

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION  
CIVIL ACTION NO.: 3:08-CV-00347-GCM

BSN MEDICAL, INC., a Delaware  
Corporation, and BSN MEDICAL GMBH,

Plaintiffs,

v.

ART WITKOWSKI, GROUHPUG  
PRODUCTIONS, INC. d/b/a HEALTHY  
LEGS and HEALTHY LEGS AND FEET  
TOO!,

Defendants.

FILED  
CHARLOTTE, NC  
NOV 21 2008  
U.S. DISTRICT COURT  
WESTERN DISTRICT OF NC

**DEFAULT JUDGMENT AND  
PERMANENT INJUNCTION**

This matter is before the Court on the motion of plaintiffs BSN medical, Inc. and BSN medical GmbH (together, "BSN") for default judgment and permanent injunction. The Court, having conducted a hearing on November 19, 2008,<sup>1</sup> and having considered the applicable law and the evidence of record, GRANTS plaintiffs' motions, and makes the following Findings and Fact and Conclusions of Law:

1. This Court has jurisdiction over the parties and the subject matter.
2. Defendants have failed to appear or otherwise defend in this action, and pursuant to the motion of plaintiffs and the declaration of plaintiffs' attorney, default was entered on October 29, 2008.
3. BSN has moved the Court for entry of default judgment and a permanent injunction. Because defendants have defaulted, the Court accepts plaintiffs' allegations against

<sup>1</sup> Defendants were in default at the time of the hearing and accordingly were not given notice. See Fed. R. Civ. P. 5(a)(2). Defendants did not appear at the hearing.

them as true. *Ryan v. Homecomings Fin. Network*, 253 F.3d 778, 780 (4th Cir. 2001). The record before the Court therefore demonstrates that BSN is entitled to entry of final judgment and a permanent injunction.

4. BSN is a manufacturer of medical hosiery products, which it sells under the trademark and service mark JOBST®. Plaintiff BSN medical GmbH is the owner of several trademarks registered with the United States Patent and Trademark Office under U.S. Reg. Nos. 72430035, 72173006, and 72091803, which it licenses to BSN medical, Inc. BSN sells its JOBST® products through distribution agreements for resale to consumers.

5. Defendant Grouphug is operated by defendant Art Witkowski and does business as Healthy Legs and Feet Too! and Healthy Legs. Defendants operate for-profit websites offering for sale a variety of leg health products. In 2003, defendants entered into a distribution agreement (the “Agreement”) with BSN,<sup>2</sup> which authorized defendants to represent themselves as authorized dealers of JOBST® and licensed them to use BSN’s JOBST® wordmark, trademarks, and service marks (the “JOBST® Marks”). The Agreement expressly provided, that “[a]ll intellectual property rights that [defendants] are authorized to use are forfeited immediately upon termination of [defendants’] status as a Jobst Dealer or Distributor . . . and the images must be returned to [Jobst] within thirty (30) days of such termination, at [Healthy Legs’] expense.”

6. BSN terminated the Agreement on August 8, 2007. Since that time, there has been no association or affiliation between defendants and BSN. Despite the termination, however, defendants have engaged in a pattern of unauthorized use of the JOBST® Marks.

7. When defendants continued to use the JOBST® marks following termination of the Agreement, BSN sent defendants a cease and desist letter in October 2007, informing

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<sup>2</sup> Defendants originally executed the Agreement with BSN-Jobst, Inc. the predecessor-in-interest to BSN medical, Inc. A materially identical agreement was executed between defendants and BSN medical, Inc. on or about May 23, 2007.

defendants it would initiate legal action if defendants continued their use of the JOBST® Marks. In response, defendants agreed with BSN to cease their unauthorized use of the JOBST® Marks and to execute a settlement agreement. Although they ceased nearly all uses the JOBST® Marks, the defendants failed or refused to execute the settlement agreement in November 2007. Because defendants had substantially complied with BSN's demands that they cease using the JOBST® Marks, BSN did not file suit at that time.

8. Defendants resumed widespread unauthorized use of the JOBST® Marks in the Spring of 2008. In the Spring and Summer of 2008, and after the filing of this lawsuit, defendants' website, [www.healthylegs.com](http://www.healthylegs.com), represented to site visitors that it was affiliated with JOBST® products. Among other things, defendants' website copied verbatim the following language from the JOBST® product website, [www.jobst-usa.com](http://www.jobst-usa.com):

- "Jobst is committed to total satisfaction for its recommenders and wearers. That is why each product comes with our unique Total Satisfaction Guarantee."
- "For over 50 years, JOBST® is dedicated to meeting your needs. We offer the highest quality products that range from medical hosiery to bandages. We research our products to make sure they meet our promise of the highest efficacy."<sup>3</sup>

These statements falsely implied that defendants' website and JOBST® are operated by a single entity, permitting defendants to trade off BSN's consumer goodwill associated with the JOBST® Marks and products.

