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JS-6

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

RESERVE MEDIA, INC.,	)	Case No. CV 15-05072 DDP (AGRx)
	)	
Plaintiff,	)	<b>ORDER RE: PLAINTIFF’S THIRD</b>
	)	<b>MOTION FOR PARTIAL SUMMARY</b>
v.	)	<b>JUDGMENT</b>
	)	
EFFICIENT FRONTIERS, INC., et al.,	)	[Dkt. 305]
	)	
Defendants.	)	

Presently before the court is Plaintiff and Counter-Defendant Reserve Media, Inc.’s (“Reserve”) Third Motion for Partial Summary Judgment. After considering the parties’ submissions and hearing oral argument, the court adopts the following Order.

**I. BACKGROUND**

The court assumes the parties’ familiarity with the facts, which have been set forth more fully in the court’s prior partial summary judgment orders. (Dkts. 235, 296.) In brief, Efficient Frontiers, Inc. (“EFI”) is a company that offers software products to companies in the hospitality industry. (First Amended Counterclaim (“FAC”) ¶¶ 4, 15-17.) EFI’s products assist with catering and event-management, restaurant table

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1 management, and dining reservations. (FAC ¶¶ 17-19.) Reserve Media, Inc. (“Reserve”)  
2 is a startup company focusing on restaurant technology, which was founded in 2014.  
3 (Dkt. 296 at 2.) According to the founders, the company aims to compete with consumer-  
4 facing software companies that facilitate restaurant reservations. (*Id.*) The company offers  
5 products and services using the mark “Reserve.”

6 This suit arises out of a trademark dispute between EFI and Reserve. After  
7 learning about Reserve’s business, EFI sent Reserve a cease-and-desist letter for  
8 attempting to use a mark that infringes on EFI’s marks “Reserve Interactive and its  
9 variations.” (*Id.*) The parties attempted to negotiate their trademark dispute but Reserve  
10 ultimately filed for declaratory relief seeking a determination that its use of the “Reserve”  
11 mark does not infringe on EFI’s trademark rights. (Complaint ¶ 14.) EFI responded with  
12 a counterclaim asserting federal and state causes of action for trademark infringement  
13 and unfair competition. (FAC ¶¶ 34-60.)

14 At issue in this litigation were ten EFI trademarks. Prior summary judgment  
15 motions addressed whether there were triable issues as to eight of the ten trademarks.  
16 (*See* Dkts. 235, 296.) In prior Orders, the court concluded that six of EFI’s marks were not  
17 valid and protectable as a matter of law because they were descriptive and lacked  
18 secondary meaning. (*Id.*) The court also concluded that there was no triable question as to  
19 Reserve’s willful infringement for any mark. The two trademarks that were not  
20 addressed in either Order were EFI’s RESERVE Q marks. Given the basis for the prior  
21 summary judgment orders, the court determined that the best use of judicial resources  
22 would be to direct the parties to file summary judgment briefs regarding these remaining  
23 marks so as to ensure that there were triable issues warranting a jury trial. *See Portsmouth*  
24 *Square Inc. v. Shareholders Protective Comm.*, 770 F.2d 866, 869 (9th Cir. 1985) (noting that,  
25 even as late as the final pretrial conference, the district court has authority to sua sponte  
26 enter summary judgment if no material facts are at dispute in order to “conserves scarce  
27 judicial resource”). In order to ensure the parties had adequate notice and a “full and fair  
28 opportunity to ventilate the issues,” *see Norse v. City of Santa Cruz*, 629 F.3d 966, 972–73

1 (9th Cir. 2010) (citing *Greene v. Solano Cnty. Jail*, 513 F.3d 982, 990 (9th Cir. 2008)), the  
2 court set a briefing schedule for a third successive summary judgment motion.

3 At issue in this motion are EFI's two RESERVE Q marks. The first RESERVE Q  
4 mark was registered in October 2012 and is a standard word mark for "computer  
5 software for database management used in the hospitality industry." (Carter Decl., Ex. 1.)  
6 The second mark was registered in March 2013 and is a standard service mark for  
7 "design, development, implementation and maintenance of software for others in the  
8 hospitality industry." (*Id.*, Ex. 2.) These marks are used in connection with EFI's "ReServe  
9 Q" online hospitality management software. (Carter Decl. ¶ 5.) ReServe Q is a web-based  
10 software application that allows business in the hospitality industry to "leverage  
11 reservations, waitlists, and marketing opportunities." (*Id.* ¶ 14, Ex. 11.) The question at  
12 issue in the instant motion is whether the RESERVE Q marks are valid and enforceable as  
13 a matter of law and, if so, whether there is a triable issue of fact as to likelihood of  
14 confusion under the *Sleekcraft* analysis. Finally, as in the prior motions for partial  
15 summary judgment, there is a question of whether Reserve is entitled to summary  
16 judgment on EFI's damages theories for the RESERVE Q marks.

