

Court of Appeals No. 03-56431

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

ENTREPRENEUR MEDIA, INC.,
a California corporation,
Plaintiff/Appellee,

v.

SCOTT SMITH dba ENTREPRENEUR
Defendant/Appellant.
District Court Case No. CV 98-3607 FMC (CTx)

**ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
HONORABLE FLORENCE-MARIE COOPER PRESIDING**

APPELLEE'S BRIEF

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CORPORATE DISCLOSURE STATEMENT

Entrepreneur Media, Inc. has no parent corporation, and no publicly held company owns 10% or more of its stock.

L INTRODUCTION

Confused. Deceived. Scammed. This is how the customers of defendant-appellant Scott Smith dba EntrepreneurPR ("Smith") felt after they found out, contrary to what he led them to believe, that he was not affiliated with plaintiff-appellee Entrepreneur Media, Inc. ("EMI").

For more than twenty years, EMI has used the trademark ENTREPRENEUR on its famous magazine, Entrepreneur. Smith, a subscriber to Entrepreneur, received the honor of having his business, ICON Publications, featured on EMI's website's "Small Business Links" page. Impressed with the publicity engendered by his brief association with EMI, Smith decided to capitalize on EMI's good name. With full knowledge of EMI's incontestable trademark, and with demonstrated intent to confuse customers and to trade off of EMI's decades of goodwill, Smith changed the name of his company from ICON Publications to EntrepreneurPR, changed the name of his magazine from Yearbook of Small Business Icons to Entrepreneur Illustrated, and changed his domain name from iconpub.com to entrepreneurpr.com. Smith used his new names to sell goods and services that, like EMI's, are marketed to and provide content about small businesses.

The District Court previously granted summary judgment to EMI. On appeal, this Court held that, considering the evidence in the light most favorable to

Smith, summary judgment was mostly inappropriate, and whether there was a likelihood of confusion with respect to the majority of issues was for the trier of fact to determine. Accordingly, this Court remanded the case, and the District Court conducted a trial. At trial, witness after witness testified that, when they were solicited by Smith, they believed he was associated with EMI or that his magazine was, in fact, Entrepreneur magazine. The witnesses were, as the District Court found, "almost uniform in their position that they would not have paid any money to [Smith] had they known he was not connected to [EMI]." ER 683. The District Court found the testimony of these witnesses to be "very credible." Id. While Smith disputed the many witnesses who testified as to their confusion, the District Court found that Smith's testimony "in that, and in many other respects, was not credible." Id.

After hearing the evidence presented at trial and weighing the witnesses' credibility, the District Court, sitting without a jury, concluded that a likelihood of confusion exists between Smith's marks and EMI's mark. On appeal, Smith asks this Court to ignore the District Court's factual findings, including its credibility determinations, and to adopt Smith's version of the facts, which the trial court flatly rejected. The District Court's decision was not clearly erroneous and should not be disturbed.

II. STATEMENT OF JURISDICTION

EMI does not disagree with Smith's Statement of Jurisdiction.

III. STATEMENT OF ISSUES

The issues presented by this appeal are as follows:

(1) Whether the District Court committed clear error when it concluded that Smith infringed EMI's trademark and engaged in unfair competition, where the evidence overwhelmingly showed that Smith intended to confuse consumers in order to trade off of EMI's decades of goodwill by adopting marks that are confusingly similar to EMI's incontestable mark, and Smith actively misled many of his clients into believing he was associated with EMI.

(2) Whether the District Court abused its discretion when, after concluding Smith had committed trademark infringement and engaged in unfair competition, it issued a permanent injunction prohibiting Smith from using marks confusingly similar to EMI's mark.

(3) Whether this Court should consider Smith's fair use defense, which was never pleaded or argued before the District Court and, in fact, was expressly waived, where Smith made no good-faith or non-trademark use of his marks.

(4) Whether the District Court abused its discretion in awarding damages to EMI based on the uncontested evidence of Smith's profits, which he wrongfully obtained by trading off the goodwill associated with EMI's mark.

(5) Whether the District Court abused its discretion in awarding attorneys' fees to EMI after finding this case exceptional, after Smith waived his right to oppose the award by failing to oppose or object to EMI's motion for attorneys' fees.

IV. STATEMENT OF THE CASE

EMI filed this lawsuit on May 8, 1998, alleging claims against Smith for trademark infringement, unfair competition, and counterfeiting under the Lanham Act and unfair competition under the Lanham Act and California Business & Professions Code §§ 17200, et seq. Shortly thereafter, the parties stipulated that the Court, not a jury, would try this case. Supplemental Excerpts of Record ("SER") 3.

On May 19, 2000, EMI filed a Motion for Summary Judgment, and on June 2, 2000, Smith filed his own Motion for Summary Judgment. Excerpts of Record ("ER") 26-28, 131-33. On June 28, 2000, Judge Cooper granted EMI's Motion for Summary Judgment as to its claims for trademark infringement and unfair competition, denied EMI's Motion for Summary Judgment as to its claim for counterfeiting, and denied Smith's Motion for Summary Judgment in its

entirety. ER 405-21. EMI subsequently dismissed its claim for counterfeiting. ER 423. After additional briefing regarding whether EMI was entitled to damages on its trademark infringement claim, on August 30, 2000, the District Court awarded EMI damages in the amount of \$337,280 and issued a permanent injunction. ER 423-29.

On September 11, 2000, Smith filed a Notice of Appeal. ER 430. Judgment was entered on September 13, 2000. ER 433-35. On February 11, 2002, this Court rendered a published opinion, reported at Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135 (9th Cir. 2002), affirming in part, reversing in part, and remanding the case for trial.

In reaching its decision, this Court applied the standard appropriate for summary judgment, resolving all inferences in favor of Smith, the nonmoving party. Id. at 1140. This Court's decision was not a final resolution of any question except for the issue on which this Court affirmed the grant of summary judgment to EMI: that Smith's use of ENTREPRENEUR ILLUSTRATED on his magazine constituted trademark infringement. Id. at 1152-53. This Court expressly left all other issues for the trier of fact to determine. Id. at 1153.

The case was tried by the District Court without a jury on April 29, April 30, and May 2, 2003. Over the course of the three days of testimony, EMI called two of its senior employees, who testified to EMI's extensive use of its

ENTREPRENEUR mark and to EMI's widespread promotion of its goods and services under the mark. SER 23. EMI also called eight of Smith's former clients, who testified regarding their actual confusion between EMI's magazine and Smith's company, website, and magazine, as well as about Smith's intentional efforts to mislead them into believing he was affiliated with EMI.¹ SER 98. Several other of Smith's former clients were present at the courthouse waiting to testify as to their actual confusion, but the District Court advised EMI that their testimony was unnecessary and would have been duplicative. SER 147. EMI also presented more than 95 exhibits and called two expert witnesses—a professor of linguistics who testified about the likelihood that Smith's marks will be associated with EMI's mark, and a certified public accountant who testified about the profits Smith obtained by trading off of EMI's mark. SER 98. Smith's case consisted of his own testimony, one fact witness regarding the selection of his marks, and one linguistics expert. SER 162.

On June 23, 2003, the District Court issued its Findings of Fact and Conclusions of Law. It found in favor of EMI on all claims and awarded EMI

¹ Seven witnesses testified to their actual confusion; the eighth testified to Smith's intent to confuse consumers and did not testify to her actual confusion because the District Court had determined that further evidence of actual confusion would be duplicative and unnecessary. SER 147, 149. For the Court's convenience, the full testimony (rather than simply excerpts) of the witnesses who testified at trial regarding their actual confusion is included as SER 530-664.

\$669,656.00 in compensatory damages. ER 679-89. The District Court found that Smith often misrepresented that he was affiliated with Entrepreneur magazine in order to persuade people to sign up for his services, that he issued press releases suggesting an affiliation between his company and EMI, and that he used EMI's federally registered design mark, SMALL BUSINESS SQUARE, on his website after being expressly warned not to do so. ER 681-82. The District Court further found that the witnesses who testified they were actually confused were "very credible," whereas Smith's testimony was "not credible." ER 683.

Based on its finding that Smith willfully infringed EMI's mark and that the case was exceptional, the District Court awarded EMI its attorneys' fees. ER 688-89. On July 10, 2003, the District Court entered judgment in favor of EMI and issued an injunction permanently enjoining Smith from using any marks confusingly similar to EMI's ENTREPRENEUR mark, including ENTREPRENEUR, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and ENTREPRENEURPR.COM. ER 675-77. Upon EMI's motion, which Smith did not oppose, the District Court awarded EMI \$39,267.46 in costs and \$680,985.00 in attorneys' fees. ER 588-641, 645-49.

Smith filed a Notice of Appeal on August 7, 2003. ER 643-44.

V. STATEMENT OF FACTS

A. EMI Has Been Publishing Well-Known Magazines And Books Under Its Incontestable Mark ENTREPRENEUR Since 1978.

Since 1978, EMI has published magazines and books geared towards small businesses, small business owners, and people considering starting a small business. ER 679; SER 29-30. EMI is probably most famous for its flagship magazine, Entrepreneur. ER 680-81. EMI has also published, among other things, Entrepreneur's Be Your Own Boss, Entrepreneur de Mexico, Entrepreneur International, Entrepreneurial Woman, and Entrepreneur's Business Start-Ups. ER 679-80; SER 24-26, 37-38, 293-457, 501-15). In the United States alone, Entrepreneur magazine has a paid circulation of approximately 550,000 including subscriptions and newsstand sales. ER 680; SER 46. Each month, approximately two million people read Entrepreneur. ER 680; SER 47-48. EMI sells more than 200,000 copies of its other magazines, books, and guides each year and hosts approximately two to three million visitor sessions every month on its website, www.entrepreneur.com. ER 680; SER 59.

