

No. 19-990

In the Supreme Court of the United States

SOUTHERN ILLINOIS STORM SHELTERS,
INCORPORATED, *et al.*,
Petitioners,
v.

4SEMO.COM, INCORPORATED,
a Missouri Corporation,
Respondent.

**On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Seventh Circuit**

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of this Court's Rules, Respondent 4SEMO.Com, Inc. states that it has no parent company and no publicly held corporation owns 10% or more of its stock.

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BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Corrections to Petitioners' Statement of the Case and "Facts" Asserted in Argument

1. PETITIONERS' STATEMENT OF THE CASE AND PURPORTED "FACTS" REFERENCED IN ARGUMENT INCLUDE SEVERAL STATEMENTS THAT ARE INCORRECT AND FALSE, AND MISSTATE THE FINDINGS OF THE COURTS BELOW AND THE RECORD.

The Petitioners' Petition for Writ of Certiorari omits material factors pertinent to the Court's review of the Petition, including the alternative nature of the Circuit Court holdings Petitioners seek to address, and sets forth statements in their Statement of the Case in Arguments which misstate the actual, unchallenged, findings of fact of the District Court, and are patently false.

First, Petitioners do not mention at all the primary basis on which the Circuit Court rejected the arguments which form the basis of each of the Points of Argument asserted in the instant Petition -- that the arguments were never presented to the District Court and were waived for purposes of appeal. See *4SEMO.Com, Inc. v Southern Illinois Storm Shelters, Inc. et al*, Nos. 18-1998 &18-2095 (7th Cir) (hereafter "7th Circuit Opinion"), Appendix A at App.3, App.11, and App.13. The Petition only asks the Court to use its discretionary review to address secondary, alternative holdings, included solely for completeness, and does so without informing the Court of the

alternative holding nature of the rulings Petitioners challenge.

Second, Petitioners expressly state they are not contesting the District Court's Findings of Fact in their Petition, Petition for Writ of Certiorari, p 5, and Petitioners did not challenge those findings on the Circuit Court level, 7th Circuit Opinion, Appendix A at App. 3. Yet, Petitioners nonetheless go on to inaccurately portray, misstate and ignore those very Findings of Fact, repeatedly, and base their arguments on those false statements. Although by no means all of the Petitioners' misstatements, some of the most material, false statements set forth in the instant Petition are the following:

- a. Petitioners falsely and repeatedly assert that this case involves a wholesale level trademark created by Respondent 4SEMO.Com, Inc. (hereafter "4SEMO") as an exclusive distributor of Petitioners, as manufacturer, in the course of such a distributorship relationship. In actuality, the non-appealed Findings of Fact of the District Court conclusively establish 4SEMO was never a distributor for Petitioners, and that this case involves the creation of retail level marks by 4SEMO, prior to any agreements with Petitioners, for use in connection with 4SEMO's own retail level sales and installations of storm shelters to consumers, which 4SEMO later licensed to Petitioners for use as similar retail marks, solely to be used in conjunction with Petitioners' retail sales and installations in an adjoining geographic area. See *4SEMO.com Incorporated v Southern Illinois*

Storm Shelters, Inc. et al., No. 3:313-cv00297 DRH/SCW (S. Ill), Findings of Fact (hereafter “D. Ct. FOF”) ##30 -78, Appendix C, at App.82-93.

- b. Petitioners also falsely assert their use of 4SEMO’s retail marks as widespread wholesale level marks was use as a good faith, junior user. In actuality, the non-appealed Findings of Fact of the District Court conclusively establish that such use by Petitioners was a use in contravention of the license they received from 4SEMO, without 4SEMO’s knowledge or permission, and was a knowing, willful and intentional misuse of 4SEMO’s marks. See D. Ct. FOF ##85-87 Appendix C, at App 93-94.
- c. Petitioners also falsely state 4SEMO created and became owner of both the word mark and logo here in issue after entering into an agreement with Petitioners. In actuality, the non-appealed Findings of Fact of the District Court conclusively establish that 4SEMO was selling storm shelters at retail, and created the marks at issue as its own retail marks, before entering into an agreement with Petitioners to carry Petitioners’ products in its dealership. Compare D. Ct. FOF ##30 -78, Appendix C, at App.82-92 (4SEMO adopted and used mark in commerce at least as early as April 2005) with D. Ct FOF #58, Appendix C, at App.87 (4SEMO entered into dealer agreement with Petitioners on May 5, 2015).

