

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

CIVIL ACTION NO. 1:09cv913 (WOB)

L.F.P.IP, LLC, ET AL.

PLAINTIFFS

VS.

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER

HUSTLER CINCINNATI, INC.,
ET AL.

DEFENDANTS

This matter is before the Court on plaintiffs' Motion to Modify Permanent Injunction (Doc. 258) and Motion for Leave to Supplement the Record (Doc. 271).

The Court held an evidentiary hearing on this matter on July 22, 2014, following which the parties submitted proposed findings of fact and conclusions of law. (Docs. 269, 270). Having heard the evidence and reviewed the parties' filings, the Court now issues the following Findings of Fact, Conclusions of Law, and Order.¹

Findings of Fact

1. Plaintiff L.F.P., Inc. ("LFP") is a corporation organized under the laws of California with its principal place of business located at 8484 Wilshire Boulevard, Beverly Hills,

¹ The extensive factual background of this case is set forth in prior transcripts and orders, (Docs. 165, 190, 198, 204), and will not be repeated here.

California 90211. LFP is owned by the Larry Flynt Revocable Trust (the "Trust").

2. LFP owns and controls several affiliates, including Plaintiff LFP IP, LLC ("LFP IP").

3. LFP IP is a limited liability company organized under the laws of Delaware with its principal place of business located at 8484 Wilshire Boulevard, Beverly Hills, California 90211. LFP Publishing Group, LLC ("LFPPG") is the sole member and owner of LFP IP.

4. LFP IP is the owner of eighty-three trademark registrations, including the LARRY FLYNT mark at issue herein and the HUSTLER mark.

5. All of the HUSTLER HOLLYWOOD stores are directly owned and controlled by Counterclaim Defendant HH-Entertainment, Inc. ("HHEI"), which is owned by the Trust.

6. Plaintiff Larry C. Flynt ("Larry") controls LFP, LFP IP, LFPPG, HHEI and all of their affiliates.

7. Defendant Hustler Cincinnati, Inc. ("HCI") is a corporation organized under the laws of Ohio. Defendant Jimmy R. Flynt ("Jimmy") is the sole shareholder of HCI.

8. In January 2012, Jimmy opened a retail store under the name Flynt Sexy Gifts/Jimmy Flynt Sexy Gifts in Florence, Kentucky ("the Florence Store"). Jimmy opened this store after

this Court ruled that Jimmy could not use the HUSTLER trademark without LFP IP/Larry's permission, which he had been using at another retail store located at 411 Elm Street, Cincinnati, Ohio.

9. Around the same time, defendants also created a retail website, www.flyntsexygifts.com. This website is no longer active.

10. Plaintiffs own the LARRY FLYNT Trademark, Reg. No. 3,991,482.

11. Plaintiffs have continuously used the LARRY FLYNT mark in connection with the sale of adult entertainment products. For years, through the Hustler Hollywood retail stores and internet sites, Larry has sold and continues to sell clothing in addition to DVDs bearing the mark LARRY FLYNT.

12. HHEI has used LARRY FLYNT'S name and image to market its Hustler Hollywood retail stores consistently over the last ten years. Specifically, HHEI has sold and continues to sell inventory, including apparel, books, DVDs and personal care items bearing the mark and/or image of LARRY FLYNT. Larry Flynt's image is also displayed in at least half of the Hustler Hollywood stores.

13. HHEI's marketing campaigns have frequently been centered around the name and image of LARRY FLYNT, as well

personal appearances by Larry Flynt to promote the stores' products. Jimmy testified that, when he worked for Larry, "[w]e always use[d] Larry Flynt, the publisher of Hustler, as a promotion in any event. But he'd always showed up as the infamous publisher of Hustler. And that was his brand and that's how we promoted it."