EMI promotes its products and services through its Internet website, by sending out complimentary copies of its magazine to the media, by advertising, and by promoting events featuring small businesses. ER 681; SER 27-28, 33-34, 39-45. EMI regularly promotes individual small businesses through articles in

Entrepreneur magazine and through other publications distributed under EMI's mark and posted on its website. SER 53-54. In addition, EMI offers public relations services on its website through its partnership with PR Newswire, which services are substantially similar to Smith's public relations services. ER 682; SER 60-62, 465-66.

EMI has a federal trademark registration for ENTREPRENEUR for printed publications, specifically including magazines, books, and published reports, in International Classes 9 and 16. ER 97-98, 680. The mark was registered in these Classes on August 25, 1987, on the Principal Register. ER 97-98, 680. Because the ENTREPRENEUR mark has been registered for such a lengthy period, it is incontestable, as this Court previously recognized. 15 U.S.C. § 1065; ER 680; Entrepreneur, 279 F.3d at 1139. Additionally, EMI registered and owns the ENTREPRENEUR mark in International Class 35 for advertising and business services provided on the Internet and for arranging and conducting trade shows, seminars, workshops, and other educational services. ER 99-100, 680.

EMI also has registrations for many other variations of the word "entrepreneur." ER 103-18, 680.

B. Smith Deliberately Adopted A Mark Confusingly Similar To EMI's Mark And Actively Attempted To Mislead Customers Into Believing He Was Affiliated With EMI.

In 1995, Smith started a business called ICON Publications, which promoted small businesses. ER 313, 681; SER 68-69. In 1997, ICON Publications created a magazine, entitled Yearbook of Small Business Icons, which featured articles about small businesses and was distributed to members of the media. ER 681; SER 70-71.

As part of EMI's efforts to promote small businesses, in December 1996, EMI listed Smith's company (ICON Publications) and magazine (Yearbook of Small Business Icons) on the "Small Business Links" pages of EMI's website and provided a direct link to Smith's website, www.iconpub.com. ER 681; SER 73. Smith attributed great importance to EMI's accolade, sending out letters to his clients touting iconpub.com's honor. ER 328, 681; SER 73-76, 197.

Smith's company, however, began to struggle financially. SER 99-100, 517-18. Smith, who had been aware of EMI since at least 1992, decided to try trading off of EMI's superior goodwill to save his start-up company. SER 72, 128-29. When his business was still called ICON Publications, he told a prospective customer that he worked for Entrepreneur magazine, and that Entrepreneur magazine (not ICON Publications) publishes the Yearbook of Small

Business ICONS. SER 128-29. The ruse worked. The client testified at trial that she decided to become Smith's client because of her mistaken belief that there was an affiliation between Smith and Entrepreneur magazine. SER 131-33.

Smith contemplated his name change specifically intending to confuse consumers into believing his company was affiliated with EMI. Although Smith argues his hiring of a naming firm to conduct trademark searches shows his good faith (e.g., Opening Brief ("Br.") 40), his dealings with the firm actually demonstrate the opposite. The naming firm never proposed that he use the names EntrepreneurPR and Entrepreneur Illustrated. SER 78-79. Smith himself chose to use these names, despite the fact that the firm advised him of EMI's federal registration for the ENTREPRENEUR mark and warned that he might get sued by EMI if he did so. SER 78-79, 83-88. Smith did not bother to obtain a legal opinion. SER 85.

With full knowledge of EMI's incontestable mark, Smith went forward with the name changes. Smith's partner, John Nixon, told one of Smith's clients, "[Smith] decided to change the name of the company from ICON Publications to EntrepreneurPR, you know, like Entrepreneur magazine." SER 148-49. Smith published his magazine, Entrepreneur Illustrated, each quarter and, although he did not sell it on newsstands, sent it to thousands of members of the media. ER 140, 681-82; SER 90.

Consistent with his plan to cause confusion, Smith actively publicized his prior association with Entrepreneur magazine, through EMI's "Small Business Links" program, while concealing that this association had been under the prior names of his business, magazine, and website. ER 682; SER 92-93. On his new www.entrepreneurpr.com website, Smith featured EMI's registered "Small Business Links" design mark after being expressly warned he did not have permission to do so. ER 682; SER 92-94.

In soliciting customers, Smith often misrepresented that he was affiliated or associated with Entrepreneur magazine in order to persuade people to sign up for his services. ER 681; SER 94-96, 198-201, 458. Smith issued to clients and potential clients press releases on EMI's masthead, featuring ICON Publications and listing at the bottom of the page the phrase, "PR firm: EntrepreneurPR." ER 60, 682; SER 94-96, 198-201. As the District Court found, "the clear import of this phrase was the implication that defendant [Smith] had been hired as the public-relations firm for plaintiff [EMI]." ER 682.

Smith's new business name, magazine name, and domain name caused consumers falsely to believe that Smith and EMI were related. ER 683. Many witnesses, whom the District Court found to be "very credible," testified that they believed, when they were solicited by Smith, that Smith was associated with EMI. ER 683; SER 12-13, 108-117, 121-46. The same witnesses testified that

Smith and his employees led them to believe that by signing up for Smith's services, they would be featured in Entrepreneur magazine, with which they were all very familiar. Id. Almost all of these witnesses testified they would not have paid any money to Smith had they known he was not associated with EMI. ER 683. Smith's marketing managers estimated that as many as sixty percent of the potential customers with whom they spoke believed there might be an association between EntrepreneurPR and EMI. ER 345-50, 355-58. And when an employee told Smith of the confusion, he responded, "It's great." SER 15-16.

After trial, in which the judge sat as the finder of fact and assessor of credibility, the District Court concluded that Smith committed trademark infringement and unfair competition.

VI. STANDARDS OF REVIEW

A. The Trial Court's Findings Of Fact On Trademark Infringement Are Reviewed Only For Clear Error.

The court of appeals reviews a determination of likelihood of confusion for clear error. Brookfield Communications, Inc. v. West Coast Entm't Corp., 174 F.3d 1036, 1061 (9th Cir. 1999). The district court's findings of fact and finding of willful infringement is also reviewed for clear error. Dolman v. Agee, 157 F.3d 708, 715 (9th Cir. 1998); Skokomish Indian Tribe v. United States, 332 F.3d 551, 556 (9th Cir. 2003).

The clear error standard of review means the District Court's findings must be accepted unless this Court is left with a definite and firm conviction that a mistake has been made. Allen v. Iranon, 283 F.3d 1070, 1076 (9th Cir. 2002). Thus, if the District Court's account of the evidence is plausible, this Court cannot reverse, even if it were convinced it would have weighed the evidence differently. See Husain v. Olympic Airways, 316 F.3d 829, 835 (9th Cir. 2002). As this Court has graphically described, "[t]o be clearly erroneous, a decision must strike us as more than just maybe or probably wrong; it must . . . strike us as wrong with the force of a five-week-old, unrefrigerated dead fish." Hayes v. Woodford, 301 F.3d 1054, 1067 n. 8 (9th Cir. 2002) (internal quotation omitted).²

Credibility findings are reviewed for clear error and are entitled to special deference. Anderson v. City of Bessemer, 470 U.S. 564, 574 (1985); Allen, 283 F.3d at 1078 n. 8. Trial judges have broad discretion to comment upon the evidence, including the credibility of witnesses, as the District Court did here. See Navellier v. Sletten, 262 F.3d 923, 942 (9th Cir. 2001), cert. denied, 536 U.S. 941 (2002); ER 683. "An appellate court must be especially reluctant to set aside a finding based on the trial judge's evaluation of conflicting lay or expert oral testimony," Beech Aircraft Corp. v. United States, 51 F.3d 834, 838 (9th Cir.

² Although Smith's newly crafted fair use defense should not be considered because he waived it by failing to raise it at the trial court level, if it were to be considered, fair use is a mixed question of law and fact reviewed de novo. Kelly v. Arriba Soft Corp., 336 F.3d 811, 817 (9th Cir. 2003).

1995) (per curiam), particularly in this case, where this Court itself remanded the case in order to permit the trier of fact to assess the credibility of the witnesses.

Entrepreneur, 279 F.3d at 1149.

B. Smith Incorrectly Argues For A Different Standard

Smith concedes that clear error is normally the standard of review but argues that an abuse of discretion is the appropriate standard here because of this Court's previous ruling on summary judgment. Br. 8-9. Smith cites United States v. Alexander, 106 F.3d 874, 876 (9th Cir. 1997), in support of this proposition with respect to his use of ENTREPRENEUR ILLUSTRATED and cites no authority for this proposition with respect to his use of ENTREPRENEURPR and ENTREPRENEURPR.COM. Br. 8-9. Alexander, however, merely stands for the proposition that the law-of-the-case doctrine ordinarily precludes reconsideration of a previously decided issue, unless the previous decision was clearly erroneous, changed circumstances exist, or manifest injustice would result. 106 F.3d. at 876. Here, the District Court did not reconsider a previously decided issue but, rather, conducted a trial on the issues this Court held should not be resolved on summary judgment.

Even under an abuse of discretion standard, moreover, a reviewing court cannot reverse unless it has a definite and firm conviction that the court below committed a clear error of judgment in the conclusion it reached upon a

weighing of the relevant factors. United States v. Finley, 301 F.3d 1000, 1007 (9th Cir. 2002); Harman v. Apfel, 211 F.3d 1172, 1175 (9th Cir. 2000). Accordingly, regardless of whether this Court applies a clear-error or an abuse-of-discretion standard, it cannot substitute its judgment for that of the lower court and, rather, must uphold the District Court's decision if it falls within a broad range of permissible conclusions.