## 17 **II. LEGAL STANDARD**

18 Summary judgment is appropriate where the pleadings, depositions, answers to  
19 interrogatories, and admissions on file, together with the affidavits, if any, show "that  
20 there is no genuine dispute as to any material fact and the movant is entitled to judgment  
21 as a matter of law." Fed. R. Civ. P. 56(a). A party seeking summary judgment bears the  
22 initial burden of informing the court of the basis for its motion and of identifying those  
23 portions of the pleadings and discovery responses that demonstrate the absence of a  
24 genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). All  
25 reasonable inferences from the evidence must be drawn in favor of the nonmoving party.  
26 *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 242 (1986). If the moving party does not  
27 bear the burden of proof at trial, it is entitled to summary judgment if it can demonstrate  
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1 that “there is an absence of evidence to support the nonmoving party’s case.” *Celotex*,  
2 477 U.S. at 323.

3 Once the moving party meets its burden, the burden shifts to the nonmoving party  
4 opposing the motion, who must “set forth specific facts showing that there is a genuine  
5 issue for trial.” *Anderson*, 477 U.S. at 256. Summary judgment is warranted if a party  
6 “fails to make a showing sufficient to establish the existence of an element essential to  
7 that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex*,  
8 477 U.S. at 322. A genuine issue exists if “the evidence is such that a reasonable jury  
9 could return a verdict for the nonmoving party,” and material facts are those “that might  
10 affect the outcome of the suit under the governing law.” *Anderson*, 477 U.S. at 248. There  
11 is no genuine issue of fact “[w]here the record taken as a whole could not lead a rational  
12 trier of fact to find for the nonmoving party.” *Matsushita Elec. Indus. Co. v. Zenith Radio*  
13 *Corp.*, 475 U.S. 574, 587 (1986).

14 It is not the court’s task “to scour the record in search of a genuine issue of triable  
15 fact.” *Keenan v. Allan*, 91 F.3d 1275, 1278 (9th Cir. 1996). Counsel has an obligation to lay  
16 out their support clearly. *Carmen v. San Francisco Sch. Dist.*, 237 F.3d 1026, 1031 (9th Cir.  
17 2001). The court “need not examine the entire file for evidence establishing a genuine  
18 issue of fact, where the evidence is not set forth in the opposition papers with adequate  
19 references so that it could conveniently be found.” *Id.*

### 20 **III. DISCUSSION**

21 “To prevail on [a] trademark infringement claim,” a party must show that “(1) it  
22 has a valid, protectable trademark, and (2) that [the other party’s] use of the mark is  
23 likely to cause confusion.” *Applied Info. Sciences Corp. v. eBay, Inc.*, 511 F.3d 966, 969 (9th  
24 Cir. 2007). The court addresses each of these issues in turn.

#### 25 **A. Distinctiveness of RESERVE Q Marks**

26 This is the court’s third inquiry into whether EFI’s RESERVE marks are distinctive,  
27 and thus protectable, as a matter of law. *See Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602  
28 F.3d 1108, 1113 (9th Cir. 2010). In each of the prior instances, the operative question was

1 whether the marks were descriptive, and thus required a showing of secondary meaning,  
2 *Zobmondo*, 602 F.3d at 1113, or suggestive, and thus automatically entitled to federal  
3 trademark protection as “inherently distinctive,” *id.*; see also *Two Pesos, Inc. v. Taco Cabana,*  
4 *Inc.*, 505 U.S. 763, 769 (1992). The question is no different with regards to EFI’s final two  
5 marks at issue: the RESERVE Q marks.

