

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

DEWBERRY ENGINEERS, INC.,

Plaintiff,

V.

**DEWBERRY GROUP, INC. F/K/A/
DEWBERRY CAPITAL CORPORATION**

Defendant.

Case No. 1:20-cv-00610
Hon. Liam O'Grady

ORDER

This matter comes before the Court on Plaintiff's Motion for Summary Judgment (Dkt. 78) and on Defendant's Motion for Summary Judgment (Dkt. 70). The Court held a hearing on this Motion on July 30, 2021. For the reasons provided herein, Plaintiff's Motion for Summary Judgment is hereby **GRANTED**, and Defendant's Motion for Summary Judgment is hereby **DENIED**.

I. BACKGROUND

In 2006, Parties entered into a confidential settlement agreement (“CSA”) which set out terms for the use of the Dewberry name. Dkt. 81-2. According to the terms of the CSA,

[e]xcept as provided in Paragraph B.3 . . . [Defendant] may use the DEWBERRY CAPITAL name and mark in connection with its promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties.

Id. at § B(2). Additionally,

[Defendant] will not use the word Dewberry in the name of, or as a mark for, and architectural and/or engineering company or in connection with any [such] services.

Id. at § B(2). Plaintiff, on the other hand “may use its Dewberry marks and names at any time for any services or products it chooses throughout the United States and elsewhere.” *Id.* at §B(4). The CSA also stipulated that “where feasible, [Defendant] shall continue to use its column logo in its current format” and that “[Defendant] shall not use any logo or design mark that depicts a “dewberry” or “berry”. *Id.* at § B(10)

In 2016, without informing Plaintiff, Defendant rebranded from “Dewberry Capital” to “Dewberry Group.” Defendant also adopted three “sub-brands” (Studio Dewberry, Dewberry Living, and Dewberry Office) to “better match . . . the real estate development services provided to and by each property” managed by Defendant. Dkt. 81-4 at 7.

In 2017, Defendant applied to register the “Dewberry Group” mark for “[c]ommercial real estate development services” including “property management services, leasing services, and brokerage services.” Dkt. 82-4 at TSDR-0961–966. This application was rejected by the United States Patent and Trademark Office (“USPTO”) because of a likelihood of confusion with the Dewberry Marks. *Id.* at TSDR-0939 (describing the marks as “identical in part”)¹. Further, the PTO found that the likelihood of confusion increased because “[Plaintiff’s] identified services [are] ‘Real estate development’. [Defendant’s] identified services are partly encompassed within registrant’s broadly stated services, as well as highly related.” Dkt. 82-4 at TSDR-0940.

¹ “In the present case, the initial dominant wording DEWBERRY in applicant’s mark is identical in sound, meaning and essentially identical in appearance, to the entirety of registrant’s marks. The mere addition of the descriptive disclaimed wording GROUP to applicant’s mark does not obviate the similarities as adding a term to a registered mark generally does not obviate the similarity between the compared marks, as in the present case, nor does it overcome a likelihood of confusion under Section 2(d).”

Plaintiff sent a demand letter to Defendant because the “Dewberry Group” application “showed Defendant’s intent to infringe the Dewberry Marks and breach the CSA.” Dkt. 85 at § I (G)(46). Defendant replied, promising to respect Dewberry’s trademark rights, to comply with the CSA, abandon the “Dewberry Group” application, and

not to attempt to register the term DEWBERRY GROUP for real estate development services and further agree not use the term in connection with any present or future real estate development or related services in Virginia, Maryland, or the District of Columbia. If we perform such services in those areas, we will use DCC or something else that is not confusingly similar to any of your client’s marks.

Id. Plaintiff alleges that Defendant has continued to use the Dewberry mark in violation of the terms of the CSA, despite assurances to the contrary.

On May 29, 2020, Plaintiff filed the instant complaint against the Defendant, claiming one count of breach of the confidential settlement agreement and four counts of trademark infringement. Both parties have moved for summary judgment. Dkt. 70; Dkt 78.

