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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

NUTRIVITA LABORATORIES, INC.,

Plaintiff,

v.

VBS DISTRIBUTION INC., et al.,

Defendants.

Case No.: SACV 13-01635-CJC(DFMx)

**ORDER DENYING DEFENDANTS'
MOTION FOR ATTORNEYS' FEES
AND SANCTIONS**

I. INTRODUCTION

Plaintiff Nutrivita Laboratories, Inc. (“Nutrivita”) brought this action against VBS Distribution Inc., Kings Herb Corporation, and Joseph C. Nguyen (collectively, “VBS”), alleging that VBS unlawfully copied its trade dress in violation of the Copyright Act, the

1 Lanham Act, and various state statutes. The parties evidently reached an agreement that
2 the case should be dismissed, and on December 23, 2015, Nutrivita filed a stipulation to
3 dismiss the case with prejudice, (Dkt. 40), which the Court granted on December 30,
4 2015. Currently before the Court is VBS's motion for attorneys' fees and sanctions.
5 (Dkt. 41.) For the following reasons, that motion is DENIED.¹

6 7 **II. BACKGROUND**

8
9 Plaintiff Nutrivita is a marketer and distributor of what it calls "nutraceutical
10 supplements," including a dietary supplement called Arthro-7. (Dkt. 17 ("First Amended
11 Complaint" ("FAC")) ¶ 10.) Arthro-7 is sold in capsule form and was developed to
12 promote joint health. (*Id.* ¶ 11.) Arthro-7 is a registered trademark. (*Id.* ¶ 11.)

13
14 Defendant VBS markets and sells a competing product called "JN-7 Best," which
15 is apparently also a dietary supplement, sold in capsule (or caplet) form, and designed to
16 promote joint health. (FAC ¶ 15.) Arthro-7 and JN-7 Best are marketed toward the same
17 set of consumers and are occasionally sold side-by-side in stores. (*Id.* ¶ 16.) In
18 September 2013, Nutrivita noticed that the packaging for JN-7 Best "included the same
19 design elements found on the Arthro-7 label, including the same or similar fonts, colors,
20 and patterns." (*Id.* ¶ 15.) Believing that VBS was attempting to "unfairly capitaliz[e] on
21 [Nutrivita's] goodwill," (FAC ¶ 16), Nutrivita sent VBS a demand letter on October 8,
22 2013. (*See* Dkt. 44-3.) The letter accused JN-7 Best of "closely mimic[ing] the name,
23 label, style, and distinctive elements of Arthro-7's trademark, copyright, and trade
24 dress" by "us[ing] the same color schemes, layout, almost identical fonts, and art to
25 make the box and labels of [JN-7 Best] substantially similar and infringing [sic] of
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27
28 ¹ Having read and considered the papers presented by the parties, the Court finds this matter appropriate
for disposition without a hearing. *See* Fed. R. Civ. P. 78; Local Rule 7-15. Accordingly, the hearing set
for February 8, 2016 at 1:30 p.m. is hereby vacated and off calendar.

1 Arthro-7.” (*Id.* at 1.) Nutrivita also highlighted a number of claims JN-7 Best’s
2 packaging made regarding the product’s health, informing VBS that it believed those
3 claims to be false and in violation of Food and Drug Administration regulations. (*Id.* at
4 1.) Nutrivita demanded that VBS immediately stop promoting, advertising, and selling
5 JN-7 Best, disclose the quantities of JN-7 Best being held by VBS, and disclose the
6 profits VBS had already earned from selling JN-7 Best. (*Id.* at 2.) Finally, the letter
7 threatened suit if VBS did not respond and cooperate.