C. The Decision To Award Damages And Attorneys' Fees And To Issue An Injunction Is Reviewed Only For Abuse of Discretion.

The District Court's decision to award damages to EMI is also reviewed for an abuse of discretion. Rolex Watch, U.S.A., Inc. v. Michel Co., 179 F.3d 704, 712 (9th Cir. 1999). The computation of damages is reviewed under the clearly erroneous standard. Marsu, B.V. v. Walt Disney Co., 185 F.3d 932, 938 (9th Cir. 1999).

The decision to award attorneys' fees under the Lanham Act is reviewed for an abuse of discretion. Rolex, 179 F.3d at 711. An award of costs is also reviewed for an abuse of discretion. Disc Golf Ass'n v. Champion Discs, Inc., 158 F.3d 1002, 1009 (9th Cir. 1998).

The court's choice of equitable relief and the scope of the injunction issued are reviewed for an abuse of discretion. Sony Computer Entm't, Inc. v. Connectix Corp., 203 F.3d 596, 602 (9th Cir. 2000).

VII. SUMMARY OF ARGUMENT

On the previous appeal of this case, this Court held that several questions relevant to the determination of a likelihood of confusion were for the trier of fact to decide. After hearing the evidence at trial and assessing the credibility of the witnesses, the District Court decided each of these questions in favor of a likelihood of confusion, finding the witnesses against Smith "very credible" and Smith's testimony "not credible."

Smith presents no valid basis for disturbing Judge Cooper's finding. Instead, Smith relies entirely on a mischaracterization of this Court's prior ruling. He argues the decision forbade the District Court from reaching a different conclusion after a trial on the merits and from issuing a broader injunction unless EMI presented new evidence on each likelihood-of-confusion factor. Smith's interpretation would transform this Court's prior ruling into a grant of summary judgment to Smith, which of course it was not, and overlooks that this Court merely held, viewing the evidence in the light most favorable to Smith, that summary judgment was inappropriate. This Court expressly contemplated that the trier of fact, after weighing the facts and the credibility of the witnesses, could reach a different conclusion.

The District Court did not commit clear error or abuse its discretion in finding that Smith committed trademark infringement according to the Sleekcraft

likelihood-of-confusion factors. This Court previously held that, based solely on the record at summary judgment, EMI's ENTREPRENEUR mark was weak, but that EMI would have an opportunity at trial to prove its mark is strong. EMI did so by presenting substantial and undisputed evidence of extensive advertising and pervasive public recognition of the ENTREPRENEUR mark and by contradicting Smith's unsubstantiated claims of widespread use of this or similar marks by others in the marketplace.

The District Court also found that the parties' marks are similar, as the dominant portion of each mark is "entrepreneur," and that the parties' goods are related. In addition, EMI presented substantial evidence of Smith's intent to deceive through multiple witnesses, whom the District Court found to be "very credible." As this Court previously held, "a determination on the merits that Smith intended to deceive consumers would provide 'strong evidence of a likelihood of confusion,' (citation omitted) and, as a result, could overcome weaker showings by EMI in other factors." The District Court determined on the merits that Smith intended to deceive.

A great quantity of evidence of actual confusion was also presented at trial. This Court previously held, "We believe that the trier-of-fact may find the evidence of actual confusion quite significant," and, in fact, the District Court did. So many "very credible" witnesses testified at trial as to their actual confusion that

the District Court turned away additional witnesses who were at the courthouse ready to provide additional evidence of actual confusion. Substantial documentary evidence of actual confusion was also admitted.

Finally, the District Court weighed the new evidence at trial and found that the parties' marketing channels overlap, the parties are operating in each other's lines of business, and consumers are not likely to exercise care in order to differentiate between the sources of the respective parties' goods and services. The trial court balanced the factors and found a likelihood of confusion. Because Smith committed trademark infringement, he necessarily committed unfair competition as well. The District Court's decision did not constitute clear error and should be upheld.

Smith's fair use defense should be rejected because he waived it by failing to raise it in the trial court. Moreover, this Court's prior decision did not mention, let alone mandate, an evaluation of a fair use defense. Even if it were properly before this Court, the defense must be rejected because the District Court found substantial evidence of actual confusion and because Smith used his marks as trademarks, not in good faith, and not to describe his goods.

The relief granted by the District Court was not an abuse of discretion and should be affirmed. The injunction was supported by the trial court's findings of fact. Damages were appropriately awarded because Smith deliberately and

willfully infringed EMI's mark, and the amount of damages was calculated according to established law and the evidence presented at trial. The unopposed award of attorneys' fees was proper as well, as the District Court found this case to be exceptional.

VIII. ARGUMENT

A. The District Court's Conclusion After Trial That Smith Committed Trademark Infringement Was Not Clear Error.

Unlike in the first appeal of this case, where the issue presented to this Court was whether there were disputed factual issues, and where Smith received the benefit of having all inferences drawn in his favor, there has now been a trial. At trial, the trier of fact weighs the evidence objectively in order to determine the truth of the matter, rather than drawing inferences in favor of either party. Dubbs v. C.I.A., 866 F. 2d 1114, 1118 (9th Cir. 1989). The judge had the opportunity to hear witnesses and to assess their credibility and, after doing so, found that Smith committed trademark infringement. On this appeal, Smith improperly asks this Court to second-guess the District Court's factual findings and credibility determinations made after trial, despite the special deference to which these determinations are entitled. Reviewing the District Court's decision for clear error (or even for an abuse of discretion), this Court should affirm.

1. Smith's Argument For Reversal Constitutes A Flawed Reading
Of This Court's Prior Decision.

Smith bases his entire argument for reversal on a misconception of this Court's ruling on summary judgment. On Smith's appeal of the District Court's ruling on the parties' cross-motions for summary judgment, this Court ruled that Smith's use of ENTREPRENEUR ILLUSTRATED on his magazine constituted trademark infringement as a matter of law, but that with respect to his other uses of his marks, a reasonable juror could find no likelihood of confusion, at least when viewing the evidence in a light most favorable to Smith. See Entrepreneur, 279 F.3d at 1140. Based on the limited affirmance, this Court instructed the District Court to "devise an injunction that only enjoins Smith from using the term 'Entrepreneur Illustrated' on the cover of a printed publication in a manner that obstructs or otherwise downplays the word 'Illustrated.'" Id. at 1153. The case was also remanded "for a trial on the merits." Id. at 1138. The District Court followed this Court's directive and issued the limited injunction, which remained in effect through trial. SER 17-19.

Smith argues the District Court was precluded from finding a likelihood of confusion unless EMI offered at trial new and additional evidence on each likelihood-of-confusion factor, apart from the evidence offered on summary judgment. Br. 23-33. Smith's position is wrong. If Smith were correct that, based

on the summary judgment evidence, it would be unreasonable for the District Court to find for EMI, then Smith would have been entitled to summary judgment in the first instance. This Court, however, declined to reverse the District Court's denial of Smith's summary judgment motion.

Instead, this Court specifically held that four of the eight Sleekcraft factors—namely, similarity of marks, Smith's intent, actual confusion, and expansion into product lines—were factual issues not properly decided on summary judgment. See Entrepreneur, 279 F.3d at 1145-47, 1149-52. On these factors, the District Court was permitted, indeed expected, as the fact-finder on remand to evaluate the evidence and determine whether each factor weighed in favor of or against a likelihood of confusion, even if no additional evidence was presented.

As to the other four Sleekcraft factors—strength of the mark, relatedness of goods, marketing channels, and consumer care—this Court based its rulings as a matter of law on the state of the record at summary judgment, viewing the evidence in the light most favorable to Smith. This Court found that EMI's mark is entitled to only descriptive strength (Entrepreneur, 279 F.3d at 1142); the parties' goods are related but only moderately so (id. at 1148); the parties' marketing channels do not overlap (id. at 1151-52); and the degree of consumer care is moderate, at least when all inferences are resolved in Smith's favor (id. at

1152). This Court made clear in remanding the case that the District Court could reach contrary findings on these factors after trial, where the summary judgment standard, requiring that the evidence and all reasonable inferences be considered in the light most favorable to the non-moving party, does not apply. *Id.* at 1144, 1152; see *Dubbs*, 866 F.2d at 1118. Moreover, as to the strength of EMI's mark, this Court specifically contemplated that EMI could present additional evidence "to prove that its mark is stronger than it currently appears." *Entrepreneur*, 279 F.3d at 1144. EMI did so, and the District Court found the mark to be "a strong distinctive mark, deserving of significant protection." ER 686.

In fact, by ruling that the outcome of this dispute was a factual matter not appropriate for summary judgment, this Court implied that the District Court could appropriately award judgment to EMI after trial based solely on weighing the evidence presented at summary judgment. In actuality, however, EMI presented at trial substantial compelling evidence not presented at summary judgment, further supporting a finding of likely confusion.

2. The District Court's Conclusion That Smith Committed Trademark Infringement Was Not Clearly Erroneous Or An Abuse of Discretion.

The pertinent inquiry regarding trademark infringement is whether "the average consumer would be likely to believe that the infringer's products 'had

some connection' with those of the registrant." HMH Publ'g Co. v. Brincat, 504 F.2d 713, 716-17 n. 7 (9th Cir. 1974). In evaluating whether a likelihood of confusion exists, the Ninth Circuit has enumerated eight relevant factors: "(1) The strength of EMI's trademark; (2) The similarity of the marks; (3) The proximity or relatedness of the goods or services; (4) Smith's intent in selecting the marks; (5) Evidence of actual confusion; (6) The marketing channels used; (7) The likelihood of expansion of product lines; and, (8) The degree of care consumers are likely to exercise." Entrepreneur, 279 F.3d at 1140, citing AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979). The District Court evaluated each of the eight factors and concluded that a likelihood of confusion exists between EMI's mark and Smith's marks. A review of these factors confirms that the District Court's decision is supported by the record and does not constitute clear error.

a. The ENTREPRENEUR Mark Is Strong Based On The Evidence Presented At Trial.

