Joe Sanfelippo Cabs, Inc.
646 South 2nd Street
Milwaukee, WI 53204
Phone: (414) 223-4030
Fax: (414) 223-4814

FAX COVER SHEET

DATE: 10-13-03

TO: Bruce Schrimpf **FROM:** mike
Joe Sanfelippo Cabs, Inc.

FAX NO:

No. of PAGES: 19 **(INCLUDING THIS COVER PAGE)**

MESSAGE:

STATE OF WISCONSIN : CIRCUIT COURT : MILWAUKEE COUNTY

YELLOW CAB COOPERATIVE,

Plaintiff,

v.

YELLOW CAB OF MILWAUKEE, INC.,

Defendant.

CASE NO.: **03-CV-7655**

October 9, 2003 **HON. FRANCIS T. WASIELEWSKI**

Circuit Court Judge Presiding

A P P E A R A N C E S

SHANNON McDONALD appeared on behalf of the plaintiff.

DEAN LAING appeared on behalf of the defendant.

OTHER APPEARANCE(S)

MICHAEL SANFELIPPO: Yellow Cab of Milwaukee, Inc.

YOLANDA SHABAZZ, CPR.

OFFICIAL COURT REPORTER

BRANCH 17

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P R O C E E D I N G S

MADAM CLERK: Yellow Cab cooperative v. Yellow Cab of Milwaukee, Inc., 03-CV-7665.

MR. LAING: Dean Laing of O'Neil, Cannon & Hollman appearing on behalf of defendant, Yellow Cab of Milwaukee, Inc.

MR. McDONALD: Shannon McDonald of the Cross Law Firm appears on behalf of Yellow Cab Cooperative.

THE COURT: This matter is before the Court after a hearing earlier this week at which the parties were offered the opportunity to present evidence as to whether or not a temporary injunction should issue in this matter.

The facts basically are not in dispute. The plaintiff herein, Yellow Cab Cooperative, has had a cab operation in the City of Milwaukee since sometime around June of 1979. I believe that is when they were incorporated. They are the successors to the Boynton Yellow Cab Company, which had run the franchise previously. The Boynton Yellow Cab Company traces its lineage back to the mid 1920's and before that it was Boynton

Liberty.

The Boynton Yellow Cab Company and the Yellow Cab Co-Op have enjoyed continuous, uninterrupted, exclusive use of the term "Yellow Cab" in Milwaukee.

On March 13th of this year the defendant changed its name from Horner CC to Yellow Cab of Milwaukee, Inc. On June 4th of '03 the defendant was granted use of the name Yellow Cab of Milwaukee by the Secretary of State.

The plaintiff has permission from the Common Council of the City of Milwaukee to the exclusive use of the color "yellow" on its cabs. So that whatever happens here today plaintiff retains the right to the continued use of the color "yellow," the yellow trade dress, irrespective of anything that happens here.

I believe it is also undisputed that the defendant has been granted "purple" trade dress under the same orders. I believe this happened very recently, September 30th of this year. So that all of the defendant's cabs, no matter under what corporate banner they are operating, will all be colored

"purple." So I suppose the defendant, while choosing to call itself Yellow Cab of Milwaukee, Inc., would have purple cabs.

This matter is here before the Court on an injunction, as I indicated. The plaintiff has filed a common law tradename infringement complaint alleging that "Yellow Cab," as a descriptor, has acquired a secondary meaning and that it is therefore entitled to protection. Without protection there would likely be confusion among the consumers who use cab services.

This court did grant a temporary restraining order to the plaintiffs on September 5th of this year. That order by its terms required that the defendant not use the name Yellow Cab in any way and any calls to the telephone number contained in the defendant's Yellow Page advertisement were to be forwarded to the plaintiff.

The trademark law has a spectrum of protection for designations which run from no protection at all to immediate protection, full protection.

I think at the beginning here it might

be well just to layout that spectrum. This is set out in McCarthy on Trademarks and Unfair Trade Practices, Section 11.1, Volume II.

First there is a generic designation, also called a common descriptive, and this is really not considered a tradename. It's not entitled to any protection at all.

Next is the category of merely descriptive. If something is merely descriptive, without more it also is not entitled to protection. It is not considered distinctive.

In order for a tradename to be entitled to protection it has to have something distinctive about it other than a description of the "what" so as to tell the consumer the "who" that is either providing the product or the service. A merely descriptive designation, however, can become distinctive by use. It is under this category on the spectrum of tradenames that the plaintiff is basing its claim here.

Also in this spectrum are designations which are suggestive, that is the third

category, and designations which are either arbitrary or fanciful.

I can see why this area of the law is such a specialty. A lot of this terminology to the outsider is fairly arcane, but to people who practice regularly in this area they are all terms of art who have over the years acquired a particular meaning in the case law.