8
9 On October 12, 2013, Defendant Joseph C. Nguyen sent a polite letter back to
10 Nutrivita, apologizing for the “confusion” between the products and telling Nutrivita that
11 it was “not [VBS’s] intention” to infringe its intellectual property. (Dkt. 44-4 at 1.)
12 Nguyen also offered to sell JN-7 Best in bottle form only (i.e., without any cardboard box
13 packaging) “until [VBS could] come up with a new design and a new color for [its] box.”
14 (*Id.*)

15
16 Apparently unhappy with this response, Nutrivita filed a complaint in this Court on
17 October 18, 2013. The complaint alleged thirteen causes of action, for (1) trademark
18 infringement in violation of the Lanham Act, 15 U.S.C. § 1114, *et seq.*; (2) federal unfair
19 competition under the Lanham Act; (3) trade dress infringement under the Lanham Act;
20 (4) copyright infringement under the Copyright Act, 17 U.S.C. § 301 *et seq.*;
21 (5) trademark dilution under the Lanham Act; (6) false advertising under the Lanham
22 Act; (7) false advertising under Cal. Bus. and Prof. Code § 17500; (8) contributory
23 trademark infringement under the Lanham Act; (9) contributory trade dress infringement
24 under the Lanham Act; (10) contributory copyright infringement under the Copyright
25 Act; (11) contributory trademark dilution under the Lanham Act; (12) contributory false
26 advertising under the Lanham Act; and (13) unfair competition under Cal. Bus and Prof.
27 Code § 17200. (*See generally* FAC.) After Nutrivita served its complaint, Mr. Nguyen
28 filed a motion to dismiss the case as to him on the ground that Nutrivita had inadequately

1 alleged that he was an alter ego of VBS Distribution Inc. (Dkt. 10.) That motion was
2 granted with leave to amend, and Nutrivita filed a First Amended Complaint that
3 adequately alleged alter ego liability. (Dkt. 17.) Litigation then proceeded slowly.
4 Counsel for VBS, Henry Friesen, fell seriously ill, and the parties stipulated to advance
5 deadlines a number of times to accommodate his illness and recovery. (*See* Dkt. 29; Dkt.
6 31; Dkt. 33; Dkt. 36.) Some discovery apparently was also exchanged, and eventually it
7 came to light in 2015 that VBS had changed the box and bottle label for JN-7 Best and
8 informed Nutrivita of the amount of infringing labels and packaging it had originally
9 created. (Dkt. 45-1 ¶ 20–21.) VBS also made changes to the health claims on the labels.
10 (*Id.* ¶ 22.) Satisfied with the changes, Nutrivita agreed to dismiss its lawsuit with
11 prejudice.

12
13 Roughly two weeks before the dismissal, with its original counsel still ailing, VBS
14 retained another lawyer, William Levin. (Dkt. 45-1 ¶ 12.) Unsatisfied with the
15 subsequent dismissal with prejudice, Mr. Levin filed this motion for attorneys’ fees and
16 sanctions, arguing that as a prevailing party, VBS is eligible for a fee award under the
17 Copyright Act and Lanham Act, and that Nutrivita should be sanctioned under Rule 11.
18 The motion alleges that Nutrivita’s claims were meritless from the start and that Nutrivita
19 subjected VBS to protracted litigation in order to disadvantage a competitor. Mr. Levin
20 requests approximately \$150,000 in attorneys’ fees, although he concedes that he has not
21 seen Mr. Friesen’s bills, and he does not know how long Mr. Friesen spent working on
22 the case. Accordingly, Mr. Levin declares, the actual amount of fees he would ultimately
23 like to request may be “significantly more or less” than his \$150,000 estimate, but that in
24 any event, he considers the estimate to be “a relatively small amount” given the
25 “complex, combined intellectual property law” issues in this case. (Dkt. 41-2 at 10.) He
26 does not submit any bills or invoices, and instead suggests that the Court determine
27
28

1 liability for fees first, and then refer the calculation of fees to a magistrate judge or a
2 special master.²

3
4 Nutrivita, for its part, expresses shock at the estimated amount of requested fees,
5 given the very limited litigation activity in this lawsuit (consisting, in its telling, of “one
6 set of written discovery from each side, two depositions, two motions, and \$5,623.76 in
7 costs”). (Pl.’s Opp’n. at 1.) It also complains that Mr. Levin has not submitted bills or
8 invoices, or even a declaration from Mr. Friesen, and points out that the protracted nature
9 of this litigation is mostly attributable to its willingness to stipulate to continuances for
10 Mr. Friesen’s sake. Nutrivita adds that it was surprised by the fee motion because it—not
11 VBS—got what it wanted in this lawsuit (a change in VBS’s packaging), and that in any
12 event, fees and sanctions are unwarranted.

