fountains does not change this analysis, particularly as POLAR SHOCK slushes cannot be dispensed by such fountains, which are distinguishable in overall look and feel.

Consumers reach for Plaintiff's and Defendants' products at different times, and for different reasons. Slush drinks are typically consumed in the afternoon, often as a snack.

Consumers reach for slushes as a treat, and will drive to a particular location specifically to purchase a slush. This is simply not true with water, seltzer, mixers or carbonated soft drinks.⁶

Plaintiff makes an unpersuasive attempt to argue that the health benefits of its products are undermined by PepsiCo's sale of frozen slushes containing high-fructose corn syrup as an ingredient. Plaintiff neglects to inform the Court that it also markets carbonated sodas, including cola, cream soda and birch beer, containing the very same sweetener under its POLAR brand. Moreover, Plaintiff sells a line of "mixers," including Collins Mixer and Bitter Lemon, beverages specifically marketed to be consumed in combination with alcohol. Thus, PepsiCo's use of POLAR SHOCK is not likely to cause any harm to Plaintiff's brand.

4. The Channels of Trade are Distinct

PepsiCo's POLAR SHOCK slush drinks and Plaintiff's beverages are distributed through different channels of trade with virtually no overlap. 95% of Plaintiff's sales are made at grocery stores and only 2% at convenience stores. With a few exceptions, POLAR SHOCK does not distribute its product at grocery stores, but through convenience stores and amusement venues.

5. The Target Markets and Marketing Themes are Divergent

The target markets for the parties' respective products are distinct. The POLAR SHOCK brand caters to a very particular demographic: young males. Plaintiff's arguments that both parties target "everyone with a mouth" do not reflect the realities of the marketplace and the divergent manner in which Defendant's products are marketed to consumers.⁷ Examples of the

⁶ Such deliberate conduct contradicts Plaintiff's argument concerning the impulsive purchasing decisions of consumers which is unsupported. *See V&S Vin & Sprit Aktiebolag v. Absolute Publishing USA Inc.*, No, 05C1V4429 RMB/RLE, 2005 WL 3272828, at *9-*10 (S.D.N.Y. Nov. 28, 2005).

⁷ It is noteworthy that subsequent to the decision cited by Plaintiff for such language wherein the court found defendant's use of MYSTIC on carbonated beverages confusingly similar to plaintiff's ROYAL MISTIC and MISTIC for identical carbonated beverages, the court considered and approved defendant's use of alternative logos containing the term MYSTIC noting that the new "labels display 'Mystic' and 'Seaport' side by side in equally

manner of marketing and advertising the parties' respective goods speak volumes about the differences between the target audiences: Defendant's - "Ready For A Shock?" (young males) v. Plaintiff - "Get Fizzically Fit" (mature adults). The marketing themes and materials readily distinguish the marks and the products of the parties so as to avoid confusion.

6. The Absence of Any Actual Confusion Weighs in Favor of PepsiCo

In seven months of coexistence in the marketplace, PepsiCo is not aware of a single instance of consumer confusion. Considering that the products are sold in the same geographic markets, the absence of actual confusion is strong evidence that confusion is unlikely to occur in the future. Plaintiff incorrectly argues that there is no confusion because PepsiCo has not yet begun "extensive distribution" of the POLAR SHOCK products. Thousands of POLAR SHOCK machines and millions of beverages have been sold since the summer of 2010. The lack of any instances of actual confusion substantially tips the scale in PepsiCo's favor.

7. PepsiCo Adopted POLAR SHOCK in Good Faith

PepsiCo has no intent to deceive consumers or trade off Plaintiff's purported goodwill; it does not wish to emulate any other brand. PepsiCo sought to create a new line offering young males a refreshing, flavor- intense, and fun frozen beverage in a variety of bold flavors. PepsiCo does not deny that it was aware of Plaintiff's marks, and other third parties uses of POLAR on beverages. Mere knowledge of another party's mark, however, fails to establish bad faith. *See Unleashed Doggie Day Care*, 2010 WL 5207599, at *7. Indeed, fostering any connection with Plaintiff's marks would be counter to introducing a new, vibrant, edgy beverage to young males.

prominent type, substantially reducing the potential confusion that the beverage is made by MYSTIC." *Best Flavors, Inc. v. Mystic River Brewing Co.*, 907 P. Supp. 8, 9 (D. Me. 1995). The Court goes on to point out that "[a] consumer who is perplexed" would find clarification in other distinguishing matter on the label including additional text and a ship logo. Thus, just as here, the additional matter in defendant's new logo sufficed to distinguish the mark. *See id.*

III. PLAINTIFF HAS NOT SUFFERED IRREPARABLE HARM

Plaintiff's historic complacency with respect to third party use and registration of "POLAR" marks and its delay in bringing this action undermine its cry of irreparable harm. Delay in seeking a remedy is an important factor bearing on the need for a preliminary injunction. *See Fritz v. Arthur D. Little, Inc.*, 944 F. Supp. 95, 98 (D. Mass. 1996). "Absent a good explanation, a substantial period of delay militates against the issuance of a preliminary injunction by demonstrating that there is no apparent urgency to the request for injunctive relief." *Symetra Life Ins. Go. v. Rapid Settlements Ltd.*, 612 F. Supp. 2d 759, 774 (S.D. Tex. 2007).

