

H

International Cosmetics Exchange, Inc. v. Gapardis Health & Beauty, Inc.
C.A.11 (Fla.),2002.

United States Court of Appeals,Eleventh Circuit.
INTERNATIONAL COSMETICS EXCHANGE,
INC., d.b.a. I.C.E. Marketing Corp., a New York
Corporation, Plaintiff-

Counter-Defendant-Appellant-Cross-Appellee,
Gaby McHeileh, Ailatan Investments, Inc., Counter-
Defendants-Appellants-Cross-Appellees,

v.

GAPARDIS HEALTH & BEAUTY, INC., Xavier
Tancogne, et al., Defendants-

Counter-Claimants-Appellees-Cross-Appellants.

No. 01-16495.

Aug. 26, 2002.

United States distributor of French cosmetics brought action against manufacturer to determine ownership of trademark rights. The United States District Court for the Southern District of Florida, No. 00-02280-CV-PC H, [Stephen T. Brown](#), United States Magistrate Judge, held for manufacturer, and distributor appealed. The Court of Appeals, [Birch](#), Circuit Judge, held that: (1) although manufacturer had initially breached distributorship agreement by failing to supply product, distributor's subsequent selling of counterfeit goods was independent breach which caused trademark rights to revert to manufacturer, and (2) distributor was properly enjoined from infringing manufacturer's mark.

Affirmed.

West Headnotes

[1] United States Magistrates 394 31

[394](#) United States Magistrates

[394k31](#) k. Further Review; Direct Appeal. [Most Cited Cases](#)

Fact that interlocutory order issuing preliminary injunction is issued by magistrate judge does not affect its appealability. [28 U.S.C.A. §§ 636\(c\), 1292\(a\)](#).

[2] Trademarks 382T 1201(1)

[382T](#) Trademarks

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1197](#) Transfer or Sale; Assignments

[382Tk1201](#) Relation to Business, Assets, or Good Will; Assignments in Gross

[382Tk1201\(1\)](#) k. In General. [Most Cited](#)

[Cases](#)

(Formerly 382k101.1 Trade Regulation)

Transfer of trademark or trade name without attendant good-will of business which it represents is, generally, invalid, "in gross" transfer of rights.

[3] Trademarks 382T 1201(1)

[382T](#) Trademarks

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1197](#) Transfer or Sale; Assignments

[382Tk1201](#) Relation to Business, Assets, or Good Will; Assignments in Gross

[382Tk1201\(1\)](#) k. In General. [Most Cited](#)

[Cases](#)

(Formerly 382k101.1 Trade Regulation)

Although assignment of trademark or trade name must be accompanied by attendant good-will, there need not be any transfer of tangible assets.

[4] Trademarks 382T 1201(1)

[382T](#) Trademarks

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1197](#) Transfer or Sale; Assignments

[382Tk1201](#) Relation to Business, Assets, or Good Will; Assignments in Gross

[382Tk1201\(1\)](#) k. In General. [Most Cited](#)

[Cases](#)

(Formerly 382k101.1 Trade Regulation)

Assignment of United States trademark rights by foreign manufacturer to its United States distributor ordinarily will not be regarded as invalid assignment in gross, even if transfer occurs after designation has acquired trademark significance in this country.

[5] Trademarks 382T 1201(1)

[382T](#) Trademarks

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1197](#) Transfer or Sale; Assignments

[382Tk1201](#) Relation to Business, Assets, or Good Will; Assignments in Gross

[382Tk1201\(1\)](#) k. In General. [Most Cited Cases](#)

(Formerly 382k101.1 Trade Regulation)

French cosmetics manufacturer's assignment of United States trademark rights to its United States distributor was not invalid "in gross" transfer of rights; rather, assignment continued association of mark with goods which had created its reputation.

[\[6\] Federal Courts 170B](#) [815](#)

[170B](#) Federal Courts

[170BVIII](#) Courts of Appeals

[170BVIII\(K\)](#) Scope, Standards, and Extent

[170BVIII\(K\)4](#) Discretion of Lower Court

[170Bk814](#) Injunction

[170Bk815](#) k. Preliminary Injunction; Temporary Restraining Order. [Most Cited Cases](#)

[Injunction 212](#) [135](#)

[212](#) Injunction

[212IV](#) Preliminary and Interlocutory Injunctions

[212IV\(A\)](#) Grounds and Proceedings to Procure

[212IV\(A\)1](#) In General

[212k135](#) k. Discretion of Court. [Most Cited Cases](#)

Grant or denial of preliminary injunction is within sound discretion of district court and will not be disturbed absent clear abuse of discretion.