II. LEGAL STANDARD

Summary judgment is an appropriate resolution where “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). A fact is material when it has the potential to affect the outcome of the dispute. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). A dispute over a material fact is genuine when a reasonable jury could, based on the evidence presented, return a verdict for the nonmoving party. *Id.* In determining whether a genuine issue of material fact exists for trial, a trial court views the evidence and the inferences in the light most favorable to the nonmoving party. *Scott v. Harris*, 550 U.S. 372, 378, 127 S.Ct. 1769, 167 L.Ed.2d 686 (2007).

By the terms of the CSA itself, Virginia law governs. Dkt. 81-2 at § B(24).

III. DISCUSSION

A. Summary Judgment on Count V, Breach of CSA

The elements of a breach of contract action are simple hornbook law. As recited by the Virginia Supreme Court, it consists of “(1) a legally enforceable obligation of a defendant to a plaintiff; (2) the defendant's violation or breach of that obligation; and (3) injury or damage to the plaintiff caused by the breach of obligation.” *Navar, Inc. v. Fed. Bus. Council*, 784 S.E.2d 296, 299 (Va. 2016) (citations omitted). Both parties concede that the contract is valid and legally enforceable. Dkt 85 at § I(A)(1); Dkt. 146 at 1.

Upon reading the whole contract, the Court find no material ambiguities; as such, the Court finds that Defendant is in breach of the CSA, specifically § B (2) – (3), (6), and (10).

1. *Breach of CSA Section B(6)*

Section 6 of the CSA reads:

[Defendant] will not use the word DEWBERRY in the name of, or as a mark for, any architectural and/or engineering company, or in connection with any architectural or engineering services.

Dkt. 1-5 § B(6). The plain language of the CSA is unambiguous.

Defendant argues that although it has used the “Dewberry” mark, it has not done so in connection with architectural or engineering services. *See* Dkt 146 at ¶ 67. Defendant points to the lack of third-party contracts for “architectural or engineering services,” arguing that any services it provides are “in-house” activities, and not for the benefit of any third party, citing *Morningside Group Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133 (2d Cir. 1999) (“[t]hose services must not be solely for the benefit of the performer; the services must be rendered to others.”). The Court finds these arguments to be without merit.

The purpose of any service mark is to prevent customers from thinking that a service is being provided by one entity when in fact it is being provided by another. Under Virginia Code § 59.1-92.12(1), infringement is defined as the use of a mark

in connection with the sale, offering for sale, distribution, or advertising of any goods or services or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source or origin of such goods or services.

In the case of a service mark, “a mark shall be deemed to be in use ... when it is used or displayed in the course of selling or providing services” Code § 51.1-92.2.

Under a plain reading of the CSA, Defendant would be in breach if the mark were used (1) in the course of selling or providing services, and (2) in a way that connected the mark to architectural or engineering services. The court finds that no reasonable jury could conclude other than the evidence establishes that these two elements have been met.

Defendant admittedly uses the Dewberry mark within its promotional materials: examples range from its “Studio Dewberry” webpage (Dkt. 88-11) to the promotional article in *Architectural Record* magazine (Dkt. 107-1 at 05DG-0048305; Dkt. 81-5 ¶¶ 94–95) to the numerous architectural filings for the “Dewberry Charlottesville” building (e.g. Dkt. 88-15). Each of these, *inter alia*, are examples of Defendant using the “Dewberry” mark in the course of selling or providing its services.

Likewise, in each of the cited examples, the use of the “Dewberry” mark is done in connection with architectural services. Defendant touts its architectural expertise in its branding and marketing efforts—the Studio Dewberry Executive Vice President was hired and advertised as an architect with more than “thirty years in private architectural practice. . . [and] is a registered architect and a member of the American Institute of Architects.” Dkt. 88-12 at 3. Defendant used the “Dewberry” mark on its architectural plans and filed certifications; the webpage proclaims

Studio Dewberry was started to “handle everything from architecture and interiors to product development and procurement ... for all of the real estate and hospitality properties within Dewberry Group’s portfolio” (Dkt. 88-4 at 2); the leasing packages Defendant sends to brokers credits Studio Dewberry as one of its architects. Dkt. 105-1 at 6. When the Defendant advertises architectural services that it provides to the properties within the Dewberry Group’s portfolio, it is in breach of the CSA. Despite this evidence, Defendant denies that it breached the CSA, arguing that it “does not perform architectural services, and it does not perform architectural services for third parties.” Dkt. 146 at ¶ 65.

