# APPENDIX

# APPENDIX

## TABLE OF CONTENTS

## APPENDIX A

RECOMMENDED FOR FULL-TEXT PUBLICATION
Pursuant to Sixth Circuit I.O.P. 32.1(b)
File Name: 19a0257p.06

**UNITED STATES COURT OF APPEALS**
**FOR THE SIXTH CIRCUIT**

**Nos. 18-2397/2398**

**[Filed October 7, 2019]**

EVOQUA WATER TECHNOLOGIES, LLC, )
*Plaintiff-Appellant / Cross-Appellee*, )
)
*v.* )
)
M.W. WATERMARK, LLC; )
MICHAEL GETHIN, Individually, )
*Defendants-Appellees / Cross-Appellants*. )
)

Appeal from the United States District Court
for the Western District of Michigan at Grand Rapids.
No. 1:16-cv-00014—Robert J. Jonker, District Judge.

Argued: June 27, 2019

Decided and Filed: October 7, 2019

Before: WHITE, BUSH, and LARSEN,
Circuit Judges.

---

## COUNSEL

**ARGUED:** Craig R. Smith, LANDO & ANASTASI, LLP, Cambridge, Massachusetts, for Appellant/Cross-Appellee. G. Thomas Williams, MCGARRY BAIR PC, Grand Rapids, Michigan, for Appellees/Cross-Appellants. **ON BRIEF:** Craig R. Smith, Eric P. Carnevale, LANDO & ANASTASI, LLP, Cambridge, Massachusetts, for Appellant/Cross-Appellee. G. Thomas Williams, MCGARRY BAIR PC, Grand Rapids, Michigan, for Appellees/Cross- Appellants.

WHITE, J., delivered the opinion of the court in which BUSH and LARSEN, JJ., joined. BUSH, J. (pp. 19–35), delivered a separate concurring opinion.

---

## OPINION

---

HELENE N. WHITE, Circuit Judge. In 2016, Plaintiff Evoqua Water Technologies, LC ("Evoqua") filed this action against Defendants M.W. Watermark, LLC ("Watermark" and Michael Gethin, asserting copyright, trademark, and false-advertising claims and seeking to enforce a 2003 consent judgment obtained by Evoqua's alleged predecessor against Watermark and Gethin. The district court dismissed Evoqua's claim that Watermark and Gethin were in contempt for violating the consent judgment, holding that the consent judgment was not assignable and therefore Evoqua lacked standing to enforce it. The district court also granted Watermark and Gethin summary judgment on Evoqua's copyright claim after concluding that the agreement selling assets to Evoqua unambiguously did not transfer copyrights. A jury later returned a verdict for Watermark and Gethin on Evoqua's false-advertising claim and for Evoqua on its trademark-infringement claim against Watermark but found that Gethin was not personally liable. Following trial, the district court denied Watermark's and Gethin's requests for attorney's fees on Evoqua's copyright and false-advertising claims. We conclude that the consent judgment is assignable, that the agreement transferring assets to Evoqua is ambiguous regarding copyrights, and that the district court did not abuse its discretion in declining to award Watermark and Gethin attorney's fees on the false-advertising claim. Accordingly, we VACATE the district court's dismissal of Evoqua's claim seeking to hold defendants in contempt of the consent judgment; VACATE the district court's grant of summary judgment on the copyright claim; AFFIRM the district court's denial of defendants' request for attorney's fees on the false-advertising claim; and REMAND for further proceedings.

## I. BACKGROUND

### A. The Parties

Evoqua and Watermark manufacture and sell equipment, such as sludge dryers and filter presses, that removes water from industrial waste. Both companies also sell replacement parts for used de-watering equipment originally manufactured by them or by other companies.

Evoqua's business can be traced back to a corporation called JWI, Inc. JWI was incorporated in the late 1970s and was acquired by U.S. Filter Corporation in 1997 to form a business called U.S. Filter/JWI Inc. ("U.S. Filter/JWI"). In 2006, U.S. Filter/JWI merged into Siemens Water Technologies Corp. and dissolved. In 2011, Siemens Water Technologies Corp. merged into Siemens Water Technologies Holding Corp., which then merged into Siemens Industry, Inc. ("Siemens"). On March 28, 2013, Siemens sold its water technologies business to Siemens Water Technologies LLC ("SWT"). SWT changed its name to Evoqua Water Technologies LLC in 2014.

M.W. Watermark LLC was formerly named J-Parts LLC. J-Parts was founded by Gethin in 2003 after he left his position at U.S. Filter/JWI. J-Parts initially sold only replacement parts for filter presses manufactured by other companies.

**B. 2003 Action and Consent Judgment**

Shortly after Gethin formed J-Parts LLC, U.S. Filter/JWI filed an action against Gethin and J-Parts, LLC in *Gethin I* (Case No. 03-00127) in the Western District of Michigan for false designation of origin, trademark dilution, trademark infringement, unfair competition, unjust enrichment, misappropriation of trade secrets, breach of fiduciary duties, breach of contract, and conversion. U.S. Filter/JWI alleged, among other things, that Gethin had downloaded a large quantity of U.S. Filter/JWI's proprietary and trade-secret information before leaving his position and that the defendants were infringing on its J-PRESS®

(the brand for its filter presses) and J-MATE ® (the brand for its sludge dryers) trademarks by using the "J-Parts" name.

The parties settled the case and reached a final settlement agreement. As part of the settlement agreement, the parties agreed to stipulate to the entry of a final judgment, and the district court entered the "Final Judgment Including Permanent Injunction."[1] (R. 1-7.) The injunction permanently enjoined "S.W. Watermark LLC, and Michael Gethin and its, his or their principals, agents, servants, employees, attorneys, successors and assigns" from using U.S. Filter/JWI's trademarks and from "using, disclosing, or disseminating any" of U.S. Filter/JWI's proprietary information. (*Id.* at PID 358.)

**C. Sale to SWT**

The business unit comprising U.S. Filter/JWI's business was sold to SWT pursuant to a Carve-Out Agreement between Siemens and SWT. Under the Carve-Out Agreement, SWT acquired "all Seller's books and records, files and other documents and data (including written and electronic training materials utilized to train the employees of the [water-technologies unit], including those related to regulatory and compliance matters), including all purchase and sold ledgers, purchase and sales day books and purchase and sales invoices." (R. 48-1, PID 780.)

---

[1] The "Final Judgment Including Permanent Injunction" will hereinafter be referred to as the "Consent Judgment" or "Permanent Injunction."

SWT also acquired the business unit's "Know-how," defined as:

> all information and data (irrespective as to whether such information and data is available by way of documentation, orally or in electronic format and irrespective as to whether they are protected by copyrights or not), including business and trade secrets, technical and business information and data, inventions, experience and expertise, all to the extent that such information and data are not Software . . . and/or not a Patent . . . .

(*Id.* at PID 783.)

SWT further acquired the business unit's rights and obligations under its contracts, its trademarks, and its interest in litigation.

**D. Siemens/SWT's Market Exit and Watermark's Entrance**

Before selling the water-technologies unit to SWT in 2013, Siemens had prepared a multi-year plan to discontinue certain product lines, including J-MATE® sludge dryers. Following the sale, in early 2014, Evoqua notified its sales representatives that it was discontinuing the J-MATE® product line. In response to Evoqua's planned exit, Watermark decided to enter the sludge-dryer market. On March 23, 2014, Watermark announced that it was releasing a sludge dryer product called "DryMate."

### E. Evoqua's Re-entrance into the Sludge-Dryer Market

On July 9, 2015, Evoqua began plans to reintroduce the J-MATE® sludge dryer to the market. Around that same time, Evoqua's in-house counsel wrote to Watermark regarding, among other things, Evoqua's concerns that Watermark was violating the Consent Judgment, improperly using Evoqua's trademarks, and falsely advertising that it provided "OEM Parts" for a variety of manufacturers, including JWI.

## II. PROCEDURAL HISTORY

### A. Evoqua's Claims

On January 8, 2016, Evoqua filed this action against M.W. Watermark, LLC, Watermark's President Gethin, and current and former employees of Watermark. Evoqua alleged that Watermark and its employees violated the Consent Judgment by using Evoqua's proprietary information and infringing on its trademarks. Evoqua further alleged that Watermark infringed on its copyrights by adopting Evoqua's copyrighted brochures and presentations for its own use. Evoqua also asserted that Watermark impermissibly used its J-MATE® trademark on its website and adopted a confusingly similar name of "DryMate" for its own product. Evoqua finally alleged that Watermark falsely advertised itself as an original equipment manufacturer for Evoqua's products.

### B. The District Court's Contempt Order

Evoqua filed a motion for sanctions and/or an order holding Watermark and Gethin in contempt of court for allegedly violating the Permanent Injunction. On September 12, 2016, the district court granted that motion and held Gethin and Watermark in contempt for violating the Permanent Injunction. The court found that Watermark violated the injunction by (1) using Evoqua's proprietary information and (2) using Evoqua's trademarks on its website. The district court ordered Watermark and Gethin to pay sanctions and requested briefing on the amount. However, before the award was issued, the case was reassigned to another judge.

### C. The District Court's Order Vacating the Contempt Order and Ruling that Evoqua Lacks Standing

On April 7, 2017, Watermark and Gethin moved for an order dissolving or modifying the Permanent Injunction, arguing that the Permanent Injunction's requirements had either been satisfied or had become unworkable. Noting that the parties disputed whether Evoqua was a successor-in-interest, the district court entered an order declining to rule on the motion until resolving that issue and asked for briefing.

At the hearing on Watermark's and Gethin's motion for relief from the permanent injunction and on the successor-in-interest issue, the district court raised the question whether the Permanent Injunction could be enforced by successors to U.S. Filter/JWI and asked for briefing. After the parties briefed the question, the district court issued an opinion and order vacating the contempt order and dismissing Evoqua's claim for contempt. The district court held that Evoqua did not have standing to seek enforcement of the Permanent

Injunction because "[t]he consent judgment in this case does not provide for enforcement by an assignee of U.S. Filter." (R. 154, PID 6976.)

### D. The District Court's Grant of Summary Judgment to Defendants on Evoqua's Copyright Claim

On October 23, 2017, Watermark and Gethin moved for summary judgment on Evoqua's three remaining claims: trademark infringement, false advertising, and copyright infringement. The district court granted Watermark's and Gethin's motion for summary judgment on the copyright-infringement claim on the basis that the Carve-Out Agreement between Siemens and SWT/Evoqua unambiguously did not transfer copyrights to SWT/Evoqua. The district court rejected Evoqua's argument that the agreement's transfer of "Know-how" transferred copyrights.

### E. Jury Verdict in Favor of Watermark and Gethin on the False-Advertising Claim and for Evoqua on the Trademark Claim

Evoqua's remaining claims for trademark infringement and false advertising were tried before a jury. The jury returned a verdict for Watermark and Gethin on the false-advertising claim and for Evoqua on its trademark-infringement claim, but awarded $0 in damages, found no willful infringement, and found that Gethin was not personally liable.

After trial, Watermark and Gethin filed a motion for attorney's fees, requesting attorney's fees as the prevailing party on the copyright-infringement claim and attorney's fees on the false-advertising claim because Evoqua's conduct with respect to that claim was exceptional. The district court denied both requests. The district court declined to award attorney's fees for false advertising under the Lanham Act, finding that the parties presented conflicting evidence about the meaning of "OEM [original equipment manufacturer] parts" and that Evoqua pursued the claim in good faith. (R. 274, PID 10306 (quoting 15 U.S.C. § 1117(a)).)

Evoqua appeals (1) the district court's order vacating the contempt order and dismissing Evoqua's contempt claim, and (2) the district court's grant of summary judgment to Watermark and Gethin on the copyright claim. Watermark and Gethin appeal the district court's denial of their requests for attorney's fees on the copyright and false-advertising claims.

## III. THE ASSIGNABILITY OF THE CONSENT JUDGMENT

### A. Standard of Review and Legal Standard

"A district court's interpretation of a consent decree or judgment is a matter of law subject to de novo review, and the underlying findings of fact are reviewed for clear error." *Sault Ste. Marie Tribe of Chippewa Indians v. Engler*, 146 F.3d 367, 371 (6th Cir. 1998). This Court reviews a district court's decision on standing de novo. *See United States v. Real Prop., All Furnishings Known as Bridwell's Grocery*, 195 F.3d 819, 821 (6th Cir. 1999).

"A consent decree has attributes of both a contract and of a judicial act." *Williams v. Vukovich*, 720 F.2d 909, 920 (6th Cir. 1983). "Consent decrees are entered into by parties to a case after careful negotiation has produced agreement on their precise terms." *United States v. Armour & Co.*, 402 U.S. 673, 681 (1971). "[T]he scope of a consent decree must be discerned within its four corners, and not by reference to what might satisfy the purposes of one of the parties to it." *Id.* at 682. The consent decree is a judicial act because it "places the power and prestige of the court behind the compromise struck by the parties." *Williams*, 720 F.2d at 920. A court must "protect the integrity of the decree with its contempt powers." *Id.*

A consent decree "is not enforceable directly or in collateral proceedings by those who are not parties to it." *Blue Chips Stamps v. Manor Drug Stores*, 421 U.S. 723, 750 (1975). "[E]ven intended third-party beneficiaries of a consent decree lack standing to enforce its terms." *Aiken v. City of Memphis*, 37 F.3d 1155, 1168 (6th Cir. 1994).

In the absence of controlling federal law, contractual interpretation of the Consent Judgment is governed by Michigan law. *See Sault St. Marie*, 146 F.3d at 372. Under Michigan aw, "[t]he primary goal in the construction or interpretation of any contract is to honor the intent of the parties." *Rasheed v. Chrysler Corp.*, 517 N.W.2d 19, 29 n.28 (Mich. 1994). A court "must look for the intent of the parties in the words used in the instrument." *Mich. Chandelier Co. v. Morse*, 297 N.W. 64, 67 (Mich. 1941).

Of particular relevance here, the Supreme Court addressed the scope of a consent decree in *Armour*. There, Greyhound Corporation sought to acquire the majority of stock in Armour & Co. The government had previously entered into a consent decree with Armour, barring it from "dealing directly or indirectly in certain specified commodities." *Armour*, 402 U.S. at 673-74. The government sought to enforce the consent decree against Greyhound, arguing Greyhound engaged in business that would violate the decree. *Id.* at 677. The Court reasoned that the consent-decree prohibitions ran "only against the named stockholders [of Armour] and not against their successors and assigns." *Id.* at 680. Noting that a "'successors and assigns' clause" could have made the Government's argument more persuasive and that the consent judgment explicitly bound Armour's successors and assigns in other respects, the Supreme Court held that the consent decree did not bar Armour's successors from dealing in the specified commodities. *Id.* at 683.

**B. The Consent Judgment is Assignable.**

Under Michigan contract law, "rights can be assigned unless the assignment is clearly restricted." *Jawad A. Shah, M.D., PC v. State Farm Mut. Auto. Ins. Co.*, 920 N.W.2d 148, 158 (Mich. Ct. App. 2018) (internal quotation marks omitted). The Consent Decree is silent on the question of assignability—either allowing it nor barring it. Due to the absence of a "clear restrict[ion]," the Consent Decree was assignable to Evoqua.

Relying on *Thatcher v. Kohl's Department Stores, Inc.*, 397 F.3d 1370, 1372 (Fed. Cir. 2005), the district court came to the opposite conclusion. In *Thatcher*, a consent decree enjoined Kohl's Department Stores, and its successors-in-interest, from infringing on Mark Thatcher's patent rights. 397 F.3d at 1372. The consent decree did not expressly extend the right of enforcement to anyone other than Mark Thatcher. *Id.* Thatcher sold his patent rights to a third party, Deckers Outdoor Corporation, and Deckers later tried to enforce the consent judgment against Kohls. *Id.* at 1372-73. Relying on the "underlying policy" of *Armour* and its interpretation of "the contract as a whole," the court rejected Decker's argument that the absence of an anti-assignment clause meant that the consent judgment was freely assignable. *Id.* at 1374. Analyzing *Armour*, *Thatcher* (1) noted that *Armour* "promotes the underlying policy that consent judgments must be construed in a manner that preserves the position for which the parties bargained" and (2) stated that "*Armour* makes clear that . . . [consent judgments] are fundamentally different from contracts in not only reflecting an agreement on terms but also a resolution and compromise of contested legal positions in matters that are the subject of litigation." *Id.* In light of its interpretation of *Armour*, the court found the consent decree's silence on extending the right of enforcement to third parties was "the functional equivalent of the parties's express intent to exclude language of assignment." *Id.* at 1375. The district court found this case similar to *Thatcher*, and interpreted the absence of any reference to U.S. Filter/JWI's successors and assigns, coupled with the language binding Watermark's successors and assigns, as preventing assignment of the Consent Judgment.

We reject this reasoning. The Consent Decree's mere silence on the question of assignability does not evince an intent to prohibit assignment. Michigan law allows for the assignment of a contract unless clearly restricted. *Shah, M.D., PC*, 920 N.W.2d at 158. Further, that the Consent Judgment explicitly binds Watermark's successors and assigns but does not address U.S. Filter/JWI's successors and assigns makes sense in light of the fact that the Consent Judgment addresses only Watermark's future actions and obligations—that it may not infringe on certain trademarks or use U.S. Filter/JWI's proprietary information—and does not address U.S. Filter/JWI's. *Thatcher* had a much stronger basis for concluding that the consent judgment could not be assigned. The consent judgment there *explicitly* provided Thatcher the right to enforce the consent judgment without providing his assigns that right. *See Thatcher*, 397 F.3d at 1373 ("No one other than Thatcher was expressly given the right to proceed with a contempt action to enforce the judgment under the terms of the consent judgment."). Here, the Consent Judgment is silent on enforcement.

Moreover, we do not read *Armour* to require explicit language allowing for assignment. *Armour*'s statement that the interpretation of a consent decree must preserve the parties' bargained-for terms does not suggest that an assignment clause is needed. *Armour*'s statement simply mirrors the general contract-interpretation command to "honor the intent of the parties," *Rasheed* 517 N.W.2d at 29 n.28, by looking to "the words used in the instrument," *Mich. Chandelier Co.*, 297 N.W. at 67. Nor does *Armour* suggest that the judicial nature of the Consent Judgment requires an explicit assignment clause in this circumstance. *Armour* simply noted that a "successors and assigns" clause would have made the government's argument for successor liability more persuasive. The *Armour* Court also relied on the fact that the consent judgment elsewhere had bound Armour's successors and assigns, which is not the case here.

Because the Consent Judgment does not contain an anti-assignment clause or some other clear prohibition on assignment, the Consent Judgment could be assigned. The district court erred by concluding to the contrary.

Watermark and Gethin raised other issues before the district court, including whether the Consent Judgment was actually assigned to Evoqua. Because the district court addressed only the assignability of the Consent Judgment, we vacate the dismissal of Count I and remand to allow the district court to address the arguments in the first instance.