[\[7\] Trademarks 382T](#) [1704\(2\)](#)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(F\)](#) Injunctions

[382Tk1701](#) Preliminary or Temporary Injunctions

[382Tk1704](#) Grounds and Subjects of Relief

[382Tk1704\(2\)](#) k. Infringement in General. [Most Cited Cases](#)

(Formerly 382k620 Trade Regulation)

Party seeking preliminary injunction for trademark infringement must establish: (1) substantial likelihood of success on merits; (2) substantial threat of irreparable injury if injunction is not granted; (3) that

threatened injury to plaintiffs outweighs harm injunction may cause defendant; and (4) that granting injunction would not disserve public interest.

[\[8\] Contracts 95](#) [326](#)

[95](#) Contracts

[95VI](#) Actions for Breach

[95k326](#) k. Grounds of Action. [Most Cited Cases](#)

[Cases](#)

Essential elements of action for breach of contract under New York law are: (1) formation of contract between parties; (2) performance by plaintiff; (3) non-performance by defendant; and (4) resulting damages to plaintiff.

[\[9\] Trademarks 382T](#) [1704\(1\)](#)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(F\)](#) Injunctions

[382Tk1701](#) Preliminary or Temporary Injunctions

[382Tk1704](#) Grounds and Subjects of Relief

[382Tk1704\(1\)](#) k. In General. [Most Cited Cases](#)

(Formerly 382k621.1 Trade Regulation)

Finding that cosmetics distributor was not irreparably injured by French manufacturer's breach of exclusive distributorship agreement, and thus that distributor was not entitled to preliminary injunction in suit to enforce trademark rights granted to it under agreement, was not abuse of discretion; distributor had also breached agreement when it began selling counterfeit product, resulting in reversion of trademark right to manufacturer.

[\[10\] Trademarks 382T](#) [1195](#)

[382T](#) Trademarks

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1191](#) Contracts in General

[382Tk1195](#) k. Construction and Operation. [Most Cited Cases](#)

(Formerly 382k103.1 Trade Regulation)

Under New York law, conduct of exclusive distributor of cosmetics line, in obtaining counterfeit goods after French manufacturer ceased supplying it with

303 F.3d 1242, 64 U.S.P.Q.2d 1212, 48 UCC Rep.Serv.2d 621, 15 Fla. L. Weekly Fed. C 946
(Cite as: 303 F.3d 1242)

product, could not be characterized as legitimate procurement of “cover”; rather, selling of counterfeit goods was beyond scope of, and constituted independent breach of, distributorship agreement. [N.Y. McKinney's Uniform Commercial Code § 2-712](#).

[\[11\] Trademarks 382T ↪1196](#)

[382T Trademarks](#)

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1191](#) Contracts in General

[382Tk1196](#) k. Duration and Termination.

[Most Cited Cases](#)

(Formerly 382k103.1 Trade Regulation)

Trademark rights assigned to United States distributor of French cosmetics implicitly reverted back to manufacturer upon termination of distributorship agreement; although agreement contained no reversion clause, distributor had no right to continue using mark after losing access to trademarked product, and had no right to prevent manufacturer from using mark.

[\[12\] Trademarks 382T ↪1180](#)

[382T Trademarks](#)

[382TVI](#) Nature, Extent, and Disposition of Rights

[382Tk1180](#) k. In General. [Most Cited Cases](#)

(Formerly 382k1 Trade Regulation)

“Territoriality doctrine” states that trademark has a separate existence in each sovereign territory in which it is registered or legally recognized as mark.

[\[13\] Trademarks 382T ↪1421](#)

[382T Trademarks](#)

[382TVIII](#) Violations of Rights

[382TVIII\(A\)](#) In General

[382Tk1418](#) Practices or Conduct Prohibited in General; Elements

[382Tk1421](#) k. Infringement. [Most Cited Cases](#)

[Cases](#)

(Formerly 382k332 Trade Regulation)

To succeed on merits of trademark infringement claim, mark owner must show that defendant used mark in commerce without its consent and that unauthorized use was likely to deceive, cause confusion, or result in mistake.

[\[14\] Trademarks 382T ↪1704\(5\)](#)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings

[382TIX\(F\)](#) Injunctions

[382Tk1701](#) Preliminary or Temporary Injunctions

[382Tk1704](#) Grounds and Subjects of Relief

[382Tk1704\(5\)](#) k. Counterfeiting.