6 As a general matter, suggestive marks require “a consumer [to] use imagination or  
7 any type of multistage reasoning to understand the mark’s significance.” *Kendall-Jackson*  
8 *Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 n. 8 (9th Cir. 1998). By contrast,  
9 descriptive marks “define qualities or characteristics of a product in a straightforward  
10 way.” *Id.* “Whether a mark suggests or describes the goods or services of the trademark  
11 holder depends, of course, upon what those goods or services are. We therefore adjudge  
12 a mark’s strength by reference to the goods or services that it identifies . . . .” *Entrepreneur*  
13 *Media, Inc. v. Smith*, 279 F.3d 1135, 1142 (9th Cir. 2002) (internal quotations and citations  
14 omitted).

15 The two tests invoked in the Ninth Circuit to differentiate between suggestive and  
16 descriptive marks are the “imagination test” and the “competitors’ needs test.”  
17 *Zobmondo*, 602 F.3d at 1115. The former asks whether “imagination or a mental leap is  
18 required in order to reach a conclusion as to the nature of the product being referenced,”  
19 *Rudolph Int’l, Inc. v. Realys, Inc.*, 482 F.3d 1195, 1198 (9th Cir. 2007) (quotation marks  
20 omitted), and the latter “focuses on the extent to which a mark is actually needed by  
21 competitors to identify their goods or services,” *Rodeo Collection, Ltd. v. W. Seventh*, 812  
22 F.2d 1215, 1218 (9th Cir. 1987). These two tests are complementary rather than  
23 independent inquiries as “the more imagination that is required to associate a mark with  
24 a product or service, the less likely the words used will be needed by competitors to  
25 describe their products or services.” *Zobmondo*, 602 F.3d at 1117 (quotations and citations  
26 omitted).

27 Reserve argues that the RESERVE Q marks are descriptive when used in  
28 connection with “a web-based software application that enables customers to manage

1 reservations, call-aheads, and waitlists.” (Dkt. 276 [Carter Decl.] ¶ 15.) In support,  
2 Reserve notes that EFI selected the letter “Q” as “a play on the word [queue] – a line at a  
3 restaurant.” (Ex. E [Rommel Depo.], p. 214:6-12.) Given that a queue ordinarily refers to a  
4 line of people waiting for something, Reserve contends that a literal and unimaginative  
5 consumer would be able to understand that RESERVE Q refers to a service for managing  
6 reservations. (Opp’n 4.)

7         EFI responds that the RESERVE Q marks are, at a minimum, suggestive. First, EFI  
8 notes that a consumer might understand “Q” to mean just the letter, the word “cue,” the  
9 idea of “questions,” among other possibilities. (Opp’n 4-5.) Although Q may have been  
10 selected because it evokes the idea of a “queue,” it takes at least some imagination to  
11 connect the two concepts. EFI further contends that, even if Q immediately signified  
12 “queue,” that does not accurately describe the product in question. EFI’s software does  
13 not enable someone to “reserve a queue” or a spot in a queue. Rather, EFI argues that the  
14 software in question deals with table reservations—which often can be done in advance  
15 and do not require patrons to stand in queue—and also enables businesses to leverage  
16 reservations for marketing purposes. (Carter Decl. 5.)

17         At bottom, EFI’s various “reserve” marks are fundamentally weak. As the court  
18 has explained in prior Orders, this family of marks invokes the common verb “reserve”  
19 in a business context where there is almost no other substitute for the service being  
20 offered. (See Dkt. 235 at 9.) Admittedly, EFI did not use the term in isolation to describe  
21 its products. However, the majority of the marks at issue appended the word “reserve”  
22 with equally common words such as “it” or “cloud” or “interactive.” In all these  
23 instances, “an entirely unimaginative, literal-minded person would understand the  
24 significance of the reference.” *Entrepreneur Media*, 279 F.3d at 1142. Thus, on prior  
25 occasions, the court found that allowing EFI a monopoly over “reserve,” and closely  
26 associated phrases, would inhibit competitors across a range of businesses dealing with  
27 reservations from invoking a common word to describe their products and services.

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1 Even beyond this specific business context, the court notes that “reserve” is one of  
2 a few words so essential to economic activity across domains that courts should be  
3 particularly cautious about allowing any single private actor to monopolize the use of the  
4 term. The word reserve means “[t]o set (a thing) apart for some purpose.” 13 Oxford  
5 English Dictionary (OED) (2d ed. 1989) 701. Along with concepts such as buying, selling,  
6 renting, and consuming, “reserving” is a basic commercial activity that nearly all  
7 individuals and business must engage in at times. Given that one of the central aims of  
8 trademark law is to promote fair and productive economic competition, *see New Kids on*  
9 *the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 305 (9th Cir. 1992), any use that seeks to own  
10 core words such as “reserve” must be scrutinized closely.