The court rejects this argument. Under Virginia law,

“practice of architecture” means any service wherein the principles and methods of architecture are applied, such as consultation, investigation, evaluation, planning and design, and includes the responsible administration of construction contracts, in connection with any private or public buildings, structures or projects, or the related equipment or accessories.

Va. Code Ann. § 54.1-400. Defendant does admit that it, *inter alia*, “ provides interior and exterior design services,” “prepared drawings to the City of Charlottesville in connection with zoning and Board of Architectural (“BAR”) approval,” “sought approval of a height and massing increase for one of Dewberry Group’s development projects,” and “engaged in such pre-design work” Dkt. 146 ¶67. These activities constitute architectural services.

Moreover, the issue here, as it was in *Morningside*, “is whether the service provider *in fact* benefits third parties.” 182 F.3d at 138. In the first place, Defendant admits that it

prepared drawings to the City of Charlottesville in connection with zoning and Board of Architectural (“BAR”) approval for a hotel project in downtown Charlottesville, VA. These were made on behalf of the owner of the project, Deerfield Square Associates, II, LLC.

Dkt. 146 ¶67. Thus, the services rendered by Plaintiff were in fact, to third parties, separated by the corporate veil.

However, the services were not only for the benefit of Defendant and its employees. Rather, the services performed by Defendant were in order to serve as a distinguishing mark of luxury, for the benefit of the tenants, investors, and brokers. The real estate was being developed for the purpose of leasing, not merely for the benefit of Defendant alone.

For example, Plaintiff's website advertises that the Charlottesville property, which "is poised to become the city's premier luxury mixed-use retail, office, and residential property, "will receive the full Studio Dewberry treatment in terms of modernization and first-class amenities" while at the same time preserving and celebrating the "architectural provenance and integrity" of the landmark. Dkt. 88-5 at 7.

Hence, the architectural services of the Defendant, which are promoted in connection with the "Dewberry" mark are for the benefit of third parties. Compare this with *Morningside Group Ltd.*, 182 F.3d at 138 ("Morningside Group has demonstrated that it renders services to others—including, for example, the businesses they acquire, the co-investors they attract and the United States institutions whose money they direct to Asian investment).

As such, the Court find Defendant in breach of §6 of the CSA.

2. CSA Section B(10)

Plaintiff argues that Defendant breached CSA by using "Dewberry" names other than "Dewberry Capital" and logos other than its column logo, in breach of CSA Section 10, which states that, "[w]here feasible, [Defendant] shall continue to use its column logo in its current format ... or in a substantially similar format." Dkt. 1-5 § B(10).

There is no ambiguity here. According to the terms of the CSA, Defendant was obliged to continue using the column logo. Instead, Defendant chose a new logo as part of its larger rebranding efforts. "Shall continue" means the party in question has an affirmative obligation to

continue. Defendant has ceased to continue, and so the court finds the Defendant in breach of the CSA.

3. CSA Section 2 and 3

Plaintiff argues that Defendant performed real estate development or development related services in Virginia using names other than “DCC,” in breach of CSA § B(2) and (3):

Section 2: Except as provided in Paragraph B.3, below, DCC may use the DEWBERRY CAPITAL name and mark in connection with its promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties;

Section 3: To the extent that DCC performs any present or future real estate development or related services in the Commonwealth of Virginia, the State of Maryland, or the District of Columbia, it shall do so only under the name and mark DCC and not under the name or mark DEWBERRY CAPITAL.