This Court previously ruled that, viewing the facts in a light most favorable to Smith and based solely on the record at summary judgment, EMI had not demonstrated that it had so strengthened its descriptive mark as to weigh in favor of finding likely confusion. Id. at 1142. This decision was not a final ruling that the mark is weak. Rather, as Smith acknowledges (Br. 24), this Court specifically held that, at trial, EMI would "have the opportunity to prove that its

mark is stronger than it currently appears." Id. at 1144, citing American Int'l Group, Inc. v. American Int'l Bank, 926 F.2d 829, 832 (9th Cir. 1991) (holding suggestive or descriptive mark "may be strengthened by such factors as extensive advertising, length of exclusive use, public recognition . . ."). The District Court found that "Plaintiff has done so." ER 684.

(1) EMI Presented Substantial New Evidence Of The Strength Of The Mark.

At trial, EMI submitted an abundance of evidence not presented at summary judgment that showed, among other things:

- The vast majority of the proper-noun uses of the word "entrepreneur" are associated with Entrepreneur magazine, as Smith's own expert admitted. SER 168.
- EMI has attracted one million new subscribers to its magazine in the last three years, and more than 13 million unique visitors logged onto EMI's website since January 2001. SER 47, 60.
- In the nationally respected Capell's Circulation Report, Entrepreneur was named one of the 20 best magazines in terms of circulation over the last 20 years and was the only business magazine to receive this prestigious honor. SER 49.

- Smith's clients were aware of the "famous" and "credible" ENTREPRENEUR mark and EMI's products and services offered under the mark. SER 113, 118.

- EMI spent \$46 million (including the cost of publishing Entrepreneur, which is itself an important marketing mechanism) in advertising and marketing in the last three years. SER 43, 57. Even without including the cost of the magazine itself, EMI spent more than \$10 million on advertising and marketing during this period. SER 42, 57.

- EMI uses its extensive marketing budget to purchase radio, television, newspaper, magazine, and direct-mail advertisements and to pay for retail display allowances, special promotional treatment in bookstores, catalog mailings, promotional events, newsletters, radio campaigns, trade show space, and Internet marketing activities. SER 33-34, 39-42. In addition, Rieva Lesonsky, EMI's senior vice president and editorial director, makes regular public appearances that promote the ENTREPRENEUR brand, including frequent appearances on such television shows as CNNfn, CNBC, Good Morning America, and Oprah. SER 50.

Many of EMI's newspaper and magazine advertisements were admitted at trial. SER 178-96. One of these advertisements, Exhibit 52, included a postcard that Ms. Lesonsky testified was sent to potential participants in the

Entrepreneur Expo trade shows. SER 35-36, 196. In light of the many other trial exhibits containing EMI's advertisements and Ms. Lesonsky's testimony concerning EMI's radio, television, newspaper, magazine, and direct-mail advertisements and retail displays, catalogs, events, newsletters, and trade shows, Smith's claim that this postcard was the only "allocation of advertising dollars or activities" to which Ms. Lesonsky testified (Br. 24) is erroneous. SER 33-36, 39-42, 50, 178-96.

Smith's representation that EMI spent only \$5 million on advertising and marketing over the past three years (Br. 24) omits an additional \$2 million per year (or \$6 million over three years) that EMI spends on marketing its products and services under the ENTREPRENEUR mark over the Internet, to which Charles Fuller, EMI's vice president of development and ad operations, testified at trial.

SER 57. EMI makes these promotional expenditures to purchase and develop (i) marketing pieces within Entrepreneur magazine, (ii) advertising space on partners' websites, and (iii) banners and other advertising space on third-party websites.

SER 57-58. The purpose of EMI's marketing and promotional expenditures is to promote subscriptions to Entrepreneur magazine, sales of EMI's numerous business-related books published under the ENTREPRENEUR mark, and EMI's website. SER 56-58.

Smith argues the amount of money a trademark owner spends "matters little"; rather, "[t]he real question is what did [the owner] get for their money and efforts?" Br. 24 (citation omitted). For its extensive advertising expenditures and efforts, EMI has achieved significant public recognition and is "well-known" as the publisher of its magazine and purveyor of its products and services. ER 680-81. Even Smith concedes EMI is "well known in the small business community." SER 73. The overwhelming evidence of actual confusion proves the public is familiar with EMI's mark. If Smith's clients had not been aware of EMI's mark, they would not have suffered the actual confusion that arose from the association they believed existed between EMI and Smith.

(2) The Evidence Showed A Diminished Need Of The Marketplace To Use "Entrepreneur."

On the record at summary judgment, this Court found that the need of others in the marketplace to use the term "entrepreneur" to describe their goods or services suggested that EMI's mark is descriptive and therefore weak.

Entrepreneur, 279 F.3d at 1143. EMI demonstrated at trial, however, that neither Smith nor others in the marketplace need to use the word "entrepreneur" to describe their products or services.

EMI presented evidence showing that Smith, through his previous counsel, argued to the U.S. Patent & Trademark Office that "the words

'entrepreneur' and 'illustrated' are not required in order to describe [Smith's] product; there are many other words available to describe such product." SER 522. Smith did not initially use the word "entrepreneur" to identify his company, his magazine, or his website. Smith's naming firm suggested many terms that did not encompass "entrepreneur," including the firm's favorite names, "Enterpress" and "Entrenews." ER 950-58, SER 169-70.

In addition, EMI's competitors, all of whom produce magazines and provide services for small-business owners, have shown no need to use the word "entrepreneur" to describe their magazines, products, services, or potential customer markets. These competitors have included such magazines as Inc., Success, FSB (Fortune Small Business), Venture, Nation's Business Magazine, My Business (formerly Your Own Business), Small Business Opportunities, Fast Company, Income Opportunities, Opportunity World, Your Company, and Business Week's Frontier and Enterprise. SER 51-52.

(3) The Evidence Revealed A Lack Of Widespread Use Of "Entrepreneur" By Others.

In support of his opposition to EMI's Motion for Summary Judgment, Smith presented testimony from his expert witness regarding other magazines, trademark registrations, and domain names that include the word "entrepreneur." ER 267-84. For summary judgment purposes, this Court accepted this evidence as

support for the weakness of EMI's mark. Entrepreneur, 279 F.3d at 1143. At trial, however, EMI refuted all of Smith's claims of widespread use by others of the word "entrepreneur."

First, although Smith argued that other magazines use "entrepreneur" in their title, he presented no evidence that these magazines are currently being published in the United States. SER 163-65. Smith's own linguistics expert testified he had never seen even one magazine with "entrepreneur" in its title except for EMI's Entrepreneur magazine. SER 163-64.

Further, Smith presented no evidence regarding any use by third parties of the ENTREPRENEUR mark on related goods and services. While several trademark registrations containing "entrepreneur" are part of the record, there was no evidence presented regarding what use, if any, the owners are or were making of their trademarks. SER 171-72. "The mere citation of third party *registrations* is not proof of third party *uses* for the purpose of showing a crowded field and relative weakness." 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 11:89 (4th ed. 2003) (emphasis in original). Smith also failed to present any evidence that even one "entrepreneur" domain name (other than entrepreneurpr.com) is used or associated with related goods or services. SER 166-67.

While a "crowded field of marks" can suggest "customers . . . may have learned to carefully pick out one [mark] from the other," (Entrepreneur, 279 F.3d at 1144, citing Miss World (UK) Ltd. v. Mrs. America Pageants, Inc., 856 F.2d, 1445, 1449 (9th Cir. 1988)), the public could not have learned to distinguish between different uses of ENTREPRENEUR unless they were aware of other uses of similar marks on related goods and services. Absent evidence that others are making use of similar marks—which Smith failed to present—the "field" cannot be "crowded." See Miss World, 856 F.2d at 1449.

(4) Even If This Court Finds ENTREPRENEUR Is
Not A Strong Mark, A Likelihood Of Confusion
Should Still Be Found To Exist.

Based on all of the new evidence regarding strength of the mark presented by EMI at trial, the District Court found the ENTREPRENEUR mark to be "a strong distinctive mark, deserving of significant protection." ER 686. If, nonetheless, this Court is inclined to reject the District Court's conclusion and hold that EMI's mark is weak, the District Court's finding of a likelihood of confusion should still be upheld. When products are closely related and marks are nearly identical, as in this case, "the strength of the mark is of diminished importance in the likelihood of confusion analysis." Brookfield, 174 F.3d at 1059; see also Entrepreneur, 279 F.3d at 1153 (finding EMI's ENTREPRENEUR mark strong

enough to support partial affirmance of summary judgment). Even weak marks are entitled to protection against junior users of similar marks on similar goods. New West Corp. v. NYM Co. of Cal., Inc., 595 F.2d 1194, 1202 (9th Cir. 1979).

This Court itself noted that "a determination on the merits that Smith intended to deceive consumers would provide 'strong evidence of a likelihood of confusion' (citation omitted), and, as a result, could overcome weaker showings by EMI in other factors." Entrepreneur, 279 F.3d at 1150. The District Court found that Smith intended to deceive the public and that there was substantial evidence of actual confusion. ER 686-87. Accordingly, even if EMI's mark were not adjudged to be strong, Smith's intent and the substantial evidence of actual confusion, as well as the remaining factors weighing in favor of a likelihood of confusion, still firmly support the District Court's judgment.

b. The Parties' Marks Are Highly Similar.