Plaintiff learned of PepsiCo's plans to launch its POLAR SHOCK slushes prior to June 14, 2010, and possibly as far back as March 2010 when PepsiCo's initial trademark application for POLAR SHOCK became part of the public record. Yet, Plaintiff waited until January 25, 2011 to request preliminary and immediate relief. Courts have denied preliminary injunctions in similar circumstances. *See e.g., Citibank, N.A. v. Citytrust,* 756 F.2d 273 (2d Cir. 1985) (affirming denial of preliminary injunction when plaintiff waited more than ten weeks between learning of allegedly infringing conduct and filing for preliminary injunction). Plaintiff's more than seven month delay before seeking preliminary relief "tends to neutralize any presumption that infringement alone will cause irreparable harm pending trial." *Id.,* 756 F.2d at 277. Plaintiff's lack of urgency in petitioning the court confirms that no real irreparable injury exists.

In light of the differences between Plaintiff's line of products and PepsiCo's POLAR SHOCK slush drinks, the presence of third parties marketing beverages under marks comprising the term POLAR, and the months Plaintiff stood by while POLAR SHOCK was in the marketplace, it is highly doubtful that Plaintiff would suffer any harm, let alone irreparable harm, were PepsiCo permitted to continue selling its slush product under the current marks.

IV. PEPSICO WOULD BE UNDULY BURDENED BY A PRELIMINARY INJUNCTION

Plaintiff has not demonstrated that the purported potential harm to its brand justifies or outweighs the very real economic injury that Defendant would suffer if a preliminary injunction were issued. Indeed, any injunction would cause a crisis for the POLAR SHOCK products, costing PepsiCo a minimum of \$1 million dollars in terms of rebranding and lost sales. That number does not take into account the customers PepsiCo would lose were it forced to cease using the POLAR SHOCK Marks, or the costs associated with storing potentially thousands of returned machines. The balance of hardships does not support a preliminary injunction.

V. A PRELIMINARY INJUNCTION IS NOT IN THE PUBLIC INTEREST

Finally, a preliminary injunction does not serve the public interest. Plaintiff has not demonstrated that its POLAR marks are entitled to a scope of protection wide enough to merit an injunction. Rather, an injunction at this stage would restrict consumers' choice of products in the market by granting Plaintiff a right in gross over the use of a common English word and removing a non-competitive frozen slush product from the marketplace. The public interest would not be served by an injunction that stifles open and fair competition in the marketplace.

CONCLUSION

In view of the foregoing, Defendant respectfully requests that Plaintiff's Motion for preliminary injunctive relief be denied in its entirety.

Respectfully submitted,

PEPSICO, INC. and THE CONCENTRATE MANUFACTURING COMPANY OF IRELAND

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

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C.A. No.

PLAINTIFF'S REPLY MEMORANDUM OF LAW IN FURTHER SUPPORT OF MOTION FOR PRELIMINARY INJUNCTION

I. PRELIMINARY STATEMENT

PepsiCo's opposition confirms that Polar's Motion for a Preliminary Injunction should be granted. What little PepsiCo offers in the way of rebuttal to Polar's claims is unpersuasive.

II. ARGUMENT

A. Polar Is Likely To Succeed On The Merits

It is uncontested that Polar owns four federal U.S. Trademark Registrations. All are valid and distinctive. *See Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 161 n.12 (1st Cir. 1977). PepsiCo's use of the POLAR SHOCK family of marks is likely to cause consumer confusion as to the source of the goods. *See e.g.*, *The Squirt Co. v. The Seven-Up Co.*, 1979 U.S. Dist. LEXIS 9986, at *26, 57 (E.D. Mo. Sept. 6, 1979) (likelihood of confusion between SQUIRT and 7-Up's QUIRST); *The Frostie Co. v. Dr. Pepper Co.*, 341 F.2d 363, 367 (5th Cir. 1965) (Dr. Pepper's use of Frostie's entire trademark in selling "Frosty Pepper" not excused as descriptive and "almost by definition, the equivalent of an infringing mark").