In response, Defendant argues that § B(3) only barred it from using the term “Dewberry” as the *public-facing* name of a project or as the name of a building. Dkt. 71 at ¶ 2(b). Defendant points to “[c]orrespondance between Parties before they executed the Settlement Agreement” as evidence of this understanding. *Id.* at § V(B).

With regards to the use of parol evidence, the Court finds it immaterial to the issue at hand. Evidence in the form of prior correspondence may be introduced to explain a disputed term *except* when the court finds “the writing to have been intended also as a complete and exclusive statement of the terms of the agreement.” Va. Code Ann. § 8.2-202.

In this case, the “parties expressly agree that they will not attempt in the future to argue that there were any other written or oral understandings or agreements between parties, as of the date of this Agreement, that are not expressly contained in this Agreement.” Dkt.1-5 § B(22).

Focusing on the actual terms of the CSA, Defendant was constrained by both a negative covenant (“[shall] not [do so] under the name or mark DEWBERRY CAPITAL”) and positive

covenant (“shall do so only under the name and mark DCC”). Where the Defendant is shown to have performed real estate development activities in the Commonwealth of Virginia either (1) under the mark “Dewberry Capital” or (2) not under the mark “DCC,” it is in breach. It is not difficult to find examples of such activities. Defendant concedes that its personnel performed a number of real estate development activities in the Commonwealth. Dkt. 81-3 at § 11. Plaintiff points to many others.

However, Defendant argues that “to the extent Dewberry Group performed these services and activities in Virginia, these services and activities do not constitute ‘real estate development or related services.’” Defendant goes so far as to claim that “while [CSA § 3] may prevent Defendant from establishing a physical office presence within the state ... [it] does not ... prevent Defendant from sending correspondence into Virginia, and it does not prevent Dewberry Group’s personnel from acting on behalf of John Dewberry’s Ownership entities in Virginia.” Dkt 71 at ¶ 38.

The Court disagrees. As an initial matter, where the Defendant is engaged in the “promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties” it may use “Dewberry Capital.” Dkt. 1-5 at § B(2). This was the extent to which the CSA granted permission to Defendant to use the Dewberry mark. Rebranding does not permit Defendant to other uses of the Plaintiff’s Dewberry mark.

Secondly, to the extent that it “performs any present or future real estate development or related services,”² Defendant “shall do so only under the name and mark DCC and not under the

² A related service, for those who may be so inclined to inquire, is the type of activity referenced in § B (2).

name or mark DEWBERRY CAPITAL.” *Id.* at § B(3). The CSA contains no limitations on who may own the property or for whose benefit such services are rendered; it does not refer to construction signage or physical offices. Instead, it refers to a broad spectrum of activities: advertising (“promotion”), solicitation (“offering”), and execution (“performance”) of real estate development. The list in § B(2) further expands the scope of the real estate development activities and related services referred to in § B(3), listing as examples such activities as the purchase of land, arranging for construction, and the managing of tenants. Every time the Defendant performed such real estate development activities in Virginia—whether procuring financing, purchasing property, or submitting plans to the Board of Architectural Review—doing so under the “Dewberry” mark (or conversely, not under the DCC mark), it was in breach of the CSA. There is evidence of both.

Therefore, the Court finds in favor of the Plaintiff and grants summary judgment on Count V, holding that the Defendant breached the CSA as a matter of law.

B. Trademark Infringement.

Plaintiff also accuses Defendant of (1) infringement in violation of § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), (2) federal unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), (3) common law trademark infringement in violation of Virginia law, and (4) common law unfair competition in violation of Virginia law. Defendant disagrees. Both parties move for summary judgment.