## IV. EVOQUA'S OWNERSHIP OF THE COPYRIGHTS

### A. Standard of Review and Legal Standard

We review the district court's decision granting summary judgment de novo. *See Johnson v. Memphis Light Gas & Water Div.*, 777 F.3d 838, 842 (6th Cir. 2015). Summary judgment is appropriate if "the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). "In reviewing the district court's decision to grant summary judgment, we must view all evidence in the light most favorable to the nonmoving party." *Cincinnati Ins. Co. v. Zen Design Grp., Ltd.*, 329 F.3d 546, 552 (6th Cir. 2003) (citation omitted).

"To succeed in a copyright infringement action, a plaintiff must establish that he or she owns the copyrighted creation, and that the defendant copied it." *Kohus v. Mariol*, 328 F.3d 848, 853 (6th Cir. 2003) (citation omitted). The Copyright Act provides that "the ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law." 17 U.S.C. § 201(d)(1). However, the assignment of a copyright must be made in writing. 17 U.S.C. § 204(a). "[S]o long as the parties' intent is clear, a transfer of copyright need not include any particular language." *Roger Miller Music, Inc. v. Sony/ATV Publ'g, LLC*, 477 F.3d 383, 391 (6th Cir. 2007) (internal quotation marks omitted).

Under the choice-of-law provision in the Carve-Out Agreement, Delaware law governs interpretation of the agreement. "[W]hether a contract is unambiguous is a question of law." *Sunline Commercial Carriers, Inc. v. CITGO Petroleum Corp.*, 206 A.3d 836, 847 n.68 (Del. 2019).

"Unless there is ambiguity, Delaware courts interpret contract terms according to their plain, ordinary meaning." *Alta Berkeley VI C.V. v. Omneon, Inc.*, 41 A.3d 381, 385 (Del. 2012). "[A]n ambiguity exists when the provisions in controversy are fairly susceptible of different interpretations or may have two or more different meanings." *GMG Capital Invs., LLC v. Athenian Venture Partners I, L.P.*, 36 A.3d 776, 780 (Del. 2012) (alterations and internal quotation marks omitted). "Where a contract is ambiguous, the interpreting court must look beyond the language of the contract to ascertain the parties' intentions." *Id.* (internal quotation marks omitted).

**B. The Carve-Out Agreement is Ambiguous.**

The district court concluded that the Carve-Out Agreement unambiguously did not transfer any copyrights to SWT/Evoqua, and held that Evoqua did not establish actual ownership of the copyrights. We disagree.

Section 1.1 of the agreement provides that Siemens "sells and transfers . . . all of [Siemens'] right, title and/or interest . . . in, and to, all assets . . . exclusively pertaining to the [water-technology business]." (R. 48-1, PID 779.) Section 1.1 expressly excludes from this transfer "[intellectual property (IP)] . . . , trademarks and their applications, domains and any other intellectual property rights."(*Id.*)

Section 2 of the agreement sells and assigns IP. Evoqua contends that Section 2.2 addressing the sale of "Know-how" transferred copyrights to it. Section 2.2 provides:

> <u>Sale and Assignment of Know-how:</u> . . . . Seller hereby sells and assigns to Purchaser all information and data (irrespective as to whether such information and data is available by way of documentation, orally or in electronic format and irrespective as to whether they are protected by copyrights or not), including business and trade secrets, technical and business information and data, inventions, experience and expertise, all to the extent that such information and data are not Software (as defined in Section 2.3 below) and/or not a Patent

> (collectively herein "**Know-how**" which (i) is exclusively used by the Business in the Business Field on the Effective Date, and (ii) which Seller has the exclusive authority to dispose of on the Effective Date (herein "**Transferred Know-how**". . . . The Parties agree that the documentation in which the Transferred Know-how is embodied is already available in the Business and a separate handover of such documentation is therefore not necessary. Should Purchaser within twenty-four (24) months after the Effective Date and on a case-by-case basis nevertheless need a copy of a part of the Transferred Know-how for the operation of the Business, Seller shall, upon written request of Purchaser, provide Purchaser with such copy to the extent available at Seller.

(*Id.* at PID 783-84.)

Section 2.2 of the Carve-Out Agreement is fairly susceptible of two different interpretations and therefore ambiguous. The plain meaning of "all information and data" is fairly broad and could encompass a wide variety of assets, including copyrights. Further, "information and data" lacks a qualifier or limiter, thus is susceptible to the interpretation that any copyrights on the information and data are also included. The word "assign" could be construed broadly. The Carve-Out Agreement was signed in 2013. The Ninth Edition of Black's Law Dictionary (2009) defines assign as "[t]o convey; to transfer rights or property." Assign, Black's Law Dictionary 135 (9th ed. 2009). The Tenth Edition is more specific, defining assign as "[t]o convey *in full*; to transfer (rights or property)." Assign, Black's Law Dictionary 142 (10th ed. 2014) (emphasis added). These definitions suggest that all rights encompassed in or underlying the information and data were also transferred. *Cf. SCO Grp., Inc. v. Novell, Inc.*, 578 F.3d 1201, 1213 (10th Cir. 2009) (["W]hen a party acquires '[a]ll rights and ownership' in a set of items, as was the case here, courts have generally found such language sufficient to satisfy Section 204(a) in the absence of language excepting copyrights or other special circumstances." (collecting cases)).

Further, a reasonable interpretation of the provision that "information and data" are transferred "irrespective as to whether they are protected by copyrights or not" is that copyrights are included in the "information and data" transferred. In other words, both non-copyrighted information as well as information with attendant copyrights were assigned to SWT. Finally, the illustrative list of "information and data"— "business and trade secrets, technical and business information and data, inventions, experience and expertise"—comprises broad and diverse types of assets. In light of the plain language, one could reasonably interpret the language to include the assignment of copyrights.

The district court's reasons for concluding that the agreement unambiguously did not assign copyrights do not bar this other reasonable interpretation.[2]

---

[2] Watermark and Gethin argue that copyrights can be transferred only if the language of the agreement unambiguously so provides.

The district court first reasoned that the words "information and data" are an "odd container" for copyrights because copyrights only protect the manner in which the information or data is expressly used. (R. 217, PID 8171.) The district court's second reason is related: it fairly pointed out that "there is a difference between assigning information and data and assigning ownership in the work embodying that information and data." (*Id.*) Thus, according to the district court, the transfer could include only free-floating data and

---

The sole authority Watermark and Gethin rely on for this proposition is *Shugrue v. Continental Airlines, Inc.*, 977 F. Supp. 280, 285 (S.D.N.Y. 1997). In *Shugrue*, the court held that 17 U.S.C. § 202 requires that an agreement unambiguously transfer copyrights. Section 202 provides in relevant part that "[o]wnership of a copyright . . . is distinct from ownership of any material object in which the work is embodied," so "[t]ransfer of ownership of any material object . . . does not of itself convey any rights to the copyrighted work embodied in the object." The *Shugrue* court interpreted this to mean that "if the language of the transfer is ambiguous, the contract will be read to transfer only the material object, not ownership of the copyright itself." 977 F. Supp. at 285. However, the statutory language does not suggest that requirement. Moreover, this court has previously found that a contract that was ambiguous on its face nonetheless transferred copyrights. *See Gilleland v. Schanhals*, 55 F. App'x 257, 260 (6th Cir. 2003); *see also Kendall Holdings, Ltd. v. Eden Cryogenics, LLC*, 521 F. App'x 453, 460 (6th Cir. 2013) (holding that a material issue of fact existed as to whether party was owner of copyrights where party's consulting agreement gave the other party "ownership of his 'ideas, inventions, improvements, and developments,' as well as signing shop drawings bearing the 'sole property of [the other party]' legend"); *Johnson v. Storix, Inc.*, 716 F. App'x 628, 631 (9th Cir. 2017) (holding that whether the transfer of "all assets" included copyrights was an issue properly for the jury to decide).

information, unaffixed to a document. However, "information and data" could be interpreted to include the information and data as it is found in documents. That interpretation is supported by Section 2.2's provision that if within 24 months after the sale, SWT/Evoqua needed "a copy of *a part of the Transferred Know-how* for the operation of the Business," Siemens would provide "such copy." (*Id.* at PID 784 (emphasis added).) That provision suggests that the transfer includes information and data in physical mediums. Further, although transferring ownership in a copy of work is not tantamount to transferring ownership in the copyright to that work, here the agreement could be reasonably interpreted as transferring the copyright as well. The language that Siemens "assign[s]" the "information and data" is susceptible of the interpretation that information and data are transferred in full, including all rights associated with that information and data.

The district court next interpreted the words "irrespective as to whether they are protected by copyrights or not" in Section 2.2 to suggest that the copyrights were not the object of the assignment. To be sure, that language could be read to suggest that the "information and data" are separate from any copyrights covering them. But it is also susceptible of another reading: the Carve-Out Agreement transfers both information that is copyrighted (and those copyrights) and information that is not copyrighted.

The district court next focused on the illustrative list of "Know-how"—"business and trade secrets, technical and business information and data, inventions, experience and expertise." (R. 48-, PID 783.) The district court concluded that those items "may each be a form of intangible property, but they are not copyrights." (R. 217, PID 8173.) However, one could reasonably view those terms as illustrating the broad scope of "Know-how." Each term is fairly broad and general, and the list does not necessarily suggest that copyrights to information as it is presented in mediums such as product manuals are not included in know-how.

Contrasting the different transfer language used in Section 2.2 ("assigns" with the language used in Section 1.1 ("transfers . . . all of Seller's right, title, and interest" in non-IP assets), the district court perceived that the "transfer of all right, title and interest" in Section 1.1 is broader than the "assign[ment]" of know-how in Section 2.2. But because both sections use the word "sells," and "assign" could mean to convey in full, the mere difference in language between Section 1.1 and Section 2.2 does not necessarily mean that fewer ownership rights were conveyed in the latter section. The district court also pointed out that Section 1.1.4, transferring "Seller's books and records, files and other documents and data (including written and electronic training materials utilized to train the employees of the Business)," explicitly excludes "any other intellectual property rights." (R. 48-1, PID 780.) The district court considered Section 1.1.4 a "natural place to transfer the copyrights in the manuals and presentations by earlier entities." (R. 217, PID 8173.) However, the agreement clearly contemplates separate sections for transferring non-intellectual-property assets (Section 1) and intellectual-property (Section 2), so it makes sense that copyrights would not be transferred in the section selling assets other than intellectual property.

Finally, the district court noted that Section 2.3 assigned software, a copyrightable asset, and reasoned that it undercut Evoqua's contention that Section 2.2 assigned all copyrights. However, the separate section for Software does not render Evoqua's construction unreasonable. Section 2.2 explicitly excludes "software" from the definition of "Know-how," and one could reasonably construe Section 2.2 as transferring all copyrights in the "Know-how," and Section 2.3 transferring copyrights to "Software."

In sum, even taking all the reasons together, the Carve-Out Agreement does not unambiguously exclude the transfer of copyrights. Rather, the language of the Carve-Out Agreement is ambiguous. Accordingly, we may look outside the four corners of the contract to determine the parties' intent. *GMG Capital Invs.*, 36 A.3d at 780. Evoqua presented affidavits from representatives of SWT/Evoqua and Siemens in which both assert that it was the parties' intent to sell the copyrights. Because the intent of the parties is a disputed issue of a material fact, the district court improperly granted summary judgment on that basis.[3]

In their motion for summary judgment, Watermark and Gethin raised other arguments concerning the alleged deficiencies in the copyright registrations and

---

[3] Because we conclude that summary judgment to Watermark and Gethin was improper on the copyright claim, we do not reach whether the district court properly denied Watermark's and Gethin's request for attorney's fees on this claim.

the chain of title in the copyrights before the sale to SWT. Because the district court decided only that the Carve-Out Agreement did not transfer copyrights, we vacate the grant of summary judgment and remand to allow the district court to consider the parties' remaining arguments.

## V. ATTORNEY'S FEES ON THE FALSE-ADVERTISING CLAIM

We review a district court's decision whether to award attorney's fees under the Lanham Act for an abuse of discretion. *See Johnson v. Jones*, 149 F.3d 494, 503 (6th Cir. 1998). The Lanham Act permits a court to award attorney's fees to the prevailing party in "exceptional cases." 15 U.S.C. §1117(a). "[A]n 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014).[4] District courts "determine whether a case is exceptional in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id.* (citation omitted)

The district court did not abuse its discretion in denying Watermark and Gethin attorney's fees on the false-advertising claim.

---

[4] The Court in *Octane Fitness* was interpreting the Patent Act's fee-shifting provision, but noted that the Lanham Act's fee-shifting provision was "identical." 572 U.S. at 554.

Evoqua's copyright claim is not so weak as to be exceptional. A claim for false advertising under the Lanham Act has the following elements:

> 1) the defendant has made false or misleading statements of fact concerning his own product or another's; 2) the statement actually or tends to deceive a substantial portion of the intended audience; 3) the statement is material in that it will likely influence the deceived consumer's purchasing decisions; 4) the advertisements were introduced into interstate commerce; and 5) there is some causal link between the challenged statements and harm to the plaintiff.

*Am. Council of Certified Podiatric Physicians & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613 (6th Cir. 1999) (citations omitted). Here, as the district court noted, both parties presented evidence on whether Watermark's advertisement that it offered "OEM parts" or Evoqua's filter presses was deceptive, and the success of the claim at trial came down to a credibility contest between the parties' respective witnesses.

Watermark's and Gethin's arguments otherwise are unavailing. Watermark and Gethin argue that Evoqua pursued the false-advertising claim even after the allegedly false advertising had been removed. However, as the district court noted, Evoqua could still reasonably pursue the claim if the false advertising had caused it damage or if it believed Watermark would falsely advertise in this way again. Watermark and Gethin also argue that Evoqua pursued the claim to trial knowing that it could not present evidence of damages and offered no evidence of damages at trial. Yet, Evoqua presented evidence that Watermark's use of "OEM" could tend to deceive consumers and that the misrepresentation harmed Evoqua's goodwill and reputation. *See Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298, 323 (6th Cir. 2001) ("A plaintiff seeking injunctive relief for false advertising faces a lower standard of showing only that the defendant's representations about its product have a tendency to deceive consumers." (emphasis omitted) (internal quotation marks omitted)). Moreover, Evoqua could pursue an injunction even if damages were hard to quantify. *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 135 (2014); *see also Am. Council*, 185 F.3d at 618 (recognizing that a plaintiff could pursue injunctive relief on false-advertising claim).

The district court was also within its discretion to conclude that Evoqua's litigation tactics did not warrant a shift of fees. Watermark and Gethin argue that Evoqua's discovery requests were overbroad, but the district court reasonably found that those requests did not increase Watermark's and Gethin's fees because they simply refused to comply with those requests. The district court further did not err in concluding that although there was evidence that Evoqua thought it could gain a competitive advantage by litigating against Watermark, Evoqua still pursued its claims in good faith. Watermark and Gethin interpret some of Evoqua's materials in the most negative light, yet those materials could also indicate that Evoqua noticed that Watermark was falsely advertising a relationship with Evoqua, and reasonably sought to enjoin those acts and obtain damages.

In sum, the district court did not abuse its discretion in denying Watermark's and Gethin's request for attorney's fees on Evoqua's false-advertising claim.

## VI. CONCLUSION

For the above reasons, we VACATE the district court's dismissal of Count I of the complaint; VACATE the district court's grant of summary judgment on Evoqua's copyright claim; AFFIRM the district court's denial of Watermark's and Gethin's request for attorney fees on Evoqua's false-advertising claim; and REMAND for further proceedings.

---

## CONCURRENCE

---

JOHN K. BUSH, Circuit Judge, concurring. I join the Majority Opinion in full as it faithfully applies the case law of our circuit. However, I write separately to address one discrete issue where I believe our precedents are wrong: specifically, the jurisdictional source of the law governing interpretation of a consent decree entered by a federal court. As the Majority explains, "[i]n the absence of controlling federal law, contractual interpretation of the Consent Judgment is governed by Michigan Law"—i.e., state law. Majority Op. at 8 (citing *Sault Ste. Marie Tribe of Chippewa Indians v. Engler*, 146 F.3d 367, 371 (6th Cir. 1998)).

Because a consent decree is viewed as a "contract," our circuit interprets it using the state law from where it was entered. *See John B. v. Emkes*, 710 F.3d 394, 407 (6th Cir. 2013) ("[W]e interpret the consent decree as a contract. And under Tennessee law, which guides our interpretation of the decree here, our primary goal is to give effect to the parties' intent as expressed in the decree itself." (citations omitted)).

But, we should not forget that the consent decree here was entered by a *federal* court, and that fact makes all the difference, for reasons I will explain. True, the Supreme Court has described a consent decree as a "contract," but it has never expressly held that state law controls interpretation when the consent decree is from a federal court. *See, e.g.*, *United States v. ITT Cont'l Baking Co.*, 420 U.S. 223, 236–37 (1975). I believe a federal rule of decision is appropriate in these circumstances because a judicial decree is an integral component of the Article III power to decide cases and controversies. Most significantly, applying federal law to this case would warrant a change in its disposition: because the parties expressly contemplated who was subject to the consent decree, federal law (unlike Michigan law) would allow only those expressly identified entities to enforce this particular decree and would not imply that right of enforcement to others, such as Evoqua Water Technologies, LLC ("Evoqua"), not identified by name or description in the decree. In light of the above, this court would be wise to revisit its precedents on whether to apply state or federal law to federal consent decree interpretation issues.

I.

To understand why federal law should govern interpretation of a consent decree entered in a federal court, it is first important to understand what federal consent decrees are. They are final judgments entered by federal courts. Though typically drafted by the parties, consent decrees are judicially enforceable orders that draw upon the district court's authority to provide the parties with both equitable and legal remedies. *See Rufo v. Inmates of Suffolk Cnty. Jail*, 502 U.S. 367, 378 (1992); *United States v. Swift & Co.*, 286 U.S. 106, 120 (1932); *see also Carson v. Am. Brands, Inc.*, 450 U.S. 79, 86–87 (1981). Indeed, to enter a proposed consent decree, the "decree must spring from and serve to resolve a dispute within the court's subject matter jurisdiction . . . . [It] must come within the general scope of the case made by the pleadings, and must further the objectives of the law upon which the complaint was based." *Local No. 93 Int'l Ass'n of Firefighters, AFL-CIO C.L.C. v. City of Cleveland*, 478 U.S. 501, 525 (1986) (citations omitted) (internal quotation marks omitted).

In this respect, a consent decree is dissimilar to an agreement to settle litigation, in which only the litigants have a say and need not meet all the criteria for entry of a court judgment. *Cf. Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 381–82 (1994) (observing that "automatic jurisdiction over [settlement agreement] contracts is in no way essential to the conduct of federal-court business"). Unlike a settlement agreement, a consent decree entered in federal district court draws upon the Article III power, and the decree invokes the court's continuing jurisdiction to ensure compliance with its order until the parties have fulfilled their obligations. *See Williams v. Vukovich*, 720 F.2d 909, 920 (6th Cir. 1983); *see also Bergman v. Mich. State Transp. Comm'n*, 665 F.3d 681, 683–84 (6th Cir. 2011). A settlement agreement lacks these features because it is only a contract between parties made in consideration of the dismissal of the federal lawsuit. *See Kokkonen*, 511 U.S. at 381. Moreover, unless the parties agree to embody the settlement agreement in the district court's order, "enforcement of the settlement agreement is for state courts" as a matter of state contract law. *Id.* at 382.