11 Bearing these concerns in mind, the court notes that there is some argument for  
12 extending its prior holdings about other descriptive “reserve marks” to the RESERVE Q  
13 marks. Nonetheless, at this juncture, the court determines that these final two marks fall  
14 slightly on the other side of descriptive-suggestive divide. While Reserve is correct that  
15 the phrase “Reserve Queue” is conceptually related to the services EFI offers, it does  
16 require some level of “multistage reasoning” to understand the marks’ significance.  
17 Specifically, a consumer must first understand that the letter “Q,” even when placed in  
18 the appropriate context of the reservation management business, specifically means a  
19 literal queue rather than indicating just the letter or a question. Then, the consumer must  
20 associate “reserve queue” with a table reservation, waitlist management, and marketing  
21 platform rather than, say, a line waiting service. *See Jacob Bernstein, A Professional Line*  
22 *Sitter Throws His Wait Around*, New York Times, Oct. 3, 2014, at ST8 (noting the  
23 emergence of professional line-sitters). Thus, even appropriately defined, the marks  
24 “subtly connote something about the products,” *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 941,  
25 349 (9th Cir. 1979) (describing suggestive marks) rather than defining the product in a  
26 straightforward manner.

1           **B. Likelihood of Confusion**

2           “The test for likelihood of confusion is whether a reasonably prudent consumer in  
3 the market place is likely to be confused as to the origin of the good or service bearing  
4 one of the marks.” *Dreamwerks Production Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1129  
5 (9th Cir.1998) (internal quotations omitted). Relevant factors include the strength of the  
6 mark, proximity of the goods, similarity of the marks, evidence of actual confusion,  
7 marketing channels used, degree of care likely to be exercised by consumers, defendant's  
8 intent, and likelihood of expansion of product lines. *Sleekcraft*, 599 F.2d at 348-49. It is  
9 unnecessary to meet every factor, because the likelihood of confusion test is “fluid.”  
10 *Survivor Media, Inc. v. Survivor Prods* , 406 F.3d 625, 631 (9th Cir. 2005).

11                   1. Strength of the Mark

12           “The stronger a mark—meaning the more likely it is to be remembered and  
13 associated in the public mind with the mark’s owner—the greater the protection it is  
14 accorded by the trademark laws.” *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174  
15 F.3d 1036, 1058 (9th Cir. 1999). In order to determine the strength of a particular mark,  
16 courts take into account both the conceptual strength and the commercial strength of a  
17 mark. *See GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000).

18           “A mark’s conceptual strength depends largely on the obviousness of its  
19 connection to the good or service to which it refers.” *Network Automation, Inc. v. Advanced*  
20 *Systems Concepts, Inc.*, 638 F.3d 1137, 1149 (9th Cir. 2011). As a general matter, suggestive  
21 marks are protectable, but it is presumed that they are conceptually weak. *Brookfield*  
22 *Communications*, 174 F.3d at 1058 (noting that “[w]e have recognized that, unlike arbitrary  
23 or fanciful marks which are typically strong, suggestive marks are presumptively  
24 weak”). As discussed above, the Court finds that Plaintiff’s marks are suggestive, and,  
25 thus, are presumed weak.

26           The second step of the inquiry is to determine the strength of the mark in the  
27 marketplace. *One Indus., LLC v. Jim O’Neal Distrib., Inc.*, 578 F.3d 1154, 1164 (9th Cir.  
28 2009). Two undisputed facts suggest that the RESERVE Q marks are commercially weak



1 as a matter of law. First, between 2011 and 2015, EFI has generated less than \$15,000 in  
2 sales of the Reserve Q product. (Dkt. 276-1. [Sealed Exs. 72-76].) During the same period,  
3 EFI's total sales were between \$3 million and \$4 million dollars annually. (*Id.*) Both  
4 compared to the size of the market and to EFI's other products, Reserve Q sales were  
5 marginal. Second, as discussed in the prior orders, EFI's RESERVE marks, including  
6 RESERVE Q, are hemmed in all sides by competitors who must also use the term reserve.  
7 (Dkt. 235 at 11; Dkt. 296 at 16.) "When similar marks permeate the marketplace, the  
8 strength of the mark decreases. In a crowded field of similar marks, each member of the  
9 crowd is relatively weak in its ability to prevent use by others in the crowd." *One Indus.*,  
10 578 F.3d at 1164 (internal quotation marks omitted). EFI's primary rejoinder on the  
11 strength of the mark is that it intends to "revamp its product offerings" under the  
12 RESERVE Q marks. While future plans to improve the strength of the mark may change  
13 the analysis for purposes of a future infringement claim, it cannot be used to buttress the  
14 instant claim.