1. *Infringement and unfair competition*

Plaintiff has brought claims for trademark infringement and unfair competition under federal law and trademark infringement and unfair competition under common law in Virginia. *See* Virginia Trademark and Service Mark Act (1998) (“VTSMA”), Code §§ 59.1–92.1, 92.15

(stating that nothing in the VTSMA “shall adversely affect the rights or the enforcement of common-law rights in marks.”). These counts will be addressed together, as “[t]he test for trademark infringement and unfair competition under the Lanham Act is essentially the same as that for common law unfair competition under Virginia law ...” *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 930 (4th Cir. 1995). In order to prevail

a plaintiff must prove that (1) the mark is valid and legally protectable, (2) it owns and uses the mark, and (3) the defendant's use of the allegedly infringing mark would likely cause confusion as to the origin or sponsorship of the defendant's goods or services with the plaintiff's goods or services. A plaintiff may also be required to show that the defendant's infringing use was without the plaintiff's permission or consent. More simply, the elements of trademark infringement action are that the trademark merits protection and that an allegedly infringing use is likely to result in consumer confusion.

87 C.J.S. Trademarks, Etc. § 86. .

Plaintiff has established that the “Dewberry” mark is valid, legally protected, and, having been in continuous use for more than five years following its registration, incontestable. Having established the first two elements, we turn to likelihood of confusion.

Determining the likelihood of confusion is an “inherently factual” issue that depends on the facts and circumstances in each case. *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316 (4th Cir. 1992). When there is a genuine issue of material fact as to whether the likelihood of customer confusion exists in a competitor's use of a mark, summary judgment is inappropriate. However, a “court will grant a motion for summary judgment on its infringement claims where the plaintiff offers proof of actual confusion among the marks where both the marks and the products are very similar.” 32 Fed. Proc., L. Ed. § 74:519.

This court has articulated at least nine factors that generally are relevant to the “likelihood of confusion” inquiry:

(1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.

Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 153 (4th Cir. 2012) (citing *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir.2009)). We will address each of these factors in light of the Defendant's arguments below.

a) Strength of the mark as used

The first factor is the mark's conceptual strength. This is determined

in part by its placement into one of four categories of distinctiveness: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful. ... Fanciful marks, which are inherently distinctive, typically involve made-up words created for the sole purpose of serving as a trademark. Arbitrary marks, which are also inherently distinctive, typically involve common words that have no connection with the actual product, as "they do not suggest or describe any quality, ingredient, or characteristic," so the mark can be viewed as "arbitrarily assigned."

George & Co., 575 F.3d at 394. For example, Clorox®, Kodak®, Polaroid®, and Exxon® are fanciful marks; "Camel® cigarettes" and "Apple® computers" are arbitrary marks. See *Sara Lee Corp. v. Kayser-Roth Corp.* 81 F.3d 455, 64 USLW 2708, 38 U.S.P.Q.2d 1449, 4th Cir.(N.C.), 1996, (NO. 94-2562). Generally, the stronger the mark, the greater the likelihood that consumers will be confused by competing uses of the mark. *George & Co.*, 575 F.3d at 393 (4th Cir. 2009).

Defendant argues that the mark is conceptually weak because it is a surname, and thus "merely descriptive." Dkt. 146 at 27. This misreads the standard. For marks derived from surnames, the "ultimate test is whether the primary significance of the mark is that of a surname to the purchasing public." *Callmann on Unfair Competition, Trademarks and Monopolies* § 26:37 (4th Ed.) In this case, a "dewberry" is both a surname and an object. Taken as a whole, the mark and the "berry" logo do not suggest a surname. Additionally, as Plaintiff notes, its registration

certificates do not contain a “2(f)” signifier above the serial number, signaling that the USPTO did not require proof of secondary meaning, as would be required for a descriptive mark. *See Lone Star Steakhouse*, 43 F.3d at n.15 (“The fact that the Trademark Office did not require proof of secondary meaning can be determined from analyzing a title copy of the registration the Office issued. When the Office requires such proof, it notes ‘2(f)’ above the serial number on the bottom right of the registration certificate.”).

