

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

WHEEL PROS, LLC,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 3:14-cv-4230-M
	§	
WHEELS OUTLET, INC., ABDUL	§	
NAIM, and DOES 1-25,	§	
	§	
Defendants.	§	

PRELIMINARY INJUNCTION ORDER

Before the Court is Plaintiff’s Motion for a Preliminary Injunction [Dkt. No. 5]. For the reasons provided below, the Motion is **GRANTED**.

FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff Wheel Pros, LLC (“Wheel Pros”) brings this suit for patent and trademark infringement against Defendants Wheels Outlet, Inc., Abdul Naim, and Does 1–25 (“Defendants”).

Wheel Pros is a worldwide distributor of wheels and tires. Two of its significant designs are the Rockstar XD775 and Rockstar II XD811 wheels (“Rockstar Wheels”). Wheel Pros has design patents for the Rockstar Wheels, including the ’783 Patent and the ’018 Patent (“XD Patents”).¹ The ’783 Patent was issued September 20, 2005, and the ’018 Patent was issued July 15, 2014.

Wheel Pros also owns federal trademark registrations for the XD Series Star design mark, Reg. No. 4,513,500, and the KMC design mark, Reg. No. 3,027,059, both for “automotive vehicle wheels and components thereof” in Class 12 (“XD Mark” and “KMC Mark”).²

¹ Dkt. No. 1-1; Dkt. No. 1-2.

² Dkt. No. 1-3; Dkt. No. 1-4.

On July 7, 2014, Wheel Pros “trap purchased” a wheel from Defendants that appears to be a nearly exact replica of the Rockstar Wheels.³ Wheel Pros attached to its Complaint the receipt from the purchase and photographs of the wheel that was trap purchased.⁴ On July 8, 2014, Wheel Pros sent Defendant Abdul Naim a cease-and-desist letter by registered mail, return receipt requested.⁵ Wheel Pros claims to have never received a response to the letter, even though its letter was accepted and signed for.⁶ On November 20, 2014, a customer informed Wheel Pros that Defendants were selling additional wheels in the style of Wheel Pros’ Rockstar XD811 (collectively, the “Infringing Wheels”).⁷

Wheel Pros alleges that Defendants are offering for sale, selling, distributing, promoting, and advertising, in interstate commerce, the Infringing Wheels. Wheel Pros further alleges, and offers photographs as evidence, that the Infringing Wheels have a nearly identical design and marks as the Rockstar Wheels.⁸

Wheel Pros asserts that it has never been affiliated with Defendants, nor has Wheel Pros authorized Defendants to sell or use the XD Patents, XD Mark, or KMC Mark. Wheel Pros alleges that Defendants use of the Infringing Wheels will cause confusion and irreparable harm to Wheel Pros, and weaken the distinctive quality of the XD Patents, XD Mark, and KMC Mark. Wheel Pros further claims that Defendants are using the goodwill and reputation of Wheel Pros to create a false impression that the Infringing Wheels are legitimate products.

Moreover, Wheel Pros claims that the Infringing Wheels may be dangerous to the public because their mounting pad is painted, and the paint might form clumps and create an irregular,

³ Dkt. No. 1-6; Pl.’s Ex. 1 (Aff. of Tom Spangler).

⁴ Dkt. No. 1-5; Dkt. No. 1-6.

⁵ Dkt. No. 1-7.

⁶ Dkt. No. 5-1 ¶ 12 (Aff. of Randy White); Dkt. No. 1-7.

⁷ Dkt. No. 5-1 ¶ 11.

⁸ See Dkt. No. 1-6.

raised surface on the mounting pad. Wheel Pros claims no reputable manufacturer would paint the mounting pad because a painted pad might lead to a false torque reading at wheel installation, and as the clumps break up during regular use, a wheel with a painted pad might loosen and cause harm to the occupants of a vehicle. Wheel Pros argues that consumers might mistakenly attribute such harm to Wheel Pros.

On December 1, 2014, Wheel Pros filed its Complaint in this Court, alleging the aforementioned facts, and bringing the following seven claims for relief: federal trademark infringement and counterfeiting under 15 U.S.C. § 1114(a); federal trademark dilution pursuant to 15 U.S.C. § 1125(c); federal unfair competition and false representation under 15 U.S.C. § 1125(a); patent infringement under 35 U.S.C. §§ 271, 289; trademark infringement and dilution under Tex. Bus. & Comm. Code §§ 16.102–16.104; and a common law claim for unfair competition by misappropriation.

On December 2, 2014, the Court granted Plaintiff's Application for a Temporary Restraining Order, enjoining Defendants from infringing the XD Patents, XD Mark, and KMC Mark until December 16, 2014, the scheduled hearing date for Plaintiff's Motion for a Preliminary Injunction.⁹

On December 16, 2014, the Court held a hearing on Plaintiff's Motion, at which Plaintiff presented and relied upon the evidence submitted with its Complaint and Application for a Temporary Restraining Order. The Court also admitted an affidavit from Tom Spangler, Branch Manager of Wheel Pros, LLC in Grand Prairie, Texas ("Spangler Affidavit"). Accompanying the Spangler Affidavit were photographs of the Rockstar Wheels and photographs of the Infringing Wheels allegedly sold by Wheels Outlet, Inc. Although Defendants were served on December 6,

⁹ Dkt. No. 6.