14. In April 2014, HHEI opened "Larry Flynt's Hustler Express" retail store in Cincinnati, Ohio.

15. On December 30, 2011, this Court entered a Permanent Injunction, which barred Defendants and anyone in active concert or participation with them from, among other things,, "using any trademark or any variation thereof owned by L.F.P., Inc., LFP IP, LLC, Larry C. Flynt, HH-Entertainment, Inc., any Hustler Hollywood retail store, or any other entity owned, in whole or in part, by Larry C. Flynt or the Larry Flynt Revocable Trust." (Doc. 204).

16. On February 10, 2012, Plaintiffs filed a "Motion for an Order Requiring Defendants to Show Cause Why They Should Not Be Held in Contempt of Court." (Doc. 209). Plaintiffs' Motion to Show Cause was based upon, among other things, Jimmy's marketing of his Florence, Kentucky, store as "FLYNT Sexy Gifts." The Court initially granted Plaintiffs' Motion to Show Cause in part on June 6, 2012. (Doc. 222). The Court found

that "the signage at Jimmy's new store in Florence, Kentucky creates a likelihood of confusion with the 'Larry Flynt' mark owned by plaintiffs, in violation of ¶ 1(c)."

17. The Court later set aside this Order and held Plaintiffs' Motion to Show Cause in abeyance pending Jimmy's appeal to the Sixth Circuit. (Doc. 233). The Court subsequently denied Plaintiffs' Motion to Show Cause "so that a final judgment may be entered and any appeal taken." (Doc. 293).

18. Jimmy appealed the Injunction as "overbroad" and "vague." The Sixth Circuit ruled that this Court's injunction "appropriately enjoined Jimmy's practice of willfully infringing Larry's trademarks and protected the public from confusion arising from his use of the marks." *L.F.L.IP, LLC v. Hustler Cincinnati, Inc.*, 533 F. App'x 615, 621 (6th Cir. 2013).

19. Following the Sixth Circuit's affirmance, Plaintiffs renewed their Motion to Show Cause. (Doc. 249). On January 31, 2014, this Court ordered Plaintiffs to re-file their Motion as one seeking to modify the Injunction. (Doc. 257). Plaintiffs did so. (Doc. 258).

20. On July 22, 2014, the Court held an evidentiary hearing on Plaintiffs' Motion to Modify Permanent Injunction.

21. Since at least February 2012, Jimmy has marketed his Florence, Kentucky retail store as "FLYNT Sexy Gifts." Both the pylon signage (sign visible from the main road) and marquis signage (sign above the door) market Jimmy Flynt's Florence, Kentucky store as "FLYNT Sexy Gifts." Both signs prominently display 'FLYNT' in the name 'FLYNT Sexy Gifts' and include Jimmy's first name only inside an adjacent crest in much smaller letters, which are hardly discernible.

22. When asked on direct examination whether there have "been any instances where a consumer has been confused, in terms of whether or not you're the owner of that store," Jimmy testified, "I have experienced in the confusion in the names, you know. Jimmy and Larry Flynt, in this market area, is somewhat synonymous with Hustler or with Flynt. You're not going to get around that. So do people recognize me? Yes. We happen to look alike. We talk alike, to a certain extent. So there's an association with Jimmy and Larry Flynt in this market area and have been for 45 years."

23. Jimmy further testified that in this community, "F-l-y-n-t" is synonymous with Larry Flynt and Hustler.

24. Alec Helmy, owner and publisher of XBIZ, the leading publisher of business news for the adult entertainment industry, testified that his publication, XBIZ Premiere, exclusively

publishes content on adult retail and has extensively covered Larry Flynt. Mr. Helmy testified that he considers Larry Flynt to be famous in the adult industry and to the general public. He did not consider Jimmy to be famous.

25. Mr. Helmy also testified that, as a consumer of adult retail, he would associate "Flynt Sexy Gifts" with Larry, given the signage.

26. In addition to the signage, receipts for sales of merchandise at Jimmy's store reflect, "Thank's [sic] for shopping @ FLYNT SEXY GIFTS" and reference a website with the URL WWW.FLYNTSEXYGIFTS.COM.

27. On July 22, 2014, Jimmy opened a second "Jimmy Flynt Sexy Gifts" location in Sharonville, Ohio. The signage for the Sharonville store displays the name "Jimmy Flynt," with both words in the same font and comparably sized. As such, Jimmy's first name is conspicuous on the signs.