"Obviously, the greater the similarity between the two marks at issue, the greater the likelihood of confusion." Entrepreneur, 279 F.3d at 1144, quoting GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1206 (9th Cir. 2000). In determining whether marks are similar, "1) Marks should be considered in their entirety and as they appear in the marketplace; 2) Similarity is best adjudged by appearance, sound, and meaning; and 3) Similarities weigh more heavily than differences." Entrepreneur, 279 F.3d at 1144. The District Court found that "the

marks ENTREPRENEUR, on the one hand, and ENTREPRENEURPR, Entrepreneur Illustrated, and entrepreneurpr.com, are substantially similar in appearance, sound and meaning in that the dominant portion of all the marks is identical—"entrepreneur." ER 682.

The District Court's finding of fact is not clearly erroneous and should be upheld. Plainly, the marks are similar. EMI presented at trial the testimony of Dr. Virginia Mann, a linguistics expert, showing that both ENTREPRENEURPR and ENTREPRENEUR ILLUSTRATED would "prime"—that is, be automatically associated with—ENTREPRENEUR and that the eye would tend to skip over the differentiating features of ENTREPRENEURPR. SER 156-59. The parties' marks even appear in similar colors at times, exacerbating the potential for confusion. SER 31-32, 177, 218-92.

Smith's only arguments for overturning the District Court's finding of fact concerning the similarity of the marks are that (1) EMI presented no new evidence "as to the color, font-size, or 'look and feel'" of EMI's magazine as compared to Smith's magazine, and (2) Ms. Lesonsky's and Dr. Mann's testimony both supported Smith's contention that the marks are dissimilar. Br. 26. These contentions are erroneous.

First, EMI was not required to submit new evidence in order for the District Court to find that this factor supported a finding of likelihood of confusion.

On summary judgment, this Court held that a reasonable juror would have to find the marks **ENTREPRENEUR** and **ENTREPRENEUR ILLUSTRATED** similar as used on the parties' publication covers, but that a reasonable juror could find EMI's mark and Smith's other uses of his marks dissimilar. Entrepreneur, 279 F.3d at 1145-47. While a reasonable fact finder could have concluded the marks are dissimilar, this Court necessarily implied that a reasonable fact finder could, on the other hand, conclude the marks are similar. This is precisely what occurred.

Second, Smith is wrong in asserting that Ms. Lesonsky testified people would find no association between two unrelated businesses using the word "entrepreneur" if there were merely minor distinctions in the font style employed. Br. 26. Instead, Ms. Lesonsky testified that "fonts can be different, but they can be similar which cause confusion." SER 55. This Court itself found **ENTREPRENEUR** and **ENTREPRENEUR ILLUSTRATED** as used as the parties' publication titles to be similar as a matter of law, despite the fact that the colors and fonts styles of the two titles differ. Entrepreneur, 279 F.3d at 1144, 1145.

Finally, Smith's representation that EMI's linguistics expert Dr. Mann testified that EMI's website www.entrepreneur.com is not closely related to Smith's website www.entrepreneurpr.com (Br. 26) is inaccurate. Rather, she testified that www.entrepreneurpr.com did not come up in the first five or six pages

of a Google search for "entrepreneur," but that this fact may be due to web presence or web frequency. SER 160. And, contrary to Smith's argument that there was no evidence to suggest people would make an association between Smith's ENTREPRENEURPR mark and EMI's ENTREPRENEUR mark (Br. 26), extensive evidence was presented at trial that such an association would be made. SER 73, 113, 163-64, 168. The evidence substantiates the trial court's finding that the parties' marks are similar.

c. The Parties' Goods And Services Are Closely Related

This Court previously stated, "we agree that the parties' goods are related" based on the fact that both parties print publications featuring small businesses, but it adopted a "sliding scale" approach to this factor. Entrepreneur, 279 F.3d at 1148. As it found EMI's mark to be weak, based solely on the record at summary judgment, this Court held the relatedness of the parties' goods "does not weigh heavily in favor of likely confusion as a matter of law." Id. Because EMI presented substantial, additional evidence at trial sufficient to support a finding that its mark is stronger than it appeared at summary judgment, the relatedness factor should likewise be ascribed more weight.

This evidence demonstrated that EMI itself, like Smith, provides public relations services that promote small businesses, by featuring stories about them in Entrepreneur magazine. SER 53-54. Further, EMI proved at trial it

"offers public relations services on its website through its partnership with PR Newswire, which services are substantially similar to Smith's public relations services," ER 682. Additionally, the vast amount of actual confusion presented at trial demonstrates the buying public indeed believed that Smith's products came from the same source as EMI's products. The District Court's finding that the goods are related is not clearly erroneous.

d. Smith Intended To Deceive Consumers In Selecting His Marks.

"[I]ntent to deceive is strong evidence of a likelihood of confusion." Entrepreneur, 279 F.3d at 1148 (citation omitted). Where an alleged infringer chooses a mark he knows to be similar to another, his intent to confuse can be presumed. Id.; ER 687. In addition, "[a] party with a prior relationship with the first mark has a greater duty to adopt a clearly distinguishable mark than does a mere stranger." Chassis Master Corp. v. Borrego, 610 F. Supp. 473, 478 (S.D. Fla. 1985) (citation omitted).

This Court previously acknowledged that several witnesses' testimony suggested that Smith, in adopting and using marks similar to EMI's mark, intended to confuse the public, but held the credibility of these witnesses was for the trier of fact to determine. Entrepreneur, 279 F.3d at 1149-50. The District Court found

these witnesses, and others who testified about actual confusion, "very credible."

ER 683.

Smith's intent to deceive is clear from substantial evidence presented at trial:

- Smith had been aware of EMI's mark since at least 1992 and widely publicized his company's being featured, under its former name, on the "Small Business Links" pages of EMI's website. ER 328, 681; SER 72-76.
- Smith tested whether clients would be more interested in the services of his struggling company if they thought he was associated with EMI. SER 99-100, 128-29.
- Smith used the services of a friend's naming firm but came up with the names EntrepreneurPR and Entrepreneur Illustrated himself. SER 79, 85-88, 169-70, 173-74.
- Smith told clients he would get them published in Entrepreneur and sent out articles falsely stating that EntrepreneurPR was EMI's "PR firm." SER 94-96, 198-201, 458.
- Smith's said of the many people that were confused, "It's great." SER 15-16.
- Smith often falsely suggested that an affiliation existed between EMI and his company. SER 119, 139-41, 143-46.

- Two former employees and two clients told Smith about the confusion concerning his company and EMI. SER 10, 16, 123, 139-41, 145-46.

- When Smith was directly asked by a client if he was affiliated with EMI, he continually "skirted" the question. SER 139-41, 145-46.

Smith's conduct in this lawsuit has been consistent with that of someone having something to hide. Smith concealed a document showing that one of his clients wrote a check to Entrepreneur magazine and an e-mail showing that one of Smith's employee told this client she would be featured in "Entrepreneur," stating in discovery there were no documents showing actual confusion. SER 103-07, 458-59, 516. Smith grudgingly conceded at trial he had seen his client's check to Entrepreneur magazine at the time it was sent to his company. SER 175-76.

The evidence of Smith's ill intent led the District Court to find that Smith committed trademark infringement. "[A] determination on the merits that Smith intended to deceive consumers would provide 'strong evidence of a likelihood of confusion,' (citation omitted) and, as a result, could overcome weaker showings by EMI in other factors." Entrepreneur, 279 F.3d at 1150.

e. The Evidence Of Actual Confusion Presented At Trial Was Overwhelming.

"Evidence of actual confusion is strong evidence that future confusion is likely" Entrepreneur, 279 F.3d at 1150 (citation omitted).

"[C]onvincing evidence of substantial actual confusion is ordinarily decisive." ER 686. This Court held that, based on the record at summary judgment, EMI had presented evidence of one instance of actual confusion as a matter of law, but that the credibility of the remaining witnesses who testified as to their actual confusion was for the trier of fact to determine. Entrepreneur, 279 F.3d at 1151. This Court stated, "We believe that the trier-of-fact may find the evidence of actual confusion quite significant" Id. There was a tremendous amount of actual confusion presented at trial, and the District Court found EMI's witnesses to be "very credible." ER 683.

Seven of Smith's clients testified that they were actually confused. SER 108-144. By deposition testimony, admitted at trial, another of Smith's clients testified to being actually confused. SER 12-13. In addition, by deposition testimony, admitted at trial, two former EntrepreneurPR employees testified that potential customers often presumed there was a connection between EntrepreneurPR and EMI. ER 350, 358. Several other of Smith's clients were present at the courthouse ready to testify but were not permitted to do so after the District Court ruled that additional evidence of actual confusion would be "duplicative and unnecessary." SER 147.

These "[m]any witnesses, whom the Court found to be very credible, testified that they believed, when they were solicited by Smith, that [Smith] was

associated with Entrepreneur Media or Entrepreneur Magazine, or that the two publications were the same." ER 683. The witnesses "were almost uniform in their position that they would not have paid any money to [Smith] had they known he was not connected with [EMI]." *Id.*

Smith attempts to contradict these former employees' testimony with a hearsay statement of another employee, whose declaration was not admitted at trial. Br. 7, citing ER 139. Because the declarant's testimony was not admitted as evidence before the District Court at trial, it should not be considered in reviewing the District Court's decision. See Leahy v. United States, 272 F.2d 487, 489 (9th Cir. 1960) (holding evidence not considered by trier of fact may not be considered by appellate court in reviewing trier of fact's decision).³

Further, ten of Smith's clients were so confused that they wrote checks to "Entrepreneur Magazine" or "Entrepreneur" instead of to "EntrepreneurPR." SER 459, 461-64, 492-500. This Court previously ruled that a

³ Out-of-court, hearsay statements of witnesses who did not testify at trial and were not subject to cross-examination should not be considered in reviewing the trial court's decision. See generally Alford v. United States, 282 U.S. 687, 691 (1931) ("Cross-examination of a witness is a matter of right."). The propriety of citing on appeal to declarations not admitted at trial has not been directly decided in this Circuit, see Williams v. Woodford, 306 F.3d 665, 714 (9th Cir. 2002) (declining to decide whether declarations submitted in previous court proceedings but not admitted into evidence at trial are properly part of appellate record because appellate court did not need to consider them in making its ruling), or in published decisions of other Circuits.

single check sent to EntrepreneurPR payable to Entrepreneur magazine "is strong evidence of [] confusion." Entrepreneur, 279 F.3d at 1150.