[Most Cited Cases](#)

(Formerly 382k620 Trade Regulation)

French cosmetics manufacturer was entitled to preliminary injunction preventing its former United States distributor from selling counterfeit goods under manufacturer's trademark; selling of counterfeit goods was likely to cause confusion and was causing irreparable injury to manufacturer which outweighed any injury to former distributor.

[R. Thomas Farrar](#), Holland & Knight, LLP, [Martin Alan Feigenbaum](#), Miami, FL, [Michael J. Ioannou](#), McClosky, D'Anna, Ioannou & Dieterle, LLP, Boca Raton, FL, for Appellants.

[Lauri Waldman Ross](#), Lauri Waldman Ross, P.A., Miami, FL, for Appellees.

*[1244](#) Appeals from the United States District Court for the Southern District of Florida.

Before [BIRCH](#) and [WILSON](#), Circuit Judges, and [DOWD](#)^{FN*}, District Judge.

[FN*](#) Honorable [David D. Dowd, Jr.](#), U.S. District Judge for the Northern District of Ohio, sitting by designation.

[BIRCH](#), Circuit Judge:

[\[1\]](#) This appeal arises out of a contract dispute. I.C.E. Marketing Corp. (“ICE”), Gabby McHeileh and Ailatan Investments, Inc. (“McHeileh/Ailatan”) appeal a preliminary injunction in favor of Gapardis Health & Beauty, Inc. (“Gapardis”) and its principals, Tanios Saba, Abdallah Ghandour, Michel Farah, and Continental Laboratories Medica (“CLM”) and its principal Xavier Tancogne. The district court^{FN1} found that the contract between ICE and CLM (“Agreement”) was enforceable and that both parties breached the Agreement, although the first breach was by Tan-

cogne and CLM. Furthermore, it found that CLM was entitled to injunctive relief because when ICE began selling non-CLM “FAIR & WHITE” product, ICE caused confusion regarding that trademark, and subsequent sales by McHeileh/Ailatan added to the confusion. We AFFIRM.

FN1. The parties consented to the jurisdiction of a magistrate judge pursuant to [28 U.S.C. 636\(c\)\(1\)](#). The fact that the order was issued by a magistrate does not affect its appealability. See *Ty, Inc. v. The Jones Group, Inc.*, 237 F.3d 891 (7th Cir.2001) (reviewing magistrate's interlocutory order granting preliminary injunction without discussing appellate jurisdiction); *Doe v. Nat'l Bd. of Med. Exam'rs.*, 199 F.3d 146 (3rd Cir.1999) (reviewing pursuant to [28 U.S.C. §§ 636\(c\)](#) and [1292\(a\)\(1\)](#) the magistrate's interlocutory order issuing preliminary injunction); *Sherri A.D. v. Kirby*, 975 F.2d 193 (5th Cir.1992) (holding it had jurisdiction to review a magistrate's order issued pursuant to [§ 636\(c\)](#) as an order with the practical effect of denying an injunction under [§ 1292](#)).

I. BACKGROUND

CLM, a French corporation, manufactures and sells ethnic cosmetic products in France and Europe under its trademark “FAIR & WHITE.” CLM's President, Xavier Tancogne, is a chemist with a doctorate in pharmacy and created the formula for the “FAIR & WHITE” products.

ICE, a United States company founded by Michael Aini, is engaged in the purchase, importation, sale and distribution of ethnic cosmetic products. Aini is also the owner of four “Home Boys” stores in Brooklyn, New York, which are discount stores selling health and beauty aids to the African-American community. While in France, Michael's brother Jacob (“Jack”) became interested in “FAIR & WHITE.” In 1998, Jack purchased small quantities of “FAIR & WHITE” products from CLM to test United States market acceptance. These products were sold in the “Home Boys” stores and were well received.

Thereafter, ICE and CLM entered into contract negotiations to continue “to develop, market and promote the ‘FAIR & WHITE’ brand name in the United States.” R1-31-44. The Agreement stated that CLM was the owner of the “FAIR & WHITE” trademark in France and Europe, and that ICE was “the owner and holder of all rights, title and interest in the mark ‘FAIR & WHITE’ in the United States, Canada and Caribbean Islands.” *Id.* In return, the Agreement obligated ICE to sell \$250,000 for the first year and use its best efforts to increase sales by 20 percent per year over the next five years. *1245 However, there were no provisions as to purchase or manufacture of the products. Another term of the Agreement was that it would be governed by New York law.