## 15 2. Proximity of the Goods

16 "Related goods are those products which would be reasonably thought by the  
17 buying public to come from the same source if sold under the same mark." *Sleekcraft*, 599  
18 F.2d at 348 n. 10 (citation and internal quotation marks omitted). Both parties use marks  
19 in connection with a software program for accepting and managing dining reservations.  
20 Although EFI's product may have additional capabilities, both parties acknowledge that  
21 goods in question are related. Nonetheless, Reserve argues that the court should follow  
22 the Ninth Circuit's statement in *Entrepreneur Media* that courts should "apply a sliding  
23 scale approach as to the weight that relatedness will carry dependent upon the strength  
24 of the trademark holder's mark." *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1148  
25 (9th Cir. 2002). The rationale for this approach is that, "[w]hile the public and the  
26 trademark owner have an interest in preventing consumer confusion, there is also a  
27 broad societal interest in preserving common, useful words for the public domain." *Id.*  
28 In *Entrepreneur Media*, the court was addressing a descriptive mark but that logic should

1 extend to weak suggestive marks such as RESERVE Q. Although some imagination is  
2 required to connect the mark “RESERVE Q” with the products in question, competitors  
3 in the reservation management industry should not be discouraged from using the term  
4 “reserve.” *Id.* (“We do not want to prevent the commercial use of descriptive words to  
5 name products, as straightforward names are often the most useful identifiers.”).  
6 Accordingly, the court recognizes that the parties’ goods are related but concludes that  
7 the factor does not weigh heavily in favor of likely confusion.

### 8 3. Similarity of the Marks

9 “Similarity of the marks is tested on three levels: sight, sound, and meaning.”  
10 *Sleekcraft*, 599 F.2d at 351. As to sight, the marks “must be considered in their entirety and  
11 as they appear in the marketplace.” *Brookfield Communications*, 174 F.3d at 1054. EFI’s  
12 RESERVE Q marks and Reserve’s RESERVE mark are visually distinct. Although both  
13 marks are comprised of upper case letters, they are depicted in different fonts. Further,  
14 EFI’s marks are made up of two colors (red and purple) while Reserve’s mark is black.  
15 Some of the letters in EFI’s marks are different sizes while Reserve’s mark is a uniform  
16 size. EFI’s marks also have an additional design element (there are three waves or arcs  
17 emanating from the “Q”) while Reserve’s mark is unadorned. Turning to sound, the  
18 marks are sonically distinct. EFI’s marks are made up of two words while Reserve’s mark  
19 is only one word. Furthermore, Reserve’s mark is only two syllables while EFI’s is three.  
20 *See Groupon, LLC v. Groupon, Inc.*, 826 F. Supp. 2d 1156, 1163 (N.D. Cal. 2011) (nothing  
21 differences in the number of syllables in each mark). Finally, on the issue of meaning, the  
22 parties recognize that a consumer will understand both uses of the word “reserve” to  
23 mean the same thing. However, the additional letter “Q,” which is also intended to evoke  
24 the idea of queue, suggests the two words also have different meaning. *Stonefire Grill, Inc.*  
25 *v. FGF Brands, Inc.*, 987 F. Supp. 2d 1023, 1052 (C.D. Cal. 2013) (“Multiple courts have  
26 found that the presence of a common word does not render two marks similar where  
27 additional words make the marks distinctive.”) Taken together, this factor weighs against  
28 a finding of likely confusion.

1                   4. Evidence of Actual Confusion

2                   “Evidence that use of the two marks has already led to confusion is persuasive  
3 proof that future confusion is likely.” *Sleekcraft*, 599 F.2d at 352. However, due to “the  
4 difficulty in garnering such evidence, the failure to prove instances of actual confusion is  
5 not dispositive.” *Id.*; see *Brookfield Communications*, 174 F.3d at 1050 (“[D]ifficulties in  
6 gathering evidence of actual confusion make its absence generally unnoteworthy.”).