d. Petitioners similarly falsely state that 4SEMO was aware that Petitioners were using 4SEMO's marks improperly. In actuality, the non-appealed Findings of Fact of the District Court conclusively establish 4SEMO was only aware of the limited use of the marks that was permitted by the license 4SEMO gave Petitioners, and that 4SEMO was NOT aware of the Petitioners' broader improper use until it was discovered by 4SEMO's marketing consultant, at which point 4SEMO immediately demanded such usage stop. See D. Ct. FOF ##85-91, Appendix C, at App.93-95.

e. Similarly, although not pertinent to any of the matters they raise in the Petition for Writ of Certiorari, the Petitioners make the false, gratuitous, statement that no actual confusion was ever shown to result from their misuse of 4SEMO's marks. Again, the record reflects, and the District Court held, that actual confusion did exist, and Petitioners' contrary statement is a blatant disregard for the District Court's Findings of Fact, of which Petitioner and its counsel are clearly aware. See D. Ct. FOF ##118, Appendix C, at App. 101.¹

¹ The District Court also correctly noted, as a legal conclusion, that actual confusion was established as a matter of law but, in any event, where, as here, an alleged infringer uses the identical mark as the trademark owner, confusion is presumed and need not be separately established. Appendix C, at App 107. Petitioners also intentionally misrepresent this holding as well.

f. In addition, when referencing contentions and arguments Petitioners claim they asserted below, as if they are properly considered by this Court, Petitioners fail to inform this Court that the District Court spent two and a half pages of its Memorandum and Order addressing the lack of credibility of Petitioners' witnesses, and the reasons for the Court's rejection of their testimony. See *4SEMO.com Incorporated v Southern Illinois Storm Shelters, Inc. et al.*, No. 3:313-cv00297 DRH/SCW (S. Ill),, Appendix C, at App. 75-77

g. Finally, in an apparent attempt to garner undeserved and unfounded sympathy, Petitioners simply assert in their Petition that they will be somehow forced into bankruptcy if their writ is not granted and relief provided. However, this contention is also not supported by, or even mentioned in any facts of record or any holding of any Court.²

² Petitioners ask the Court to simply accept their word that they cannot pay the judgment, despite the fact that the damage award is based on the actual amounts received by Petitioners, over ten (10) years, from only one product, of their multi-product company, which Petitioners characterize as a small town operation. If the unsupported assertion of financial risk is true, where did the money go?

ARGUMENT

I. PETITIONERS’ FIRST POINT OF ARGUMENT, REGARDING THE SO CALLED MCCARTHY FACTORS, IS PROPERLY REJECTED AND THE REQUESTED WRIT DENIED.

A. The Instant Case Does Not Present an Appropriate Platform for Review Because the Argument Asserted by Petitioners was Waived.

Petitioners’ first point of Argument takes issue with what they call the Seventh Circuit’s rejection of their argument that a so-called McCarthy Multi-Factor Test should be applied to the instant case. As noted above, however, the 7th Circuit’s first and primary basis for overruling the point asserted was that the argument had been waived because it was never raised at trial. Appendix A at App.3, App.11, and App.13. Petitioners do not request this Court to review the Appellate Court’s finding that their argument was waived, and indeed would have no grounds to do so. Accordingly, as a primary matter, this case is not an appropriate vehicle for reviewing Petitioners’ First Point of Argument since, regardless of the ruling of this Court, the ultimate result would still be the affirmance of the 7th Court’s primary, first basis for its holding - that the arguments have been waived.

B. This Case Does Not Provide an Appropriate Platform for the Review of The Point Asserted Because It Does Not Involve the Circumstance With Respect to Which McCarthy Suggests the Asserted Factors Should Be Considered, In That It Does Not Involve A Question of Whether a Trademark Adopted by A Distributor of a Manufacturer's Products is Owned by The Manufacturer or Distributor.

As Petitioners themselves state and repeatedly mention, Professor McCarthy has suggested that the factors noted by Petitioners be considered when determining ownership of a wholesale level trademark, developed by an exclusive distributor of a manufacturer's product, in the course of its exclusive distributor relationship with the manufacturer. See Writ of Prohibition, P13-17. However, the instant case does not involve a manufacturer's distributor, let alone an exclusive one, and does not involve a wholesale level trademark, or a trademark created after the establishment of the relationship between the parties. As discussed above, the Courts below have found, as a factual matter, that 4SEMO developed its marks as retail marks, for use in connection with its sale and installation of storm shelters to end user, retail customers, prior to 4SEMO's dealership agreement with Petitioners and was a dealer, not a distributor.³ The "McCarthy test" which Petitioners