Federal consent decrees, by their nature, are therefore more than just contractual arrangements between litigants: they are also acts of Article III power. *Swift & Co.*, 286 U.S. at 115 ("We reject the argument for the intervenors that a decree entered upon consent is to be treated as a contract and not as a judicial act."). It is true that the parties' bargained-for agreement "serves as the source of the court's authority" to enter the decree,[1] but a consent decree is more than just an entry of an order acknowledging the parties' settlement. *See Local No. 93 Int'l Ass'n of Firefighters*, 478 U.S. at 522 (citing *United States v. Ward Baking Co.*, 376 U.S.

---

[1] This court has described the nature of the bargain underlying a consent decree as follows: "The defendant has given up the possibility of prevailing on the merits in exchange for granting certain limited affirmative relief to plaintiffs" and the "[p]laintiffs have exchanged their right to obtain adjudicatory relief." *Williams v. Vukovich*, 720 F.2d 909, 920 (6th Cir. 1983).

327 (1964)); *United States v. Armour & Co.*, 402 U.S. 673, 681 (1971). It is a judicial act that results in a final judgment in the case, which in turn, requires the district court to participate as an additional actor, along with the parties, to resolve the case. *See Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 604 n.7 (2001) ("Private settlements do not entail the judicial approval and oversight involved in consent decrees.").

By entering the consent decree as a final order, the "[j]udicial approval of a settlement agreement places the power and prestige of the court behind the compromise struck by the parties." *Williams*, 720 F.2d at 920. In light of this, the district court has an "independent, juridical interest[]" in entering consent decrees "beyond the remedial 'contractual' terms agreed upon by the parties." *EEOC v. Local 580, Int'l Ass'n of Bridge, Structural & Ornamental Ironworkers, Joint Apprentice-Journeyman Educ. Fund*, 925 F.2d 588, 593 (2d Cir. 1991).

As this court has explained, a consent decree may not be entered if the agreement "is illegal, a product of collusion, or contrary to the public interest." *Williams*, 720 F.2d at 920 (citations omitted). In other words, the district court "is more than 'a recorder of contracts' from whom parties can purchase injunctions; it is an organ of government constituted to make judicial decisions." *Local No. 93, Int'l Ass'n of Firefighters*, 478 U.S. at 525 (internal quotation omitted); *see also In re Pearson*, 990 F.2d 653, 658 (1st Cir. 1993) ("Put bluntly, 'parties cannot, by giving each other consideration, purchase from a court of equity a continuing injunction.'" (quoting *Sys. Fed'n No. 91, Ry. Emps.' Dep't v. Wright*, 364 U.S. 642, 651 (1961))). Thus, the judicial character of the district court's consent decree must not be overlooked, even if the underlying issue involves a matter of the consent decree's interpretation.

II.

Following the district court's entry of the consent decree, parties may sometimes dispute the nature of their obligations under the consent decree. Should the dispute require interpreting a consent decree's language, the Supreme Court has provided lower courts with interpretive rules to guide their analysis of that language. *See Blue Chip Stamps v. Manor Drugs Stores*, 421 U.S. 723, 750 (1975); *ITT Cont'l Baking Co.*, 420 U.S. at 236; *Armour*, 402 U.S. at 682. As explained below, the reasoning of this Supreme Court precedent strongly points towards application of federal law to interpret questions concerning federal consent decrees.

A.

Per the Supreme Court's instruction, we are to interpret the text of the document and nothing further: "[T]he scope of a consent decree must be discerned within its four corners, and not by reference to what might satisfy the purposes of one of the parties to it. Because the defendant has, by the decree, waived his right to litigate the issues raised, a right guaranteed to him by the Due Process Clause, the conditions upon which he has given that waiver must be respected, and the instrument must be construed as it is written, and not as it might have been written had the plaintiff established his factual claims and legal theories in litigation." *Armour*, 402 U.S. at 682; *accord ITT Cont'l Baking Co.*, 420 U.S. at 236 n.10.

In fashioning this interpretative rule, the Court holds that lower courts must be interpreted with the following understanding of consent decrees in mind:

> Consent decrees are entered into by parties to the case after careful negotiation has produced agreement on their precise terms. The parties waive their right to litigate the issues involved in the case and thus save themselves the time, expense, and inevitable risk of litigation. Naturally, the agreement reached normally embodies a compromise; in exchange for the saving of cost and elimination of risk, the parties each give up something they might have won had they proceeded with the ligation. Thus the decree itself cannot be said to have a purpose; rather the parties have purposes, generally opposed to each other, and the resultant decree embodies as much of those opposing purposes as the respective parties have the bargaining power and skill to achieve.

*Armour*, 402 U.S. at 681–82.

Therefore, it is the actual text of the consent decree, not what one party argues is its purpose after the fact, that governs. *Id.* And that text, the Supreme Court has stated, is to be interpreted employing certain "aids to construction" used in contract law. *ITT Cont'l Baking Co.*, 420 U.S. at 238. "Such aids include the circumstances surrounding the formation of the consent order, any technical meaning words used may have had to the parties, and any other documents expressly incorporated in the decree." *Id.* Also, any construction of the consent decree, including any proposed modification of the consent, must be supported by the text of the instrument. *See United States v. Atl. Ref. Co.*, 360 U.S. 19, 23 (1959); *Hughes v. United States*, 342 U.S. 353, 357 (1952).

Lastly—and this is a point particularly important to this case—there is "well-settled line of authority from [the] Court establish[ing] that a consent decree is not enforceable directly or in collateral proceedings by those who are not parties to it even though they were intended to be benefited by it." *Blue Chip Stamps*, 421 U.S. at 750 (citing *Armour*, 402 U.S. at 673; *Buckeye Coal & Ry. Co. v. Hocking Valley Ry. Co.*, 269 U.S. 42 (1925)). The corollary to this rule of federal law is that a federal consent decree may only be enforced by the parties who are explicitly identified or described in the decree. *Cf. id.*; *see also Armour*, 402 U.S. at 673.

B.

The above-stated rules of federal consent-decree interpretation have been stated by the Supreme Court as principles of federal common law.[2] The Supreme

---

[2] By "federal common law," I refer to "federal rules of decision whose content cannot be traced directly by traditional methods of interpretation to federal statutory or constitutional commands," *Hart & Wechsler's: The Federal Courts and the Federal System* 635 (Richard H. Fallon, Jr., et al., 7th ed. 2015), which has the force and effect of positive federal law. *Boyle v. United Techs. Corp.*, 487 U.S. 500, 504 (1988); *see also Atherton v. FDIC*, 519 U.S. 213, 218 (1997).

Court's directive in this regard is wholly consistent with, if not compelled by, our nation's constitutional structure. This is because interpreting federal judgments is a matter beyond the State legislatures' competence and is a matter incidental to the judiciary's core constitutional function as set forth in Article III of the Constitution: to issue judgments in all cases and controversies in matters within its limited subject-matter jurisdiction.

As the Supreme Court made clear in *Erie Railroad Co. v. Tompkins*, "[t]here is no federal general common law." 304 U.S. 64, 78 (1938). Nonetheless, the Court has recognized "enclaves of federal judge-made law which bind the States." *Banco Nacional de Cuba v. Sabbatino*, 376 U.S. 398, 426 (1964). As the Court explained, "federal common law exists only in such narrow areas as those concerned with the rights and obligations of the United States, interstate and international disputes implicating the conflicting rights of States or our relations with foreign nations, and admiralty cases." *Tex. Indus. v. Radcliff Materials, Inc.*, 451 U.S. 630, 641 (1981) (footnotes omitted).

Admittedly, the boundaries of federal common law enclaves are sometimes less than clear. The Court has instructed that federal common law applies to a dispute involving "uniquely federal interests," between two private parties because "the interests of the United States will be directly affected." *Boyle v. United Techs. Corp.*, 487 U.S. 500, 504, 507 (1988). When an area of law presents a uniquely federal interest, the creation of federal common law is "limited to situations where there is a 'significant conflict between some federal policy or interest and the use of state law.'" *O'Melveny & Myers v. FDIC*, 512 U.S. 79, 88 (1994) (quoting *Wallis v. Pan Am. Petroleum Corp.*, 384 U.S. 63, 68 (1966)); *see also Kamen v. Kemper Fin. Servs. Inc.*, 500 U.S. 90, 98 (1991) (holding that there is a presumption to apply state law "in areas in which private parties have entered legal relationships with the expectation that their rights and obligations would be governed by state-law standards").

The Court's heeding to limit the application of "judge-made" federal rules derives from the constitutional concerns raised in *Erie*. *See* Bradford R. Clark, *Federal Common Law: A Structural Reinterpretation*, 144 U. Pa. L. Rev. 1245, 1265 (1996). *Erie's* holding rests on two fundamental constitutional principles: federalism and separation of powers. *See Lindenberg v. Jackson Nat'l Life Ins. Co.*, 919 F.3d 992, 996 n.4 (6th Cir. 2019) (Bush, J., dissenting from the denial of rehearing en banc). As a matter of federalism, federal courts "unconstitutionally invade 'the autonomy and independence of the States' whenever they unilaterally apply a rule of their own choosing in lieu of substantive state law—that is, in the absence of a controlling federal constitutional, statutory, or treaty provision requiring application of that rule." Clark, *supra*, at 1259 (quoting *Erie*, 304 U.S. at 78). And as for the second constitutional principle presented in *Erie*, the "[o]pen-ended federal common lawmaking by courts enables the judiciary to evade the safeguards inherent in" the Constitution's procedural scheme for fashioning positive federal law. *Id.* at 1269; *Nw. Airlines, Inc. v. Transp. Workers Union of Am. AFL-CIO*, 451 U.S. 77, 95 (1981) ("[F]ederal courts, unlike their state counterparts, are courts of limited jurisdiction that have not been vested with open-ended lawmaking powers.").

Assuming an area of law warrants a uniform federal law, these above-mentioned constitutional concerns are addressed if "the rule in question . . . concern[s] matters that fall beyond the legislative competence of the states" and must "be necessary to further some aspect of the constitutional scheme." Clark, *supra*, at 1271; *see generally id.* at 1271–75. The first step is rather intuitive: any rule fashioned by a federal authority involving a matter beyond the legislative competence of the States does not offend the federalism concerns expressed in *Erie*. *Id.* at 1274. And the second inquiry asks, "whether judicial application of the rule in question constitutes either the application of rules implied directly from the constitutional structure, or adherence to customary rules of decision necessary to implement a basic feature of the constitutional scheme." *Id.*

The power of Article III courts to issue judgments and issue their interpretation of other federal courts' judgments is without question a matter involving unique federal interests. *See Atherton v. FDIC*, 519 U.S. 213, 218–19 (1997); *cf. Semtek Int'l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 508 (2001). Moreover, the interpretation of a federal court's consent decree is a matter beyond the State legislatures' competence. *Cf. Fortin v. Comm'r of Mass. Dep't of Pub. Welfare*, 692 F.2d 790, 798 (1st Cir. 1982) (explaining that "[t]here is no state court to which the question of interpreting the decree could be certified or to whose authority and expertise the federal court could defer by abstaining").

A fundamental aspect of our system of government is the federal judicial department established under Article III with its power to decide cases and controversies. Importantly, at the irreducible core of Article III authority, is the power to enter final judgments. *See Gordon v. United States*, 117 U.S. 697, 702 (decided 1864, Opinion printed in Appendix 1885); *see also Young v. United States ex rel. Vuitton et Fils S.A.*, 481 U.S. 787, 816 (1987) (Scalia, J., concurring in the judgment) (observing that the role of a federal judge is "to decide, in accordance with law, who should prevail in a case or controversy"). This constitutional power and core function leave no room for state law to interpret the judgments entered by federal courts.

"Article III of the Constitution establishes an independent Judiciary, a Third Branch of Government with the 'province and duty . . . to say what the law is' in particular cases and controversies." *Bank Markazi v. Peterson*, 136 S. Ct. 1310, 1322 (2016) (quoting *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803)). Incident to that power, Congress "may not usurp a court's power to interpret and apply the law to the circumstances before it." *Id.* (cleaned up); *accord City of Arlington v. FCC*, 569 U.S. 290, 297 (2013). States lack the power to usurp a federal court's Article III power as well. *Cf. Hanna v. Plumer*, 380 U.S. 460, 472–73 (1965); *Sibbach v. Wilson & Co.*, 312 U.S. 1, 13–4 (1941). "[T]he Framers crafted this charter of the judicial department with an expressed understanding that it gives the Federal Judiciary the power, not merely to rule on cases, but to *decide* them, subject to review only by superior courts in the Article III hierarchy." *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 218–19 (1995). Given that the federal judiciary department's inherent function is to issue final judgments, it follows that federal judges have the power to interpret their judgments using the law of the jurisdiction from which they derive their power. This federal judicial power includes the authority to determine who or what is bound to the court's judgments.[3] *Cf.* Restatement (second) of Judgments § 87 cmt. a ("The source of the federal courts's authority is in Articles I and III of the Constitution. It is therefore appropriate to hold that, at least in the absence of some other provision by Congress, the effects of a federal judgment are a legal implication of those provisions.").

Applying state law to the interpretation of federal consent decrees sharply conflicts with this Article III power of a federal court over its judgments. *Cf. Cincom Sys., Inc. v. Novelis Corp.*, 581 F.3d 431, 436 (6th Cir. 2009). The unflinching and mechanical use of state law to interpret consent decrees results in the quintessential act of a federal government department—federal court's final judgment—being governed by the vagaries of the law of a different

---

[3] This inherent function is analogous to the federal judiciary's "inherent power, governed not by rule or statute but by the control necessarily vested in courts to manage their own affairs so as to achieve the orderly and expeditious disposition of cases." *Link v. Wabash R.R. Co.*, 370 U.S. 626, 630–31 (1962) (internal quotation marks omitted); *see also In re Univ. of Mich.*, 936 F.3d 460 (6th Cir. 2019).

jurisdiction altogether, namely, that of a state government.[4] In contrast, application of federal law ensures that this chief function of a federal court is governed by the law of the jurisdiction from which that court derives its authority.

Moreover, applying federal common law to this area is consistent with the Supreme Court's conclusion in *Semtek*, which was that the *effect* of a federal court's judgment in subsequent cases is a matter for the courts "to determine the appropriate federal rule." 531 U.S. at 508. Indeed, as a matter of equity, it would only be appropriate for a consent judgment that draws upon the court's equitable powers, to be governed by the federal common law. *See Burrill v. Locomobile Co.*, 258 U.S. 34, 38 (1922) (recognizing that "the laws of the States are the rules of decision" in common law actions, but the court's equity "follows its own rules"); *see also Guar. Tr. Co. of N.Y. v. York*, 326 U.S. 99, 105 (1945); Restatement (second) of Judgments § 87 cmt. a ("The

---

[4] For an illustrative, historic example of the negative implications that could stem from the "mechanical application" of state law in an area where federal common law would be more appropriate, *see Hanna v. Plumer*, 380 U.S. 460, 472–73 (1965) ("One of the shaping purposes of the Federal Rules is to bring about uniformity in the federal courts by getting away from local rules. This is especially true of matters which relate to the administration of legal proceedings, an area in which federal courts have traditionally exerted strong inherent power, completely aside from the powers Congress expressly conferred in the Rules. The purpose of the Erie doctrine . . . was never to bottle up federal courts with 'outcome-determinative' and 'integral-relations' stoppers—when there are 'affirmative countervailing (federal) considerations' and where there is a Congressional mandate . . . supported by constitutional authority.'"(citation omitted)).

few cases in which the federal adjudication was a decree in equity, as distinct from a judgment at law, elicited no special notice of the problem of governing law.").

Although consent decree interpretation should be a matter of federal common law, that does not mean that state law cannot inform the appropriate rule. Given that the States predominate in matters relating to contract law, it would be natural to resort to their principles of contract law should a need arise for a new interpretive rule. *Cf. John Wiley & Sons, Inc. v. Livingston*, 376 U.S. 543, 548 (1964) ("State law may be utilized so far as it is of aid in the development of correct principles of their application in a particular case, but the law which ultimately results is federal." (citations omitted)); *Semtek*, 531 U.S. at 508 ("This is . . . a classic case for adopting, as the federal prescribed rule of decision, the law that would be applied by state courts in the State in which the federal diversity court sits."). But, reliance on state common law for guidance in fashioning the federal common law of consent decrees should not be mistaken for an abdication of federal law as the governing law for the interpretation of a federal court's consent decree.

III.

A.

In recognizing consent decree interpretation rules, the Supreme Court has never instructed the lower federal courts to apply state law. Rather, as explained above, the Supreme Court impliedly reserved federal common law for the interpretation of district court consent decrees. *See supra*, Part II.A. The Sixth Circuit's precedent reflected this understanding by resorting to general principles of federal law to interpret consent decrees until this court's decision in *Sault Ste. Marie Tribe of Chippewa Indians v. Engler*, 146 F.3d 367 (6th Cir. 1998). At no point prior to the *Sault Ste. Marie* decision did our circuit rely on the underlying state law to supply the rule of decision to interpret a federal consent decree. Instead, we cited to United States Supreme Court decisions applying federal law. *See, e.g.*, *Huguley v. Gen. Motors Corp.*, 67 F.3d 129, 134–35 (6th Cir. 1995); *United States v. Louisville & Jefferson Cty. Metro. Sewer Dist.*, 983 F.2d 1070, 1993 WL 7516, at *3 (6th Cir. 1993) (unpublished table opinion); *Lorain NAACP v. Lorain Bd. of Educ.*, 979 F.2d 1141, 1148 (6th Cir. 1992); *Thompson v. Commonwealth of Ky. Dep't of Corr.*, 780 F.2d 1023, 1985 WL 13958, at *1 (6th Cir. 1985) (unpublished table opinion).

*Sault Ste. Marie* changed all that. After *Sault Ste. Marie*, the generalized principles of federal contract law no longer provide the rule of decision in matters relating to a federal consent decree's interpretation in our circuit. 146 F.3d at 372. At issue in *Sault Ste. Marie* was whether the Native American tribes subject to a consent decree were required to make payments to the State of Michigan under the terms of a consent decree, that required the tribes to make payments if they held the "exclusive right to operate" electronic games of chances in Michigan. *Id.* at 369. At the invitation of the parties' briefing, the *Sault Ste. Marie* court held that "[b]ecause this contract was formed in the State of Michigan, it is interpreted under Michigan law." *Id.* at 372. The *Sault St. Marie* court did not follow the Court's interpretative guidelines set forth in *Armour* and *ITT Continental Baking Co.* and offered no explanation for ignoring the applicable Supreme Court precedent.