Conclusions of Law

28. In order to establish a claim for trademark infringement, plaintiffs must establish that they are the owners of a valid trademark, that defendant is using the mark in commerce, and that defendant's use of the mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties. *See Daddy's Junky Music Stores,*

Inc. v. Big Daddy's Family Music Ctr., 109 F.3d 275, 280 (6th Cir. 1997).

29. A likelihood of confusion is generally determined by considering eight non-dispositive factors: (1) the strength of the senior mark; (2) relatedness of the goods or services, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) likely degree of purchaser care, (7) the intent of defendant in selecting the mark, and (8) the likelihood of expansion of the product lines. *Id.* at 280 (citing *Frisch's Rests., Inc. v. Elby's Big Boy, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982)). "[A] plaintiff need not show that all, or even most, of the factors are present in any particular case to be successful." *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988).

30. These factors are helpful guides rather than rigid requirements, with "[t]he ultimate question remain[ing] whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way." *Daddy's Junky Music*, 109 F.3d at 280 (quoting *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1004 (6th Cir. 1991)).

31. Confusion is likely if the marks are sufficiently similar and the parties compete directly by offering their goods and services. *Id.*

32. Where "marks would appear on virtually identical goods or services, the degree of similarity necessary to support a conclusion of likelihood of confusion declines." *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d 874, 877 (Fed. Cir. 1992); see also *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980).

33. Given the difficulty and cost of obtaining surveys and particularized evidence of actual confusion, a lack of such evidence is "rarely significant." See *Daddy's Junky Music*, 109 F.3d at 284; see also *Elvis Presley Enterprises, Inc. v. Elvisly Yours, Inc.*, No. 85-5767, 1987 WL 37216, *1-2 (6th Cir. April 28, 1987).

34. "The power to modify an injunction is inherent in the power to issue it initially." *SEC v. Crofters, Inc.*, No. C-2-70-351, 1982 WL 1362, at *3 (S.D. Ohio Aug. 23, 1982) (citing *Sys. Fed'n v. Wright*, 364 U.S. 642, 647 (1961)). "Where an order or decree has not been carried out in accordance with its intended effect, the court may change the order 'upon an appropriate showing' if the 'purposes' of the order 'have not been fully achieved.'" *Olle v. Henry & Wright Corp.*, 910 F.2d

357, 364-65 (6th Cir. 1990) (quoting *United States v. United Shoe Corp.*, 391 U.S. 244, 248, 88 S. Ct. 1496 (1968)).

35. "A trademark infringer, once caught, should expect some fencing in. It should have its conduct carefully scrutinized in future use and should not be allowed to claim the same leniency accorded a good faith user who starts use of the mark which the enjoined defendant has shifted to." 5 J. Thomas McCarthy, *Trademark and Unfair Competition* § 30:21 (4th ed. 1996). Keeping a "safe distance" from the margin line means that the district court has the discretion to require defendant to select a trade dress "which would avoid all possibility of confusion." *Service Ideas, Inc. v. Traex Corp.*, 846 F.2d 1118 (7th Cir. 1988).

36. The Sixth Circuit, in *Broderick & Bascom Rope Co. v. Manoff*, 41 F.2d 353 (6th Cir. 1930), articulated the "safe distance rule" as follows:

[A] competitive business, once convicted of unfair competition in a given particular, should thereafter be required to keep a safe distance away from the margin line - even if that requirement involves a handicap as compared with those who have not disqualified themselves.

Id. at 354.

37. A permanent injunction may properly be crafted or modified to keep previously infringing parties at a safe distance. See *Walt Disney Co. v. Powell*, 897 F.2d 565, 568

(D.C. Cir. 1990); *Toy Mfrs. of America, Inc. v. Helmsley-Spear, Inc.*, 960 F. Supp. 673, 683 n.12 (S.D.N.Y. 1997).

