

Unauthorized Distribution of Trademarked Goods

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TroyGould client Digital Theater Systems, Inc. (DTS) has won an important victory in its effort to protect its trademark rights. Judge Cormac J. Carney of the United States District Court for the Central District of California has ruled that Mintek Digital Inc. committed trademark infringement, false designation of origin, trademark dilution and unfair competition by displaying the DTS trademark on Mintek's DVD players without obtaining a license from DTS.

Mintek had claimed that its use of DTS's trademarks was permissible, because Mintek's DVD players contained "genuine" DTS technology and because the players were manufactured by a DTS trademark licensee. Judge Carney rejected these assertions, finding that the manufacturer's license agreement did not authorize the use of the DTS trademark on DVD players sold under the Mintek trade name. Judge Carney also held that because Mintek's use of DTS's trademarks was not authorized, the actual quality of its goods was irrelevant.

Judge Carney ruled that the case should go to trial on the issue of damages, and particularly whether DTS was entitled to recover treble damages or punitive damages. However, the parties have since settled out of court, for an amount that exceeds the royalties that otherwise would have been payable under DTS's standard license agreement.

TroyGould attorneys Ron Rosen, Russ Glazer and Jeff Rosenfeld represented DTS in its lawsuit against Mintek.

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