In the fall of 1999, ICE purchased approximately \$125,000 of “FAIR & WHITE” product from CLM. ICE applied to register the mark with the United States Patent and Trademark Office in early 2000.

Meanwhile, Michel Farah, owner of Gapardis, a distributor of ethnic products in Miami, became interested in “FAIR & WHITE” products and contacted Tancogne. On 13 April 2000, Farah and his associate Tanios Saba entered into an agreement by which Gapardis became the exclusive distributor in the United States for CLM's cosmetics bearing the “FAIR & WHITE” mark.

At some point, Tancogne became aware that counterfeit “FAIR & WHITE” goods were being sold in the United States. He believed that ICE was responsible and stopped providing ICE with product in April of 2000. ICE then took immediate steps to procure substitute “FAIR & WHITE” products from a Spanish manufacturer, Jabones Pardo. ICE provided Pardo with samples of “FAIR & WHITE” products and the formula of its active ingredients. Thereafter, ICE distributed non-CLM manufactured goods bearing the “FAIR & WHITE” mark and the associated trade names in the United States.

Gaby McHeileh with Ailatan Investments, Inc. was in business with Michel Farah. When McHeileh was excluded from the agreement between CLM and Gapardis, he began to receive and sell product from other sources, which were believed to be counterfeit

“FAIR & WHITE” products. As a result of undercover purchases in several Florida stores, it was established that McHeileh/Ailatan was selling counterfeit “FAIR & WHITE” product. The “FAIR & WHITE” products were identified as counterfeit because they contained a small visible “pipette” inside the bottle, which is not present on the CLM manufactured product. *See generally* R3-258.

ICE filed an action under the Lanham Act, [15 U.S.C. § 1125](#), against Gapardis and its principals, Saba, Ghandour, Farah, and CLM and its principal Tancogne asserting *inter alia*, trademark infringement and breach of contract. ICE sought a preliminary injunction for infringement of its United States trademark rights to the “FAIR & WHITE” mark.

Gapardis, CLM, and Tancogne counterclaimed against ICE and added counter-defendants McHeileh/Ailatan. Also alleging Lanham Act violations and related state law claims, they moved for a preliminary injunction to prevent ICE and McHeileh/Ailatan from importing or selling counterfeit CLM goods under the “FAIR & WHITE” mark and its associated trade names.

The district court found that the ICE/CLM Agreement was enforceable and, according to the Agreement, ICE was owner and holder of all rights in the “FAIR & WHITE” mark in the United States. It concluded that Tancogne breached the Agreement when CLM, without notifying ICE, obtained a more favorable agreement with Gapardis, and when CLM failed to supply ICE with “FAIR & WHITE” products. However, ICE could not show irreparable harm to substantiate a preliminary injunction because ICE had breached the Agreement by selling counterfeit “FAIR & WHITE” products. The district court determined that the “FAIR & WHITE” *1246 mark reverted back to CLM. Further, ICE and McHeileh/Ailatan were enjoined from using the “FAIR & WHITE” mark and associated trade name, and from importing and distributing “FAIR & WHITE” products into the United States.

II. DISCUSSION

[\[2\]\[3\]\[4\]](#) First, we affirm the ruling that the ICE/

CLM Agreement was enforceable. CLM argues that the Agreement was an invalid “ ‘assignment in gross,’ which at minimum assigned the mark to ICE only in conjunction with the sale of genuine CLM-manufactured products.” Appellee Brief at 25. CLM maintains that ICE was only interested in owning the mark and did not purchase its formula or any assets. However, it is well-settled law that “the transfer of a trademark or trade name without the attendant goodwill of the business which it represents is, in general, an invalid, ‘in gross’ transfer of rights.” [Berni v. Int’l Gourmet Rest. of Am.](#), 838 F.2d 642, 646 (2d Cir.1988). Although an assignment must be accompanied by the attendant good-will, there need not be any transfer of tangible assets. *See Defiance Button Mach. Co. v. C & C Metal Prod. Corp.*, 759 F.2d 1053, 1059-60 (2d Cir.1985). “[A]n assignment of United States trademark rights by a foreign manufacturer to its United States distributor ordinarily will not be regarded as an assignment in gross, even if the transfer occurs after the designation has acquired trademark significance in this country.” [J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 29:8](#) (4th ed. 2002) (citation omitted).

[\[5\]](#) As the district court correctly notes, the Agreement clearly recognizes the prior efforts of ICE with respect to “FAIR & WHITE” product:

I.C.E. has developed, distributed and marketed the “FAIR & WHITE” brand name in connection with the Products in the United States ... and as a result of I.C.E.’s efforts, the “FAIR & WHITE” brand name has achieved wide-spread popularity, recognition and awareness, and has become known to retailers and consumers in the United States....