Given the *Sault Ste. Marie* court's observation that "[c]onsent decrees and judgments are binding contracts," the court concluded that state law should govern the interpretation of a federal consent judgment because state law is used to interpret contracts. 146 F.3d at 372 (citation omitted). The court therefore resorted to principles of Michigan contract law to determine whether the district court erred in concluding that the consent decree was unambiguous and did not need to consider extrinsic evidence to interpret the ambiguous wording in the consent decree. *See id.* at 373–74.

Based on this precedent, this court must now resort to state contract law to interpret federal consent decrees. *See e.g.*, *John B.*, 710 F.3d at 407; *G.G. Marck & Assocs., Inc. v. Peng*, 09 F. App'x 928, 934 (6th Cir. 2009) ("A consent judgment is treated as a contract formed and interpreted under the law of the state in which it was formed." (citation omitted)); *Waste Mgmt. of Ohio, Inc. v. City of Dayton*, 169 F. App'x 976, 988–89 (6th Cir. 2006).[5] However, neither *Sault Ste.* Marie, nor subsequent cases applying that decision, have ever

[5] I would also note that at least in one instance, this court has not applied state law to interpret the underlying consent decree as *Sault Ste. Marie* requires. *See Nat'l Ecological Found. v. Alexander*, 496 F.3d 466, 477–81 (6th Cir. 2007).

addressed the tension between application of state law to federal consent decree interpretation and the Supreme Court's reasoning in *Armour* and *ITT Continental Baking Co.* Given this court's abrupt departure from the Supreme Court's interpretative rules for consent decrees, and this court's inconsistent approach post-*Sault Ste. Marie*, I question whether *Sault Ste. Marie* was rightly decided.[6] I respectfully submit that the better course for our court would be to return to the reasoning offered by this court's decisions pre-*Sault Ste. Marie*. In doing so, we would reconcile our precedent with the Supreme Court's approach to interpreting federal consent decrees, and we would discontinue applying state law within an area it should not govern.

B.

I would also note that our court's attention to this issue is warranted because there is a divide among the majority of our sister circuits. *Compare Doe v. Pataki*, 481 F.3d 69, 76–77 (2d Cir. 2007) (no resort to state law); *Pure Country, Inc. v. Sigma Chi Fraternity*, 312 F.3d 952, 958–59 (8th Cir. 2002) (same); *Sierra Club v. Meiburg*, 296 F.3d 1021, 1029–32 (11th Cir. 2002) (same); *United States v. W. Elec. Co.*, 12 F.3d 225, 230–31 (D.C. Cir. 1993) (same); *Fortin*, 692 F.2d at

---

[6] I do not question whether the *Sault Ste. Marie* court interpreted the consent decree in the underlying case correctly. I only question its underlying conclusion that state law governs the interpretation of consent decrees.

798–99 (same);[7] *Fox v. U.S. Dep't of Hous. & Urban Dev.*, 680 F.2d 315, 319–20 (3d Cir. 1982) (same), *with Frew v. Janek*, 780 F.3d 320, 327–28 n.28 (5th Cir. 2015)[8] (applying state contract law to resolve consent decree interpretation); *Collins v. Thompson*, 8 F.3d 657, 659 (9th Cir. 1993) (same); *Sinclair Oil Corp. v. Scherer*, 7 F.3d 191, 194 (10th Cir. 1993) (same); *United States v. City of Northlake*, 942 F.2d 1164, 1167 (7th Cir. 1991) (same).

---

[7] It is important to highlight one aspect of the First Circuit's reasoning in *Fortin*. There, the appellant argued that the district court erred in failing to certify a question to the Massachusetts Supreme Court to address whether the district court's remedy was appropriate under the consent decree in light of state law. 692 F.2d at 798. The First Circuit rejected the appellant's argument, reasoning that "[i]t makes no difference if state law was unclear, because the court was interpreting the consent decree, not the underlying law," and "[t]here is no state court to which the question of interpreting the decree could be certified or to whose authority and expertise the federal court could defer by abstaining." *Id.* In other words, state law did not supply a rule of decision regarding the district court's interpretation of its own consent decree. Considering this observation, it follows that the federal law of interpretation, using the interpretive principles established by the Supreme Court, should apply.

[8] The Fifth Circuit has only recently joined those circuits that apply state law to interpret consent decrees. Prior to its decision in *Frew*, there is no indication that the Fifth Circuit relied upon state-law contract principles to interpret consent decrees. *See, e.g.*, *Dean v. City of Shreveport*, 438 F.3d 448, 460–61 (5th Cir. 2006); *United States v. Chromalloy Am. Corp.*, 158 F.3d 345, 349 (5th Cir. 1998); *N. Shore Labs. Corp. v. Cohen*, 721 F.2d 514, 519–20 (5th Cir. 1983), *overruled on other grounds as recognized by Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 549 n.17 (5th Cir. 1998).

Those circuits that apply state law to resolve an interpretative issue relating to consent decrees have reasoned, like our court in *Sault Ste. Marie*, that state law applies because a "judicially approved consent decree, like a settlement agreement, is essentially a contract for purposes of construction." *City of Northlake*, 942 F.2d at 1167 (citation omitted); *see also Frew*, 780 F.3d at 328 n.28. While that proposition might be true at its most basic level, these circuits have not satisfactorily explained why state law supplies the rule of decision for a quintessential act of the federal government—an Article III court's final judgment—especially considering the Supreme Court's interpretation rules in *Armour* and *ITT Continental Baking Co.* that seem to favor applying federal law in these circumstances. *See supra*, Part II.A.

IV.

If this court were to apply federal law to interpret the consent decree in this case, the outcome would likely be different. Based upon the four corners of the consent decree before us, it does not appear that the parties intended for U.S. Filter/JWI Inc.'s successors-in-interest and assigns to enforce the consent decree.

Under Michigan contract law, a third-party beneficiary may sue under a breach-of-contract theory "when the promisor undertakes an obligation 'directly' to or for the person." *Koenig v. City of South Haven*, 597 N.W.2d 99, 104 (Mich. 1999); *accord Kammer Asphalt Paving Co. v. E. China Twp. Schs.*, 504 N.W.2d 635, 642 (Mich. 1993); *see also Ragnone v. Charter Twp. of Fenton*, No. 267530, 2006 WL 3103043, at *2 (Mich. Ct. App. Nov. 2, 2006) (per curiam) (applying contract law's third-party beneficiary doctrine to consent decrees issued by Michigan trial courts). In essence, Michigan contract law authorizes third parties (i.e., those lacking privity in contract), in limited circumstances, to enforce a contract between the original bargaining parties (or their assignees), even if those beneficiaries are not explicitly referenced in the contract (or, in the present case, the consent decree). In the context of federal consent decrees, however, the Supreme Court, as noted, does not permit this. *See Blue Chip Stamps*, 421 U.S. at 750 ("[A] consent decree is not enforceable directly or in collateral proceedings by those who are not parties to it even though they were intended to benefit by it."); *accord Vogel v. City of Cincinnati*, 959 F.2d 594, 598 (6th Cir. 1992).

Given the Supreme Court's holding that the third-party beneficiary doctrine is inapplicable to federal consent decrees, and the contrary rule that applies under Michigan contract law, a critical choice must be made: does the Supreme Court's precedent in *Blue Chip Stamps* apply or does Michigan contract law apply? Because state law currently governs the interpretation of federal consent decrees in our circuit, we must defer to state law (here, Michigan's law) in matters relating to the third-party beneficiary doctrine. This means that at most, the Supreme Court's decision in *Blue Chip Stamps* is persuasive authority. But as the Majority Opinion recognizes, the Supreme Court's decision in *Blue Chip Stamps* is *binding* authority. *See* Majority Op. at 8. As such, it is key evidence that federal district courts' interpretation of consent decrees should be governed by federal common law and that the *Blue Chip Stamps* rule—allowing enforcement of a consent decree by only a beneficiary that is expressly identified—should apply here. *See* 421 U.S. at 750.

There also is a conflict between Michigan law and federal law regarding assignment of contracts. Under Michigan law, contracts are freely assignable unless clearly restricted by the language of the instrument. *See Jawad A. Shah, M.D., PC v. State Farm Mut. Auto. Ins. Co.*, 920 N.W.2d 148, 158 (Mich. Ct. App. 2018). Under federal law, consent decrees are not. *See Blue Chip Stamps*, 421 U.S. at 750; *Armour* 402 U.S. at 673. Similar to Michigan's third-party beneficiary doctrine, Michigan's doctrine of assignability requires courts to construe the parties' agreement beyond the four corners of the consent. As I explain above, the Supreme Court's interpretative rules do not permit this. *See supra*, Part II.A.

Both parties contemplated that M.W. Watermark LLC & Michael Gethin as well as their successors-in-interest and assigns would be bound by the consent decree: the consent decree permanently enjoined "M.W. Watermark LLC, and Michael Gethin and its, his or their principals, agents, servants, employees, attorneys, successors and assigns" from using U.S. Filter/JWI's trademarks and other proprietary information. R. 1-7, PageID 358. However, there is no such language regarding successors-in-interest and assigns regarding the enforcement rights of U.S. Filter/JWI. Applying the federal common law rule of *Blue Chip Stamps*, the absence of such language regarding U.S. Filter/JWI suggests that the parties did not intend for any successors-in-interest or assigns of U.S. Filter/JWI, such as Evoqua, to enforce the consent decree. This is because the question of "who" is subject to the consent decree is a term that is expressly contemplated by the parties. *See Armour*, 402 U.S. at 680 (noting that a "successors and assigns' clause" would have aided the government's argument that the company's successors and assigns were bound by the consent decree); *see also Thatcher v. Kohl's Dep't Stores, Inc.*, 397 F.3d 1370, 1375 (Fed. Cir. 2005) (holding that the absence of successors-in-interest or assigns clause "is the functional equivalent of the parties' express intent to exclude language of assignment" and "[e]qually as telling is that the consent judgment specifies successors and assigns when listing" the defendant's obligations).

Equally, the language used to describe M.W. Watermark LLC and Mark Gethin's obligations under the decree, further support the conclusion that, if federal common law applies, the consent decree does not apply to U.S. Filter/JWI's successors-in-interests or assigns. For example, the decree states: "Defendants are ENJOINED, permanently, from using Plaintiff U.S. Filter/JWI, Inc.'s ('USF/JWI's trademarks . . . and colorable imitations thereof and any other designs, designations or indicia in a manner that is likely to cause confusion, mistake or deception with respect to USF/JWI's trademark rights." R. 1-7. Even Evoqua concedes in its reply brief: "The clear intention of the parties, evidenced by the fact that the consent decree was characterized by the parties and the court as a Permanent Injunction, was to permanently and forever enjoin Watermark from misusing the proprietary information, and infringing the trademarks, *of Evoqua's predecessor*." Third Br. at 16 (emphasis added). In other words, the obligations of M.W. Watermark, LLC and Mark Gethin are owed to U.S. Filter/JWI and not to Evoqua.[9]

This reading of the consent decree—to limit the power of its enforcement to only the entities that obtained and are explicitly identified or described in the decree—is not a far-fetched reading in light of practical business considerations. M.W. Watermark LLC and Michael Gethin may have agreed to the consent decree, in part, because they wanted it worded to ensure that only the present parties against which they were litigating, U.S. Filter/JWI, had the power of decree enforcement. As a practical, *ex ante* matter, there is a significant transactional reason for a party subject to a consent decree to limit the scope of persons or entities that may enforce it. As rightly observed by the district court:

> The party restrained by the injunction would likely be more inclined to impose limits on who can enforce the injunction, and might try to negotiate a judgment that limited enforcement

---

[9] As indicated by the Majority Opinion, U.S. Filter/JWI has a long history of corporate mergers. *See* Majority Op. at 2. For purposes of my analysis, I assume that the obligations of M.W. Watermark LLC and Mark Gethin to U.S. Filter/JWI continue to its successors who originate by operation of a corporate merger: here, Siemens Water Technologies Holding Corporation and Siemens Industry, Inc. Because Siemens Industry, Inc. sold its water technologies business to Siemens Water Technologies LLC and Siemens Water Technologies was not a product corporate merger, I do not consider the obligations of M.W. Watermark LLC and Mark Gethin under the consent to decree to pass on to Siemens Water Technologies LLC.

> to the original plaintiff. After all, a restrained party has no control over who the original party selects as an assignee, and the restrained party may be substantially more burdened by enforcement by an assignee than by the original plaintiff.

R. 154, PageID 6979 n.7.

Therefore, for the purpose of avoiding the chilling of future parties' willingness to enter into transactions at the front-end, and in light of the importance of strongly favoring the settlement of disputes with limited, or without, litigation at the back end, *see Ford Motor Co. v. Mustangs Unlimited, Inc.*, 487 F.3d 465, 469 (6th Cir. 2007), we should honor any parties' bargain that sets a limit to the entities subject to the consent decree.

On the other hand, if there is a possibility that parties remain uncertain as to the precise scope of the consent decree because of the underlying state contract law, as our current doctrine compels, there is a risk that parties may avoid settlement activities out of fear that unknown parties could arise out of the woodwork later to make claims under the consent decree. A certain way to avoid this risk, and to promote uniformity in this area, would be through a consistently applied federal rule. The consistent use of a federal rule of decision to interpret consent decrees issued by federal courts would be the most pragmatic means in which to avoid this risk, and to promote uniformity in this field of law. Thus, according to the Supreme Court's interpretative rules, we must look to the parties' express language as used in the consent decree at issue to settle the underlying controversy here: whether U.S. Filter/JWI's successors-in-interest or assignees may enforce this consent decree. This language seems to preclude enforcement by such successors-in-interest and assigns because language giving them the right of enforcement was not included in the consent decree.

Therefore, applying federal common law, the agreement would not be read to tether the defendants' obligations to the specific intellectual property regardless of who owns it. Instead, the agreement, as written, reflects the parties' intent to bind the defendants to the intellectual property at issue when it is owned by U.S. Filter/JWI. To hold otherwise, would depart from the parties' intended arrangement. *See Huguley*, 67 F.3d at 133 ("A consent decree is a contractual agreement and, if the parties have agreed not to impose [enforcement by successors-in-interest or assigns], the district court is not free to reform the contract to compensate one party for making a bad bargain.").

But, because we are bound by *Sault Ste. Marie* to apply state law to the consent decree interpretation issues here, I agree with the Majority that Evoqua, as a successor-in-interest or an assign of U.S. Filter/JWI, may enforce the consent decree, despite that there is no express language in the decree giving Evoqua this right.

V.

This is a case whose outcome in part hinges on whether state law or federal law applies. And although I would have applied federal law to resolve it, as that is the appropriate source of law to supply the rule of decision for this case, our precedent requires us to apply state contract law. Thus, I respectfully concur and further note that it may be prudent for the full court to revisit this issue.

## APPENDIX B

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No. 1:16-cv-14**
**Honorable Robert J. Jonker**

**[Filed November 5, 2018]**

EVOQUA WATER TECHNOLOGIES LLC,

Plaintiff,

v.

M.W. WATERMARK, LLC, et al.,

Defendants.

## OPINION

### I. PROCEDURAL HISTORY

Plaintiff Evoqua Water Technologies LLC ("Evoqua") brought this lawsuit against Defendants Michael Gethin and M.W. Watermark, LLC ("Watermark"), claiming trademark infringement and false advertising in violation of the Lanham Act, 15 U.S.C. § 1125(a), and copyright infringement in violation of the Copyright Act, 17 U.S.C. § 101 et seq. The Court dismissed Evoqua's copyright claim on a motion for summary judgment, and the remaining claims proceeded to trial. Following a three-day jury trial, a jury held that Watermark, but not Gethin, was liable for trademark infringement. It awarded Evoqua damages of $0. (Jury Verdict, ECF No. 239.) The jury also found that the trademark infringement was not willful, and that Defendants did not engage in false advertising. (*Id.*)

Before the Court is Evoqua's motion for a permanent injunction (ECF No. 241), motion for judgment as a matter of law and/or a new trial on willful infringement, and for attorney's fees, costs, and enhanced damages (ECF No. 242), motion for judgment as a matter of law regarding Gethin's liability for infringement (ECF No. 243), motion for a new trial on damages (ECF No. 244), and motion for judgment as a matter of law regarding Defendants' liability for false advertising (ECF No. 245). Also before the Court is Watermark's motion for attorney's fees (ECF No. 247). The Court denies all the motions.

## II. THE TRIAL CLAIMS

Evoqua and Watermark are competitors in the de-watering business. Gethin is the President of Watermark. Evoqua and Watermark both sell equipment, including sludge dryers and filter presses, that removes water from industrial waste ("sludge") to make the waste easier and less expensive to manage. They also sell replacement parts for used de-watering equipment originally manufactured and sold by themselves or by other companies.

**A. Trademark Claim**

Evoqua claims that Gethin and Watermark infringed Evoqua's J-Mate trademark by selling sludge dryers named "DryMate" and by using the terms "J-Mate" and "JMate" on Watermark's website.

J-Mate is a trademark originally used by a company called JWI, Inc., for sludge dryers. JWI used a "J-" prefix to identify many of its products. In addition to J-Mate, JWI sold products using the trademarks "J-Press," "J-VAP," and "J-Spin." (Trial Tr. I, 51, ECF No. 258.) Gethin worked for JWI before leaving to start his own business. Many years later, Siemens acquired JWI's trademarks and some of its assets through a series of corporate transactions. Evoqua subsequently acquired the J-Mate mark in 2013, when Siemens spun-off its de-watering business division into a separate entity, Siemens Water Technologies, which later changed its name to Evoqua Water Technologies, the plaintiff in this action.

In 2012, before Evoqua came into being, Siemens decided to "exit" the market for J-Mate sludge dryers. Evoqua continued this plan in 2014, notifying its sales representatives of its decision to discontinue the J-Mate product line. (Trial Tr. I, 56-58, 98-102.) Because of that decision, Evoqua did not advertise or sell any J-Mate dryers in 2014 or 2015. (*Id.* at 100; Trial Tr. II, 68-69, 100, ECF No. 256.)

Watermark refurbished and sold used J-Mate dryers. Some of its customers complained that they could no longer purchase a new J-Mate dryer from Siemens/Evoqua, so Watermark decided to develop and sell its own new sludge dryer that was similar to the J-Mate. (Trial Tr. II, 11.) Near the end of the development process for its sludge dryer, Watermark had not yet settled on a name for its product. Its sales representatives used different names when pitching the dryer to customers; some called it a "DryMark," others called it a "DryMate," and others simply referred to it as a sludge dryer. (Trial Tr. II, 8.) Gethin and his employees agreed that they should be consistent in how they referred to the dryer, but his sales representatives did not have a preference for which name to use. The only feedback that Gethin received was that one employee did not like the name DryMark. Consequently, Gethin settled on the name DryMate. (*Id.* at 9.)