7                   In the instant case, EFI relies on declarations submitted by users of EFI’s other  
8 RESERVE products to substantiate the claim that there is at least some evidence of actual  
9 confusion. (Opp’n 15-16.) As Reserve notes, however, these alleged instances of  
10 confusion pertain to other EFI marks—specifically, RESERVE INTERACTIVE and  
11 RESERVE CLOUD—and do not address the instant mark. EFI also relies on an expert  
12 survey to show consumer confusion between the RESERVE Q and RESERVE marks.  
13 (Opp’n 16.) Reserve raises a number of objections to relying on this survey, including the  
14 fact that EFI’s expert did not timely disclose the survey. (See Dkt. 81; Mot. 14-15.) Without  
15 resolving whether that issue makes the survey data inadmissible, the court notes a  
16 separate deficiency identified by Reserve, which is that expert survey did not show  
17 respondents the marks as they appear in the marketplace and instead asked: “How  
18 different or similar do you think are the names Reserve versus Reserve Q?” and “How  
19 likely do you think the names Reserve and Reserve Q are associated with products or  
20 services offered by the same company?” (Dkt. 321-7 [Ex. 28 to Okadigbo Decl.], at 9, 24-  
21 25, 39, 53.) These questions, without any indication of what the marks actually looked  
22 like, cannot be used to support EFI’s contention that there was evidence of actual  
23 confusion. Given that the lack of actual confusion should not be given substantial weight,  
24 the court finds that this factor is neutral in the overall likelihood of confusion analysis.

25                   5. Marketing Channels Used

26                   “Convergent marketing channels increase the likelihood of confusion.” *M2*  
27 *Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1083 (9th Cir. 2005). In evaluating this  
28 factor, courts consider the locations of potential buyers, the price ranges of the goods or

1 services, and the types of advertising used. *See Sleekcraft*, 599 F.2d at 353. Reserve  
2 contends that this factor weighs against a finding of likelihood confusion because EFI  
3 markets its products solely to business while Reserve markets to both consumers and  
4 businesses. (Mot. 11.) EFI responds that Reserve’s multipronged marketing approach  
5 should not alter the conclusion that both parties rely on at least some of the same  
6 marketing channels. Instead, according to EFI, the operative facts are that both parties  
7 market to businesses and that they do so, at least in part, through in-person contacts.  
8 (Opp’n 17-18 (citing Okadigbo Decl. Ex. 12 [Hong Depo. Trs.] at 213-214; Carter Decl. ¶  
9 22.) While the parties employ different marketing channels, the evidence does suggest  
10 that at time their marketing efforts may overlap. Accordingly, the court finds that this  
11 factor weighs somewhat in favor of a likelihood of confusion.

#### 12 6. Degree of Care

13 “Low consumer care . . . increases the likelihood of confusion.” *Playboy Enters., Inc.*  
14 *v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1028 (9th Cir. 2004). Courts should take into  
15 account “the type of good or service offered and the degree of care one would expect  
16 from the average buyer exercising ordinary caution.” *See La Quinta Worldwide LLC v.*  
17 *Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 877 (9th Cir. 2014) (internal quotation marks and  
18 citation omitted). “When the buyer has expertise in the field, a higher standard is proper  
19 though it will not preclude a finding that confusion is likely.” *Sleekcraft*, 599 F.2d at 353.  
20 “Similarly, when the goods are expensive, the buyer can be expected to exercise greater  
21 care in his purchases; again, though, confusion may still be likely.” *Id.*

22 The evidence suggests that business consumers selecting a reservation software  
23 platform are likely to exercise a comparatively higher degree of care. As Reserve notes,  
24 the average EFI customer pays \$3,000 per year and the average Reserve customer pays  
25 \$1200 per year. (Houck Decl., Ex. W [Carter Depo.] at 29:4-16, 64:5-19, 129:13-16.) While  
26 there is no evidence to contextualize how large an expenditure this is from the  
27 perspective of the average business owner buying these products, it does suggest that the  
28 consumers are sophisticated decision-makers and professionals who can be expected to

1 exercise a greater degree of care. While EFI notes that this merely an assumption about  
2 how business owners think, EFI's own corporate representative acknowledged that  
3 decision to purchase EFI products was "a big decision." (Carter Depo. 159:11-163:2.)  
4 While not necessarily dispositive, it does suggest that this factor weighs against a finding  
5 of likelihood of confusion.

