

# Three Point Shot

May 2014

## Tiger Woods Misses the Cut in Golf Memorabilia Dispute

Tiger Woods skipped The Masters this year for the first time in 20 years because he was [recuperating from back surgery](#). But his back may not be the only source of his pain. Last month, in a [contentious business dispute](#), Woods also was knocked off the leader board by a jury that, after two hours of deliberation, returned a verdict against Woods for over \$668,000. While Woods has excelled over the years at The Masters – what golf fan doesn't have an image of Woods in his Sunday final round red shirt/black slacks outfit strolling the gorgeous [No. 13 Azalea hole](#) at Augusta – this past March, he could not chip his way out of trouble in a long-running litigation in Florida over licensed autographs and memorabilia.

Bruce Matthews, plaintiff in the suit against Woods, is the owner of [Gotta Have It Golf, Inc.](#), a sports memorabilia retailer that specializes in golf. Gotta Have It accused Woods of failing to honor a 2001 licensing agreement, pursuant to which Woods's company, ETW Corp., was supposed to provide a certain number of autographs and photographs. [According to the plaintiff's claims](#), ETW fell short of the 1,300 autographs required under the agreement, provided only 550 autographs in 2003 and denied Gotta Have It the use of certain photographs. Gotta Have It sued for breach of contract, breach of implied duty of good faith and fair dealing and violation of Florida's Deceptive and Unfair Trade Practices Act. Fellow golf legend (and inspiration for the eponymous summer [beverage](#)) Arnold Palmer was also named as a defendant in the suit and was accused of violating the same licensing agreement with his company Arnold Palmer Enterprises. Indeed, Palmer, Woods, Matthews and Gotta Have It are a longtime foursome, having been involved in a prior suit in the late '90s, also over sports memorabilia. While Palmer's company settled the current suit outside of court in 2003, Woods refused to let Matthews play through and elected to go to trial.

Unfortunately for Woods, slow and steady did not win the race, [despite everything the sport of golf presumably has taught him](#). After upwards of a decade in litigation (with Woods even taking the stand at the Florida trial), Tiger scored a hole in none on March 12, when a jury found in favor of Gotta Have It on its breach of contract and other related claims, rejected ETW's breach of contract counterclaims, and awarded Gotta Have It \$668,346 in damages. ([Gotta Have It Golf, Inc. v. Arnold Palmer Enterprises, Inc., No. 03-19490 \(Fla. Cir. Ct. Jury Verdict Mar. 12, 2014\)](#)). The award may move north of \$1 million once interest has been factored in.

While Woods's quest for a 15th major is still ongoing, golf fans and court watchers alike should not dismay if they find this sort of thing interesting – it appears that [ETW may appeal the verdict](#). Perhaps more appealing, Woods fans can follow his official [blog](#) about the progress of his rehab and musings on his personal activities since the surgery. Spoiler alert: Woods gives a shout out to his new bestie Tony Romo who had "the exact same procedure" and offers updates on his new golf course design projects in Cabo San Lucas ([El Cardonal](#)) and in Montgomery, Texas ([Bluejack National](#)), activities that we can assume take his mind at least a fairway wood away from the Florida courtroom.

## **Design Company Sent Back to the Pound in Patent Infringement Suit over Dog Jerseys**

Everyone knows that a dog is a [man's best friend](#). And when the game is on, who better to cheer on the home team than the [little pooch](#)? But fashion-forward dog owners know, when the home team needs support, there is only one piece of apparel suitable for cute little canine mascots: the [dog sports jersey](#).

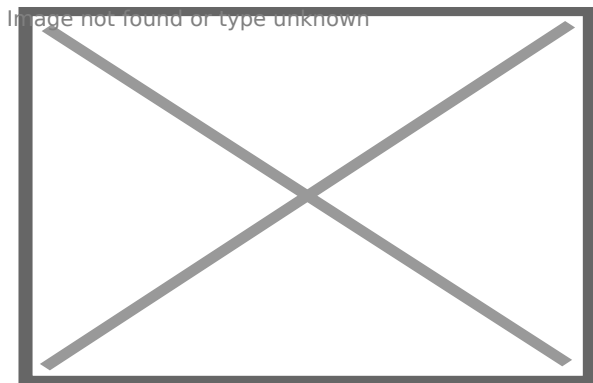
Such jerseys became the subject of a real dogfight in 2012 when a company called [MRC Innovations, Inc.](#) ("MRC") [filed suit](#) in Ohio federal court against Hunter Manufacturing, LLP ("Hunter") and CDI International, Inc. ("CDI") for infringement of MRC's pet football and baseball jersey design patents. More specifically, MRC alleged that Hunter and CDI willfully infringed MRC's patents by selling and manufacturing pet jerseys that embodied MRC's patented designs.

MRC is a company that provides designs to retailers for various consumer products, including designs for dog jerseys. The letters "MRC" are the initials of Mark R. Cohen, MRC's principal shareholder. Cohen also owns MRC's sister company [Fun-In-Games, Inc.](#) ("FiG"), which has a license from MRC to manufacture and sell pet jerseys to third parties.

In 2009, Hunter, a retailer of licensed sports consumer products, commenced selling Cohen's dog jerseys. However, in 2010, Hunter's dog bowl began to dry up and Hunter struggled to make payments to Cohen. As a result, Cohen stopped doing business with Hunter.