Watermark officially announced its DryMate dryer through an email to customers in 2014. It received only six orders for new sludge dryers while using the name "DryMate." In May 2016, it changed the name of its dryer to "M.W. Watermark Continuous Sludge Dryer," in response to concerns raised by Evoqua. (Trial Tr. II, 16.) Of those original six dryers, only the first one shipped to the customer under the DryMate label. The other five shipped to the customer as M.W. Watermark Continuous Sludge Dryers. Watermark made a small profit on the sale of all six sludge dryers, but it sold the first dryer—the only one bearing the DryMate name—at a loss.

Watermark also used the terms "J-Mate" and "JMate" on its website in a few places. On one page, a blog post compared the DryMate dryer to the J-Mate dryer. Another page discussing the DryMate dryer was titled, "Is it time to replace your sludge dryer?" Near the bottom of this page was a list of "tagged" terms, including J-Mate and JMate. In addition, Watermark developed a "search optimization" strategy for the term "J-Mate," the details of which were not explored at trial. Watermark removed all references to J-Mate from its website before trial, in response to concerns raised by Evoqua.

At trial, Evoqua did not present any proofs seeking damages for Watermark's use of J-Mate and JMate. Its damages expert testified only about Watermark's revenue from the sale of DryMate dryers.

**B. False Advertising Claim**

Evoqua also claims that Defendants made a false advertising statement. Watermark sells replacement parts for Evoqua equipment. Evoqua's equipment contains parts that are made by third-party manufacturers. For instance, Evoqua's filter press contains a filter pump made by Haskel. Watermark acquired replacement parts from the same third-party manufacturers who supplied the equivalent parts to Evoqua, and then Watermark sold those parts (e.g., the Haskel filter pump) as "OEM parts" for Evoqua equipment. Watermark's website stated that it "features OEM parts" for J-Press, Siemens, U.S. Filter, and other entities associated with Evoqua's products. Evoqua claimed that this statement is literally false.

The parties dispute the meaning of the term "OEM part." They agree that OEM stands for original equipment manufacturer, but they disagree about whether the OEM is the maker of the parts or the manufacturer and seller of the equipment in which those parts are installed. At trial, two Evoqua employees expressed their opinions that, in the de-watering industry, the OEM is the manufacturer and seller of the equipment that uses the component parts. In other words, Evoqua is the OEM for the filter presses that it sells, and for all the component parts that go into its filter presses, even though some of those parts are made by third parties. Thus, in Evoqua's view, an "OEM part" for an Evoqua filter press is a part that is sold by Evoqua, or with Evoqua's approval, even though anyone can buy the same part directly from the third-party manufacturer and then resell it, as Watermark did. (Trial Tr. I, 70-73, 103.)

Gethin, on the other hand, testified that an OEM part is one that is identical (same part number, same manufacturer) to the one in the original equipment. It does not matter whether the manufacturer of the equipment approves of the purchase or sale of that part. Thus, when Watermark purchases and sells the same Haskel pump that Siemens/Evoqua used in the original filter press, Watermark is selling an OEM part for that filter press. Indeed, Evoqua itself used the term "OEM part" in a manner consistent with Watermark's usage. On Evoqua's website, it advertised the sale of "OEM parts" for filter presses made by other entities. (Trial Tr. I, 190.)

## III. RULE 50: JUDGMENT AS A MATTER OF LAW

### A. Standard

Rule 50 of the Federal Rules of Civil Procedure permits a court to grant judgment as a matter of law only if a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue. Fed. R. Civ. P. 50(a)(1). Phrased differently, the question is "whether a party has produced evidence 'legally sufficient' to warrant a jury determination in that party's favor." *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308 n.5 (2007) (quoting Fed. R. Civ. P. 50(a)(1)). The standard for judgment as a matter of law under Rule 50 mirrors the standard for summary judgment under Rule 56 so that in ruling on a motion for judgment as a matter of law, a court must consider the entire record and draw all reasonable inferences in favor of the non-moving party. *Reeves v. Sanderson Plumbing Prods.*, 530 U.S. 133, 150-51 (2000). A motion for judgment as a matter of law should be granted "only if reasonable minds could not come to a conclusion other than one favoring the movant." *K & T Enters., Inc. v. Zurich Ins. Co.*, 97 F.3d 171, 176 (6th Cir. 1996). When reviewing a motion for judgment as a matter of law, a court "does not weigh the evidence, evaluate the credibility of witnesses, or substitute its judgment for that of the jury." *Arban v. West Publishing Corp.*, 345 F.3d 390, 400 (6th Cir. 2003).

**B. Applied**

1. Trademark Infringement

The verdict form did not ask the jury to distinguish between the DryMate and J-Mate theories of infringement. In the Court's view, a reasonable jury weighing the relevant factors could have gone for either side on either theory. The evidence was not so one-sided that a finding of infringement was necessary for either one. In both cases, some factors favored Plaintiff while others favored Defendants.[1] That is why the Court denied summary judgment and sent the issue to trial. The proofs at trial came in as expected, and the jury made its choice. There is no reason to disturb it.

*a. Willful Infringement*

The jury reasonably determined that any infringement was not willful, for several reasons. First, although Defendants were aware of the J-Mate mark, they believed that Evoqua was not using it for sludge dryers. Even Evoqua's own sales representatives thought that Evoqua was abandoning the business. They directed customers interested in a J-Mate sludge dryer to Watermark.

Second, Watermark had reason to use J-Mate fairly and lawfully. It sold replacement parts for J-Mate

---

[1] Evoqua cites the analysis in this Court's vacated opinion of September 12, 2016 to argue that Watermark necessarily infringed the J-Mate mark. That decision is inapposite because the evidence before the Court at that stage of the proceedings is significantly different from the body of evidence presented to the jury.

dryers, as well as refurbished J-Mate dryers. It also sold a sludge dryer that was similar to the J-Mate dryer. The jury could have reasonably concluded that Watermark intended to use the term J-Mate to fairly describe or compare its own products and services, rather than to confuse customers. Furthermore, given the size of the purchase, and the lead time for manufacture, the jury could reasonably have found that customers were unlikely to be confused about who was making and selling the machine.

Third, the jury could have determined that any infringement through use of the name DryMate was unintentional because Defendants decided on this name through an informal process at a time when they believed Evoqua was abandoning the dryer business. In naming the DryMate sludge dryer, Defendants also avoided any use of the "J-" prefix that is characteristic of Evoqua's trademarks. The jury could reasonably have weighed these facts against willfulness.

Finally, Watermark stopped using the terms J-Mate and DryMate soon after learning of Evoqua's concerns. The jury could have interpreted this response as evidence that any infringement was unintentional.

*b. Trademark Damages*

The jury also reasonably concluded that Evoqua was not entitled to any damages. To the extent the jury found that Watermark's use of J-Mate was infringing, there was no concrete evidence of harm to Evoqua from this use. Evoqua's damages expert did not address this issue at all. He offered no opinion about Evoqua's damages from Watermark's use of J-Mate and JMate on its website or in its search optimization strategy. The jury was not required to accept the self-interested testimony of Evoqua's employees that Watermark's actions harmed Evoqua's business and goodwill. Thus, even if the jury found that Evoqua's use of J-Mate was infringing, it was not required to find any damages for that use because Evoqua never even attempted to quantify any such damages for the jury.

To the extent the jury found that Watermark's use of the DryMate name was infringing, the jury could have reasonably determined that Evoqua was not entitled to anything for disgorgement of profits, which is the only theory of damages that Evoqua presented to the jury. Watermark's proofs established a loss on the first dryer sale, and a modest profit on the total of six sales. Evoqua did not directly attack these proofs with an alternate lost profits analysis. Instead, it claimed that it was entitled to Watermark's gross revenue for the sale of all six sludge dryers that customers ordered when Watermark was using the name DryMate.

It was reasonable for the jury to limit the disgorgement remedy to Watermark's profits (or lack thereof) from the sale of the first sludge dryer, because that was the only dryer that shipped to a customer with a DryMate label. In other words, even if the sale of the first DryMate dryer was infringing, the jury could reasonably have concluded that the other five sales were not. A reasonable jury could conclude that the likelihood-of-confusion factors tilt in favor of Watermark when it used a different mark upon delivery and completion of the sale of a large and expensive piece of equipment like a sludge dryer.

Evoqua contends that the orders for all six DryMate dryers are sufficient to demonstrate infringement under a theory of "initial-interest confusion," citing *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 549 (6th Cir. 2005). Evoqua never presented any evidence of initial-interest confusion, however. Moreover, in *Gibson*, the Sixth Circuit made clear that the core question in initial-interest cases is the same as in other contexts, i.e., "whether the consumer might be misled about the source of the relevant product or service." *Id.* at 551. A reasonable jury could conclude that customers ordering a sludge dryer would take particular care, and would not be misled about its source after receiving one with Watermark's label on it. *Cf. Versa Prods. Co., Inc. v. Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 213 (3d Cir. 1995) ("In the case of a relatively high-priced, single-purchase article, . . . there is hardly likelihood of confusion or palming off when the name of the manufacturer is clearly displayed.") (quotation marks omitted).

*c. Gethin's Personal Liability*

Evoqua challenges the jury's determination Gethin was not personally liable for any infringement. Defendants assert that this challenge should be rejected because Evoqua did not preserve the issue and because Evoqua's arguments are meritless. The Court rejects Evoqua's motion on the merits and finds it unnecessary to address the procedural challenge.

The test for infringement is a multi-factor balancing test. *See Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982). Some of the factors are the same for both Watermark and Gethin personally. These include things like the strength of the mark, evidence of actual customer confusion, and the like. But one factor necessarily requires a distinct inquiry for each defendant; namely, "the defendant's intent in selecting its mark." *Id.* The corporation's intent is fairly inferred from the total mix of information available to all the corporate decision-makers involved. But this does not mean that everyone involved in a corporate decision is automatically chargeable with the same knowledge and intention. If that were the case, individual officer or decision-maker liability would be automatic in every case. But the Court is not aware of any case so holding.

"It is well established that a corporate officer or agent is personally liable for torts committed by him even though he was acting for the benefit of the corporation." *A&M Records, Inc. v. MVC Distrib. Corp.*, 574 F.2d 312, 315 (6th Cir. 1978). However, the law does not require that an officer/individual be liable for every instance of infringement by a corporation. It was the jury's job to weigh the facts and law for each defendant individually. Here, the jury heard from Gethin personally, and in weighing his testimony together with all the other information of record, the jury could reasonably conclude that the corporate decisions involved were the product of group decisions within Watermark, and that Gethin's personal level of involvement and his personal intentions weighed against a finding of personal liability. The testimony indicated that no one spent a lot of time thinking about the name. Gethin discussed with his salespeople what names they were using with customers, who at the time believed that Evoqua was exiting the business.

Some reported using "DryMark." Some used "DryMate." The final selection had as much to do with one salesperson's opposition to "DryMark" as anything else. The jury could reasonably have decided to hold only the company accountable for this and not Gethin personally.

2. False Advertising

Evoqua's false-advertising claim boiled down to a credibility contest between Evoqua's employees and Watermark's President. A reasonable jury could conclude that Gethin's testimony was more credible. That conclusion is supported by Evoqua's own use of the term OEM parts on its own website in a manner consistent with Watermark's usage.

Accordingly, Evoqua's motion for judgment as a matter of law will be denied.

## IV. RULE 59: NEW TRIAL

Evoqua seeks a new trial on trademark damages and willful infringement. Under Rule 59(a) of the Federal Rules of Civil Procedure, a new trial is warranted when "a jury has reached a 'seriously erroneous' result as evidenced by: (1) the verdict being against the weight of the evidence; (2) the damages being excessive; or (3) the trial being unfair to the moving party in some fashion, i.e., the proceedings being influenced by prejudice or bias." *EEOC v. New Breed Logistics*, 783 F.3d 1057, 1066 (6th Cir. 2015) (quoting *Holmes v. City of Massillon*, 78 F.3d 1041, 1045-46 (6th Cir. 1996)). Evoqua argues that the verdict is against the great weight of the evidence. "[G]ranting a new trial on this ground is a rare occurrence—it happens only when the verdict is said to be unreasonable." *Armisted v. State Farm Mut. Auto. Ins. Co.*, 675 F.3d 989, 995 (6th Cir. 2012).

In Evoqua's view, the jury disregarded "uncontroverted evidence" that Watermark earned a modest profit on the sale of the six DryMate sludge dryers. (Mot. for New Trial, ECF No. 244, PageID.8683.) Consequently, according to Evoqua, it is entitled to disgorgement of those profits, at the very least. In addition, Evoqua contends that there was "no legally sufficient evidentiary basis" for a jury to find anything other than willful infringement. (Mot. for J. as a Matter of Law or for a New Trial on Willful Infringement, ECF No. 242, PageID.8661.)

As explained in Section III, the jury's verdict on damages was a reasonable one. The jury could have reasonably determined that only the sale of the first DryMate dryer infringed the J-Mate mark. This dryer sold at a loss, so there were no profits to disgorge from Watermark. To the extent the jury found that Watermark's use of J-Mate on its website or in its search optimization strategy was infringing, Evoqua never attempted to quantify the harm caused by this use. Thus, the jury's verdict was not "seriously erroneous."

Likewise, for the many reasons set forth in Section III, the jury's verdict on willfulness was a reasonable one. Thus, a new trial is not warranted.

## V. OTHER MOTIONS

### A. Enhanced Trademark Damages

Evoqua asks the Court to increase the damages award under 15 U.S.C. § 1117(a). That statute permits a plaintiff to recover "damages sustained" for trademark infringement, "subject to the principles of equity." *Id.* When assessing damages, the Court can "enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount." *Id.* The Court cannot award enhanced damages in this case because the jury found that Evoqua's actual damages for trademark infringement is $0. Three times $0 is still $0, so the statute does not permit enhancement here.

In addition, equity does not support an enhancement. "[T]he Lanham Act gives little guidance on the equitable principles to be applied by a court in making an award of damages[.]" *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 174 (4th Cir. 2006). A court considering whether to increase the damage amount can consider a "range of factors," including "the defendant's intent to deceive, whether sales were diverted, the adequacy of other remedies, any unreasonable delay by the plaintiff in asserting its rights, the public interest in making the misconduct unprofitable, and 'palming off,' i.e., whether the defendant used its infringement of the plaintiff's mark to sell its own products to the public through misrepresentation." *La Quinta Corp. v. Heartland Props. LLC*, 603 F.3d 327, 343 (6th Cir. 2010). Here, there is no evidence that Defendants intended to deceive, that Evoqua's sales were diverted, or that Defendants used Evoqua's marks to sell their own products through misrepresentation. Moreover, the jury determined that any infringement was not willful. Thus, Evoqua's request for enhanced damages is denied.

### B. Evoqua's Attorney's Fees (Lanham Act)

The Lanham Act permits the Court to award attorney's fees to the prevailing party in "exceptional cases." 15 U.S.C. § 1117(a). This is not such a case. It does not "stand[] out" from others with respect to the "substantive strength" of Evoqua's case or "the manner in which the case was litigated." *See Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014) (discussing the meaning of "exceptional cases" in the identically-worded fee-shifting provision of the Patent Act, 35 U.S.C. § 285).

The jury's reasonable findings of no liability for Gethin; the absence of willful infringement; and $0 in damages vindicate the core defense case through trial. Moreover, as the Court has indicated, a reasonable jury weighing all the relevant factors for infringement could have decided all the issues in Defendants' favor. Thus, an award of attorney's fees under § 1117(a) is not warranted.

### C. Permanent Injunction

Evoqua requests entry of a permanent injunction preventing Watermark and its "principals, agents, servants, employees, attorneys, successors and assigns" from using Evoqua's registered trademarks, any mark confusingly similar thereto, or any component portions thereof. (*See* Proposed Injunction, ECF No. 241-1.)

Generally, in order to obtain a permanent injunction, a party must demonstrate: "(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction." *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006). "The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court[.]" *Id.* Here, the factors weigh against a permanent injunction.

1. Irreparable injury

Irreparable injury "ordinarily follows when a likelihood of confusion or possible risk to reputation appears" from trademark infringement. *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 608 (6th Cir. 1991). In this case, Watermark stopped using the term DryMate in 2016. This was two years before the jury's verdict, and immediately in response to Evoqua's concerns. Watermark has used a different name ever since. It also removed pages on its website referring to J-Mate shortly after Watermark raised its concerns. In other words, Evoqua effectively obtained the relief it now seeks for almost two years, which diminishes the risk of future harm and obviates the need for an injunction to remedy past harm.

Evoqua is wrong to characterize Watermark as a "recalcitrant" party who has repeatedly violated the law. It is true that Gethin and Watermark entered into a settlement agreement and consent judgment with JWI in 2003, in which Gethin and Watermark agreed not to use marks containing a "J-" prefix. However, no court ever found that Gethin or Watermark had infringed JWI's trademark rights. Instead, Gethin and Watermark ceased the conduct that JWI complained about and settled the case. Here, too, Gethin and Watermark ceased the allegedly infringing conduct in response to Evoqua's concerns. Thus, the Court cannot discern a likelihood of confusion or risk to Evoqua's reputation in the absence of an injunction. This factor weighs in Watermark's favor.

2. Adequate remedy

The Court does not discern a need for equitable relief in addition to the damages award that Evoqua sought. The jury reasonably concluded that Evoqua was not entitled to any damages, which undercuts Evoqua's claim that it suffered any meaningful harm from Watermark's actions. In addition, as indicated above, Defendants stopped using the terms J-Mate and DryMate some time ago. An injunction at this stage would do little to remedy harm done in 2014 and 2015. Thus, this factor also weighs in Watermark's favor.

3. Balance of hardships

Evoqua purportedly seeks to ensure that Watermark will respect Evoqua's trademark rights, which the law already requires of Watermark. To the extent the injunction follows the requirements of the law, it does not impose a hardship on Watermark. But the proposed injunction does more. It imposes stringent restrictions and requirements on Watermark's use of Evoqua's trademarks, even where such use would not be confusing because it fairly describes products sold by Watermark, including replacement parts for the J-Mate dryer and refurbished J-Mate dryers.

On the other side of the scale, there does not appear to be a significant risk of hardship to Evoqua in the absence of an injunction. Thus, the balance of hardships favors Watermark.

4. Public interest

The public's interest would be disserved by the proposed injunction. Evoqua and Watermark are competitors. The public would not be served by a judicial order hindering Watermark's ability to fairly compete with Evoqua in the marketplace.

In short, the balance of factors favors Watermark. Accordingly, the Court will not issue a permanent injunction.

**D. Watermark's Attorney's Fees (Copyright Act, Lanham Act)**

Watermark asks for reimbursement of its attorney's fees under the Copyright Act and the Lanham Act.

1. Copyright Act

The Copyright Act permits a court, in its discretion, to award reasonable attorney's fees to the "prevailing party." 17 U.S.C. § 505. Watermark is the prevailing party for Evoqua's claim of copyright infringement. The

Court dismissed Evoqua's claim after concluding that Evoqua could not demonstrate ownership of the copyrights at issue.

