

## **BKB Attorneys Obtain Summary Judgment For Client in Trademark Infringement Lawsuit**

By February 17, 2011

United States District Court Judge Thomas Thrash recently granted motions for summary judgment for BKB clients sued by Brown Bark II, L.P., an investment group that had purchased certain trademarks and had claimed infringement. *Brown Bark II, L.P. v. Dixie Mills, LLC*, Civil Action No. 1:08-CV-1303-TWT, 2010 U.S. Dist. Lexis 79867 (N.D.GA), Decided August 6, 2010.

BKB clients, Ted A. Adams, Adams Foods, Inc. and Adams Milling, Inc. ("Adams") had sold food products, including cornmeal, flour and southern breadings under the Adams mark until 1999, at which time the Adams mark was sold to Southern Specialty Brands, Inc. ("SSB"). SSB gave a note to Adams secured by the trademark and its goodwill. In 2006, SSB defaulted on the note and Adams obtained a judgment against SSB giving it back full rights to the Adams mark.

In 2006, SSB defaulted on its unrelated debt to Regions Bank. In 2007, Regions sold the non-performing SSB loan to Brown Bark II, L.P. ("Brown Bark"). Brown Bark attempted to foreclose on SSB and believed that it had properly obtained title to the collateral securing the Regions Bank debt, which included the Adams mark.

Shortly thereafter, Adams started selling products under the Adams mark again. Brown Bark sued Adams for trademark and trade dress infringement and other related claims including civil conspiracy.

Relying on the record and authority developed by Adams' BKB attorneys **Charles M. Medlin** and **Wayne S. Tartline**, the District Court found that Adams owned the Adams mark due to the judgment in Alabama, despite that Brown Bark was not a party to the judgment. The Court also ruled that Brown Bark had abandoned its interest in the Adams mark because it had acquired the mark through an "assignment in gross". An assignment in gross results when only the mark is sold, without any related goodwill, such as recipes or formulas for the food products sold under the Adams name. "A sale (assignment) of a trademark apart from its goodwill is characterized as an 'assignment in gross' and passes no rights to the assignee". In *re Impact Distributors, Inc.*, 260 B.R. 48, 53 (Bankr. S.D. Fla. 2001). When a trademark is obtained through an assignment in gross, divorced from the goodwill of the assignor, any subsequent use of the mark by the assignee will necessarily be in connection with a different business, a different goodwill and a different type of product. 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, who reasonably assume that the mark signified the same things, whether used by one person or another. *MoneyStore v. Harriscorp Finance, Inc.*, 689 F.2d 666, 676 (7th Cir. 1982) (quoting McCarthy on Trademarks 18.1 at 607).

After obtaining summary judgment in favor of Adams, BKB attorneys obtained a judgment for all costs

of the action against the Plaintiff. A Motion For Attorneys' Fees is also pending which could result in a judgment for Adams of over \$100,000.00