FILED
DISTRICT COURT
23 DEC 03 PM 1:55
DISTRICT OF UTAH
BY: DEPUTY CLERK

IN THE UNITED STATES COURT FOR THE DISTRICT OF UTAH
NORTHERN DIVISION

OUTDOOR OPTICS, INC., dba OLYMPIC OPTICAL COMPANY, Plaintiff, vs. WOLF PEAK INTERNATIONAL INC., Defendant.	MEMORANDUM AND ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION AND ORDER FOR PRELIMINARY INJUNCTION Case No. 1:02-CV-160 TS

Plaintiff's Motion for Preliminary Injunction against Defendant came before this Court for an evidentiary hearing on December 2, 3 and 8, 2003. Plaintiff, Olympic Optics, Inc. d/b/a Olympic Optical Company ("Olympic Optical"), was represented at the hearing by Steven Lieberman of the law firm Rothwell, Figg, Ernst & Manbeck and Brent 0. Hatch of the law firm Hatch, James & Dodge, PC. Defendant, Wolf Peak International Inc. ("Wolf Peak"), was represented by Stephen R. Randle of the law firm Randle Deamer & Lee, P.C.

58

The Court having considered the briefs, declarations, exhibits and other supporting documentation of the parties, testimony of witnesses, and the arguments of counsel hereby finds and orders as follows:

FINDINGS OF FACT

Plaintiff Olympic Optical is a supplier of safety glasses. On November 27, 2002, it brought this action against defendant Wolf Peak. As of that time, Wolf Peak was a supplier of glasses and was disseminating advertising materials representing to consumers that its McKinley and Wolverine style safety eyewear were compliant with ANSI Z87.1-1989. Those styles were also advertised as polarized. These representations in its advertising were made in commerce. Prior to Wolf Peak's McKinley and Wolverine products, ANSI Z87.1-1989 compliance safety eyewear was not available with a polarized lens.

ANSI Z87.1-1989 is a standard for eye and face protective devices promulgated by the American National Standards Institute, Inc., (ANSI). It is the standard for safety glasses for many industries. It provides as follows:

> 3. Compliance
> When reference is made to this standard in statements of compliance, the protective device <u>shall</u> meet <u>all</u> requirements <u>in their entirety</u>.

Pl.'s Ex. 4 at 9 (underlined emphasis added).

The McKinley and Wolverine style safety eyewear sold in the United States by Wolf Peak at least as late as August, 2003, failed various optical requirements set forth in ANSI Z87.1 -1989. Tests on these products also showed that one set of glasses that was tested was not polarized as advertised.

Wolf Peak's representations regarding its McKinley and Wolverine safety eyeglasses were therefore literally false.

Such representations had a tendency to deceive and had a material effect on consumers' decisions to purchase the McKinley and Wolverine style safety eyewear.

Wolf Peak and Olympic Optical are direct competitors. As a result of the dissemination of this false advertising, Olympic Optical lost customers and market share to Wolf Peak.

Olympic Optical will suffer irreparable harm and loss if Wolf Peak is permitted to continue to engage in false advertising with respect to the compliance of the McKinley and Wolverine safety eyewear with ANSI Z87.1-1989. Pending trial on the merits of this matter Olympic Optical has no adequate remedy at law.

An injunction in this case is not adverse to the public interest because the public interest is not served by advertising regarding safety standards that is not truthful.

The balance of harms weighs in favor of granting preliminary injunctive relief. The threatened injury to the movant outweighs the injury to the nonmovant if the injunction is granted. Wolf Peak has admitted that it would not be administratively or financially burdensome to sell only ANSI Z87.1989 compliant safety eyewear. Wolf Peak declines to identify the number of customers to whom it had sold the McKinley and Wolverine style safety eyewear.

DISCUSSION AND CONCLUSIONS

Under the Lanham Act, as in other types of cases, a party seeking a preliminary injunction must demonstrate (1) a substantial likelihood of prevailing on the merits; (2) irreparable harm in the absence of the injunction; (3) proof that the threatened harm outweighs any damage the injunction may cause to the party opposing it; and (4) that the injunction, if issued, will not be adverse to the public interest . *Kansas Health Care Ass. v. Kansas Dept. of Social and Rehabilitation Services*, 31 F.3d 1536, 1542 (10th Cir. 1994); *see also Scotts Co. v. United Industries Corp.*, 315 F.3d 264, 2002 (4th Cir. 2002) (applying injunction factors in false advertising case).

> In order to succeed on a false advertising claim under 43(a) of the Lanham Act, the plaintiff must demonstrate: (1) that defendant made material false or misleading representations of fact in connection with the commercial advertising or promotion of its product; (2) in commerce; (3) that are either likely to cause confusion or mistake as to (a) the origin, association or approval of the product with or by another, or (b) <u>the characteristics of the goods</u> or services; and (4) injure the plaintiff.

Sally Beauty co. Inc., v. Beauty Co, Inc., 304 F.3d 964, 980 (10th Cir. 2002) (Quoting *Cottrell, Ltd. v. Biotrol Int'l, Inc.*, 191 F.3d 1248, 1252 (10th Cir. 1999) (underlined emphasis added)).