2014, they did not make an appearance at the hearing.¹⁰

ANALYSIS

I. Legal Standard

Plaintiff must demonstrate each of the following elements to be entitled to injunctive relief: (1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable injury if the court does not grant the requested relief; (3) that the threatened injury outweighs any harm that will result if the injunction is granted; and (4) that the grant of injunctive relief will not disserve the public interest. *See Deutsche Bank Nat. Trust Co. v. Sims*, No. 3:12-CV-05171-M-BK, 2012 WL 6651123, at *2 (N.D. Tex. Dec. 21, 2012) (Lynn, J.) (citing *Janvey v. Alguire*, 647 F.3d 585, 595 (5th Cir. 2011)); *see also Digital Generation, Inc. v. Boring*, No. 3:12-CV-329-L, 2012 WL 315480, at *2–3 (N.D. Tex. Feb. 2, 2012) (Lindsay, J.).

The Fifth Circuit has held, to obtain injunctive relief for trademark infringement, a party must:

[f]irst . . . prove that the name he seeks to protect is eligible for protection. He must then prove he is the senior user [H]e must then show a likelihood of confusion between his mark and that of the defendant. Finally . . . he must show that the likelihood of confusion will actually cause him irreparable injury for which there is no adequate legal remedy. *Union Nat'l Bank of Tex., Laredo, Tex. v. Union Nat'l Bank of Tex., Austin, Tex.*, 909 F.2d 839, 844 (5th Cir. 1990)).

The Patent Act itself provides that district courts may “grant injunctions in accordance with principles of equity to prevent violation of any right secured by [a] patent” 35 U.S.C. § 283. The Supreme Court has held that equitable injunctive relief is available to a party in patent infringement cases to prevent violation of any right secured by a patent. *See eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006). The court has discretion to grant or deny an injunction. *Id.* at 391.

¹⁰ Dkt. No. 7; Dkt. No. 8.

While the party seeking a preliminary injunction bears the burden of establishing it is entitled to relief, “the court views the matter in light of the burdens and presumptions that will inhere at trial.” *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1376 (Fed. Cir. 2009); *Hoop v. Hoop*, 279 F.3d 1004, 1007 (Fed. Cir. 2002). “Although the factors are not applied mechanically, a movant must establish the existence of both of the first two factors to be entitled to a preliminary injunction.” *Altana Pharma AG v. Teva Pharms. USA, Inc.*, 566 F.3d 999, 1005 (Fed. Cir. 2009).

II. Likelihood of Success on the Merits

I. Trademark Infringement

To prevail on a claim for trademark infringement, a party must show that it has a protectable right in the mark, and that there is a likelihood of confusion between the marks. *Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 309 (5th Cir. 2008). Courts typically utilize the “digits of confusion” to determine infringement, but when Defendants use the exact marks, the Fifth Circuit has explained that district courts need not engage in a lengthy analysis of the digits of confusion. *Id.* at 310–11.

Wheel Pros owns federal trademark registrations for the XD Mark and the KMC Mark. Wheel Pros has also provided photographic evidence that Defendants are using the nearly exact KMC and XD Marks registered and owned by Wheel Pros.¹¹ Thus, Plaintiff has shown a strong likelihood of success on the merits of its trademark infringement claim.

¹¹ See Dkt. No. 1-3; Dkt. No. 1-4; Dkt. 1-6; Pl.’s Ex. 1.

II. Patent Infringement

Design patent infringement must be assessed from the perspective of an “ordinary observer.” *Gorham Co. v. White*, 81 U.S. 511 (1871). The ordinary observer is a hypothetical purchaser or observer of:

[O]rdinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give. It is persons of the latter class who are the principal purchasers of the articles to which designs have given novel appearances, and if they are misled, and induced to purchase what is not the article they supposed it to be . . . the patentees are injured, and that advantage of a market which the patent was granted to secure is destroyed.” *Id.* at 527–28.

In *Egyptian Goddess, Inc. v. Swisa, Inc.*, the Federal Circuit held that the infringement test should be applied as a single inquiry—whether the *Gorham* ordinary observer would find the claimed and accused designs substantially similar. 543 F.3d 665, 676–77 (Fed. Cir. 2008) (*en banc*). “Infringement will not be found unless the accused article ‘embod[ies] the patented design or any colorable imitation thereof.’” *Id.* at 678.

To the ordinary observer, the Infringing Wheels sold and distributed by Defendants are substantially similar, if not nearly identical, to the wheel designs claimed in the XD Patents.¹² Thus, Plaintiff has established likelihood of success on the merits of its claims for patent infringement.