38. In fashioning a modification of the Injunction, the Court finds persuasive the opinion of the United States District Court for the Central District of California in *Larry C. Flynt, et. al. v. Flynt Media Corporation*, Case No. CV 09-0048 ("*Flynt Media*"). In *Flynt Media*, the district court permanently enjoined defendants from: (a) "Making any sale, offering for sale, distributing, promoting or advertising any adult motion picture, video or DVD, as well as other adult-themed goods and services, which contains the term 'FLYNT' in any typographical format and phrase, including but not limit to 'Flynt Media Corporation' and 'FlyntCorp Distribution'; (b) Promoting such goods and services on the Internet websites; (c) and Passing off such goods and services as those of Larry Flynt, the other Plaintiffs or their affiliated companies."

39. Pursuant to the modified permanent injunction, defendants were only permitted to use their surname as part of their full and actual name (*i.e.*, Jimmy Flynt II or Dustin Flynt) and with their first name of the same size and font as "FLYNT" in connection with the sale of "adult-themed goods and services," not just DVDs.

40. In "advertising, selling, marketing, promoting or distributing of adult-themed goods and services," defendants were also required to include "in conspicuous bold and all capitalized letters a conspicuous disclaimer that states 'This [video/website (or other relevant term)] is not sponsored, endorsed by or affiliated with Larry Flynt or Hustler, or any business enterprise owned or controlled by Larry Flynt.'"

41. Injunctions that require the use of an infringer's first name and a disclaimer, such as the one issued in *Flynt Media*, are appropriate where the enjoined party's only interest in the use of the surname is to capitalize on the reputation of a better known party. See *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1288-89 (9th Cir. 1992); *Joseph Scott Co. v. Scott Swimming Pools, Inc.*, 764 F.2d 62, 67 (2d Cir. 1985); *Berlitz Schools of Languages of America, Inc. v. Everest House*, 619 F.2d 211, 205 (2d Cir. 1980); *Taylor Wine Co., Inc. v. Bully Hill Vineyards, Inc.*, 569 F.2d 731, 735 (2d Cir. 1978); *Henegan Const. Co., Inc. v. Heneghan Contracting Corp.*, No. 00 CIV.9077 JGK, 2002 WL 1300252, at *10 (S.D.N.Y. June 12, 2002); *Gucci v. Gucci Shops, Inc.*, 688 F. Supp. 916, 925 (S.D.N.Y. 1988).

42. Here, Plaintiffs are entitled to such protection of their LARRY FLYNT trademark. Plaintiffs own the valid trademark LARRY FLYNT in connection with adult entertainment products.

Further, at his Florence store, Jimmy is using the name FLYNT – without displaying his first name in a sufficiently visible manner – in competing with Larry by offering identical goods and services. Accordingly, such use of the surname “FLYNT” is likely to cause confusion with the LARRY FLYNT trademark.

43. Mr. Whitt, Mr. Helmy and even Jimmy testified that the FLYNT surname used in connection with Jimmy’s retail operation is likely to cause consumer confusion. As articulated by Jimmy, FLYNT is “synonymous” with Larry Flynt and HUSTLER.

44. Accordingly, the Permanent Injunction issued by the Court will be modified to enjoin Jimmy from:

Using the name “Flynt” in connection with the sale, promotion or advertising of adult entertainment products or services unless it is accompanied by the first name “Jimmy” in the same font size, color, and style and on the same background color. With the exception of store signage, such use must be accompanied by a conspicuous disclaimer stating that the goods or services are not “sponsored, endorsed by, or affiliated with Larry Flynt or Hustler, or any business enterprise owned or controlled by Larry Flynt.”

Therefore, having heard the parties, and the Court being sufficiently advised,

IT IS ORDERED that: (1) Plaintiff’s Motion to Modify Permanent Injunction (Doc. 258) and Motion for Leave to Supplement the Record (Doc. 271) and are hereby, **GRANTED**; and

(2) A modified Order of Permanent Injunction shall enter concurrently herewith.

This 20th day of January, 2015.



Signed By:

William O. Bertelsman *WOB*

United States District Judge