13 14 **III. DISCUSSION**

15
16 VBS requests attorneys’ fees under two statutes—the Lanham Act and the
17 Copyright Act—and argues in addition that the Court should sanction Nutrivita under
18 Federal Rule of Civil Procedure 11. Under the Lanham Act and the Copyright Act, only
19 a prevailing party may recover fees. As a result, the Court will first consider whether
20 VBS is in fact a prevailing party before turning to whether it is actually entitled to fees
21 and whether Nutrivita should be sanctioned under Rule 11.

22 23 **A. Prevailing Party Status**

24
25 Attorneys’ fees under the Lanham and Copyright Acts are only available to
26 prevailing parties. *See* 17 U.S.C. § 505 (“[T]he court may . . . award a reasonable
27

28 ² As Nutrivita points out, magistrate judges do not review motions for attorneys’ fees in this District.
General Order 05-07.

1 attorney's fee to the prevailing party."); 15 U.S.C. § 1117 ("The court in exceptional
2 cases may award reasonable attorney fees to the prevailing party."). Here, neither party
3 secured a judgment from the Court, but Nutrivita did stipulate to the dismissal of its
4 claims with prejudice. The parties disagree as to whether a plaintiff's voluntary dismissal
5 with prejudice confers prevailing party status on a defendant.

6
7 That question is one of some dispute in the federal courts. The dispute stems from
8 the Supreme Court's decision in *Buckhannon Bd. and Care Home, Inc. v. W. Va. Dept. of*
9 *Health and Human Resources*, 532 U.S. 598 (2001), which interpreted prevailing party
10 provisions in the Americans with Disabilities Act of 1990 and Fair Housing Amendment
11 Act of 1988. In *Buckhannon*, a West Virginia statute required that residents at assisted
12 living facilities be capable of "self-preservation," or in other words, be "capable of
13 moving themselves from situations involving imminent danger, such as fire." *Id.* at 600.
14 After an assisted living facility failed an inspection because some of its residents did not
15 meet the requirements of the state statute, the facility sued West Virginia, arguing that the
16 state law self-preservation requirement violated the FHAA and ADA. Partway through
17 the litigation, West Virginia repealed the requirement, and the district court dismissed the
18 case as moot. The assisted living facility moved for fees, but the Supreme Court
19 ultimately determined that prevailing party status required a "judicially sanctioned
20 change in the legal relationship of the parties," and that no such change had occurred in
21 the assisted living facility's case, so it was not a prevailing party. *See id.* at 605 ("A
22 defendant's voluntary change in conduct, although perhaps accomplishing what the
23 plaintiff sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the
24 change.").

25
26 As the Ninth Circuit has explained,

27
28 [*Buckhannon*] identified two judicial outcomes under which a party may be
considered a 'prevailing party' for the purpose of awarding attorney's fees:

1 (1) an enforceable judgment on the merits; or (2) a settlement agreement
2 enforceable through a court-ordered consent decree. The former provides
3 the necessary foundation for a plaintiff's status as a prevailing party because
4 the plaintiff has received at least some relief based on the merits of the
5 claim. The latter is acceptable—even without an admission of liability—
6 because it is a court-ordered change in the legal relationship between the
7 parties.

8 *Perez-Arellano v. Smith*, 279 F.3d 791, 793 (9th Cir. 2002) (internal citations omitted).
9 The problem here is that a plaintiff's voluntary dismissal with prejudice does not fall
10 neatly into either of these outcomes: it is not quite an enforceable judgment on the merits,
11 because although a plaintiff is barred from reasserting its claims after a voluntary
12 dismissal with prejudice, the dismissal says nothing about the *merits* of those claims.
13 But neither is it exactly like a court-enforced settlement agreement; although the district
14 court accepts the parties' stipulation and closes the case, and although a future court
15 would no doubt dismiss the claims if brought again, the dismissal itself is not backed up
16 by a consent decree. But although a voluntary dismissal with prejudice does not fall
17 exactly within the bounds of *Buckhannon's* rule, it is clearly *something* more than
18 voluntary conduct which moots a dispute, as in *Buckhannon*, and the mechanism of
19 dismissal *with prejudice* does contemplate judicial enforcement. *Buckhannon* is therefore
20 a somewhat clumsy fit for voluntary dismissals with prejudice, and district and circuit
21 courts have wrestled with how to apply *Buckhannon's* rule in situations like these.