So that as I said. There are five categories: Generic, merely descriptive, suggestive, arbitrary and fanciful. It is under the second of these that the plaintiff is basing its claim in this case.

Whether a description is generic or whether it is descriptive in the sense of merely descriptive, the second category, that is considered a question of fact under Wisconsin law. That is the holding of the Court of Appeals in the *Madison Reprographics* case; which case incidentally also does refer to the McCarthy Treatise for some of the statements that are made in that case.

Where an allegedly valid protectable designation has not been registered, the

plaintiff has the burden of showing that the mark is non generic once the defendant has asserted genericness as a defense. The defendant here has asserted genericness as a defense so that the plaintiff does bear the burden of showing that "Yellow Cab" is not a generic term. In other words, it bears the burden of showing that "Yellow Cab" has not become a synonym for taxi cab.

The fact of use of a designation doesn't alone entitle it to protection. In other words, it does not entitle the user of that designation to enjoin all other uses. This principle is stated in *First Wisconsin National Bank v. Wichman,* 85 Wis. 2d, page 62 or 63. It's somewhere around there.

So that genericness has been raised by the defendant here. I believe it a threshold issue in this case.

A generic term refers to the genus of which a particular product or service is the species. We are back to survival of the fittest. Who is that Englishman who propounded that theory in genus and species and all that? It was 100, 150 years ago

now. That is the definition that is offered in some of the case law. I believe something to that substantial effect is in the McCarthy Treatise also.

If the primary significance of a designation is to describe the type of product rather than the producer of the product, the mark is generic and cannot be a valid trademark.

McCarthy at Volume II, page 12-4 states that the terms "generic" and "trademark" are mutually exclusive. "Either a designation is protectable as a mark or it is a generic name of a thing or service, in which case it can never be a protectable mark."

Before going any further I think I ought to state that I am granting the request to the plaintiff here and I am not going to consider Mr. Farrell's affidavit here inasmuch as he was not here for cross-examination and was not available by telephone.

Yellow Cab and taxicab are, if you consult Roget's Thesaurus, that eminent legal authority, though it has been cited in case

law, I don't remember if McCarthy refers to it or not, but they are synonyms. They are considered synonyms in the English language.

I think it also ought to be noted that some 1,300 cities have had or do now have Yellow Cabs. That also is some of the undisputed evidence that has come in, in this case.

So that it would be the Court's view, based on the evidence which has been submitted here to date, that the designation yellow cab is generic in nature. It describes a type of product rather than a producer of the product in the Court's view. You know what a yellow cab is rather than who drives it or who provides a service for it. I think that is consistent with Roget's Thesaurus, and also the fact that it has come into the lexicon because it has been all over.

I appreciate that much of plaintiff's claim is premised on the fact that locally here they have been the only concern using the label, but that use alone does not make it something that it is not. In other words,

if it is generic, then it is generic. I don't think that it becomes a protectable designation by use alone and the *Wichman* case confirms that.

The term "yellow" is a common descriptive of cab in the same way that the term "light" is a common descriptive of beer. The case from the Seventh Circuit in which this has been hotly litigated by some of the breweries has been cited as part of some of the materials that were submitted here. In the court's view these common descriptives "light" and "yellow" serve to tell what the product is rather than who produces it or who uses it to provide a service. As such, it not entitled to trademark protection.

All that being said, the plaintiff still retains the yellow trade dress for its taxis here, which has been granted by the Common Council. That is a matter up that is to the Common Council. They granted that right of use under a City of Milwaukee Ordinance.

Protection of the plaintiff's use of the name "Yellow Cab" might have been different

if the plaintiff had protected its use by a Chapter 132 filing. Then I would have had to make some presumptions that I am not allowed to make now. It also would have given the plaintiff another arrow in its quiver to use in this lawsuit.

It would certainly seem to me that the defendant is awkwardly positioned to seek to try to use the fact that they obtained rights by their Chapter 132 filing against the plaintiff, inasmuch as it is the defendant's own actions that would have created the very situation about which they would be complaining. They chose to use the term "Yellow Cab." If it's a problem because Yellow Cab Co-Op is out there, they should never have adopted the name in the first place. So I don't think their filing gives them any right to use the filing with the Secretary of State as a sword against Yellow Cab.

I don't know, and it is not before me, it hasn't been presented here, whether any of what has happened here or all of what has happened here would amount to some sort of an

unfair trade practice. That is not before me, as I said. It is not alleged.

So that having reached that conclusion I am going the order that the temporary retraining order be dissolved forthwith and that the motion by the plaintiff for a temporary injunction be and hereby is denied. I am denying it on the basis that there's not a reasonable likelihood of success on the merits, inasmuch as in a trial of an action the plaintiff would have the burden of showing that the term "Yellow Cab" is non generic.