Smith argues that five of EMI's trial witnesses should not be believed because they were disgruntled former clients involved in legal battles or payment disputes with Smith. Br. 29-31. Smith advanced the same argument at trial and the District Court rejected it, finding Smith's testimony denying "the allegations of all of those witnesses . . . in that, and many other respects, was not credible." ER 683. This credibility determination made by the trial court, after hearing the testimony and cross-examination of live witnesses, should not be disturbed.

Smith also argues the testimony of these witnesses should be discounted because their confusion was due to the "visual similarity of the publications, or purely extraneous matters," and because their confusion related only to the parties' publications, not to Smith's business name or website. Br. 28-29. These arguments ignore the evidence at trial. Many witnesses and trial exhibits attested to actual confusion arising from each of Smith's three marks. SER 115-16, 123-24, 458-64, 492-500, 516. All of the written evidence, combined with the credible testimony of many witnesses, constitutes substantial evidence of actual confusion.

f. The Parties' Marketing Channels Substantially Overlap.

Based solely on the record at summary judgment, this Court held that the parties' respective uses of the Internet were not significant enough to be pertinent and that their other marketing channels did not overlap to any significant degree. Entrepreneur, 279 F.3d at 1151-52. EMI presented at trial new evidence regarding the extensiveness of the respective parties' Internet marketing activities, as well as new evidence of the similarities of their other marketing channels.

EMI presented new evidence demonstrating it uses the Internet as a substantial marketing channel, spending \$2 million per year marketing goods and services under the ENTREPRENEUR mark on-line. SER 57. The evidence showed Smith also uses the Internet as a marketing channel. SER 91. In addition, EMI presented new evidence showing that several clients were actually confused about a possible affiliation between EMI and Smith after visiting Smith's website. SER 123-24, 460.

EMI also presented new evidence at trial that the prices charged by the parties for advertising space in their respective publications are sometimes comparable. While Smith charges his clients \$10,000 for the one-page advertisement in his magazine—which advertisement takes the form of an “article” used to promote his clients' products and services—EMI charges as little as \$9,000 for a full page advertisement in Entrepreneur magazine. SER 46, 70-71;

Entrepreneur, 279 F.3d at 1152. Thus, the parties' advertisements are comparably priced.

Based on this new evidence, together with the other evidence presented both at trial and at summary judgment, the District Court found the parties' marketing channels overlap in three material respects: they both (1) target their products and services, and provide their magazines, to small business owners, (2) send their magazines free of charge to media entities, and (3) use the Internet to market and advertise their products and services. ER 682-83. It was not clear error for the District Court to find there was ample opportunity for individuals to be confused.

g. The Parties Have Already Expanded Into Each Other's Product Lines.

This Court found on the record at summary judgment the parties' marketing channels do not overlap as a matter of law and there was no evidence of the parties' intent to expand into each other's product lines. Entrepreneur, 279 F.3d at 1152. The Court noted, however, that on remand, "the trier of fact should reconsider the issue based on the final record." Id.

At trial, EMI presented new evidence that it has expanded into providing more public relations services through its partnership with PR Newswire. SER 60-62, 465-66. Through this strategic alliance, EMI's website

contains a page devoted to promoting public relations services whereby customers can submit press releases that will be sent on to a number of print, radio, and television media outlets. *Id.* In addition, EMI itself promotes specific small businesses and their owners by featuring them in articles in Entrepreneur magazine. SER 53-54. This evidence, together with the new evidence presented to show the parties' marketing channels overlap, led the District Court to hold "the parties are already operating within each other's product lines." ER 687. Its finding is not clearly erroneous and should be upheld.

h. The Type Of Goods And The Degree Of Care Likely To
Be Exercised By The Purchaser Strongly Suggest
Consumers Will Be Confused.

On summary judgment, the District Court originally held the degree of consumer care weighed against a finding of likelihood of confusion. With "all inferences of this sort resolved in [Smith's] favor," this Court agreed. Entrepreneur, 279 F.3d at 1152. After hearing the evidence at trial, however, the District Court found that, as the "trademark laws are not primarily designed to protect careful and experienced consumers, but to protect 'the ignorant, the inexperienced, and the gullible,'" people are likely to believe Smith's magazine and services are associated with EMI. ER 686, quoting Stork Restaurant v. Sahati.

166 F.2d 348, 359 (9th Cir. 1948). The District Court's finding is not clearly erroneous.

"[T]he standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the least sophisticated consumer." GoTo.com, 202 F.3d at 1209. The "consumers" of Entrepreneur magazine are the two million monthly readers of the magazine (who purchase the magazine for a few dollars, receive it for free, or read someone else's copy), the two to three million monthly Internet visitors (who visit www.entrepreneur.com for free), and the advertisers (who pay thousands of dollars for advertising space). Similarly, the "consumers" of Entrepreneur Illustrated and EntrepreneurPR are media entities (who receive Entrepreneur Illustrated for free), Internet users (who visit www.entrepreneurpr.com for free), potential clients (who are solicited but never buy EntrepreneurPR's services), and clients (who pay several thousand dollars to appear in Entrepreneur Illustrated).

The least sophisticated consumers for both parties' goods are individuals, not sophisticated companies. Individuals are not likely to be sophisticated enough, or have enough time, to determine whether EntrepreneurPR and EMI are affiliated, even when they contract to pay thousands of dollars for Smith's services. The evidence proved this. SER 120 ("I was just too busy juggling my photo-talent agency and my company just trying to survive and run

my business. I had no time to backtrack and do research [on Smith]"). As one of Smith's confused clients put it, "[W]hen you are an entrepreneur and you think your company is going to be the one to make it, you're grasping at every bit of help that you can get, and so you just have a tendency to believe what you see on paper." SER 110. People are likely to believe—and, in fact, did believe—that Smith's magazine and services were associated with EMI.

Moreover, even when extremely high diligence was exercised, confusion still occurred because Smith was not always forthright with his clients regarding his affiliation with EMI. SER 119, 139-41, 145-46. The District Court did not commit clear error when it weighed this factor in favor of a finding of likelihood of confusion.

3. The District Court Balanced The Factors And Found A Likelihood Of Confusion. And Its Decision Does Not Constitute Clear Error.

Upon the whole trial record, and based on the factual findings made at trial, the likelihood of confusion factors favor EMI, including the critical factors of similarities of the marks, proximity of the goods and services sold under the marks, actual confusion, and intent of the defendant. ER 679-89. The District Court's balancing of the likelihood-of-confusion factors, necessarily a fact-intensive

process, cannot be overturned absent clear error. See Brookfield, 174 F.3d at 1061.

Smith chastises Judge Cooper by claiming her analysis of the Sleekcraft factors was "mechanical, if not perfunctory" and driven entirely by the intent factor. Br. 33. In fact, the District Court listened patiently to all of the evidence and evaluated each factor in turn. ER 679-89. And while Smith complains that the District Court overemphasized the intent factor, this Court ruled that "a determination on the merits that Smith intended to deceive consumers would provide 'strong evidence of a likelihood of confusion'" Entrepreneur, 279 F.3d at 1150, quoting Interstellar Starship Servs. v. Epix, Inc., 184 F.3d 1107, 1111 (9th Cir. 1999). The District Court also gave significant weight to the actual confusion factor (ER 683-86), as instructed by this Court. Entrepreneur, 279 F.3d at 1151 ("We believe that the trier-of-fact may find the evidence of actual confusion quite significant . . ."). The District Court's evaluation of the likelihood-of-confusion factors and its finding of trademark infringement were not clearly erroneous and, accordingly, should be affirmed.

B. Smith's Fair Use Defense Should Be Rejected.

1. The Fair Use Defense Was Waived.

Smith argues that the fair use defense excuses him from trademark infringement. Br. 15. Smith did not plead the fair use defense in his Answer, did

not mention the defense at the pretrial phase, and did not present evidence concerning the defense or argue for its application at trial. ER 25, 771. Smith claims his fair use defense is found in his answer and in the Pretrial Conference Order. Br. 15, n. 4. Smith is wrong. Neither of these documents even mentions a fair use defense. Indeed, he conceded in the Pretrial Conference Order that "there are no issues that could be called an affirmative defense or counterclaim." ER 769.

Because Smith failed to raise the defense properly below, this Court should not entertain it on appeal. See Northwest Acceptance Corp. v. Lynnwood Equip., Inc., 841 F.2d 918, 924 (9th Cir. 1988) (holding defense is waived where not pled or raised in pretrial order); Clements v. Airport Auth. of Washoe County, 69 F.3d 321, 328-29 (9th Cir. 1995) (holding defense is waived where not pled as affirmative defense); Peterson v. Highland Music, 140 F.3d 1313, 1321 (9th Cir. 1998) ("We apply a 'general rule' against entertaining arguments on appeal that were not presented or developed before the district court.").