The Court may not award attorney's fees "'as a matter of course'; rather, a court must make a []particularized, case-by-case assessment." *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1985 (2016) (quoting *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 533 (1994)). The Court can consider "'several non-exclusive factors'" when making this assessment, including "'frivolousness, motivation, objective unreasonableness[,] and the need in particular circumstances to advance considerations of compensation and deterrence.'" *Id.* (quoting *Fogerty*, 510 U.S. at 534 n.19). The Court "may not treat prevailing plaintiffs and prevailing defendants any differently," but otherwise the Court has "wide latitude" to award fees based on the "totality of circumstances in a case" and "in light of the Copyright Act's essential goals." *Id.* at 1985, 1989.

The Court declines to award fees to Watermark in this instance. Evoqua's claim was not frivolous or unreasonable. Watermark has never denied using any of the works at issue, and there does not seem to be a genuine dispute that at least some of those works are protected by copyright. Although Evoqua failed to prove ownership of the copyrights, its litigating position was not objectively unreasonable. It did acquire *some* intellectual property assets (including trademarks, know-how, and software) from the previous owner of its business; its claim failed because it could not show that it acquired the particular assets necessary to bring its copyright claim.

Moreover, Watermark prevailed on the eve of trial only after the Court prompted the parties to provide further briefing regarding Evoqua's ownership of the copyrights. Earlier in the case, Watermark had apparently tried to obtain information from Evoqua about the chain of ownership of the copyrights, but Evoqua objected to Watermark's request. Watermark did not bring this discovery dispute to the Court's attention, however. The Court might have resolved the copyright claim much sooner, and with less expense to the parties, if Watermark had done so.

Furthermore, there is no indication that Evoqua's motive for bringing its claim was wholly improper. By its own admission, Watermark obtained many materials from former Siemens/Evoqua employees, and possessed a trove of manuals for Evoqua products that Watermark copied, rebranded, and sold to its own customers. It was not unreasonable for Evoqua to view this as a concern, and to try to enjoin and/or seek recompense for Watermark's actions. Some of the evidence at trial suggested that Evoqua brought this action to squash a smaller market competitor, but there can be legitimate competitive reasons for enforcing legal rights against a competitor. Even if Watermark is a mosquito to an Evoqua elephant, the elephant is entitled to swat the mosquito when it tries to bite.

Finally, there is no compelling reason to award fees for purposes of compensation or deterrence. In short, considering all the circumstances, the Court will not award Watermark its attorney's fees under the Copyright Act.

2. Lanham Act

As indicated above, the Lanham Act permits the Court to award attorney's fees to the prevailing party in "exceptional cases." 15 U.S.C. § 1117(a). Watermark is the prevailing party for Evoqua's false-advertising claim.[2] Fees are not warranted, however, because this case does not "stand[] out" from others with respect to the "substantive strength" of Evoqua's claim or the manner in which the case was litigated. *See Octane Fitness, LLC*, 134 S. Ct. at 1756.

Regarding the strength of the claim, the parties and their respective employees simply disagreed about the definition of a term that could mean different things in different contexts. Both parties' positions were plausible. In fact, Evoqua survived a motion for summary judgment on the issue. At trial, the parties essentially left the jury to decide which of their respective, self-interested witnesses were more credible. Neither party provided objective expert testimony or evidence for the jury to consider. Thus, Evoqua's claim was not so weak as to be exceptional.

Evoqua was not able to provide evidence of damages from Watermark's conduct; however, monetary damages are not always easy to prove in

---

[2] To the extent Watermark or Gethin can also be considered the prevailing party on some or all of the trademark claims, the Court would make the same determination that a fee award is not warranted, for essentially the same reasons discussed herein.

false-advertising cases, and sometimes an injunction is the only appropriate remedy. *See Lexmark Int'l, Inc. v. Static Control Elements, Inc.*, 572 U.S. 118, 135 (2014) ("Even when a plaintiff cannot quantify its losses with sufficient certainty to recover damages, it may still be entitled to injunctive relief under [15 U.S.C. § 1116(a).]"). Evoqua sought an injunction as well as damages. It was not unreasonable for Evoqua to pursue this relief even in the absence of concrete evidence of monetary harm.

Watermark notes that it changed its website in response to Evoqua's concerns; however, corrective actions do not immunize a defendant from possible liability for past conduct. Nor do they guarantee that the defendant will avoid infringing conduct in the future. Thus, Watermark's actions did not undercut the strength of Evoqua's case or impeach Evoqua's motive for bringing it.

Regarding the manner in which Evoqua litigated the case, and the asserted anti-competitive purpose in doing so, the Court does not find a basis for shifting fees. Watermark complains that Evoqua made several discovery requests that were more broad than necessary. However, there is no indication that Evoqua's requests meaningfully added to Watermark's fees or expenses. Watermark simply objected to these requests and did not comply. There was definitely some evidence at trial suggesting that Evoqua thought that litigation was warranted simply because Evoqua could absorb the costs more easily than Watermark. But even if true, this does not detract from the good faith basis Evoqua had to pursue its claims. Evoqua did prevail on one of its claims—albeit without winning money damages. And the jury could reasonably have decided the other claims differently than in its verdict.

In short, after considering all the circumstances, the Court will not award Watermark its attorney's fees.

## VI. CONCLUSION

Plaintiff and Defendants are not only business competitors, but also stepchildren, in a way, fighting about the original business of a common corporate ancestor, JWI, Inc. Maybe the original family connections help explain why the parties appear locked in perpetual and mortal combat over what seems to outside observers—including most importantly, the jury—to be of limited economic value.

In the Court's view, both sides would be better served by ending their litigation and re-focusing their competitive energies in the marketplace. The Court sees the jury verdict as sending the same basic message. The Court sees no lawful basis on which to disturb the verdict, and no legal or equitable basis on which to grant additional relief to either party.

An order will enter consistent with this Opinion.

Dated: November 5, 2018

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No. 1:16-cv-14**
**Honorable Robert J. Jonker**

**[Filed November 5, 2018]**

| | |
|---|---|
| EVOQUA WATER TECHNOLOGIES LLC, | ) |
| Plaintiff, | ) |
| v. | ) |
| M.W. WATERMARK, LLC, et al., | ) |
| Defendants. | ) |

**ORDER**

In accordance with the Opinion entered this date:

**IT IS ORDERED** that Plaintiff's motion for a permanent injunction (ECF No. 241), motion for judgment as a matter of law and/or a new trial on willful infringement, and for attorney's fees, costs, and enhanced damages (ECF No. 242), motion for judgment as a matter of law that Gethin is personally liable for trademark infringement (ECF No. 243), motion for a new trial on damages (ECF No. 244), and motion for judgment as a matter of law that Defendants are liable for false advertising (ECF No. 245) are **DENIED**.

**IT IS FURTHER ORDERED** that Defendants's motion for attorney's fees (ECF No. 247) is **DENIED**.

Dated: November 5, 2018

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No. 1:16-cv-14**
**Honorable Robert J. Jonker**

**[Filed November 5, 2018]**

| | |
|---|---|
| EVOQUA WATER TECHNOLOGIES LLC, | ) |
| Plaintiff, | ) |
| v. | ) |
| M.W. WATERMARK, LLC, et al., | ) |
| Defendants. | ) |

**JUDGMENT**

In accordance with the Jury Verdict (ECF No. 239), the Opinion and Order entered this date, and the Opinion and Order on Summary Judgment (ECF Nos. 217 and 218), the Court enters Judgment in favor of Plaintiff Evoqua Water Technologies LLC and against Defendant M.W. Watermark, LLC, in the amount of $0 for Plaintiff's claim of trademark infringement.

The Court enters Judgment in favor of Defendant Michael Gethin and Defendant Watermark, and against Plaintiff, on all other claims.

Dated: November 5, 2018

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

## APPENDIX C

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**CASE NO. 1:16-CV-14**
**HON. ROBERT J. JONKER**

**[Filed April 12, 2018]**

| | |
|---|---|
| EVOQUA WATER TECHNOLOGIES LLC, | ) |
| Plaintiff, | ) |
| v. | ) |
| M.W. WATERMARK, LLC, MICHAEL GETHIN, | ) |
| Defendants. | ) |

## VERDICT FORM

### A. Trademark Infringement

1. Do you find that Plaintiff Evoqua Water Technologies LLC ("Evoqua") has proven by a preponderance of the evidence that any of the Defendants violated the Lanham Act by trademark infringement?

__✓__ Yes ____ No

If your answer is "no," skip to Section B, and do not answer any other questions in this Section A.

If your answer is "yes," proceed to questions 2, 3, 4 and 5 in this Section A.

2. Mark below each Defendant that Evoqua has proven by a preponderance of the evidence violated the Lanham Act by trademark infringement.

__✓__ M.W. Watermark, LLC

____ Michael Gethin

3. State the amount of any actual damages (other than any disgorgement of defendant's profits awarded in question 4) that you find Evoqua is entitled to recover for damages because of Defendants' trademark infringement:

$ 0.00

4. State the amount of any disgorgement of defendants' profits (other than any actual damages awarded in question 3) that you find Evoqua is entitled to recover because of Defendants trademark infringement:

$ 0.00

5. Do you find that the trademark infringement was willful?

____ Yes __✓__ No

**B. False Advertising**

1. Do you find that Plaintiff Evoqua has proven by a preponderance of the evidence that any of the Defendants violated the Lanham Act by false advertising?

____ Yes ✓ No

If your answer is "no," do not answer any more questions in this Section B. Have your foreperson sign and date the Verdict Form, and advise the Jury Officer that you have reached a verdict. If your answer is "yes," proceed to answer questions 2, 3, 4 and 5 in this Section B.

2. Mark below each Defendant that Evoqua has proven by a preponderance of the evidence violated the Lanham Act by false advertising.

____ M.W. Watermark, LLC

____ Michael Gethin

3. State the amount of any actual damages (other than any disgorgement of defendant's profits awarded in question 4) that you find Evoqua is entitled to recover for damages because of Defendants' false advertising:

$ ____

4. State the amount of any disgorgement of defendants' profits (other than any actual damages awarded in question 3) that you find Evoqua is entitled to recover because of Defendants false advertising:

$ ____

5. Do you find that the false advertising was willful?

____ Yes ____ No

Dated: 4/12/18

/s/
JURY FOREPERSON

1. When a trademark has a "TM" suffix, does that mean it has been reviewed by an authoratative body and what is the difference between "®" and "TM".

2. If the "®" suffix is being used, does the owner have to be cited.

Ray Venezia
Foreperson

4/12/18

4/12/18
3:22pm

1. The Jury has reached a verdict 455pm
4/12/18

Ray Venezia
Foreperson

4/12/18

## APPENDIX D

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No. 1:16-cv-14**
**Honorable Robert J. Jonker**

**[Filed March 26, 2018]**

| | |
|---|---|
| EVOQUA WATER TECHNOLOGIES LLC, | ) |
| Plaintiff, | ) |
| v. | ) |
| M.W. WATERMARK, LLC, et al., | ) |
| Defendants. | ) |

## OPINION

Defendants Michael Gethin and M.W. Watermark, LLC have filed a motion for summary judgment (ECF No. 158) as to Counts II (trademark infringement), IV (false advertising), and V (copyright infringement) of the First Amended Complaint. On January 11, 2018, the Court denied the motion as to Counts II and IV, and took the motion under advisement as to Count V.

The Court permitted the parties to provide further briefing regarding Evoqua's claim of ownership in the copyrights at issue. The parties have done so. After review of the briefs, the Court finds that Defendants are entitled to summary judgment on Count V.

## I. Summary Judgment Standard

Summary judgment is appropriate where there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986); Fed. R. Civ. P. 56(c). An issue of fact is "genuine" if a reasonable jury could return a verdict for the non-moving party. *Anderson*, 477 U.S. at 284. In considering a motion for summary judgment, the Court must draw all reasonable inferences in favor of the nonmoving party. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). The ultimate question is "whether the evidence presents a sufficient disagreement to require submission to a jury or whether it so one-sided that one party must prevail as a matter of law." *Anderson*, 477 U.S. at 251-52; *see also Jones v. Potter*, 488 F.3d 397 (6th Cir. 2007).

## II. Background

Evoqua and Watermark are competitors in the de-watering business. In October 2015 and May 2016, Evoqua obtained copyright registrations for the following works:

- a presentation entitled "How Does a Filter Press Work?" (created in 2006);

- a presentation entitled "Filter Presses" (created in 2001);
- a sales brochure entitled "J-Press Liquids-Solids Filtration Equipment and Separation Equipment (created in 1985);
- a manual entitled "J-Press Filter Press 1200 MM Owner's Manual" (created in 1989);
- a manual entitled "J-Press Filter Press 630 MM Owner's Manual" (created in 1994);
- a drawing entitled "Automatic Pump Control System Cabinet Assembly" (created in 1994); and
- a drawing entitled "Automatic Pump Control System with Air Blowdown" (created in 1989).

In Count V of its amended complaint, Evoqua contends that Watermark has infringed Evoqua's rights in these works. "The first element of a copyright-infringement claim is 'ownership of a valid copyright.'" *Star Athletica, LLC v. Varsity Brands, Inc.*, 137 S. Ct. 1002, 1008 (2017) (quoting *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.* 499 U.S. 340, 361 (1991)). As the plaintiff claiming copyright infringement, Evoqua has the burden of proving ownership. *Hi-Tech Video Prods., Inc. v. Capital Cities/ABC, Inc.*, 58 F.3d 1093, 1095 (6th Cir. 1995). The Court concludes that Evoqua cannot, as a matter of law, establish actual ownership of the copyrights on this record.

Ownership of a copyright "vests initially in the author or authors of the work." 17 U.S.C. §201(a). Evoqua could not have been the author of the foregoing works because it did not exist until 2013, long after the works were created. Accordingly, Evoqua must stake its claim on having properly acquired ownership from the original authors through any intervening entities. For purposes of summary judgment, the Court will assume that the original human authors properly assigned the work to the entity for which they worked at the time of creation. The controlling question is then whether a reasonable jury could find that Evoqua has an unbroken chain of ownership through the series of transactions leading from the original owner to the creation of Evoqua in 2013.

The chain of transactions begins with JWI, Inc. In 1997, U.S. Filter Wastewater Group, Inc. acquired the stock of JWI, Inc. and certain assets from its owners. (*See* Acquisition Agreement, ECF No. 172-1.) JWI, Inc. subsequently changed its name to U.S. Filter/JWI, Inc. In 2006, U.S. Filter/JWI, Inc. merged into Siemens Water Technology Corporation, which merged into Siemens Water Technology Holding Corporation, which later merged into Siemens Industry, Inc. In 2013, Siemens Industry, Inc. split itself into pieces. It assigned certain assets of its water-technologies business division to a new entity named Siemens Water Technologies LLC, which later changed its name to Evoqua Water Technologies LLC (the plaintiff in this action).

Watermark has identified several potentially defective links in the chain of ownership of the copyrights, including: (1) the link from the human authors of the works to the entity in existence at the time of authorship; (2) the link from JWI to U.S. Filter; and (3) the link from Siemens Industry to Siemens Water Technologies. Watermark also suggests that there may be other defective links that it has not been able to explore because Evoqua has objected to disclosure of the transactions by which it obtained ownership of the assets of JWI, Inc. (*See* Evoqua Resp. to Interrog. No. 16, ECF No. 169-2.) A defect in any one of these links poses a potential problem for Evoqua. The Court will address only the link in 2013 from Siemens Industry to Siemens Water Technologies, because the break in that link is fatal to Evoqua's claim.

**III. Analysis**

The document memorializing the transfer of certain assets from Siemens Industry to Siemens Water Technologies is the Carve-Out Agreement. (Carve-Out Agreement, *U.S. Filter/JWI, Inc. v. J-Parts, LLC*, No. 5:03-cv-127, ECF No. 48-1.) Section 1.1 of this agreement contains a broad assignment of "all of Seller's right, title and/or interest" in all assets "exclusively pertaining to the [water-technologies business]." (*Id.*, PageID.779.) This section does not transfer any intellectual property rights, however. It expressly excludes "IP . . . , trademarks and their applications, domains and any other intellectual property rights[.]" (*Id.*)

The disposition of intellectual property is reserved for Section 2. (*See* Carve-Out Agreement, Section 2.10.4, PageID.793 (stating that "the transfer of, and grant of rights under, IP shall occur exclusively on the basis of this Section 2".) Sections 2.1 through 2.4 assign different categories of intellectual property assets. "Patents and Trademarks" are covered in Section 2.1, "know-how" in Section 2.2, "software" in Section 2.3, and "domains" in Section 2.4. (*Id.*, PageID.782-784.) There is no section devoted expressly to copyrights, and nothing in any portion of Section 2 that affirmatively and expressly transfers copyrights or copyrightable works by name.

Evoqua contends that the copyrights at issue are covered by more generic language in Section 2.2, which provides, in relevant part:

> <u>Sale and Assignment of Know-how</u>. . . . Seller hereby sells and assigns to Purchaser *all information and data (irrespective as to whether such information and data is available by way of documentation, orally or in electronic format and irrespective as to whether they are protected by copyrights or not)*, including business and trade secrets, technical and business information and data, inventions, experience and expertise, all to the extent that such information and data are not Software (as defined in Section 2.3 below) and/or not a Patent (collectively herein "**Know-how**" which (i) is exclusively used by the Business in the Business Field on the Effective Date, and (ii) which Seller has the exclusive authority to dispose of on the Effective Date (herein "**Transferred Know-how**". . . . The Parties agree that the documentation in which the Transferred Know-how is embodied is

> already available in the Business and a separate handover of such documentation is therefore not necessary. Should Purchaser within twenty-four (24) months after the Effective Date and on a case-by-case basis nevertheless need a copy of a part of the Transferred Know-how for the operation of the Business, Seller shall, upon written request of Purchaser, provide Purchaser with such copy to the extent available at Seller.

(*Id.*, PageID.783-784 (italics added).) In other words, Evoqua contends that when Siemens Industry assigned all "information and data"exclusively used by its water-technologies business, it was assigning the copyrights in the product manuals, drawings, and presentations allegedly infringed by Watermark. The Court disagrees, for several reasons.

*First*, the phrase "information and data" is an odd container for copyrights, because information and data, standing alone, are generally considered to be outside the scope of copyright protection. *See Feist Publ'ns* 499 U.S. at 344 ("F]acts are not copyrightable[.]"; 17 U.S.C. §102(b) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."). It is only the specific manner in which information or data is expressed or arranged in an original work that is copyrightable. *See id*. at 348 ("[A] directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement."); *see also Computer Assocs. Int'l, Inc. v. Altai, Inc.* 982 F.2d 693, 703 (2d Cir. 1992) ("It is a fundamental principle of copyright law that a copyright does not protect an idea, but only the expression of the idea."); 17 U.S.C. §102(a) (defining copyrightable subject matter as "original works of authorship *fixed in any tangible medium of expression*" (emphasis added)).

