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Vape Maker Gets Sellers Blocked In 'Breeze' TM Suit

By **Mike Curley**

Law360 (April 25, 2023, 6:11 PM EDT) -- A Michigan federal judge on Tuesday agreed to grant a preliminary injunction to Breeze Smoke LLC in a suit alleging that a wholesaler and five retail stores sold electronic cigarettes with branding that infringed its trademarks, while trimming one claim under Michigan law from the complaint.

In **the order**, U.S. District Chief Judge Hala Y. Jarbou found that Breeze was likely to succeed on its Lanham Act trademark claims against defendants Yatin Enterprises Inc., Mini Market LLC, Drake Party Store LLC, Pennfield Party Store, Midtown Smoke Shop Inc. SG LLC, and Wild Monkey Smoke Shop.

Breeze argued in the suit that the defendants sold electronic cigarettes branded as "Breezy Bar" using a similar typeface and logo to those of Breeze's own products, and that this infringed its registered and unregistered trademarks. Breeze sought a preliminary injunction to block the companies from selling the products.

In opposition to the injunction bid, the defendants had argued that the unlawful use doctrine invalidated Breeze's trademarks, as Breeze had sought, and been denied, U.S. Food and Drug Administration approval for its e-cigarettes, and therefore it was illegal to sell them, and that illegal products cannot support a trademark claim.

Judge Jarbou declined to adopt the unlawful use doctrine, saying the Lanham Act does not require a "legal" use in commerce, as the act is intended to protect the trademark holder's reputation and goodwill.

"However 'anomalous' it may be to give federal trademark protection to uses that violate other federal statutes, Congress did not expressly require compliance with other federal laws as a condition for obtaining or enforcing trademark rights," the judge wrote. "The Court declines to add a requirement that is not found in the statute itself."

The judge further noted that the defendants' products are also governed by FDA regulations, but that there was no evidence the defendants sought approval before going to market, so applying the unlawful use doctrine would effectively punish Breeze for seeking proper authorization, while rewarding the defendants who did not.

In addition, Judge Jarbou wrote that Breeze had provided evidence that not all of its products are subject to the FDA's rule for electronic nicotine delivery systems, or ENDS, because not all of its products contain nicotine.

"Even if Plaintiff cannot legally sell most of its products for the time being, those trademark rights have not disappeared," the judge wrote. "Neither has the goodwill associated with those marks. Plaintiff can enforce those rights against Defendants, who are potentially profiting off the goodwill developed by Plaintiff by selling a product with a mark that is similar to Plaintiff's marks."

The judge also rejected the defendants' argument that the trademarks were improperly assigned, saying there was no evidence supporting their argument that Trucenta Holdings LLC, which assigned the Breeze marks to Breeze in 2002, filed a statement of use after that assignment date.

Nor did the judge accept the defendants' argument that Breeze's trademarks are subject to a cancellation hearing from another company, saying that the court cannot evaluate how that proceeding will turn out at this point, and the possibility that Breeze's trademarks might get canceled

in the future does not prevent Breeze from enforcing its current rights.

In determining whether the facts support granting an injunction, the judge wrote that while "Breeze" and similar marks are somewhat common in the marketplace for ENDS products, other factors — like the similarity of Breeze and the defendants' products, where they are marketed and the similarity of the logos — weigh in favor of doing so.

In addition, Judge Jarbou wrote that Breeze had put up evidence that there has been confusion in the marketplace, such as distributors asking if Breeze was the maker of the "Breezy Bar" products, and consumers complaining to Breeze about the quality of the "Breezy" products. The judge further found that the harm to the defendants would be minimal, given that they sell other product brands in the same market.

The judge did not issue the injunction immediately, however, saying that the parties had not yet fully briefed the issue of how much Breeze must post in security in the event the court later finds the injunction was wrong.

In the same order, Judge Jarbou ruled on the defendants' motion to dismiss, rejecting their bid to toss the Lanham Act claims as the defendants' argument rests on the rejected unlawful use doctrine.

However, the judge dismissed with prejudice Breeze's claims under the Michigan's Consumer Protection Act, because the act does not apply to conduct that is federally regulated, and the defendants' sale of ENDS products falls under FDA regulation.

An attorney for the defendants declined to comment Tuesday.

Representatives for Breeze could not immediately be reached for comment Tuesday.

Breeze is represented by Mary A. Hyde, Jenna E. Saunders and Jeffrey K. Lamb of Honigman LLP.

The defendants are represented by Todd A. Holleman and Jacob L. Carlton of Miller Johnson.

The case is Breeze Smoke LLC v. Yatin Enterprises Inc. et al., case number 1:22-cv-01182, in the U.S. District Court for the Western District of Michigan.

--Editing by Peter Rozovsky.

Correction: A previous version of this article misspelled the judge's name.