2. Smith's Fair Use Defense Is Based Upon An Erroneous Reading Of This Court's Prior Ruling.

Even if this Court decides to entertain Smith's fair use defense, it should be rejected. Smith's fair use defense is based on the faulty premise that this Court's partial grant of summary judgment to EMI, together with its directive to the District Court to exercise caution in extending the scope of protection to which

EMI's mark is entitled, constituted a determination that it is fair for Smith to use "entrepreneur" to describe his publication as long as he does not downplay "illustrated." Br. 15. Smith argues this Court's ruling was a mandate that the District Court evaluate whether all of Smith's other uses of the ENTREPRENEUR mark are fair as well. Id.

Contrary to Smith's contention, this Court's prior decision was not a determination that "it is fair for Smith to use the word 'entrepreneur' to describe his publication." Br. 12. Instead, it was a determination that, for summary judgment purposes, EMI had established it was entitled to a limited injunction and that a trial on the merits was necessary to determine whether a broader injunction was appropriate. The District Court was expected, on remand, to evaluate the evidence and determine the proper scope of the injunction after trial. It did just that.

3. Even If It Had Not Been Waived, Smith's Fair Use Defense Is Meritless.

As Smith acknowledges, in this Circuit, the fair use defense is available only so long as such use does not lead to customer confusion as to the source of the goods or services. See Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002). Here, the District Court found substantial evidence of actual confusion. ER 686. Thus, the fair use defense must be rejected outright. Smith's

call for this Court to reverse its precedent dating back decades should be rejected.

See Lindy Pen Co. v. Bic Pen Corp., 725 F.2d 1240, 1248 (9th Cir. 1984).⁴

The fair use defense should also be rejected on its elements. To establish a classic fair use defense, as Smith attempts to do here, a defendant must prove he uses term (1) not as a trademark or service mark, (2) fairly and in good faith, and (3) only to describe his goods or services. See Cairns, 292 F.3d at 1151. Smith's use meets none of the three elements.

First, Smith admittedly used ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and ENTREPRENEURPR.COM as trademarks. Br. 18. His argument that he nevertheless did not use ENTREPRENEUR (without additional letters or words) as a trademark is unfounded. See Lindy Pen Co., 725 F.2d at 1248 (rejecting fair use defense for defendant's use of its mark AUDITOR'S FINE POINT, concluding that defendant was making use of plaintiff's mark AUDITOR'S). Because he uses his marks as trademarks, Smith is not entitled to claim the fair use defense.

⁴ The U.S. Supreme Court recently agreed to review this Court's decision in KP Permanent Make-Up, Inc. v. Lasting Impression Inc., 328 F.3d 1061 (9th Cir. 2003), cert. granted, — S.Ct. —, 2004 WL 42544 (2004), to determine whether the classic fair use defense to trademark infringement requires a party to demonstrate an absence of likelihood of confusion, as in this Circuit, or whether fair use is an absolute defense, irrespective of confusion, as in other Circuits. Should this Court's decision be overturned, Smith's fair use defense fails nonetheless because he does not satisfy the elements of the defense.

Second, Smith did not use his marks in good faith. As Smith acknowledges, “[g]ood faith is simply shorthand for the conclusion that the mark was used in ‘a way that does not deceive the public.’” Br. 19, quoting Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924). As set forth above, the District Court found after a trial and after assessing the credibility of witnesses that Smith used his marks in a way that deceives the public. ER 687. And Smith’s attempt to cite evidence of widespread third-party use (Br. 20) is unsupported by the record at trial. See supra, at 29-31. Accordingly, there was no good faith.

Third, Smith did not use his marks merely to describe his goods or services. Instead, he used them to attempt to distinguish his products from the products of others and, as the District Court found, to attempt to trade off of EMI’s goodwill. ER 687; see Lindy Pen, 725 F.2d at 1248. Smith’s fair use defense fails on all elements.

C. Smith Engaged In Unfair Competition.

Because Smith committed trademark infringement, he also committed unfair competition. See Academy of Motion Picture Arts & Sci. v. Creative House Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991).

D. The District Court Did Not Abuse Its Discretion In Expanding The Injunction.

The District Court's decision to issue an injunction and the scope of the injunction must be upheld absent an abuse of discretion. Sony, 203 F.3d at 602. Smith contends the District Court was precluded from issuing an injunction beyond the limited injunction required by the partial affirmance of summary judgment. Br. 10-11, 13. Smith is incorrect. This Court's previous ruling did not set a maximum on the injunction that could be issued after trial; rather, it instructed the District Court as to the proper scope of the injunction based on the limited summary judgment affirmance.

After evaluating the full record at trial, the District Court concluded that Smith committed trademark infringement with respect to all uses of all three of his marks. All of Smith's uses contribute to and exacerbate the overall confusion suffered by his clients. Clients were confused about Smith's association with EMI after visiting Smith's website, others by the name of his publication (apart from viewing it on the magazine), and others by the name of his company. SER 111-114, 123-24, 460. Further, although Smith has not recently published Entrepreneur Illustrated, he admitted he might in the future. SER 89. Thus, an injunction prohibiting such activity was and is necessary. See Polo Fashions, Inc. v. Dick Bruhn, Inc., 793 F.2d 1132, 1135 (9th Cir. 1986). Because the District Court's

entry of a permanent injunction precluding Smith from making any use of any of his three marks was appropriate, its decision does not constitute an abuse of discretion, and the injunction should be upheld.

E. EMI Is Entitled To The Damages It Was Awarded.

1. The Decision To Award Damages Did Not Constitute An Abuse Of Discretion.

A plaintiff who prevails in a trademark infringement action, subject to the principles of equity, is entitled to recover the infringer's profits and any damages the plaintiff sustained. 15 U.S.C. § 1117(a). "[W]here trademark infringement is deliberate and willful both the trademark owner and the buying public are slighted if a court provides no greater remedy than an injunction."

Playboy Enters., Inc. v. Baccarat Clothing Co., 692 F.2d 1272, 1274 (9th Cir.

1982). The trial court has substantial discretion to fashion a remedy appropriate to the facts and circumstances of the case before it. Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 917 (Fed. Cir. 1984).

In this case, the District Court found that Smith deliberately infringed EMI's trademark and therefore concluded that EMI is entitled to recover the profits derived by Smith by such infringement. ER 688. Smith's knowing adoption of marks similar to EMI's, with the intent to deceive the public in order to trade off of EMI's goodwill, together with the actual confusion Smith caused, provides ample

justification for the damages award. See ER. 687. Smith offers no argument to the contrary. Indeed, because many people purchased Smith's services solely based on their belief that Smith was associated with EMI, it would be manifestly unjust to allow Smith to keep the profits he obtained in this way.

2. The Amount of Damages Awarded Was Well Within The District Court's Ample Discretion.

Smith argues the District Court improperly calculated the damages award by failing to apportion the damages among the claims and marks, awarding money damages on EMI's unfair competition claim, failing to take into account Smith's rightful use of ENTREPRENEUR ILLUSTRATED, awarding Smith's revenues rather than his profits, awarding a punitive amount, and failing to consider this Court's directive on damages. None of these arguments has merit.

a. There Was No Need To Apportion Damages.

The District Court was not required to make any apportionment of the damages award. The case Smith cites, Cairns v. Franklin Mint Co. (Br. 37), is inapposite because it involved an allocation of attorneys' fees to particular claims in the unusual situation where the Lodestar method of assessing fees was unworkable. 115 F. Supp.2d 1185, 1188 (C.D. Cal. 2000), aff'd, 292 F.3d 1139 (9th Cir. 2002). In any event, the District Court here plainly attributed the entire damages award to Smith's deliberate and willful trademark infringement,

according to the Lanham Act. ER 688. For the same reason, there is no basis in the record for Smith's argument that the District Court awarded damages to EMI based on its unfair competition claim. Br. 34.

In addition, this Court made no determination that Smith's use of ENTREPRENEUR ILLUSTRATED in any manner other than on his publication was fair. Thus, no apportionment based on fair use was necessary. Once again, Smith's assertion that this Court's ruling on summary judgment "is literally a holding that such use is fair and does not infringe EMI's mark" is incorrect. Br. 14. Instead, the District Court was charged with weighing all of the evidence at trial to determine whether Smith committed trademark infringement.

b. The District Court Properly Accepted EMI's
Uncontroverted Accounting.

To arrive at the amount of Smith's profits to which EMI was entitled, EMI needed to prove only Smith's gross sales, and Smith had the burden of proving any deductions for costs. See 15 U.S.C. § 1117(a). EMI, nevertheless, also presented evidence of Smith's costs. SER 150-54. Smith appears to take issue with the District Court's acceptance of EMI's evidence of Smith's costs, claiming EMI was entitled to put on evidence only of Smith's sales. Br. 35. Of course, without EMI's evidence of costs, the amount of damages would increase, not decrease.

Smith points to 167 pages of financial statements and check registers and argues these documents were not considered and should have been. Br. 36. The only reason these exhibits were admitted into evidence is that EMI's damages expert relied on them and incorporated deductible cost information from them into his expert analysis. SER 150.

Smith offered no damages expert testimony of his own. At trial, he failed to identify an amount of costs that should be deducted from the sales figure in order to arrive at a gross revenue figure and offered no evidence whatsoever to contradict the testimony of EMI's damages expert, Mr. Knudsen, that Smith's profits—that is, revenues minus expenses—amounted to \$544,998, plus interest of \$124,658. Apparently, exactly as he did on summary judgment, Smith was hoping the trial court would perform an audit of his financial records. The District Court appropriately did not “mine an 86 page ledger to identify the appropriate costs to be deducted from the gross revenue figure,” after previously finding the “[f]ederal statute clearly requires defendants to do this.” ER 426.

Nevertheless, by accepting Mr. Knudsen's testimony, the District Court took into consideration, as Mr. Knudsen did, the documents setting forth Smith's offsetting costs. This was not clear error. To the extent the District Court should not have taken into account the costs as expressed by EMI, then the damages award figure would necessarily have to be higher, because these costs

were deducted from the gross sales figure to arrive at a damages amount (SER 150), and Smith provided no alternative evidence or theory of costs.

c. The District Court's Damages Award Was Not Punitive.