As noted in the above findings, Olympic Optical presented evidence to establish the following elements necessary to show a false advertising claim under section 43(a) of the Lanham Act: Wolf Peak made materially false or misleading misrepresentations of fact in connection with its commercial advertising of its eyewear, namely that the eyewear met the ANSI Z87.1-1989 standard. Although the thickness issue initially raised by Plaintiff is now

moot, Wolf Peak's products do not otherwise meet the ANSI Z87.1-1989 standard. Wolf Peak did not contest that the representations in its advertising were made in commerce. The representations are likely to cause confusion as to the characterizations of Defendant's eyewear, namely that they did meet the standards. Plaintiff has shown that the false representations injured Plaintiff, namely that it has lost $10,000 a month due to the competition from Wolf Peak's products since July 2002.

On the issues of balance of harm and public interest, Wolf Peak contends that an injunction should not be entered because it believes that its McKinley and Wolverine safety eyewear meet the ANSI standard in "material" or "the most important" respects and complies with undefined industry standards. Def.'s Post Hearing Mem. at 4 and 8. However, that position would re-write the ANSI Z87.1-1989 standards for a statement of compliance from "shall meet all requirements in their entirety" to may meet some of what the *seller* has deemed to be the more important and material requirements.

Wolf Peak also contends that its new tests show that the standard is now met and asks the court to consider those new tests. However, those tests were attached to a Reply brief that the court struck as untimely. Def.'s Mem. at 6. As stated at the hearing, the court will not consider Wold Peak's new tests because they were not provided timely.

Therefore, Olympic Optical has shown that it is likely to prevail on the merits of its claim against Plaintiff. Plaintiff has also shown that it is an obvious competitor to Defendant's product and therefore is entitled to a presumption of irreparable harm from the misrepresented product. *Hutchinson v. Pfeil*, 211 F.3d 515, 522 (10th Cir. 2000). As noted

above, the balance of harms weighs decidedly in favor of Olympic Optical--Wolf Peak must merely cease advertising and selling eyewear as compliant with ANSI standards when they have been shown to not comply with all of those requirements in their entirety as specified by the standard itself. Accordingly, Olympic Optical is entitled to preliminary injunction against Defendant advertising that its eyewear meets the ANSI standards until the ruling on the merits in a few months.

The court will not, however, grant Olympic Optical's request that Wolf Peak be required to send a letter to its customers stating that the eyewear have been found not to comply with ANSI standards as advertised. Such a remedy is more appropriately addressed after decision on the merits after trial.

In the time before trial on the merits in this case, Wolf Peak shall not market its McKinley and Wolverine eyewear as ANSI Z87.1 - 1989 or -2003 compliant unless, prior to marketing said eyewear, representative samples are delivered to an accredited laboratory in the United States for appropriate testing, and the eyewear is determined by such laboratory to be compliant with all applicable requirements and a modification of this Preliminary Injunction is obtained. Defendant's counsel should work together with Plaintiff's counsel in arranging the samples, selecting the laboratory, etc., in order to stipulate to as many matters as possible in connection with any such proposed modification of the injunction. It is therefore

ORDERED that Plaintiff' motion for a preliminary injunction is GRANTED. It is further

ORDERED AND DECREED THAT

1. No later than December 22, 2003, Plaintiff shall post security in the amount of $500 with the Clerk of the Court.

2. Defendant, as well as its officers, agents, servants, employees and attorneys, and persons in active concert and participation with it, are hereby preliminarily enjoined and restrained from advertising, representing, stating or implying that the Wolverine and McKinley style safety eyewear sold or distributed by Defendant are compliant with ANSI Z87.1 -1989 or ANSI Z87.1 -2003, unless prior to marketing said eyewear, representative samples are delivered to an accredited laboratory in the United States for appropriate testing, and the eyewear is determined by such laboratory to be compliant with all applicable requirements.

3. Counsel shall cooperate in attempting to stipulate to procedures for obtaining such accreditation. If such accreditation is obtained, Wolf Peak shall first present it to Plaintiff's counsel for review and possible stipulation, and then file a motion in this court seeking to modify this preliminary injunction order before advertising, representing, stating or implying that the Wolverine and McKinley style safety eyewear sold or distributed by Defendant are compliant with ANSI Z87.1 -1989 or ANSI Z87.1 -2003.

DATED this 19th day of December, 2003.

BY THE COURT:

TED STEWART
United States District Judge

ce

United States District Court
for the
District of Utah
December 23, 2003

* * CERTIFICATE OF SERVICE OF CLERK * *

Re: 1:02-cv-00160

True and correct copies of the attached were either mailed, faxed or e-mailed by the clerk to the following:

Brent O. Hatch, Esq.
HATCH JAMES & DODGE
10 W BROADWAY STE 400
SALT LAKE CITY, UT 84101
EMAIL

Mr. Stephen R Randle, Esq.
RANDLE DEAMER & LEE PC
139 E S TEMPLE STE 330
SALT LAKE CITY, UT 84111-1103
EMAIL

Robert H. Cameron, Esq.
ROTHWELL FIGG ERNST & MANBECK
1425 K ST NW STE 800
WASHINGTON, DC 20005
JFAX 8,202,7836031

Steven Lieberman, Esq.
ROTHWELL FIGG ERNST & MANBECK
1425 K ST NW STE 800
WASHINGTON, DC 20005
EMAIL