*Second*, there is a difference between assigning information and data and assigning ownership in the work embodying that information and data. Assigning one does not necessarily imply an assignment of the other. This distinction between "information and data" and the (potentially copyrightable) work in which that information/data is fixed is apparent in the Carve-Out Agreement itself. Section 2.2 refers to "documentation" in which the "know how"assigned by Siemens Industry is "embodied." (Carve-Out Agreement, PageID.784.) Tellingly, the agreement assigns only the information and data. It does not assign ownership in the documentation itself. The parties clearly intended for a copy of this documentation to be "available" to Siemens Water Technologies, but granting a right to *use* the documentation (in effect, a license) for the purpose of accessing the information and data is not equivalent to transferring ownership in the documentation.

*Third*, as every patron of a bookstore knows, transferring ownership of a copy of a work is not equivalent to transferring ownership in the copyright to that work. Thus, even if the agreement could be construed to transfer ownership in the documentation and other works embodying the information and data, there is no indication that the parties intended to transfer the copyright in those works. Copyright is the author's (or assignee's) power to prevent others from reproducing the work. The "information and data" transfer provision does not even hint at this. It is devoted exclusively to ensuring that Siemens Water Technology can itself make use of information and data, as well as any embodied versions of it.

*Fourth*, the clause specifying that the information and data are assigned "irrespective as to whether they are protected by copyrights or not" further indicates that copyrights are not the object of the assignment. In other words, the information and data being transferred may or may not be protected by copyright but it is the information and data that are assigned, not the copyright itself. To read this section the way Evoqua contends would convert a clarifying phrase into an affirmative grant of additional rights.

*Fifth*, the types of property expressly identified in Section 2.2 as examples of what is being transferred by that section are different from copyrights. Section 2.2 purports to transfer "know-how," and it gives the following examples of what this includes: "business and trade secrets, technical and business information and data, inventions, experience and expertise." Know-how, trade secrets, inventions, experience, and expertise may each be a form of intangible property, but they are not copyrights.

*Sixth*, the scope of the language of assignment in Section 2.2 is more narrow than what can be found elsewhere in the agreement. Section 1 assigns "all right, title, and interest" in certain assets, whereas Section 2.2 merely "assigns" the information and data constituting know-how. This case might be a closer call if the agreement assigned "all right, title, and interest" in the information and data. One could argue, perhaps, that "all, right, title, and interest" in information and data would include any copyrights protecting that information and data. But the drafters of the agreement chose not use such broad language in Section 2.2. The Court assumes that this choice was intentional.

The narrow language of assignment in Section 2.2 is consistent with Section 1.1.4, which transfers all right, title, and interest in "Seller's books and records, files and other documents and data (including written and electronic training materials utilized to train the employees of the Business . . . )[.]" (*Id.*, PageID.780.) Section 1.1.4 might have been a natural place to transfer the copyrights in the manuals and presentations created by earlier entities, but the agreement carefully avoids doing so. Section 1.1.4 expressly excludes documents and data "constituting, containing, or relating to Patents, Know-How, Software, trademarks and their applications, domains *and any other intellectual property rights*[.]" (*Id.* (emphasis added).) Accordingly, when transferring the sort of materials that Evoqua now seeks to protect, Siemens Industry chose not to transfer any copyrights in those materials.

*Seventh*, the agreement contains a separate provision transferring a potentially copyrightable work. Section 2.3 assigns software to Siemens Water

Technologies. If, as one of Evoqua's employees contends in his affidavit, "Section 2.2 was intended to convey all rights in copyrightable and non-copyrightable works to Siemens Water Technologies, LLC" (Wilderer Decl., ECF No. 162-8, PageID.7286), then there would have been no need for Section 2.3. The existence of Section 2.3 confirms that the parties did not intend for Section 2.2 to cover copyrights.

In short, the Carve-Out Agreement transfers several different categories of intellectual property to the new entity (now Evoqua) created in 2013. With the possible exception of the software described in Section 2.3, copyright is not one of them. There are a number of plausible explanations for why the parties might have agreed to this arrangement. Perhaps they did not deem any copyrightable works (other than the software) to be significant for the business. Or perhaps Siemens Industry was not confident that it owned the copyrights to the product manuals and other works created for its predecessors.[1] But whatever the reason, Siemens Industry's failure to assign those rights in the Carve-Out Agreement defeats Evoqua's claim of copyright infringement.

Evoqua attempts to avoid this result in several ways, none of which are effective. First, it offers the affidavits of its own employees, and of an employee of Siemens Industry, who assert that Section 2.2 of the Carve-Out Agreement intended to convey all rights in

---

[1] In its briefing, Watermark raises legitimate questions about whether Siemens Industry's predecessors authored the works or obtained the copyrights from those who did.

copyrightable works to Siemens Water Technologies. (Wilderer Decl., ECF No. 162-8; Ganzi Decl., ECF No. 170-2; Wallace Decl., ECF No. 170-1.) The Court cannot consider these affidavits, however, unless it finds that the language of the Carve-Out Agreement is ambiguous.

The Carve-Out Agreement contains a choice-of-law provision stating that the agreement is to be "governed by, and construed in accordance with, the laws of Delaware[.]" Carve Out Agreement, Section 17.) When interpreting a contract, Delaware courts adhere to the familiar parol evidence rule, which "give[s] priority to the parties' intentions as reflected in the four corners of the agreement." *GMG Capital Investments, LLC v. Athenian Venture Partners I, LP*, 36 A.3d 776, 779 (Del. 2012). "The Court will interpret clear and unambiguous terms according to their ordinary meaning." *Id.* at 780. "Where a contract is ambiguous, 'the interpreting court must look beyond the language of the contract to ascertain the parties' intentions.'" *Id.* (quoting *Eagle Indus., Inc. v. DeVilbiss Health Care, Inc.*, 702 A.2d 1228, 1232 (Del. 1997)). "[A]n ambiguity exists '[w]hen the provisions in controversy are fairly susceptible of different interpretations or may have two or more different meanings.'" *Id.* (quoting *Eagle Indus.*, 702 A.2d at 1232).

"The question of whether the language of an agreement is ambiguous is a question of law." *United States v. Donovan*, 348 F.3d 509, 512 (6th Cir. 2003). "If a contract contains ambiguities, it generally becomes the task of the fact-finder to use extrinsic evidence to determine the intent of the parties." *Royal Ins. Co. of*

*Am. v. Orient Overseas Container Line Ltd.*, 525 F.3d 409, 422 (6th Cir. 2008); *see also GMG Capital Investments*, 36 A.3d at 783. ("[W]here reasonable minds could differ as to the contract's meaning, a factual dispute results and the fact-finder must consider admissible extrinsic evidence."). In this case, the Court discerns no ambiguity in the four corners of the Carve-Out Agreement as it pertains to the assignment of copyrights. Thus, the self-serving affidavits offered by Evoqua are irrelevant.

Next, Evoqua contends that Watermark cannot raise ownership as a defense to copyright infringement, citing *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982), *John G. Danielson, Inc. v. Winchester-Conant Properties, Inc.*, 186 F. Supp. 2d 1 (D. Mass. 2002), and similar cases. According to the court in *John G. Danielson*, "when an author and a transferee do not dispute the ownership of a copyright interest, a third party may not raise the issue of copyright ownership as a defense to a claim that it infringed the copyright." 186 F. Supp. 2d at 12. Similarly, in *Eden Toys*, the Second Circuit noted that in cases "in which the copyright holder appears to have no dispute with its licensee [over ownership of the copyright interest], it would be anomalous to permit a third party infringer to invoke [17 U.S.C. §204(a)] against the licensee." *Eden Toys* 697 F.2d at 36. Evoqua contends that, because there is no dispute between Siemens Industry and Evoqua as to who owns the copyrights at issue, Watermark should not be able to use the terms of the agreement between them to contest Evoqua's ownership of those copyrights.

The principle in *Eden Toys* does not apply here. In that case, the court focused on the statute of frauds in 17 U.S.C. §204(a), which requires that transfers of interests in copyrights be made in writing. The defendant apparently claimed that the plaintiff did not have the right to sue for infringement because the plaintiff had obtained its interests via an informal arrangement. *Eden Toys*, 697 F.2d at 36. The court opined that a third-party infringer should not be able to use §204(a) to challenge an informal assignment of rights, where that assignment was later confirmed by the parties in writing. According to the court:

> the purpose of [section 204(a)] is to protect copyright holders from persons mistakenly or fraudulently claiming oral licensees, the "note or memorandum of the transfer" need not be made at the time when the license is initiated; the requirement is satisfied by the copyright owner's later execution of a writing which confirms the agreement.

*Eden Toys*, 697 F.2d at 36.

Unlike the defendant in *Eden Toys*, Watermark is not attempting to enforce the "writing" requirement of section 204(a). Watermark does not claim that Evoqua or its predecessors failed to put the copyright assignment in writing. Instead, Watermark claims that the written agreement relied upon by Evoqua did not actually assign the copyrights. Thus, *Eden Toys* does not apply. *Cf. Tempest Publ'g v. Hacienda Records & Recording Studio, Inc.* No. H-12-736, 2013 WL 5964516, at *13 (S.D. Tex. Nov. 7, 2013) (distinguishing *Eden Toys* where the original agreements were "valid and sufficient writings under § 204(a)," but they did not transfer rights to the copyrights at issue).

*John G. Danielson* is also inapplicable. In that case, the court found that a written agreement properly transferred the copyrights at issue to the plaintiff. 186 F. Supp. 2d at 12. The court cited the rule in *Eden Toys* merely to reinforce this finding, because the parties to the agreement later affirmed that the rights had been transferred. *Id.*

Here, in contrast, the Carve-Out Agreement did not transfer the copyrights at issue. Thus, unlike the *John G. Danielson* case, there is no prior agreement assigning the copyrights that Evoqua and Siemens Industry can affirm. Their affidavits do not change the meaning of the Carve-Out Agreement.

Evoqua also relies on a "presumption" that it owns the copyrights because it has registered them with the Copyright Office. A certificate of registration "made before or within five years after first publication of the work" is "prima facie evidence of the validity of the copyright and of the facts stated in the certificate." 17 U.S.C. §410(c). Consequently, a certificate denominating a party as the author and copyright claimant is "prima facie" evidence of its ownership of the copyright. *BancTraining Video Sys. v. First Am. Corp.*, No. 91-5340, 1992 WL 42345, at *3 (6th Cir. Mar. 3, 1992).

The parties dispute whether this presumption applies because there is evidence indicating that Evoqua obtained its registrations more than five years after publication of its works. In any case, whatever presumption of ownership that Evoqua enjoys by virtue of its registrations has been rebutted by the Carve-Out Agreement.

Finally, Evoqua argues that the Court must decide whether the copyright registrations are valid before it can decide whether Evoqua owns the copyrights at issue. According to Evoqua, the validity of its copyright registrations is a "jurisdictional question" requiring priority of treatment. (Evoqua's Br., ECF No. 170, PageID.7468.) Evoqua is mistaken. The registration requirement in the Copyright Act is a precondition to filing suit; it is not a jurisdictional requirement. *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 166 (2010). Moreover, the Court need not decide whether the registrations are invalid because Evoqua's inability to demonstrate ownership of the copyrights resolves its claim of copyright infringement against Watermark.

**IV. Conclusion**

For the reasons stated herein, the Court will grant Defendants' motion for summary judgment as to Count V of the First Amended Complaint. There is no genuine dispute that Evoqua does not own the copyrights that it seeks to enforce against Watermark. Consequently, Evoqua's claim of copyright infringement must fail.

In addition, the Court will unseal the Carve-Out Agreement, because that agreement is central to the Court's analysis in this Opinion, and the public has a right to know the basis for the Court's decision.

The Court will enter an Order consistent with this Opinion.

Dated: March 26, 2018

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No. 1:16-cv-14**
**Honorable Robert J. Jonker**

**[Filed March 26, 2018]**

| | |
|---|---|
| EVOQUA WATER | ) |
| TECHNOLOGIES LLC, | ) |
| | ) |
| Plaintiff, | ) |
| | ) |
| v. | ) |
| | ) |
| M.W. WATERMARK, | ) |
| LLC, et al., | ) |
| | ) |
| Defendants. | ) |
| | ) |

**ORDER**

In accordance with the Opinion entered this date,

**IT IS ORDERED** that Defendants' motion for summary judgment (ECF No. 158) is **GRANTED IN PART** as to Count V of the First Amended Complaint. The remainder of the motion is **DENIED** as stated in the Court order of January 11, 2018 (ECF No. 165).

**IT IS FURTHER ORDERED** that the Clerk of the Court shall unseal the document filed at ECF No. 48-1 in Case No. 5:03-cv-127.

Dated: March 26, 2018

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

## APPENDIX E

**UNITED STATES DISTRICT COURT**
**FOR THE WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**File No. 5:03-CV-127**
**HON. ROBERT J. JONKER**

**[Filed August 18, 2017]**

| | |
|---|---|
| U.S. FILTER/JWI, INC., | ) |
| | ) |
| Plaintiff, | ) |
| | ) |
| v. | ) |
| | ) |
| J-PARTS, LLC et al., | ) |
| | ) |
| Defendants. | ) |
| | ) |

**File No. 1:16-CV-14**
**HON. ROBERT J. JONKER**

| | |
|---|---|
| EVOQUA WATER TECHNOLOGIES LLC, | ) |
| | ) |
| Plaintiff, | ) |
| | ) |
| v. | ) |
| | ) |
| M.W. WATERMARK, | ) |

LLC et al., )
)
Defendants. )
)

**OPINION**

In 2003, U.S. Filter/JWI, Inc. sued one of its competitors, J-Parts, LLC, and J-Parts' owner, Michael Gethin (File No. 5:03-CV-127). U.S. Filter claimed that Gethin and J-Parts had misused U.S. Filter's trademarks and proprietary information. J-Parts subsequently changed its name to M.W. Watermark, LLC, and the parties eventually settled the case. As part of the settlement, the parties agreed to the entry of a judgment and permanent injunction prohibiting Gethin and Watermark from using certain trademarks and proprietary information belonging to U.S. Filter. (*See* Final J. & Permanent Inj., No. 5:03-CV-127, ECF No. 24.)

Thirteen years later, Evoqua Water Technologies LLC filed a new suit against Gethin and Watermark (File No. 1:16-CV-14), claiming that Evoqua is the successor-in-interest to U.S. Filter, and alleging that Watermark and Gethin were in violation of the permanent injunction. Among other things, Evoqua asked for civil contempt sanctions against Watermark and Gethin. The Court held a hearing in the new case and found that Watermark and Gethin had violated the terms of the injunction. As part of its civil contempt sanction, the Court directed Watermark and Gethin to pay Evoqua's reasonable attorney's fees for bringing the new lawsuit and its motion for sanctions. No party at the time questioned whether a proceeding for contempt properly belonged in a new case with a new party plaintiff, or whether a proceeding in the original action with the original plaintiff was necessary.

Watermark subsequently asked the Court to modify or dissolve the permanent injunction, and Evoqua sought to substitute itself as the plaintiff in 5:03-CV-127. In response to Evoqua's motion, Watermark disputed Evoqua's contention that Evoqua is the successor-in-interest to U.S. Filter, an issue that it first raised in its answer to Evoqua's complaint but did not litigate in response to Evoqua's request for sanctions. The Court denied both motions without prejudice because it wanted to ensure that all interested parties were before the Court. The Court asked the parties to provide further briefing on whether Evoqua is, in fact, the successor-in-interest to U.S. Filter. After the parties did so, it became clear that Evoqua claims to be the successor-in-interest to U.S. Filter based on a series of corporate mergers and an assignment of assets.[1]

The Court then asked the parties to brief the following questions: (1) whether the consent judgment is assignable; (2) whether the consent judgment was actually assigned; and (3) whether the contempt finding should be vacated if there was no effective

---

[1] U.S. Filter merged into Siemens Water Technology Corporation, which merged into Siemens Water Technology Holding Corporation, which merged into Siemens Industries, Inc. In 2013, Siemens Industries assigned the assets of its water-technologies business unit to Siemens Water Technologies LLC, which changed its name to Evoqua Water Technologies LLC, the plaintiff in 1:16-CV-14.

assignment. The parties have filed their briefs in response to the Court's order. They have also filed motions asking the Court to seal certain portions of their briefs and exhibits thereto. (No. 5:03-CV-127, ECF Nos. 46, 51, 55.)

Upon review, the Court finds that the consent judgment may not be enforced by Evoqua as an assignee of U.S. Filter. Consequently, the contempt finding in 1:16-CV-14 must be vacated because Evoqua lacks standing to enforce the injunction. In addition, the motions to seal will be granted in part and denied in part.

### I. Evoqua's Right to Enforce the Consent Judgment

A party's ability to enforce a consent judgment raises an issue of standing. "[A] well-settled line of authority . . . establishes that a consent decree is not enforceable directly or in collateral proceedings by those who are not parties to it even though they were intended to be benefit[t]ed by it." *Blue Chip Stamps v. Manor Drug Stores,* 421 U.S. 723, 750 (1975). Generally, "third parties, even intended third-party beneficiaries, lack standing to enforce their interpretations of agreed judgments." *Sanders v. Republic Servs. of Ky., LLC*, 113 F. App'x 648, 650 (6th Cir. 2004).

To determine whether a consent judgment can be enforced by an assignee of one of the parties, the Court looks to the language of the consent judgment itself. "A consent judgment is a hybrid of a contract and a judicial act." *Universal Settlements Int'l, Inv. v. Nat'l*

*Viatical, Inc.*, 568 F. App'x 398, 404 (6th Cir. 2014) (citing *Local No. 93, Int'l. Ass'n of Firefighters, AFL–CIO C.L.C. v. City of Cleveland*, 478 U.S. 501, 519 (1986)). "It mirrors a contract in that it reflects 'an agreement by the parties,' and it is a judicial act because it 'places the power and prestige of the court behind the compromise struck by the parties.'" *Id.* (quoting *Williams v. Vukovich*, 720 F.2d 909, 920 (6th Cir. 1983)). "As a judicial act, consent judgments must be 'strictly construed to preserve the bargained for position of the parties.'" *Id.* (quoting *Williams*, 720 F.2d at 920).

> Consent decrees are entered into by parties to a case after careful negotiation has produced agreement on their precise terms. The parties waive their right to litigate the issues involved in the case and thus save themselves the time, expense, and inevitable risk of litigation. Naturally, the agreement reached normally embodies a compromise; in exchange for the saving of cost and elimination of risk, the parties each give up something they might have won had they proceeded with the litigation. Thus the decree itself cannot be said to have a purpose; rather the parties have purposes, generally opposed to each other, and the resultant decree embodies as much of those opposing purposes as the respective parties have the bargaining power and skill to achieve. For these reasons, *the scope of a consent decree must be discerned within its four corners, and not by reference to what might satisfy the purposes of one of the parties to it.*

*United States v. Armour & Co.*, 402 U.S. 673, 681 (1971) (emphasis added; footnote omitted); *accord Shy v. Navistar Int'l Corp.*, 701 F.3d 523, 530 (6th Cir. 2012).