9. When BSN learned that defendants were again making extensive use of the JOBST® Marks and falsely implying that they were affiliated with or endorsed by BSN, it sent defendants another cease and desist letter, to which defendants failed or refused to respond,

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<sup>3</sup> Defendants later modified the second sentence of this statement to read "Jobst offers the highest quality products that range from medical hosiery to bandages" before removing it from their website.

although they made several changes to their website. The present lawsuit and motion for default judgment and permanent injunction followed.

10. The Court finds that entry of judgment on plaintiffs' trademark infringement and unfair competition claims is appropriate. In order to prove trademark infringement and unfair competition under the Lanham Act, plaintiffs must prove (1) that they have a valid and protectable mark and (2) that defendants' use of a colorable imitation of that mark is likely to cause confusion among consumers. *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 930 (4th Cir. 1995).

11. The first prong of this test is satisfied here by Plaintiff's registration of the JOBST® Marks with the United States Patent and Trademark Office. *See U.S. Search, LLC v. U.S. Search.com, Inc.*, 300 F.3d 517, 524 (4th Cir. 2002).

12. The Court also finds that defendants' use of the JOBST® Marks is likely to cause confusion among consumers. Defendants' use of the terms "we" and "our" on their website in a manner that falsely implies that defendants are affiliated with BSN or are authorized JOBST® distributors will confuse consumers concerning (1) the origin of the products provided by defendants in connection with the JOBST® Marks, in that customers and potential customers are likely to believe that such products are provided by, sponsored by, approved by, licensed by, affiliated or associated with, or in some other way legitimately connected to plaintiffs; and (2) the relationship between defendants and plaintiffs, in that customers and potential customers are likely to believe that there is a sponsorship, approval, licensing, affiliation, association, or some legitimate connection between them. Numerous courts have concluded that that "continued trademark use by one whose trademark license has been cancelled satisfies the likelihood of confusion test and constitutes trademark infringement." *Burger King Corp. v. Mason*, 710 F.2d

1480, 1493 (11th Cir. 1983), *cert. denied*, 465 U.S. 1102 (1984); *see also U.S. Structures, Inc. v. J.P. Structures, Inc.*, 130 F.3d 1185, 1190 (6th Cir. 1997). Likewise, a former distributor's use of a trademark that falsely suggests it is part of a manufacturer's authorized dealer network creates consumer confusion and constitutes infringement. *See, e.g., Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238-41 (10th Cir. 2006); *Bernina of Am., Inc. v. Fashion Fabrics Int'l, Inc.*, No. 01-C-585, 2001 WL 128164 (N.D. Ill. Feb. 9, 2001).

13. The Court likewise concludes that judgment should be granted on plaintiffs' copyright infringement claim. In order to prove copyright infringement, BSN must show that it has a valid copyright that defendants have copied without authorization. *Towler v. Sayles*, 76 F.3d 579, 581 (4th Cir. 1996). Both elements are satisfied here. BSN owns a valid copyright for the content of its website, [www.jobst-usa.com](http://www.jobst-usa.com). And, as detailed above, defendants have used statements copied directly from BSN's website on their own website without authorization.

14. The Court further concludes that judgment is appropriate on plaintiffs' breach of contract claim. In executing the Agreement, defendants agreed that in exchange for the valuable right to use the JOBST® Marks, "[a]ll intellectual property rights that [defendants] are authorized to use are forfeited immediately upon termination of [defendants'] status as a JOBST® Dealer or Distributor." By continuing to use the JOBST® Marks on their website and by holding falsely representing that they are endorsed by or affiliated with BSN's JOBST® products, defendants are in breach of the Agreement.

15. Plaintiffs have also moved for a permanent injunction. The grant of permanent injunctive relief lies within the equitable discretion of the Court. *Christopher Phelps & Assocs, LLC v. Galloway*, 492 F.3d 532, 543 (4th Cir. 2007). In order to obtain a permanent injunction, plaintiffs must prove that (1) they suffered an irreparable injury; (2) the remedies available at

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