These facts, read in conjunction with the fact that “Dewberry” neither suggests nor describes the services provided by Plaintiff, lead to the finding that the mark is arbitrary, which is conceptually strong. This weighs in favor of a likelihood of confusion.

b) Similarity between the two marks

Factor two looks at the actual similarity between the marks. As the USPTO noted “when evaluating a composite mark consisting of words and a design, the word portion is normally accorded greater weight.” Dkt 83-3 at 31 (*citing In re Aquitaine Wine USA, LLC*, 126 USPQ2d 1181, 1184 (TTAB 2018)). In this instance, the parties’ marks share the same dominant and distinctive term: “Dewberry.” The addition of the generic terms (e.g. “group,” “Studio,” “Office,” etc.) are not pertinent. “Adding a term to a registered mark generally does not obviate the similarity between the compared marks.” *In Re My Door View, LLC*, 88444283, 2021 WL 1400667, at *4 (Trademark Tr. & App. Bd. Mar. 26, 2021). *See also Coca -Cola Bottling Co. v. Jos. E. Seagram & Sons, Inc.*, 526 F.2d 556, 557, 188 USPQ 105, 106 (CCPA 1975) (finding BENGAL and BENGAL LANCER and design confusingly similar); *In re El Torito Restaurants, Inc.*, 9 USPQ2d 2002, 2004 (TTAB 1988) (finding MACHO and MACHO COMBOS confusingly similar); *In re Denisi*, 225 USPQ 624, 624 (TTAB 1985) (holding PERRY’S PIZZA and PERRY’S, both for restaurant services, likely to cause confusion, noting that “where a newcomer has

appropriated the entire mark of a registrant, and has added to it a non-distinctive term, the marks are generally considered to be confusingly similar.”). This weighs in favor of a likelihood of confusion.

c) The similarity of the goods or services that the marks identify

Plaintiff’s mark is registered for identifying real estate development and development related services (International Class 037, 040, 042). Defendant also engages in real estate development and development related services. Because their services are overlapping, this factor weighs in favor of a likelihood of confusion.

d) The similarity of the facilities used by the markholders

This factor does not aid in the likelihood-of-confusion analysis. “When considering the similarity of facilities, courts are trying to determine if confusion is likely based on how and to whom the respective goods of the parties are sold, and the key question is whether both products are sold in the same channels of trade.” *Rosetta Stone Ltd.*, 676 F.3d at 155 (internal citations omitted).

In this case, both parties are service providers.

e) The similarity of advertising used by the markholders

When service marks are at issue, “advertising is of even greater relevance because the mark cannot be actually affixed to the service, as a trademark is to the goods” so “[m]any prospective purchasers first encounter the mark in advertising, rather than on the product.” *Elvis Presley Enters., Inc. v. Capece*, 141 F. 3d 188, 197 (5th Cir. 1998).

In this case, both parties are engaged in development or development-related projects in Virginia (including in Charlottesville), Florida (including in Jacksonville), and Georgia (including in Atlanta) and market in these areas. Both companies interact with and offer their services to

tenants of office and retail space, real estate brokers, and lenders. And while it would not be appropriate for the court to do a side-by-side comparison of the advertisements run by the parties, the court will note that both parties promote their architectural and interior design services in *Architectural Record* magazine.

This factor weighs in favor of a likelihood of confusion.

f) The defendant's intent

The next we will consider Defendants' intent. "As a general rule, the plaintiff in an action for trademark infringement is not required to prove the defendant's intent. However, where such intent has been shown, the 'inference of likelihood of confusion is readily drawn.'" *Old Town Funeral Choices v. N. Va. Funeral Choices, Inc.*, 55 Va. Cir. 459 (Va. Cir. 2000) (Citations omitted). "The law provides that a junior user of a mark has an affirmative duty to select a mark that is not confusing. When a defendant adopts a mark with full knowledge of the plaintiff's mark, intent is inferred. *Teaching Co. Ltd. Partn. v. Unapix Ent., Inc.*, 87 F. Supp. 2d 567, 583 (E.D. Va. 2000) (citation omitted).