22 Happily, however, the Ninth Circuit has resolved the issue with reasonably clear
23 guidance. In *Cadkin v. Loose*, it held in the context of the Copyright Act that a plaintiff's
24 voluntary dismissal *without* prejudice does *not* confer prevailing party status on a
25 defendant. 569 F.3d 1142, 1150 (9th Cir. 2009). Because the defendant “remain[s]
26 subject to the risk of refile,” the Ninth Circuit explained, a voluntary dismissal without
27 prejudice “does not alter the legal relationship with the parties.” *Id.* at 1149. It then went
28 on to add that “a defendant *is* a prevailing party following dismissal of a claim if the

1 plaintiff is judicially precluded from refileing the claim against the defendant in federal
 2 court.” *Id.* at 1150 (emphasis added). That is precisely the circumstance here. By
 3 stipulating to a dismissal with prejudice, Nutrivita agreed to never reassert these claims
 4 against VBS in federal court. That is a sufficient alteration in the parties’ legal
 5 relationship to confer prevailing party status on VBS under *Cadkin* and *Buckhannon*.³
 6 *See Bruce v. Teleflora, LLC*, No. CV13-3279 ODW (CWx), 2014 WL 2710974, at *2
 7 (C.D. Cal. June 16, 2014) (holding that a plaintiff’s voluntary dismissal with prejudice
 8 conferred prevailing party status on a defendant and citing *Cadkin*).

9 **B. Fees**

10 **1. Discretionary Award under the Copyright Act**

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 14 Under the Copyright Act, “the court in its discretion may allow the recovery of full
 15 costs by or against any party . . . [and] the court may also award a reasonable attorney’s
 16 fee to the prevailing party as part of the costs.” 17 U.S.C. § 505. Whether to award
 17 attorneys’ fees to a prevailing party “is reposed in the sound discretion of the district
 18 courts.” *Fantasy, Inc. v. Fogerty*, 94 F.3d 553, 555 (9th Cir. 1996) (*Fogerty II*).
 19 Whatever factors the district court considers when determining whether to award fees
 20 must be applied evenhandedly to prevailing plaintiffs and prevailing defendants and must
 21 further the purposes of the Copyright Act. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 &
 22 n.19 (1994) (*Fogerty I*); *see also Mattel, Inc v. MGA Entm’t, Inc.*, 705 F.3d 1108, 1111
 23 (9th Cir. 2013).

24
 25
 26
 27 ³ This result is somewhat counterintuitive because, as Nutrivita points out, it only agreed to dismiss its
 28 claims once VBS stopped infringing its trade dress. It is indeed strange that a defendant who makes
 concessions to a plaintiff in order to have claims dismissed can subsequently be granted prevailing party
 status. But Nutrivita elected to wind down this lawsuit with a voluntary dismissal with prejudice, and
Cadkin clearly holds that that procedural mechanism confers prevailing party status on a defendant.

1 Here, VBS argues that it should recover fees because Nutrivita did not have—and
2 had not even applied for—a copyright that VBS could have possibly infringed. *See* 17
3 U.S.C. § 411(a) (“[N]o civil action for infringement of the copyright in any United States
4 work shall be instituted until preregistration or registration of the copyright claim has
5 been made in accordance with this title.”). Nutrivita does not dispute that it had not
6 applied for a copyright at the time it filed its lawsuit, but argues nonetheless that an
7 application of the *Fogerty* factors should persuade the Court, in its discretion, to deny
8 fees.