R1-31-44. Thus, at the time the Agreement was created, the assignment was not in gross because it continued the association of the “FAIR & WHITE” trademark with the very goods which created its reputation. Thus, we agree with the district court that the Agreement was enforceable. Having established that the Agreement was enforceable, we analyze the appropriateness of injunctive relief.

[\[6\]\[7\]](#) “The grant or denial of a preliminary injunction is within the sound discretion of the district court and will not be disturbed absent a clear abuse of dis-

cretion.” [Palmer v. Braun](#), 287 F.3d 1325, 1329 (11th Cir.2002). A party seeking a preliminary injunction for trademark infringement must establish four elements: “(1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable injury if the injunction were not granted; (3) that the threatened injury to plaintiffs outweighs the harm an injunction may cause the defendant; and (4) that granting the injunction would not disserve the public interest.” [Levi Strauss & Co. v. Sunrise Int’l Trading Co.](#), 51 F.3d 982, 985 (11th Cir.1995) (quotation omitted).

A. ICE's Entitlement to Injunctive Relief

[8][9] The district court found that ICE established a substantial likelihood of success as to its claim against CLM for breach of contract. The essential elements of an action for breach of contract *1247 under New York law are: (1) formation of a contract between the parties; (2) performance by ICE; (3) non-performance by Tancogne and CLM; and (4) resulting damages to ICE. See [Terwilliger v. Terwilliger](#), 206 F.3d 240, 245-46 (2d Cir.2000) (quotation omitted). The evidence supports the finding that there was an Agreement between CLM and ICE, and that ICE made an initial order for approximately \$125,000 of product in August of 1999. CLM and ICE agreed that ICE would use its best efforts to sell \$250,000 of “FAIR & WHITE” product within the first year of the Agreement and 20 percent more within the next five years. CLM failed to supply ICE with “FAIR & WHITE” product, and therefore, breached the Agreement. In addition, the district court concluded that CLM’s contract with Gapardis further violated the Agreement, which granted ICE exclusive distribution rights in the United States as well as exclusive ownership of the “FAIR & WHITE” mark.

Even though ICE established a likelihood of success as to its claim for breach, the district court found that ICE could not show irreparable harm to warrant injunctive relief. The district court concluded that ICE also breached the Agreement when it began to manufacture and sell counterfeit “FAIR & WHITE” product. Moreover, by virtue of both parties’ breach of the Agreement, the district court found that the ICE no longer had exclusive distribution rights in the

United States and that the “FAIR & WHITE” mark reverted back to CLM. Reasoning that ICE could be compensated for the distribution period when it was the exclusive distributor of “FAIR & WHITE” products in the United States, the court determined that an injunction was not warranted.

[10] ICE maintains that it exercised the ordinary rights of a trademark owner and of a buyer of goods when it procured substitute goods as “cover.” It relies on [New York Uniform Commercial Code § 2-712](#), which states that a non-breaching party to a contract is entitled to obtain substitute goods. [N.Y. U.C.C. § 2-712 \(McKinney 2002\)](#). However, [§ 2-712](#) defines “cover” as requiring “good faith” and a reasonable purchase of goods. *Id.* There was no evidence that ICE communicated to Tancogne that it was going to secure “FAIR & WHITE” product from a different source or that CLM was in breach of the Agreement for refusing to ship the product. Moreover, the district court found that “[w]hen read in conjunction with paragraph C, it is clear that the ‘Products’ referred to in the [Agreement] are those of CLM, especially when the concern regarding counterfeit products is mentioned in paragraph C.” [FN2](#) R3-247-28. Therefore, selling non-CLM manufactured “FAIR & WHITE” product went beyond the scope of the Agreement. If CLM breached the Agreement when it stopped selling “FAIR & WHITE” product to ICE, ICE’s remedy was to sue for breach of contract, not to palm off a different product as the product it could no longer obtain. See *1248 [Green River Bottling Co. v. Green River Corp.](#), 997 F.2d 359, 362 (7th Cir.1993) (“[u]nauthorized use of a trademark is an infringement, and we have held that the infringement of a trademark is not a proper self-help remedy for a breach of a contract.”).