In this case, the Defendant was aware of Plaintiff's mark, entered into the CSA but breached the agreement as part of its "rebranding" efforts, and then re-adopted the Plaintiff's "Dewberry" mark. This further favors a finding of a likelihood of confusion.

Defendant argues that Plaintiff consented to Dewberry Group's use of DEWBERRY CAPITAL, and then attempts to extrapolate this limited grant of consent to a wider grant of consent to the term "Dewberry" in general. The CSA, in fact, says the opposite: not only is the consent of Defendant's use of "Dewberry" (with regards to real estate development and related services) limited to just the use of "Dewberry Capital," even this was impermissible within Virginia. Dkt.

1-5 §B (3). As such, this argument is meritless, and the factor weighs in favor of a likelihood of confusion.

g) Actual confusion

While not necessary to prove likelihood of confusion, “evidence of actual confusion is often paramount in the likelihood-of-confusion analysis.” *CareFirst of Maryland, Inc. v. First Care, P.C.*, 434 F.3d 263, 268 (4th Cir. 2006) (internal citation omitted). Proof of actual confusion can be demonstrated by

either anecdotal or survey evidence. We previously have explained that survey evidence demonstrating confusion in 10% or more of consumers supports a finding that actual confusion exists. And ... a confusion rate of 17 percent is clear evidence of actual confusion for purposes of summary judgment.

RXD Media, LLC v. IP Application Dev. LLC, 986 F.3d 361, 373 (4th Cir. 2021) (internal citations omitted). In this case, Plaintiff offers both. Defendant attempts to discount many of the offered pieces of evidence, calling them either “irrelevant” or “*de minimis*”; argues that the number of instances is low, many of the examples pre-date the Defendant’s adoption of its re-branded logo, and that it was operating under the Plaintiff’s consent; and discounts Plaintiff’s expert survey. The Court appreciates the exceptions the Defendant raises, and where appropriate discounts material evidence that is in dispute. Nevertheless, examples of actual confusion between the Plaintiff’s and Defendant’s marks remain. Focusing on just one set of examples, Plaintiff points to the confusion by representatives from UVA, one of their clients.

Defendant argues that two of three instances

occurred in 2012 and 2016 before Dewberry Group had rebranded and adopted the D DEWBERRY Marks and are irrelevant. These incidents occurred while Dewberry Capital Corporation acted in accordance with the Settlement Agreement and with Plaintiff’s express consent to use the mark DEWBERRY CAPITAL.

Dkt.146 at ¶ 74. However, these instances are not irrelevant. While the CSA discharged Defendant of claims based on use of “Dewberry” marks, that release “applies only to claims arising on or

before” February 26th, 2007. Second, CSA did not permit Defendant to use “Dewberry Capital” in Virginia. Third, the rebrand continues to use the Plaintiff’s mark, and logically speaking, the existence of a *new* “Dewberry” brand would lead to more confusion, not less.

As such, the Court finds the instances of actual confusion have merit, and the factor weighs in favor of a likelihood of confusion.

h) The quality of the defendant's product

Factor eight, the quality of the defendant's product, is not relevant in this instance, as it applies in “situations involving the production of cheap copies or knockoffs of a competitor's trademark-protected goods.” *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996). Here, the parties are service providers who do not produce goods for sale.

i) The sophistication of the consuming public

“Barring an unusual case, buyer sophistication will only be a key factor when the relevant market is not the public at-large. If the typical consumer in the relevant market is sophisticated in the use of—or possesses an expertise regarding—a particular product, such sophistication or expertise may be pertinent in determining the likelihood of confusion.” *Id.*

Defendant argues that the customers are sophisticated, as they are commercial tenants, lenders, and brokers who engage in long-term contracts. This, Defendant argues, should make the matter dispositive. It does not.

In cases where sophistication among buyers is a factor, there is a presumption the relative sophistication of the buyer works against the likelihood of confusion among consumers. Limiting the inquiry to the question alone would weigh against Plaintiff’s motion, as evidence is read in a manner most favorable to the non-moving party.