9
10 The Ninth Circuit has invited district courts to consider five factors when
11 determining whether to award fees in copyright cases. Those factors are: (1) “the degree
12 of success obtained on the claim”; (2) “frivolousness”; (3) “motivation”; (4) “objective
13 reasonableness of factual and legal arguments”; and (5) “need for compensation and
14 deterrence.” *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 889
15 (9th Cir. 1996). Here, the first factor—degree of success—cuts against an award of fees.
16 True, VBS has prevailed in the sense that Nutrivita has withdrawn its claims and agreed
17 not to reassert them. But that result has only occurred because VBS agreed to change its
18 labeling. The Court at no point ruled that VBS prevailed on the merits of the disputes
19 here, including the copyright dispute. Accordingly, VBS obtained a relatively small
20 degree of success for the purposes of determining a fee award. *See Bridgeport Music,*
21 *Inc. v. London Music, U.K.*, 354 F. Supp. 2d 836, 843 (M.D. Tenn. 2004) (“[A]
22 stipulation of dismissal with prejudice is clearly a much lesser degree of success than a
23 judicial vindication of the defendants’ position.”)

24
25 The second and fourth *Fogerty* factors—“frivolousness” and “objective
26 reasonableness of factual and legal arguments”—weigh in favor of a fee award. Nutrivita
27 does not dispute that having not preregistered or registered for a copyright, it was barred
28 from bringing a civil action under § 411. Nutrivita’s amended complaint notes that

1 Nutrivita “intends to apply for registration of its copyright,” (FAC ¶ 55), but Nutrivita
2 neither alleges that it ever actually applied nor that a mere intention to apply enables it to
3 bring a copyright action. *See Cosmetic Ideas, Inc. v. IAC/Interactivecorp.*, 606 F. 3d 612,
4 621 (9th Cir. 2010) (“[R]eceipt by the Copyright Office of a complete application
5 satisfies the registration requirement of § 411(a).”). As a result, from the record before
6 the Court, it appears that Nutrivita’s copyright claim was groundless.

7
8 The final two factors—“motivation” and “need for compensation and
9 deterrence”—weigh against a fee award. There is no evidence in the record of an
10 improper motive on Nutrivita’s part, and the Court is not persuaded that Nutrivita alleged
11 its copyright claim in bad faith. Moreover, the addition of a weak claim to an otherwise
12 meritorious complaint is not the sort of thing that needs to be actively deterred by
13 aggressive fee awards. The parties seem to agree that VBS’s product labeling was
14 problematic, and after VBS produced evidence that it had fixed the labeling, Nutrivita
15 agreed to dismiss its claims. There is no reason to infer a malevolent motivation on
16 Nutrivita’s part.

17
18 Some of the *Fogerty* factors weigh in favor of a fee award, and some weigh
19 against. Having considered the factors and the facts of this case holistically, the Court
20 finds that a fee award is not merited, and exercises its discretion to DENY VBS’s request
21 for fees on Nutrivita’s copyright claim.

22 23 **2. Exceptional Case Determination under the Lanham Act**

24
25 Nutrivita’s next cause of action is for trademark infringement under the Lanham
26 Act, 15 U.S.C. § 1114 *et seq.* The Lanham Act provides that the “court in exceptional
27 cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a).
28 In the Ninth Circuit, “[a]n action may be considered exceptional when a plaintiff’s case is

1 groundless, unreasonable, vexatious, or pursued in bad faith.” *Secalt S.A. v. Wuxi Shenxi*
 2 *Constr. Machinery Co., Ltd.*, 668 F.3d 677, 687 (9th Cir. 2012).⁴ Although the “line
 3 distinguishing exceptional cases from non-exceptional cases is far from clear” and is
 4 “especially fuzzy where the *defendant* prevails due to [a] plaintiff’s failure of proof,” the
 5 Ninth Circuit has held that “an action is exceptional under the Lanham Act if the plaintiff
 6 has no reasonable or legal basis to believe in success on the merits.” *Id.* (emphasis in
 7 original). A district court’s determination that a Lanham Act case is exceptional is
 8 reviewed *de novo*, but a district court’s decision to award fees in an exceptional case is
 9 reviewed for abuse of discretion. *Earthquake Sound Corp. v. Bumper Indus.*, 352 F. 3d
 10 1210, 1216 (9th Cir. 2003).