Smith argues the damages award was punitive because EMI's cost of corrective advertising was only \$39,000, Smith's profits were modest, and the award was twice the amount awarded at summary judgment. Br. 36-37. None of these arguments renders the award punitive.

First, EMI's cost of corrective advertising—which it did not even seek to recover at trial—is not a cap on damages under the Lanham Act. 15 U.S.C. § 1117(a) (entitling owner of infringed trademark to recover infringer's profits as well as any damages the owner suffered). Second, Smith's argument that his budget was modest and his profit small is not based on any evidence at trial. Smith did not contradict Mr. Knudsen's calculations of his profits, which calculation took into account all of Smith's purported evidence of deductible expenses. In fact, Smith's claims of a "modest budget" and "modest" profits were contradicted by Smith's own testimony at trial estimating that his revenues for just the first six months of 2000 were between \$500,000 and \$750,000. SER 101. Finally, the fact that the damages award at trial was twice the amount awarded at summary judgment is due to new sales information produced by Smith during trial, Smith's

continued infringement between the summary judgment ruling and the time of trial, and interest that accumulated on the unpaid damages amount. SER 150-55.

d. This Court Did Not Set An Upper Limit On Damages.

This Court's prior decision did not set an upper limit on the damages that could be awarded after trial. Smith cites in support of his position Herrington v. County of Sonoma, 12 F.3d 901 (9th Cir. 1993), in which this Court rejected a damages award as excessive. Br. 39. Here, rather than rejecting the District Court's original damages award as excessive, this Court reversed the award based on its finding that trademark infringement had not been established as a matter of law and specifically contemplated that "[i]f appropriate, the district court may consider this issue anew after a trial on the merits." Entrepreneur, 279 F.3d at 1153. A trial on the merits resulted in a finding that Smith committed deliberate and willful trademark infringement. Accordingly, a reconsideration of the damages issue anew was appropriate. The damages award by the District Court should not be disturbed.

3. Smith Waived His Right To Challenge The Award Of Attorney's Fees, Which Award Was Not An Abuse of Discretion.

Smith seeks to challenge the District Court's award of attorneys' fees and costs, despite his failure to oppose EMI's motion for attorneys' fees and costs

below. By failing to oppose EMT's motion or to raise any argument against the award of attorneys' fees or costs, Smith waived his right to challenge the award. See Walker v. State of Cal., 200 F.3d 624, 626 (9th Cir. 1999) (holding failure timely to object in trial court to award of costs waives right to challenge award on appeal); see also Amalgamated Clothing & Textile Workers Union v. Wal-Mart Stores, Inc., 54 F.3d 69, 73 (2d Cir. 1995) (holding all arguments against award of attorneys' fees not presented to the district court are waived, absent showing of manifest injustice or extraordinary need).⁵

Even if Smith's arguments were considered, they are meritless. The Lanham Act specifically provides for the recovery of attorneys' fees in exceptional cases. 15 U.S.C. § 1117(b); see also Playboy, 692 F.2d at 1276 (holding attorneys' fees are available in infringement cases where acts of infringement can be characterized as malicious, fraudulent, deliberate, or willful). The District Court found Smith's infringement was intentional and the case therefore exceptional. ER 688-89. The District Court's decision must be upheld absent an abuse of discretion. See Rolex, 179 F.3d at 711; Disc Golf Ass'n, 158 F.3d at 1009.

⁵ While the Ninth Circuit has held that failure to make a timely objection in the trial court to an award of costs waives the right to challenge the award on appeal, its decision has not been expressly applied to a failure to object to an award of attorneys' fees. See Walker, 200 F.3d at 626. Other circuits have held as much in the context of fees. See, e.g., Amalgamated, 54 F.3d at 73.

Smith argues this is not an exceptional case because it does not involve counterfeiting a strong mark. Br. 39-40. But the case does involve willful and intentional infringement. ER 687-89. This Court has upheld attorneys' fees awards in many cases not involving counterfeiting where intentional infringement is found. See, e.g., Horphag Research Ltd. v. Pellegrini, 337 F.3d 1036, 1042 (9th Cir. 2003); Rio Prop., Inc. v. Rio Int'l Interlink, 284 F.3d 1007, 1023 (9th Cir. 2002); Gracie v. Gracie, 217 F.3d 1060, 1068-69 (9th Cir. 2000).

Smith next argues he did not commit willful infringement because he acted in good faith. Br. 40. The District Court found, however, that Smith's testimony contradicting the many witnesses who testified he actively misled them was, "in that, and many other respects, . . . not credible." ER 683. The District Court specifically found that Smith did, in fact, commit willful infringement. ER 688.

Smith argues the amount of attorneys' fees should be reduced because, from complaint to summary judgment, EMI was not entitled to attorneys' fees, and, from summary judgment to Smith's first appeal, EMI was not awarded attorneys' fees. Br. 40. This Court's ruling, however, was not a final judgment that EMI was not entitled to attorneys' fees. The District Court was free to weigh the facts and determine that a likelihood of confusion existed and that the case was

exceptional enough for an award of attorneys' fees. Smith's argument, once again, mischaracterizes this Court's prior ruling.

Smith next argues the District Court erred in failing to make specific findings as to the reasonable rate and hours that went into the attorneys' fees and costs calculations. Br. 40-41. EMI's motion for attorneys' fees, which Smith did not oppose, set forth the rates and hours expended in the case and provided support for its costs application. ER 595-605; SER 524-29. The District Court reviewed EMI's unopposed motion and granted it, finding the request for fees reasonable based upon the Kerr factors. ER 647-48; Kerr v. Screen Extras Guild, Inc., 526 F.2d 67, 69-70 (9th Cir. 1975). Smith cannot argue for the first time on appeal that the amount of fees and costs is unreasonable. See Walker, 200 F.3d at 626; Amalgamated, 54 F.3d at 73.

Finally, Smith argues this Court's prior ruling was "a clear success for Smith" and that such success should have been considered in fashioning the attorneys' fees award. Br. 41. Here again, Smith misconstrues this Court's ruling, which evaluated the case as a matter of law, leaving the District Court to weigh the evidence as a matter of fact. At trial, the District Court found entirely for EMI. Smith did not achieve any measure of success for the District Court to take into account in awarding fees.

IX. CONCLUSION

When this Court considered the evidence in the light most favorable to Smith, it held that a reasonable juror could find no likelihood of confusion, but that the question was for the trier of fact to determine. The evidence presented at trial clearly demonstrates that, in fact, a likelihood of confusion exists between Smith's marks and EMI's mark. The District Court's ruling on the substantial evidence after trial was specifically contemplated by this Court's decision on summary judgment and was supported by the District Court's factual and credibility findings. The decision was not clearly erroneous and should not be disturbed. EMI therefore respectfully requests that this Court affirm Judge Cooper's decision in its entirety.

DATED: January 21, 2004

Respectfully submitted,

LATHAM & WATKINS LLP

By Michele D. Johnson
Michele D. Johnson
Attorneys for Plaintiff-Appellee
Entrepreneur Media, Inc.

CERTIFICATE OF COMPLIANCE

PURSUANT TO FED. R. APP. P. 32(a)(7)(C)

and CIRCUIT RULE 32-1


Case No. 00-56559

I certify that, pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C) and Ninth Circuit Rule 32-1, the attached Appellee's Opposition Brief of Entrepreneur Media, Inc. is proportionately spaced, has a typeface of 14 points, and contains 13,735 words.

DATED: January 21, 2004

LATHAM & WATKINS LLP

By


Michele D. Johnson
Attorneys for Plaintiff-Appellee
Entrepreneur Media, Inc.

STATEMENT OF RELATED CASES

Pursuant to Ninth Circuit Rule 28-2.6, Appellee Entrepreneur Media, Inc. states that it does not know of any related case other than that identified by Appellant Scott Smith.

PROOF OF SERVICE

I, Jana Roach, say:

1. That I am over eighteen (18) years of age, a resident of the County of Orange, State of California, not a party in the within action, and that my business address is 650 Town Center Drive, Suite 2000, Costa Mesa, California 92626;

2. That I mailed an original and 15 copies of APPELLEE'S BRIEF via Federal Express, to the United States Court of Appeals for the Ninth Circuit; and

3. That I served 2 copies of APPELLEE'S BRIEF and 1 EXCERPTS OF RECORD (3 VOLUMES) on counsel for Scott Smith by mailing them via Federal Express, to:

Glenn W. Peterson, Esq.
Daniel N. Ballard, Esq.
McDonough Holland & Allen PC
555 Capitol Mall, 9th Floor
Sacramento, CA 95814

I am familiar with the office practice of Latham & Watkins LLP for collecting and processing documents for overnight mail delivery by other express service carriers. Under that practice, documents are deposited with the Latham & Watkins LLP personnel responsible for depositing documents in a post office, mailbox, subpost office, substation, mail chute, or other like facility regularly

maintained for receipt of overnight mail by Federal Express; such documents are delivered for overnight mail delivery by Federal Express on that same day in the ordinary course of business, with delivery fees thereon fully prepaid and/or provided for. I deposited in Latham & Watkins LLP's interoffice mail two sealed envelopes or packages containing the above-described documents and addressed as set forth above in accordance with the office practice of Latham & Watkins LLP for collecting and processing documents for overnight mail delivery by Federal Express on January 21, 2004.

I declare that I am employed in the office of a member of the Bar of, or permitted to practice before, this Court at whose direction the service was made and declare under penalty of perjury that the foregoing is true and correct.

Executed on January 21, 2004, at Costa Mesa, California.


Jana Roach