³ Unlike 4SEMO, a distributor is "a wholesaler, an individual, corporation or partnership buying goods in bulk quantities from a manufacturer at prices close to the cost of manufacturing them

ask the Court to evaluate and potentially adopt, is not applicable to the facts conclusively found to exist in this case. In fact, section 16:48 of the McCarthy treatise, the same treatise and section from which Petitioners' factors are taken, makes this expressly clear, specifically supporting the District Court's and 7th Circuits' rulings in the context of the facts here in issue – where a dealer develops a retail level mark See 2 McCarthy on Trademarks §16:48 ("When a dealer buys goods from a manufacturer and applies or has someone else apply the dealer's own "merchant's mark" to the goods, the dealer, not the manufacturer, is the owner of such a trademark").

Accordingly, even if and to the extent the McCarthy factors are important in the context of an exclusive distributor developing a wholesale trademark in the course of its distributorship relationship with a manufacturer, that importance does not militate in favor of granting the instant writ. That is simply not the situation at bar. The Petitioners' writ is thus also properly denied as to Petitioners' first point of Argument, because it raises an issue not involved in, or relevant to, the case in which they attempt to raise the point.

and reselling them at a higher price to other dealers, or to various retailers, but not directly to the general public." West's Encyclopedia of American Law (2nd Edition) (2008). Retrieved February 25 2020 from <https://legal-dictionary.thefreedictionary.com/Distributor>

II. PETITIONERS' WRIT IS ALSO PROPERLY DENIED WITH RESPECT TO THEIR SECOND POINT OF ARGUMENT, CONCERNING THE ANALYSIS TO BE APPLIED WHEN CONSIDERING THE RIGHTS OF GOOD FAITH, JUNIOR TRADEMARK USERS, BECAUSE THE ARGUMENT WAS ALSO WAIVED AND THE UNCONTESTED FINDINGS OF FACT ARE THAT PETITIONERS WERE NOT GOOD FAITH JUNIOR USERS.

Petitioners' Second Point of Argument asks this Court to grant certiorari to address questions related to the rights of good faith, junior users of a trademark. Once again, however, the argument was not raised to the District Court and was waived. 7th Circuit Opinion, Appendix A, at App.13. Further, despite their acknowledgement that they did not challenge, and are not challenging, the District Court's findings of fact, Petitioners present an argument that relies on factual contentions expressly rejected by the Court below. Contrary to the statements in Petitioners' Petition, the unappealed, fully supported, findings of the Courts below are that Petitioners were not good faith junior adopters, but were rather licensees of 4SEMO who knowingly, willfully, and intentionally infringed on 4SEMO's marks when they used the marks in manners grossly beyond the limited rights granted by license, without 4SEMO's knowledge or permission. See D. Ct. FOF ##85-87, Appendix C, at App 93-94.

Indeed, on page 19 of their Petition, Petitioners virtually acknowledge that their argument intentionally misstates the record, stating that their contention that the record firmly supports their belief that they acted in good faith is contrary to the District Court's non-appealed findings of fact. See Petition for Writ of Certiorari, p 19-20 (claiming record support "**despite the District Court's adverse findings of fact**").

In this case, the Petitioners were specifically found to be intentional, willful, and knowing infringers, not good faith junior adopters. D. Ct. FOF ##85-87, Appendix C, at App 93-94. This case is thus also not a proper vehicle for addressing any issues related to the rights of a good faith junior adopter of a trademark, since no such junior user existed in this case. Moreover, contrary to Petitioners' arguments, given the findings of fact in this case, the District Court's and 7th Circuit's rulings are completely consistent with this Court's prior holdings in *Hanover Star Milling Co. v Metcalf*, 240 U.S. 403 (1916) and its progeny.

The Petition for Writ of Certiorari is properly denied as to Petitioners' Second Point of Argument as well.

CONCLUSION

The Petitioners' Petition for Writ of Certiorari does not present matters appropriate for, or of sufficient significance, to merit briefing on the merits. The 7th Circuit properly affirmed the District Court's bench trial judgment, based on the facts of record as determined by the District Court, which were amply

supported by the record and not challenged by Petitioners on appeal. The arguments that Petitioners ask this Court to review were never raised to the District Court and were thus waived, and only seek to raise issues that are suggested for consideration in circumstances wholly distinct from and not presented by this case. The instant case does not involve a wholesale level trademark developed by a manufacturer's distributor, nor an innocent junior user of a similar trademark. The Petition for Writ of Certiorari is properly denied as to all Points.

Respectfully submitted,

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