11
 12 Here, VBS argues that its trademark—“JN-7 Best”—is so dissimilar from
 13 Nutrivita’s mark—“Arthro-7”—that Nutrivita could not have possible had any
 14 “reasonable or legal basis to believe in success on the merits” of its trademark
 15 infringement claim; *see Secalt*, 668 F.3d at 687. To be sure, although the marks do bear a
 16 superficial similarity (the “-7” designation), Nutrivita faced an uphill battle in proving its
 17 trademark infringement claim. Nonetheless, the Court is not persuaded that Nutrivita

18
 19 ⁴ In its reply brief—but not in its motion—VBS argues that the bar for exceptionality in the trademark
 20 context was lowered by the Supreme Court’s decision in *Octane Fitness, LLC v. Icon Health & Fitness,*
 21 *Inc.*, 134 S. Ct. 1749 (2014). *Octane Fitness* considered the meaning of “exceptional” in the Patent
 22 Act’s fee provision, which provides—like the Lanham Act does—that a district court may award fees
 23 “in exceptional cases.” *Id.* at 1753; *see also* 35 U.S.C. § 285. *Octane Fitness* held that “[a]n
 24 exceptional case . . . is simply one that stands out from other with respect to the substantive strength of a
 25 party’s litigation position . . . or the unreasonable manner in which the case was litigated.” *Id.* at 1756.
 26 Some district courts have applied *Octane Fitness*’s holding to trademark cases under the Lanham Act.
 27 *See, e.g., Apple, Inc. v. Samsung Elecs. Co.*, Case No.: 11-CV-01846-LHK, 2014 WL 4145499, at *6
 28 (N.D. Cal. Aug. 20, 2014). And there are good reasons for doing so. *See Octane Fitness*, 134 S. Ct. at
 1756 (noting that the Lanham Act’s fee-shifting provision is “identical” to that of the Patent Act).
 Nonetheless, the matter is not settled, and VBS’s failure to make this argument in its motion meant that
 Nutrivita had no meaningful opportunity to respond to it. As a result, the Court will disregard it. *See*
U.S. v. Alcan Elec. and Engineering, Inc., 197 F.3d 1014, 1020 (9th Cir. 1999) (arguments made for the
 first time in a reply brief are waived). However, even if the Court were to apply the *Octane Fitness* rule
 to this case, it would determine that this case does not “stand out” and therefore that an award of
 attorneys’ fees under the Lanham Act would be unwarranted.

1 lacked *any* reasonable basis to believe that the claim was worthwhile. “In cases where
2 the Ninth Circuit has affirmed the district court’s denial of attorneys’ fees based on a
3 finding that [a Lanham Act] case was not exceptional, the key factor appears to be that
4 the plaintiff raised ‘debatable issues’ and had a legitimate reason for bringing the
5 lawsuit.” *Am. Optometric Soc., Inc. v. Am. Bd. of Optometry, Inc.*, No. CV10-03983
6 AHM (FFMx), 2012 WL 6012861, at *2 (C.D. Cal. Dec. 3, 2012) (citing *Applied Info.*
7 *Sci. Corp. v. Ebay, Inc.*, 511 F.3d 966, 973 (9th Cir. 2007)). Here, whether VBS’s mark is
8 similar enough to Nutrivita’s mark to justify a trademark infringement claim is at least
9 debatable. And, importantly, VBS makes no credible argument that Nutrivita brought
10 this claim in bad faith or to harass VBS with needless litigation. On the contrary, the fact
11 that VBS modified its product packaging is good reason to believe that there was
12 something to Nutrivita’s lawsuit, even if its trademark infringement claim was not
13 particularly strong. And Nutrivita’s willingness to grant continuances, combined with the
14 general lack of activity in this case, strongly suggests that Nutrivita was not in it just to
15 make things difficult for a competitor. *See Applied Info.*, 511 F.3d at 973 (affirming a
16 district court’s denial of attorneys’ fees where there was “no compelling proof that [the
17 plaintiff] acted capriciously or pursued litigation to harass [the defendant], or that [the
18 plaintiff] intended to bring a meritless or unreasonable case”). Accordingly, the relative
19 strength of Nutrivita’s trademark infringement claim is not a ground for an exceptional
20 case determination.