The consent judgment in this case does not provide for enforcement by an assignee of U.S. Filter. It binds the "successors and assigns" of Watermark and Gethin (No. 5:03-CV-127, ECF No. 24, PageID.356), but includes no similar language pertaining to U.S. Filter. The judgment itself is in favor of only U.S. Filter, not its successors and assigns.

In a similar case, the Federal Circuit held that an assignee of a party to a consent judgment could not enforce it because "nothing expressly set out in the consent judgment . . . extend[ed] [those enforcement] rights to any third party[.]" *Thatcher v. Kohl's Dep't Stores, Inc.*, 397 F.3d 1370, 1375 (Fed. Cir. 2005). As in this case, the consent judgment in *Thatcher* resulted from the settlement of claims regarding the infringement of intellectual-property rights. Like Evoqua, the party seeking to enforce the consent judgment in *Thatcher* claimed to acquire those intellectual-property rights by assignment. *Id.* at 1373. And like the consent judgment in this case, the consent judgment in *Thatcher* enjoined the "successors-in-interest" of one party, but said nothing about whether successors-in-interest of the other party could enforce it. *Id*. at 1375. "This silence," the court held, "is the functional equivalent of the parties' express intent to exclude language of assignment." *Id*. Likewise, this Court interprets the absence of any reference to the successors and assigns of U.S. Filter in the consent judgment, coupled with express language binding Watermark's successors and assigns, as precluding enforcement by Evoqua, an assignee of U.S. Filter. The enforcement rights of the consent judgment belong to U.S. Filter alone.

Evoqua points to the settlement agreement between U.S. Filter and Watermark, which states that "[t]he terms of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs and assigns." (Settlement Agreement, No. 1:16-CV-14, ECF No. 1-8, PageID.365.) However, "Agreement" is defined as "This Settlement Agreement and Mutual Release." (*Id.*) It does not include the consent judgment itself. Indeed, the settlement agreement requires the parties to stipulate to entry of a judgment and permanent injunction "in the form *attached to* this Agreement," which necessarily means that the consent judgment is separate from the settlement agreement. (*Id.* at PageID.362 (emphasis added).) Moreover, the consent judgment does not refer to, or incorporate, the terms of the settlement agreement. Thus, unlike the settlement agreement, the consent judgment does not "inure to the benefit" of U.S. Filter's successors and assigns. The parties could have included such language in the consent judgment, but they did not do so. The Court will give effect to the consent judgment as it is written.

Evoqua also relies on Rule 25(c), which provides that the Court may substitute a party to whom "an interest is transferred" for the original party in the case. Fed. R. Civ. P. 25(c). Evoqua claims that it is the recipient of an interest from U.S. Filter and should be substituted for U.S. Filter in 5:03-CV-127 so that it can enforce the permanent injunction. As Evoqua itself recognizes, however, Rule 25(c) "is merely a procedural device designed to facilitate the conduct of the case, [it] does not alter the substantive rights of the parties or the transferee." (Evoqua's Br. 11, No. 5:03-CV-127, ECF No. 48.) *See* 7C Charles Alan Wright et al., Federal Practice and Procedure § 1952 (3d ed. 2017 supp.) ("Rule 25 is procedural. It does not provide for the survival of rights or liabilities but merely describes the method by which the original action may proceed if the right of action survives."). Thus, Rule 25(c) does not determine whether Evoqua can enforce the consent judgment.

Evoqua compares this case to a situation in which a plaintiff in a pending case transfers all of its assets to a third party, and then the third party substitutes itself as the plaintiff and receives the benefit of an existing preliminary injunction. *See Lucero v. Trosch*, 121 F.3d 591, 596 (11th Cir. 1997). But the analogy is not apt. The difference here is that the parties in 5:03-CV-127 entered into an agreement to resolve their claims. The agreement included entry of a consent judgment and injunction extending to the successors and assigns of Watermark but not U.S. Filter. Perhaps if the original case was still open and unresolved, Evoqua could substitute itself for U.S. Filter and then determine how best to resolve the matter, consistent with *Lucero*. But here, U.S. Filter and Watermark resolved the case long ago. Evoqua cannot now insert itself as a party to the consent judgment, or expand the scope of the agreed-upon judgment to give itself enforcement rights.

Evoqua complains that the result in *Thatcher* forces parties who want to transfer enforcement rights under a consent decree to use a statutory merger rather than a sale of assets even if there are other good transactional reasons favoring a sale of assets. But even assuming this is a shared concern of the parties,[2] it is easily addressed by the language of the consent judgment itself. The parties can simply draft a consent decree that expressly applies to the successors and assigns of all parties. Nothing in *Thatcher* would prevent enforcement by a true assignee in that case.

Because Evoqua lacks standing to enforce the U.S. Filter consent judgment, the Court must vacate the order that granted Evoqua's motion for sanctions and found Watermark and Gethin in contempt of court. Because it lacks standing, Evoqua was not entitled to seek sanctions for violating the permanent injunction. For the same reason, the Court must dismiss Count I of Evoqua's complaint in 1:16-CV-14, which seeks relief based on the permanent injunction. This does not mean that Evoqua lacks standing to enforce the settlement agreement itself, which may or may not provide a contractual basis for relief independent of the consent judgment, assuming Evoqua can establish it is an assignee of the agreement. Furthermore, this does not prevent Evoqua from enforcing any intellectual-

[2] The party restrained by the injunction would likely be more inclined to impose limits on who can enforce the injunction, and might try to negotiate a judgment that limited enforcement to the original plaintiff. After all, a restrained party has no control over who the original party selects as an assignee, and the restrained party may be substantially more burdened by enforcement by an assignee than by the original plaintiff.

property rights that it obtained from U.S. Filter, in an appropriate cause of action. It simply means that Evoqua cannot pursue a claim for an alleged violation of the permanent injunction entered in favor of U.S. Filter.

Another consequence is that there is no reason or basis for the Court to substitute Evoqua as the plaintiff in 5:03-CV-127. That case is closed because of a settlement and consent judgment. Evoqua lacks standing to enforce the consent judgment. It may seek to enforce the settlement agreement itself as a breach of contract, but substituting Evoqua as the plaintiff in the original case would serve no purpose.

**II. Motions to Seal**

Evoqua and Watermark ask the Court to seal the settlement agreement and the agreement assigning assets from Siemens Industry to Siemens Water Technologies ("Carve-Out Agreement"), as well as the portions of their briefs that discuss these documents.

A document filed with the Court becomes a judicial record. *Pansy v. Stroudsburg*, 23 F.3d 772, 781 (3d Cir. 1994). "When a district court relies upon a document 'in determining the litigants' substantive rights, and in performing its adjudicatory function . . . [t]he common law presumption of public access' attaches to the document." *Picard Chem. Inc. Profit Sharing Plan v. Perrigo Co.*, 951 F. Supp. 679, 690 (W.D. Mich. 1996) (quoting *Joy v. North*, 692 F.2d 880, 893 (2d Cir. 1982) (alteration in original)). A court's decision to seal a record is governed by a balancing test that generally favors public availability. *See In re Knoxville News-*

*Sentinel Co.*, 723 F.2d 470, 476 (6th Cir. 1983) (holding that only the most compelling reasons justify nondisclosure of judicial records).

To determine whether a party has overcome the presumption of access, the Court balances the public's interest against the interest in confidentiality. *Picard*, 951 F. Supp. at 691 (citing *Matter of Continental*, 732 F.2d 1302, 1313 (7th Cir. 1984)). The "preference for public access is rooted in the public's first amendment right to know about the administration of justice." *Id.* (quoting *In re Orion Pictures Corp.*, 21 F.3d 24, 26 (2d Cir. 1994)). Public access "helps safeguard 'the integrity, quality and respect in our judicial system' and permits the public to 'keep a watchful eye on the workings of public agencies.'" *Id.* (quoting *Orion*, 21 F.3d at 26). "The public's focus is not only on the litigation's result, but 'also on the conduct giving rise to the case,' and in both circumstances, 'the public is entitled to assess for itself the merits of judicial decisions.'" *Rudd Equip. Co., Inc. v. John Deere Constr. & Forestry Co.*, 834 F.3d 589, 593 (6th Cir. 2016) (quoting *Shane Grp., Inc. v. Blue Cross Blue Shield of Mich.*, 825 F.3d 299, 305 (6th Cir. 2016)).

**A. Settlement Agreement**

Evoqua argues that the Court should seal the settlement agreement, and any references to it in the parties' briefs, because there is no tradition of public access to settlement negotiations. *See In re Cincinnati Enquirer*, 94 F.3d 198, 199 (6th Cir. 1996). However, "there is an important distinction . . . between negotiating a settlement in the first instance and using court resources to implement a settlement that has already been agreed to." *In re S. Ohio Corr. Facility*, 24 F. App'x 520, 530 (6th Cir. 2001). The presumption of access applies where, as here, a party is using the terms of the settlement agreement in support of its right to relief. *Id.* The public has a right to know the basis for the parties' arguments, and for the Court's decision on Evoqua's right to enforce the consent judgment. Thus, the parties have not satisfied their burden of demonstrating that the settlement agreement, or the portions of their briefs concerning that agreement, should be sealed.

**B. Carve-Out Agreement**

Evoqua also argues that the Carve-Out Agreement, and the references to that agreement in its brief, should be sealed from public view because the agreement implicates the privacy rights of a third party, Siemens Industry. The parties to that agreement agreed to keep its terms confidential.

The Court will grant the motion to seal insofar as it concerns the Carve-Out Agreement itself because that agreement is not material to the Court's decision regarding Evoqua's right to enforce the consent judgment. The basis for the Court's ruling on standing does not depend in any way on the Carve-Out Agreement. However, the Court will *not* grant the request to seal insofar as it concerns the portions of the parties' briefs that mention the Carve-Out Agreement.[3]

---

[3] If Evoqua attempts to enforce the settlement agreement itself, it will have to establish that it is the assignee of the agreement. That argument will necessarily require an analysis of the terms of the

The parties quote a handful of provisions in the Carve-Out Agreement containing generic terms regarding the assignment of assets from Siemens Industry to Siemens Water Technologies. None of these provisions reveals any significant details about the agreement itself or the parties to it. Thus, the parties have not demonstrated that revealing any portion of their briefs will meaningfully implicate the privacy interests of Siemens Industry, let alone that such interests overcome the presumption in favor of public access to their arguments to this Court.

An order will enter in accordance with this Opinion.

Dated: August 18, 2017

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

Carve-Out Agreement. The Court will not be able to seal the Carve-Out Agreement if called upon to determine what it means.

**UNITED STATES DISTRICT COURT**
**FOR THE WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**File No. 5:03-CV-127**
**HON. ROBERT J. JONKER**

**[Filed August 18, 2017]**

| | |
|---|---|
| U.S. FILTER/JWI, INC., | ) |
| | ) |
| Plaintiff, | ) |
| | ) |
| v. | ) |
| | ) |
| J-PARTS, LLC et al., | ) |
| | ) |
| Defendants. | ) |
| | ) |

**File No. 1:16-CV-14**
**HON. ROBERT J. JONKER**

| | |
|---|---|
| EVOQUA WATER | ) |
| TECHNOLOGIES LLC, | ) |
| | ) |
| Plaintiff, | ) |
| | ) |
| v. | ) |
| | ) |
| M.W. WATERMARK, | ) |
| LLC et al., | ) |
| | ) |
| Defendants. | ) |
| | ) |

**ORDER**

In accordance with the Opinion entered this date,

**IT IS ORDERED** that Evoqua's motion to file its unredacted supplemental brief and Exhibit A thereto under seal (File No. 5:03-CV-127, ECF No. 46) is **GRANTED IN PART** and **DENIED IN PART**. The Clerk's office is directed to unseal the unredacted brief (ECF No. 48), but the exhibit attached to it (ECF No. 48-1) shall remain under seal.

**IT IS FURTHER ORDERED** that the parties' motions to file their unredacted response briefs under seal (File No. 5:03-CV-127, ECF Nos. 51, 55) are **DENIED**. The Clerk's office is directed to unseal these briefs (ECF Nos. 52, 57).

**IT IS FURTHER ORDERED** that the Court's order striking and sealing the settlement agreement attached to Evoqua's complaint (File No. 1:16-CV-14, ECF No. 5) is **VACATED**. The Clerk's office is directed to unseal the settlement agreement (File No. 1:16-CV-14, ECF No. 1-8).

**IT IS FURTHER ORDERED** that the Court's opinion and order granting Evoqua's motion for sanctions (File No. 1:16-CV-14, ECF Nos. 47, 48) are **VACATED** and Count I of Evoqua's complaint in 1:16-CV-14 is **DISMISSED** because Evoqua lacks standing to enforce the judgment in 5:03-CV-127.

**IT IS FURTHER ORDERED** that Watermark's objection to Evoqua's affidavit for attorney's fees (File No. 1:16-CV-14, ECF No. 71) is **DENIED** as moot.

Dated: August 18, 2017

/s/ Robert J. Jonker
ROBERT J. JONKER
CHIEF UNITED STATES DISTRICT JUDGE

## APPENDIX F

**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF MICHIGAN**
**SOUTHERN DIVISION**

**Case No.: 5:03-cv-127**
**Hon. David W. McKeague**

**[Filed December 22, 2003]**

| | |
|---|---|
| U.S. FILTER/JWI, INC., | ) |
| a Michigan corporation, | ) |
| Plaintiff, | ) |
| | ) |
| -vs- | ) |
| | ) |
| J-PARTS, L.L.C., a Michigan | ) |
| limited liability company, | ) |
| and MICHAEL GETHIN, | ) |
| an individual | ) |
| | ) |
| Defendants. | ) |
| | ) |

**FINAL JUDGMENT INCLUDING PERMANENT INJUNCTION**

The parties to this action having stipulated to the entry of this Final Judgment Including Permanent Injunction, as evidenced by the signatures of their respective attorneys, below, and the Court being fully advised in the premises, It is hereby ORDERED AND ADJUDGED that Defendants J-Parts, L.L.C., now known as M.W. Watermark LLC, and Michael Gethin and its, his or their principals, agents, servants, employees, attorneys, successors and assigns, and any person(s) or entities acting or who have acted in concert or participation with one or more of such persons ("Defendants") are ENJOINED, permanently, as follows:

1. Defendants are ENJOINED, permanently, from using Plaintiff U.S. Filter/JWI, Inc.'s ("USF/JWI's") trademarks J-PRESS®, J-MATE®, and J-VAP® ("USF/JWI's Trademarks") and colorable imitations thereof and any other designs, designations or indicia in a manner that is likely to cause confusion, mistake or deception with respect to USF/JWI's trademark rights. By way of example, but not limitation, Defendants are ENJOINED from using:

A. The name "J-Parts" and any other name incorporating the prefix "J-" , except pursuant to a fair use thereof, *e.g.,* identifying genuine USF/JWI goods;

B. The telephone number 888-J-PARTS-4 (888-572-7874) and any other telephone number promoting the characters "J-Parts" or "Jparts";

C. The Internet domain name "www.jpartsllc.com" and any other domain name likely to cause confusion, mistake or deception with respect to USF/JWI's trademark rights, including any domain name incorporating USF/JWI's Trademarks, "J-," J-Parts L.L.C., or "jparts"; by way of example but not limitation, the injunction provided for herein prohibits Defendants' use of such terms in metatags for any web site that any one or more of them may use in connection with the business of selling spare parts for dewatering equipment.

2. Defendants are ENJOINED, permanently, from using, disclosing, or disseminating any USF/JWI Proprietary Information. For purposes of this Injunction, the term "USF/JWI Proprietary Information" means USF/JWI information not generally available to the public that relates to the business or activities of, or belongs to, or is controlled or possessed by USF/JWI. The USF/JWI Proprietary Information includes, without limitation, information obtained by Defendants from USF /JWI' s Enterprise Resource Planning ("ERP") System, serial histories, reports, analyses, financial information, plans, proposals, processes, sketches, photographs, graphs, software, databases (including, customer relationship management databases), drawings, specifications, equipment, samples, customer lists, supplier and vendor lists, contact lists, and information relating to costs, pricing, profits, markets, sales, products, market studies and forecasts, pricing policies and data, sales plans, customers and customer prospects, opportunities, and buying patterns, business plans, competitive analyses, agreements with customers, suppliers, vendors, and others, marketing and dealership agreements, and servicing and training programs and arrangements.

It is FURTHER ORDERED AND ADJUDGED that, to the extent they have not previously done so, Defendants shall destroy any and all articles, signs, displays, business cards, stationery, and all other types of advertising or promotional materials that contain USF/JWI's Trademarks, "J-Parts," J-Parts L.L.C., "jparts," or any other term incorporating the prefix "J-."

It is FURTHER ORDERED AND ADJUDGED that, to the extent they have not previously done so, Defendants shall, within five days of the entry of this Final Judgment Including Permanent Injunction, deliver to USF/JWI or its attorneys, any and all Documents, software, data files, compilations, or other things in the possession, custody or control of any one or more of them, and any Document, record or other thing derived therefrom, including all originals, modifications, and identical and non-identical copies thereof, which contain, embody, or reflect, in whole or in part, any USF/JWI Proprietary Information, as defined above. For purposes of this Injunction, "Document" shall mean any written, recorded, printed, typewritten or handwritten matter of any kind or nature, however produced, reproduced or recorded.

It is FURTHER ORDERED AND ADJUDGED that Plaintiff USF/JWI's Complaint, Defendants' Counterclaim, and any and all claims asserted in such Complaint and Counterclaim hereby are dismissed, with prejudice, each party to bear its or his own costs and attorneys fees.

It is SO ORDERED AND ADJUDGED this 22 day of December, 2003.

/s/ David W. McKeague
DAVID W. MCKEAGUE
UNITED STATES DISTRICT JUDGE

We hereby stipulate to the entry of the above Final Judgment Including Permanent Injunction this 16th day of December, 2003.

/s/Robert J. Franzinger
Robert J. Franzinger (P25539)
Attorney for Plaintiff

/s/G. Thomas Williams
G. Thomas Williams (P53734)
Attorney for Defendants

## APPENDIX G

**UNITED STATES COURT OF APPEALS**
**FOR THE SIXTH CIRCUIT**

**Nos. 18-2397/2398**

**[Filed November 21, 2019]**

EVOQUA WATER TECHNOLOGIES, LLC,

Plaintiff-Appellant/Cross-Appellee,

v.

M.W. WATERMARK, LLC; MICHAEL GETHIN, INDIVIDUALLY,

Defendants-Appellees/Cross-Appellants.

O R D E R

**BEFORE:** WHITE, BUSH, and LARSEN, Circuit Judges.

The court received a petition for rehearing en banc. The original panel has reviewed the petition for rehearing and concludes that the issues raised in the petition were fully considered upon the original submission and decision of the cases. The petition then was circulated to the full court. No judge has requested a vote on the suggestion for rehearing en banc.

Therefore, the petition is denied.

**ENTERED BY ORDER OF THE COURT**

**/s/ Deborah S. Hunt**
**Deborah S. Hunt, Clerk**