1. The POLAR Mark is Strong.

Despite PepsiCo's contrary claims, POLAR is a strong mark. Polar has owned and consistently used the trademark POLAR for beverages since at least 1902. With annual sales revenues of over \$70 million, Polar has invested millions of dollars promoting its valuable brand. Recently, Polar was featured on the Today Show on NBC as an example of a healthy beverage choice. Polar has created extensive consumer recognition of its POLAR brand, particularly in New England.

Trademarks are commonly evaluated on a strength spectrum ranging from (1) generic or common descriptive through (2) merely descriptive to (3) suggestive and (4) arbitrary or fanciful. *See Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 216 (7th Cir. 1978). "A suggestive term

suggests rather than describes an ingredient or characteristic of the goods and requires the observer or listener to use imagination and perception to determine the nature of the goods." *Id.* at 217. Plaintiff's POLAR mark is at least suggestive when used in relation to beverages, if not arbitrary and fanciful.¹ The consumer must make a cognitive leap to ascertain that the term "Polar" as used with respect to beverages means cold or chilled. *See Equine Techs., Inc. v. Equitechnology, Inc.*, 68 F.3d 542, 544 (1st Cir. 1995). Plaintiff's POLAR mark is at least suggestive and should be afforded a higher degree of protection by this Court.

2. There Is No Significant Third-Party Use of the POLAR Mark.

PepsiCo's assertion that POLAR is a weak mark because it exists in a crowded field is wrong. To be sure, evidence of third-party use of similar marks on similar goods may be relevant to show that a mark is relatively weak. *See Alliance Bank v. New Century Bank*, 2010 U.S. Dist. LEXIS 76747, at *48 (E.D. Pa. July 28, 2010). However, the significance of third-party marks turns not on their registrations but "turns entirely upon their usage" and "the impact that such use has had on the minds of consumers." *Id.* (citation omitted). Here, there is no significant use of "Polar" that weakens the inherent and hard-earned strength of the POLAR mark.

PepsiCo lists several third-party marks in support of the contention that the POLAR mark is weak. PepsiCo relies upon the PTO record to mischaracterize where and for how long the marks have allegedly been in use. This reliance is misplaced. To evaluate the impact, if any, on the strength of Polar's mark, a court must look to additional information about these third-party marks, including if the marks are in use at all, how they are used, whether these third-party products are competitive with Polar's products and whether these third-party products are sold in areas geographically overlapping with Polar's products. *See, e.g., Alliance Bank*, 2010 U.S. Dist.

¹ The American Heritage Dictionary defines the term "polar" as "Relating to, connected with, or located near the North Pole or South Pole." The American Heritage Dictionary of the English Language (4th Ed. 2006).

LEXIS 76747, at *48-50 (rejecting introduction of list of third-party uses alone as "not particularly persuasive" and granting preliminary injunction).

None of the marks PepsiCo lists weaken the POLAR mark. Indeed, as addressed below, all were and are either (i) not in use; (ii) used in geographic areas remote from Polar ; (iii) involve unrelated products; or (iv) subject to restrictions on use.

<u>POLAR CHILL</u>: POLAR CHILL identifies products that are sold only in Nevada and California – in the geographic areas where Polar's POLAR branded beverages are not sold.

<u>POLAR KRUSH</u>: Polar petitioned to cancel this registration because the registrant never used the mark in commerce in the United States. The registrant surrendered the registration.

<u>HAWAIIAN PUNCH POLAR BLAST</u>: Polar has an agreement for co-existence in place with Dr. Pepper/7 Up, Inc. with respect to this mark. Dr. Pepper/7 Up, Inc. agreed to limitations on use of the mark so that the famous brand "Hawaiian Punch" must precede Polar on the label.

POLAR BEAR NATURAL SPRING WATER SODIUM-FREE NON-CARBONATED: Polar petitioned to cancel the mark for failure to use the mark in interstate commerce. The mark

is used on water sold only in Gristede's Supermarkets in Manhattan, New York.

<u>MALTA POLAR</u>: Owned by Cerveceria Polar, C.A. of Venezuela, the mark identifies an ale-style malt product. This beer-type product is not similar to Polar's products. Upon information and belief, the word "Polar" in Malta Polar is pronounced with the accent on the second syllable, thus identifying the product with its Venezuelan roots.

<u>POLAR ICE</u>: This mark identifies vodka, a beverage not similar to Polar's products.

<u>Polar Purple Shiver</u>: Cadbury Schwepps uses this term as a product flavor name, and not as a trademark. It appears only in close connection to the SLUSH PUPPIE brand and logo.

Accordingly, not a single one of PepsiCo's examples of third-party use of the POLAR mark offers convincing evidence that Polar's mark is weak or that the field is crowded.