#### 6 7. Defendant's Intent

7 The court has previously concluded that there is no evidence of willful  
8 infringement. (Dkt. 296 at 21:22-23.) Accordingly, this factor weighs against a finding of  
9 likelihood of confusion.

#### 10 8. Likelihood of Expansion of Product Lines

11 When there is "a strong possibility that either party may expand his business to  
12 compete with the other," this factor weighs in favor of finding "that the present use is  
13 infringing." *Sleekcraft*, 599 F.2d at 354 (internal quotation marks omitted). "When goods  
14 are closely related, any expansion is likely to result in direct competition." *Id.* The Court  
15 must determine whether the allegedly infringing mark is "hindering the plaintiff's  
16 expansion plans." *Survivor Media*, 406 F.3d at 634. A plaintiff must offer proof beyond  
17 mere speculation or generalized expansion goals. *See id.* (holding that mere "expressed  
18 interest in" — rather than "concrete evidence" of—expansion tilted factor in favor of  
19 defendant). Reserve contends that there is no evidence that EFI plans to expand its  
20 Reserve Q offerings to compete with Reserve. EFI does not dispute this claim but instead  
21 focuses on the principle that "[w]here two companies are direct competitors, this factor is  
22 unimportant." *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1153  
23 (9th Cir. 2011). EFI contends that, because the two parties are competitors, this factor  
24 should be ignored. Thus, the court finds that, at a minimum, this factor is neutral and, if  
25 anything, it weighs slightly in favor of Reserve.

#### 26 9. Overall Likelihood of Confusion Analysis

27 Six of the eight *Sleekcraft* factors in this case are either neutral or weigh against a  
28 finding of likely confusion. Specifically, the evidence of actual confusion and the

1 likelihood of expansion of product lines are neutral. The strength of the marks, the  
2 similarity of the marks, the degree of care exercised by the relevant consumer, and the  
3 defendant's intent all weigh against likely confusion. There is some evidence of overlap  
4 in marketing channels and an acknowledgement that the goods are proximate. While the  
5 former suggests some possibility of confusion, the latter will not be given much weight in  
6 this case where the primary word in the mark is a common term that must be invoked by  
7 all competitors in this field of business. Given this balance of factors, the court finds that  
8 EFI has not met its burden to show triable issue as to likelihood of confusion between the  
9 RESERVE and RESERVE Q marks.

### 10 **C. Damages**

11 Having concluded the summary judgment should be entered in Reserve's favor on  
12 the question of liability, the court will not consider the arguments regarding damages.

### 13 **D. Declaratory Relief**

14 Reserve initiated this action seeking a declaration that its "use of the term  
15 RESERVE does not infringe on any valid trademark right of Defendants or otherwise  
16 violate Defendants' rights . . . ." (*See* Compl.) In the first partial summary judgment  
17 Order, the court held that EFI's RESERVE INTERACTIVE word mark was not valid and  
18 protectable, and thus could not provide the basis for an infringement action against  
19 Reserve. (Dkt. 235 at 10.) In the second Order, the court came to the same conclusion  
20 regarding EFI's RESERVE IT, RESERVE IT 2.0, RESERVE GATEWAY, RESERVE  
21 UNIVERSITY, and RESERVE CLOUD marks. (Dkt. 296 at 16.) The court also held in the  
22 second partial summary judgment Order that there was no infringement as a matter of  
23 law as to EFI's incontestable RESERVE INTERACTIVE design mark and RESERVE  
24 ANYWHERE word mark (*Id.* at 18-19.) Finally, in this Order, the court concluded that  
25 Reserve was entitled to summary judgment on infringement claims pertaining to the  
26 RESERVE Q marks after a *Sleekcraft* analysis. In light of these determinations—that EFI  
27 cannot show Reserve infringed upon any of EFI's asserted trademarks—the court finds  
28 that Reserve is entitled to declaratory relief as a matter of law.

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**IV. CONCLUSION**

For the reasons stated above, the court GRANTS Reserve’s Third Motion for Partial Summary Judgment that there is no triable issue of fact as to the infringement of the RESERVE Q marks. Further, having granted summary judgment in favor of Reserve on all of EFI’s counterclaims for infringement, the court finds that judgment is also appropriate on Reserve’s declaratory claim for non-infringement. In light of this order, all pending motions are hereby vacated.

**IT IS SO ORDERED.**

Dated: April 14, 2017



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DEAN D. PREGERSON  
UNITED STATES DISTRICT JUDGE