[FN2](#). Paragraph C of the Agreement states:

Both I.C.E. and C.L.M. desire to enter this Agreement in the furtherance of their mutual objective of continuing to develop, market and promote the “FAIR & WHITE” brand name in the United States, Canada, the Caribbean Islands, and Europe, and in furtherance of their mutual desire to ensure the proper and swift policing, enforcement and seizure of counterfeit products bearing the

“FAIR & WHITE” brand name in the United States.

R1-31-44.

[\[11\]\[12\]](#) Additionally, ICE maintains that there was no reversion clause in the Agreement and that it is still the owner of the “FAIR & WHITE” mark in the United States. “The ... agreement controls the rights of the respective parties in the use of the [mark].” *Affiliated Hosp. Prods., Inc. v. Merdel Game Mfg. Co.*, [513 F.2d 1183, 1186 \(2d Cir.1975\)](#). The apparent intent of the contract is to further CLM and ICE’s “mutual objective of continuing to develop, market and promote the ‘FAIR & WHITE’ brand name in the United States ... and in furtherance of their mutual desire to ensure the proper and swift policing, enforcement and seizure of counterfeit products bearing the ‘FAIR & WHITE’ brand name in the United States.” R1-33-44. Finding that ICE maintained ownership of the trademark after the Agreement was terminated would tend to undermine the Agreement and the operation of the rights sought to be protected by trademark law generally. “Use of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public....” *Marshak v. Green*, [746 F.2d 927, 929 \(2d Cir.1984\)](#). Since ICE had no right to continue using the “FAIR & WHITE” mark after losing access to the trademarked product, it also had no right to prevent CLM from using the trademark on the grounds that by doing so would confuse consumers. Any confusion is due to ICE’s palming off another product as “FAIR & WHITE.”^{FN3} Consequently, ownership rights to the “FAIR & WHITE” mark in the United States reverted back to CLM. Therefore, ICE is not entitled to injunctive relief because it has no longer has a property interest in the trademark.

^{FN3} ICE maintains that CLM’s ownership of the “FAIR & WHITE” mark in Europe is irrelevant when considering likelihood of confusion. The territoriality doctrine states that a trademark has a separate existence in each sovereign territory in which it is registered or legally recognized as a mark. *E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imports, Inc.*, [756 F.2d 1525, 1531 \(11th Cir.1985\)](#)(holding that the district court

commits error to the extent that it relies on use, goodwill, or the rights in a foreign country). Territoriality is not an issue since the rights to the “FAIR & WHITE” mark in the United States reverted back to CLM.

B. CLM’s Entitlement to Injunctive Relief

[\[13\]\[14\]](#) The district court found that when ICE began selling counterfeit product, it caused a likelihood of confusion regarding the “FAIR & WHITE” mark and that subsequent sales by McHeileh/Ailatan added to the confusion. “While the trademark laws could not provide a basis for relief unless there was a breach of contract,” CLM established that ICE breached the Agreement and thus trademark law is applicable to claims of unauthorized use of the mark. *Sterling Drug Inc. v. Bayer AG*, [792 F.Supp. 1357, 1372 n. 12 \(S.D.N.Y.1992\)](#). In order to succeed on the merits of a trademark infringement claim, CLM must show that the ICE used the mark in commerce without its consent and “that the unauthorized use was likely to deceive, cause confusion, or result in mistake.” *McDonald’s Corp. v. Robertson*, [147 F.3d 1301, 1307 \(11th Cir.1998\)](#). There can be no dispute that the parties’ *1249 concurrent use of the “FAIR & WHITE” mark poses a substantial likelihood of confusion among consumers. See *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, [841 F.Supp. 1339, 1346 \(E.D.N.Y.1994\)](#) (confusion inevitable since “parties are selling same products in the same channels of commerce under the guise of the identical Dial-A-Mattress mark”).

The district court further decided that CLM demonstrated a substantial threat of irreparable injury if injunctive relief was not granted. It is clear from the evidence that ICE and McHeileh/Ailatan were selling counterfeit “FAIR & WHITE” product in the United States. Furthermore, as stated by the district court, “the threatened injury to CLM, by confusion in the market regarding the F&W Mark, outweighs any harm to ICE in preventing it from selling product supplied by third parties, particularly in light of the Court’s finding that ICE is no longer the exclusive distributor.” R3-247-34.

AFFIRMED.

C.A.11 (Fla.),2002.

International Cosmetics Exchange, Inc. v. Gapardis
Health & Beauty, Inc.

303 F.3d 1242, 64 U.S.P.Q.2d 1212, 48 UCC
Rep.Serv.2d 621, 15 Fla. L. Weekly Fed. C 946

END OF DOCUMENT