However, the question of the likelihood of confusion does not merely begin and end at the bargaining table. Rather,

[a] trade name symbolizes the reputation of a business. Consumers are interested in the quality and cost of the goods or services that it offers; suppliers are concerned with the prompt payment of bills and credit standing; investors, with financial stability, return and growth; labor, with rates of pay, fringe benefits and personnel policies; and the general public, with management's participation in public affairs. All of these factors, and more, make up “the communication mosaic in which a business enterprise must fit” and which its trade name reflects. Infringement of a trade name is a tort touching all these factors.

Communications Satellite Corp. v. Comcet, Inc., 429 F.2d 1245, 1250 (4th Cir.) (holding likelihood of confusion among investors is adequate predicate for relief), *cert. denied*, 400 U.S. 942, 91 S.Ct. 240, 27 L.Ed.2d 245 (1970). In cases where services are contracted by (presumptively) sophisticated clients, an inquiry into sophistication is warranted. But it would not be appropriate to conclude that the sophistication of the buyer is dispositive, especially in cases where actual tenants—the buyers in question—have demonstrated confusion. And it is even more true when, as in this case, parties have invested tens of millions of dollars into their public images; where public officials refer to them by name; in which articles, good and bad, are circulated amongst the general public; and in which the reputations of the parties is under attack in the markets in which they operate.

In these cases, a finding of a likelihood of confusion among the general public can be made on the basis that “public confusion will adversely affect the plaintiff's ability to control his reputation among its laborers, lenders, investors, or other group with whom the plaintiff interacts.” *Perini Corp. v. Perini Const., Inc.*, 915 F.2d 121, 128 (4th Cir. 1990).

Here, the evidence shows a number of negative articles, written from 2017–2020, in both local and national publications, about Defendant, who is referred to by Plaintiff's mark. Dkt. 85 at ¶¶ 85–88. And again, there are instances of actual confusion among the general public including

“a news reporter, UVA client representatives, a commercial tenant, a wealthy businessman, a vendor, and a contractor.” Dkt 85 at 41. As this court has said,

trade name infringement case under § 43(a) of the Lanham Act cannot be made out by merely presuming that the public will be confused without an identification of how the forecasted public confusion will “damage” the plaintiff.

Perini Corp. v. Perini Const., Inc., 915 F.2d 121, 128 (4th Cir. 1990). In this case, Plaintiff has spent \$125 million on promotional expenditures from 2015–2019. Additionally, a 2020 study of Florida real estate-related clients showed that they associated Dewberry with “positive notions of its ‘expertise,’ ‘quality,’ ‘size/strength,’ and ‘people,’” and “refer to the firm as ‘Dewberry’ and state[d] that colleagues within their companies also know the firm by that name.” This is a significant investment into goodwill; the confusion, at best dilutes this investment. More concerning, Defendant’s negative publicity damages that reputational standing.

IV. CONCLUSION

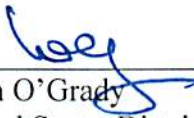
In sum, with respect to the claim on infringement, the court finds that a likelihood of confusion exists: Plaintiff has an arbitrary mark, making it strong in the marketplace; the predominant feature of the parties’ marks are identical, namely “Dewberry;” the parties both engage in real estate development services; the parties operate in overlapping markets; the parties’ similar forms of advertising, market to the same kinds of parties. There is sufficient evidence that the Defendant had the intent to infringe; sufficient evidence of actual confusion; and evidence that there is a high likelihood of confusion in the general public. These all weigh in favor of a finding of a likelihood of confusion. The only factor which weighs against this finding is the presumption that the actual buyer is sophisticated, and this alone is not enough.

The court finds that no reasonable jury could, based on the evidence presented, find that no likelihood of confusion exists between the parties’ marks. Plaintiff’s motion for summary

judgment on Counts I–IV is **GRANTED**; Defendant’s motion for summary judgment is **DENIED**.

It is **SO ORDERED**.

August 11, 2021
Alexandria, Virginia



Liam O’Grady
United States District Judge