21
22 VBS offers one more argument for why the Court should determine this case
23 exceptional under the Lanham Act. It argues that Nutrivita’s trade dress claim was
24 meritless because Nutrivita did not sue VBS until *after* VBS had changed the offending
25 trade dress. VBS points to the letter it sent to Nutrivita on October 12, 2013, six days
26 before the complaint was filed. (*See* Dkt. 41-3 Exh. 7.) That letter apologizes to
27 Nutrivita for the “confusion” of the similar packaging and notes that it was “not [VBS’s]
28 intention” to distribute a confusingly similar product. (*Id.*) The letter says that to

1 “eliminate such confusion,” VBS would sell JN-7 Best in bottle form only—i.e., without
2 cardboard packaging—until it could come up with an alternative design. (*Id.*) VBS
3 believes that this letter should have notified Nutrivita that any trade dress infringement
4 ceased before the lawsuit was filed, so even assuming that VBS’s old trade dress *did*
5 infringe, Nutrivita’s trade dress claims were meritless.

6
7 This argument misses the point. Nutrivita believed that the JN-7 Best *bottle*
8 infringed its trade dress, just like the JN-Y Best *box*, so VBS’s offer to sell the product in
9 bottle form only did not mean that VBS had ceased all potentially infringing behavior.
10 (*See* FAC ¶ 49 (alleging that VBS was copying Nutrivita’s “distinctive packaging”); Pl.’s
11 Opp. at 2–3 (explaining that Nutrivita believed both the JN-7 Best bottle and the box to
12 be trading on its distinctive trade dress).) As a result, Nutrivita’s trade dress claim was
13 not meritless when it was filed, and this case is not an exceptional one under the Lanham
14 Act. VBS’s request for fees based on an exceptional case determination is DENIED.

15 16 **C. Rule 11 Sanctions**

17
18 Finally, VBS argues that Nutrivita should be sanctioned under Federal Rule of
19 Civil Procedure 11, which requires attorneys to certify that filings are not “presented for
20 any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase
21 the cost of litigation.” Its theory is basically that Nutrivita went out of its way to harass a
22 competitor by bringing a frivolous lawsuit and then litigating it slowly, over more than
23 two years.

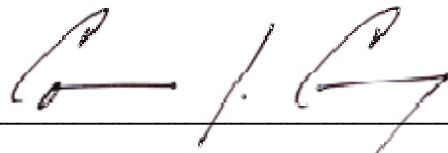
24
25 As an initial matter, the fact that VBS includes a Rule 11 motion in its motion for
26 attorneys’ fees is improper. Rule 11 motions “must be made separately from any other
27 motion.” Fed. R. Civ. P. 11. However, even if VBS’s motion for Rule 11 sanctions were
28 procedurally compliant, the Court would deny it. At bottom, Nutrivita sued VBS because

1 it believed that VBS's packaging was similar to its own and would confuse consumers.
2 VBS made the requested changes. Litigation was protracted, but from the Court's review
3 of the thin record, it appears that the chief reason for the delays was that Nutrivita—the
4 plaintiff, who undoubtedly wanted a resolution of the case—was willing to grant defense
5 counsel multiple continuances on account of his health. Some of Nutrivita's claims were
6 stronger than others, but there is no reason to believe that the lawsuit was frivolous or the
7 filings improper. The Court therefore DENIES VBS's request for Rule 11 sanctions.

8
9 **IV. CONCLUSION**

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11 For the foregoing reasons, the Court in its discretion declines to award VBS
12 attorneys' fees, and VBS's motion is DENIED.

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17 DATED: January 27, 2016



18
19 **CORMAC J. CARNEY**

20 **UNITED STATES DISTRICT JUDGE**