3. The Parties' Marks And Products Are Similar.

PepsiCo focuses on the difference in the stylized POLAR SHOCK appearance and in the products themselves. The emphasis fails for several reasons. <u>First</u>, PepsiCo's use of POLAR SHOCK encompasses Plaintiff's entire POLAR trademark and should not be permitted. *See The Frosty Co.*, 341 F.2d at 367 (giving added weight to the fact that defendant incorporated plaintiff's entire trademark). <u>Second</u>, ten of eleven of PepsiCo's applications for the POLAR SHOCK family of marks are for words only and have nothing to do with trade dress or appearance. Further, the mark owned by Polar is POLAR, not POLAR in a banner or POLAR with the polar bear image. Thus, PepsiCo's heavy reliance on the supposed "icy-coldness" its design is meant to evoke misstates the risk of confusion since PepsiCo seeks to have the right to use the words POLAR SHOCK without any design feature at all.

Third, POLAR and POLAR SHOCK are in fact used without trade dress – such as in radio advertising and concert promotions. PepsiCo has already advertised with words only in its tweet regarding POLAR SHOCK at Boston University's Agganis Arena. Fourth, the parties' products – fruit-flavored frozen beverages and fruit-flavored seltzers and carbonated soft-drinks – are similar. The product flavor overlap is significant and makes confusion even more probable: *e.g.*, POLAR Orange and POLAR SHOCK ORANGE FROST; POLAR Strawberry and POLAR SHOCK SERIOUS STRAWBERRY; POLAR Vanilla and POLAR SHOCK CHILLA VANILLA. Both products compete for the "beverage share of the belly," and both are also sold

in the same channels of trade and to the same demographic of customers.

<u>Fifth</u>, courts routinely protect trademark interests where there is not a perfect overlap between products. *See De Beers*, 440 F. Supp. 2d at 273 (recognizing that "a trademark owner has rights against use on related, non-competing products . . . in accord with the realities of mass media salesmanship and the purchasing behavior of consumers") (internal quotation omitted).

<u>Finally</u>, given the relatively low costs of the respective parties' products, consumers are likely to buy on impulse, increasing the risk of confusion.

4. The Parties' Channels of Trade, Advertising and Consumers Overlap.

PepsiCo's contention that its current channels of trade and targeted consumers do not overlap with those of Polar's is wrong. Polar's 2010 total sales to convenience stores and amusement venues alone exceeded \$4.5 million and represented over 6% of Polar's total sales. Indeed, Polar already has found an example of POLAR and POLAR SHOCK being sold in the same convenience store in Niantic, Connecticut. In one example, the POLAR SHOCK sign hangs directly over a POLAR SHOCK machine, and less than 3 feet away across the same aisle are two clear glass refrigerators stocked full of POLAR beverages. This is highly confusing.

In addition, there is a clear overlap in consumers. PepsiCo claims the targeted consumers for POLAR SHOCK are "a very particular demographic: young males." Polar's target consumers include young males, and Polar spends millions of dollars a year promoting its brand to its consumers. Moreover, PepsiCo's own marketing and promotional materials for POLAR SHOCK belie any claim that its consumer group is limited to young males. PepsiCo's own promotional materials include an admission that Gen-Xers are a key target – people up to 46 years old – and that the target consumer group includes women. This is hardly convincing evidence that PepsiCo's POLAR SHOCK targets a particular demographic of "young males."

B. Polar Will Suffer Irreparable Harm and the Equities Balance in Its Favor.

PepsiCo wrongly claims that Polar will not suffer any irreparable harm through the sale of POLAR SHOCK products because (i) the beverages have been available in the market place since June 2010 without any complaints of actual confusion and (ii) Polar has waited too long to bring this action. Neither argument is convincing. First, Polar had no way of knowing about the launch dates of PepsiCo's POLAR SHOCK products. PepsiCo's trademark applications were all filed on an "intent-to-use" basis and do not disclose any actual use. Second, the vast majority of launches for POLAR SHOCK occurred in the South, where Polar has little physical company presence and would have little opportunity to discover the actual use of its trademark.

Third, PepsiCo misled Polar about the launch of its products. It is now clear that PepsiCo had already launched some of its POLAR SHOCK product in June when it responded to Polar's complaints. However, PepsiCo described the use of POLAR SHOCK only in the future tense. Worse still, while Polar continued to attempt to reach a business resolution with PepsiCo, PepsiCo never disclosed that POLAR SHOCK already had been launched. PepsiCo cannot actively mislead Polar while Polar attempts to negotiate a reasonable business solution and then claim that Polar should not receive injunctive relief because it sat on its rights too long. Polar filed suit and timely sought injunctive relief when it became apparent that PepsiCo would not stand down and in fact had begun selling POLAR SHOCK within Polar's marketplace. Polar's brand will be irreparably harmed if PepsiCo is allowed to continue using POLAR SHOCK.

The Motion for a Preliminary Injunction should be granted.

Respectfully submitted,

POLAR CORP.