III. Irreparable Harm

The Fifth Circuit has left open the question of whether a court may presume irreparable injury upon finding a likelihood of confusion in a trademark case. *Paulsson*, 529 F.3d at 312–13. However, even if this Court were not to presume irreparable harm, it may be easily found in this case.

¹² See Dkt. No. 5-7; Dkt. No. 1-6; Pl.’s Ex. 1.

For example, in *Paulsson*, the Fifth Circuit upheld the district court’s grant of a preliminary injunction and finding of irreparable harm where the plaintiff’s goodwill was at risk if consumers believed that the plaintiff was sponsoring the defendant’s inferior or inappropriate services. *Paulsson*, 529 F.3d at 313.

Here, Plaintiff has provided evidence that its company goodwill will be injured if the Infringing Wheels enter the marketplace.¹³ Plaintiff also alleges that the Infringing Wheels are of an inferior, and potentially dangerous, quality.¹⁴

In patent infringement actions, the Federal Circuit has stated that a party “must make ‘a clear showing’ that it is at risk of irreparable harm, which entails showing ‘a likelihood of substantial and immediate irreparable injury.’” *Apple, Inc. v. Samsung Electronics Co.*, 678 F.3d 1314, 1325 (Fed. Cir. 2012) (citations omitted). Irreparable harm has been shown by plaintiffs who demonstrate a potential loss of goodwill, loss of revenue, and loss of market share. *See Polymer Techs., Inc. v. Bridwell*, 103 F.3d 970, 975–76 (Fed. Cir. 1996); *Sanofi–Synthelabo v. Apotex, Inc.*, 470 F.3d 1368, 1382–83 (Fed. Cir. 2006).

Here, Plaintiff has provided evidence of a loss of company goodwill and market share. As for the former, Plaintiff alleges that the Infringing Wheels are of an inferior quality, unsafe, and identical to the Rockstar Wheels sold by Plaintiff. Customers who purchase the Infringing Wheels will likely attribute the defects of those wheels to Plaintiff, which ultimately would have a detrimental impact on Plaintiff’s company goodwill. Furthermore, Plaintiff has shown that its customers shopped at, and even purchased, Infringing Wheels from Defendants. This evinces a loss of market share. In conclusion, the Court finds that Plaintiff will suffer irreparable injury if Defendants are not enjoined from infringing the XD Patents.

¹³ Dkt. No. 5-1 ¶ 14.

¹⁴ *Id.*

IV. Threatened Injury Outweighs Resulting Harm

“An injunction should not be granted if its impact on the enjoined party would be more severe than the injury the moving party would suffer if it [were] not granted.” *Litton Systems, Inc. v. Sundstrand Corp.*, 750 F.2d 952, 959 (Fed. Cir. 1984).

Plaintiff has shown that its goodwill will suffer, and the distinctive quality of the KMC Mark and XD Mark will be diminished, if Defendants continue to sell the Infringing Wheels. On the other hand, Defendants may derive revenue from sources other than the Infringing Wheels.¹⁵ Additionally, Plaintiff explains that the Infringing Wheels may have manufacturing defects that pose a threat to consumers, along with a risk that Plaintiff will be perceived as being responsible for any harm arising from such defects. As a result, the Court concludes that the balance of hardships favors Wheel Pros. *See Bell & Howell Document Mgmt. Prods. Co. v. Altek Sys.*, 132 F.3d 701, 708 (Fed. Cir. 1997).

V. Public Interest

It is well established that the public interest is served by enjoining the improper use of trademarks and making such use unprofitable. *See Quick Technologies, Inc. v. Sage Group PLC*, 313 F.3d 338, 349 (5th Cir. 2002), *cert. denied*, 540 U.S. 814 (2003). The public interest is equally served when a court enjoins infringement of a valid patent. *See Pfizer, Inc. v. Teva Pharmaceuticals, Inc.*, 429 F.3d 1364, 1382 (Fed. Cir. 2005).

INJUNCTIVE RELIEF

Therefore, it is ORDERED that Defendants and each of their partners, officers, directors, associates, agents, servants, and employees, and all others acting or attempting to act in concert with Defendants, are hereby prohibited from directly or indirectly:


¹⁵ Dkt. No. 5-1 ¶ 19.

(1) infringing Wheel Pros' patents and trademarks, specifically, the '783 and '018 Patents, the XD Mark, and the KMC Mark, and from continuing to sell, market, offer, dispose of, license, transfer, display, advertise, reproduce, develop, or manufacture any services, events, products, or goods using Wheel Pros' trademarks or trade dress or any confusingly similar version of such trademarks or trade dress, or to assist or participate in any such activity; or

(2) taking any action which may confuse Wheel Pros' customers or the public about the sponsorship or source of Defendants' goods, or about Wheel Pros being the source or sponsor of goods that are not licensed or authorized by Wheel Pros.

SO ORDERED

December 22, 2014.


BARBARA M. G. LYNN
UNITED STATES DISTRICT JUDGE
NORTHERN DISTRICT OF TEXAS