Apparently not one to take rejection lying down, Hunter sought out proposals from other pet jersey suppliers. In doing so, Hunter included an actual sample of a jersey supplied by FiG. Eventually, Hunter found another puppy – CDI – to play fetch with and CDI began supplying Hunter with pet jerseys to sell.

Ever the watchful hound, Cohen had obtained two design patents in 2011 relating to football and baseball jerseys for dogs (U.S. Design Patent Nos. D634,488 and D634,487). Thereafter, Cohen assigned both patents to MRC.



In response to the suit brought by MRC, Hunter and CDI bit back with a joint [motion](#) for summary judgment arguing, among other things, that MRC's patents were invalid for obviousness because prior art jerseys identified by the defendants in their [motion](#) had "basically the same" design characteristics as those claimed in MRC's patents.

MRC responded with [opposition](#) papers in which it argued that defendants had failed to provide any analysis of the four underlying factual inquiries — known as the *Graham* factors (as set forth in Supreme Court precedent ([Graham v. John Deere Co.](#), 383 U.S. 1 (1966)) — upon which a determination of obviousness is made. Further, to support a conclusion of nonobviousness, MRC presented testimony from the big dog Cohen himself that MRC's pet football jersey patent would not have been obvious to a designer in view of the prior art jerseys.

Nevertheless, in this [Puppy Bowl](#), the district court found that MRC's bark was worse than its bite when it [granted](#) defendants summary judgment in January 2013 finding that both patents were invalid as obvious. The court agreed with Hunter and CDI that the design characteristics of the prior art jerseys were basically the same as MRC's designs, and that the differences between the jerseys were either minor or plainly suggested by related prior art references.

MRC refused to play dead and [appealed](#) to the Federal Circuit. Unfortunately for our canine clothier, the appellate court sent MRC back to the pound when it affirmed summary judgment for defendants in April (*MRC Innovations, Inc. v. Hunter Mfg., LLP*, No. 2013-1433, 2014 WL 1303368 (Fed. Cir. Apr. 2, 2014)).

The appellate court agreed with the district court that the overall visual impression of prior art jerseys identified by the district court as "primary references" were basically the same as MRC's patents, and any differences were minor. In addition, the appellate court agreed that other prior art jerseys identified by the district court as "secondary references" were so related to the primary reference jerseys that they would motivate the skilled artisan to combine the jerseys' features to create the claimed designs.

While MRC may not have clinched this canine clash, at least its owner can count on a [well-dressed best friend](#) waiting for him at home ready to cheer on the home team and lick his litigation wounds.

### **Merriman Flips the Switch, Bolts to Court in Trademark Case**

We are in for a rare treat, sports fans. While we often see "lights out" lawsuits in the figurative sense, strap on your helmets and get ready for a case that is [literally](#) "lights out."

Former Pro-Bowler Shawne Merriman earned the nickname "Lights Out" in high school because of his ability to deliver [big hits](#) to opponents on the football field. Capitalizing on his [early success](#) with the [San Diego Chargers](#), Merriman seized the opportunity to develop a ["Lights Out" clothing brand](#).

Everything was initially looking up when, after Merriman's rookie year in 2005, Nike entered into negotiations with him for a "Lights Out" line of apparel. Merriman probably envisioned a collaboration akin to those forged by Nike with Michael Jordan ([Nike Jordan](#)) and LeBron James (the [Nike LeBron James Collection](#)) but, unfortunately for him, it seems the negotiations never got past the 50-yard line. According to Merriman, in a [complaint](#) recently filed by Merriman's Lights Out Holdings, LLC against [Nike](#), Merriman acquired the LIGHTS OUT trademark from a prior registrant in 2007, which trademark covered a wide range of apparel, from headwear and T-shirts to sleepwear and underwear. Merriman apparently has sold or plans to sell these items on his own e-commerce site, and through other retailers.

In his complaint against Nike, Merriman pleads that, despite knowledge of Merriman's trademark, Nike used the LIGHTS OUT mark without his permission on its own apparel, which use prompted Merriman to send a cease and desist letter in December 2013. When Merriman's initial blitz failed to produce a desired settlement with Nike, he filed suit in a California district court against the sportswear giant for encroachment (i.e., trademark infringement) and illegal procedure (i.e., statutory and common law unfair competition). ([Lights Out Holdings, LLC v. Nike, Inc.](#), No. 14-0872 (S.D. Cal. filed Apr. 13, 2014)).

Under the theory of trademark infringement, Lights Out Holdings argues that Nike uses the LIGHTS OUT mark on the same type of goods as Merriman and targets the same audience: that is, sports aficionados. Additionally, Lights Out Holdings posits that this allegedly willful use has caused confusion in the marketplace and is likely to deceive consumers.

Lights Out Holdings also brings unfair competition claims, alleging that Nike's alleged sales and advertising activities using the LIGHTS OUT mark constitute unlawful and unfair business practices, causing Lights Out to suffer monetary losses and injury to its business reputation and goodwill. Lights Out Holdings pleads for a smorgasbord of damages, including, but not limited to, monetary damages, disgorgement of Nike's profits, injunctive relief, and attorneys' fees. Based on the suit, Merriman clearly hopes to keep the lights "[on](#)" for Lights Out Holdings.

Since retiring from the NFL in 2013, Merriman has also decided to see if he has what it takes in the world of wrestling, inking a deal with [WWE](#). While Merriman and his 6'4", 241 lb. frame will surely prove "lights out" in the squared circle, only time will tell if Nike's [prevent defense](#) in the legal arena stifles Merriman's trademark claims.

#### Related Professionals

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