Certainly there is a likelihood. I am not saying under no circumstances could they prove it. But looking at the state of this record as it is before me now I don't find a reasonable likelihood and that is I believe the degree to which it has to rise at this stage before the Court can grant the injunction.

These injunctions are a drastic remedy first of all. They are often granted early on in litigation before the facts have had a full opportunity to be developed before the

Court and before the parties have had a full opportunity to perhaps do all the investigation that they would want to do. The Courts are told to be careful in applying or granting this remedy. That is what I am attempting to do here.

As I said, I don't rule out the fact that at a trial the plaintiff may be able to make that showing, but it doesn't look to me right now like they are able to do it. That is a necessary element here for the plaintiff to establish in order to obtain a temporary injunction.

I am going to ask, Mr. Laing, that you draw the appropriate order, submit it to the Court under the five day rule with copy to counsel opposed.

MR. LAING: I will do that, Your Honor.

THE COURT: Thank you.

MR. LAING: Your Honor, there is one other thing. We did have the plaintiff's motion for contempt that had been fully briefed. I don't know if you want to have us come back on that or how you want to handle that or just issue a decision based on the

briefing.

THE COURT: I must tell you, I read it over quickly and I don't feel ready to rule on that right now. Maybe I am mistaken here, maybe you can help me, but I came away, from quickly reading the submission of each side, feeling that there might be some disputes of fact here on the submissions. There were some things that were explained by the defendant that the plaintiff perhaps could not have possibly known about. On the other hand, the two versions didn't seem to entirely square. So that I am just wondering are there contested issues of fact here?

MR. McDONALD: What we would just wish to set forth in the brief and that would be I don't believe the defendant commented upon, right after the Court issued its September 5th order, that the defendants did in fact accept incoming calls on both September 8th and September 9th and solicited business. I don't believe that was addressed in the reply brief.

THE COURT: I would take if it as something not addressed in the pleading,

perhaps it is admitted then.

I think before ruling on the contempt I would like to take a closer look at what you all have submitted. Frankly, I was much more focused on the injunction aspect rather than the contempt motion. If you would like a date, Mr. McDonald, we certainly can provide a date and then we can hold a hearing. I will focus on it and we can conclude that matter.

MR. McDONALD: Yes, I would like to choose a date.

THE COURT: All right. How much time do you think that will take?

MR. McDONALD: I would think no more than I would say a week.

THE COURT: The hearing would not take a week.

MR. McDONALD: I thought you meant the date for having a hearing could be in a week. It should take no more than a morning, if that.

THE COURT: You will need several hours?

MR. McDONALD: Correct.

THE COURT: Do you think it will take

any longer than that, Mr. Laing?

MR. LAING: I think that is plenty of time.

MADAM CLERK: Thursday, October 30, 9:30.

MR. McDONALD: That works fine for me.

MR. LAING: I don't have my calendar. My client says he is out of town. I don't know if it is necessary for him to be here or not. I don't think he had really in role in it. I think he can have other people here.

THE COURT: If he doesn't really have a role, he wouldn't be able to give first-hand testimony of what somebody did, if somebody made a call, somebody did this or that, and so maybe he wouldn't really need to be here.

MR. LAING: That is okay. We can go forward then. I would just ask if I can go back and check with my office and if it is bad, I will call the Court immediately this afternoon.

THE COURT: Get Mr. McDonald on the phone then so that if there is a problem, we can set another date.

What is the date again for the record?

MADAM CLERK: October 30th, 9:30 a.m.

THE COURT: Thank you.

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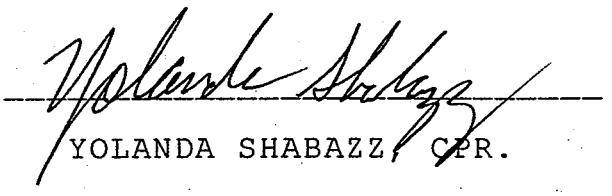
REPORTER'S CERTIFICATE

STATE OF WISCONSIN)

COUNT OF MILWAUKEE)

I, **YOLANDA SHABAZZ**, OFFICIAL COURT REPORTER DO HEREBY CERTIFY THAT AS AN OFFICIAL COURT REPORTER FOR MILWAUKEE COUNTY, TOOK IN STENOGRAPH THE PROCEEDINGS HAD BEFORE THE COURT IN THE AFOREMENTIONED MATTER ON OCTOBER 9, 2003, AND THAT THE ATTACHED TRANSCRIPT IS A TRUE AND CORRECT COPY OF SAID SHORTHAND NOTES.

DATED THIS 10TH DAY OF OCTOBER, 2003, IN MILWAUKEE, WISCONSIN.



YOLANDA SHABAZZ, CPR.
OFFICIAL COURT REPORTER

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