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IN THE
APPELLATE COURT OF ILLINOIS
FIRST JUDICIAL DISTRICT

SME RESTAURANT GROUP, INC. d/b/a)	Appeal from the Circuit Court
TRIPLE CROWN RESTAURANT,)	of Cook County.
)	
Plaintiff-Appellant,)	
)	No. 13 L 4740
v.)	
)	
ORIGINAL TRIPLE CROWN RESTAURANT,)	The Honorable
INC.,)	Sanjay Tailor,
)	Judge Presiding.
Defendant-Appellee.)	

JUSTICE PUCINSKI delivered the judgment of the court.
Presiding Justice Fitzgerald Smith and Justice Cobbs concurred in the judgment.

ORDER

¶ 1 *Held:* Judgment in the defendant's favor on the plaintiff's claim for common law trademark infringement was affirmed because the evidence presented at trial supported the conclusion that the defendant's rights to the mark were superior to the plaintiff's, where the defendant had obtained the right to use the mark through a lease with the mark's owner, and the plaintiff held no rights in the mark. Judgment in the defendant's favor on the plaintiff's claim for unfair competition under the Uniform Deceptive Practices Act affirmed where the plaintiff could not maintain a claim against the defendant for unfair competition based on the defendant's use of the mark where the defendant had the legal right to use the mark.

¶ 2 The plaintiff, SME Restaurant Group, Inc. d/b/a Triple Crown Restaurant, appeals from the judgment entered in favor of the defendant, Original Triple Crown Restaurant, Inc., following a bench trial on the plaintiff's claims of unfair trade practices under the Uniform Deceptive Trade Practices Act ("Act") (815 ILCS 510/2 (West 2010)), unlawful interference with the plaintiff's business, and common law trademark infringement. On appeal, the plaintiff argues that the trial court erred in holding for the defendant, because the plaintiff had rights in the service mark at issue that were superior to the defendant's rights, and the plaintiff presented sufficient evidence to succeed on its claim under the Act.

¶ 3 **BACKGROUND**

¶ 4 In May 2013, the plaintiff filed a three-count complaint against the defendant alleging unfair trade practices under the Act, unlawful interference with the plaintiff's business, and common law trademark infringement. In essence, the plaintiff alleged that it owned the rights to the name "Triple Crown Restaurant" and its associated logo (collectively, the "Triple Crown mark" or "mark") and that it has operated a restaurant using that mark at 2217 South Wentworth since February 2009. The plaintiff alleged that the defendant, at some point later in 2009, began operating a restaurant at 211 West 22nd Place under the name of "Original Triple Crown Restaurant." According to the plaintiff, the defendant's use of the name "Original Triple Crown Restaurant" is deceiving to the public, infringes on the plaintiff's trademark, and has caused the plaintiff's business to suffer.

¶ 5 The parties proceeded to try the matter in a bench trial on April 20, 2015. There was no court reporter present during the trial, so there is no verbatim transcript of the proceedings. The trial court, however, entered an order certifying its trial notes as the report of proceedings for purposes of this appeal. Those notes indicate that the following evidence was presented at trial.

¶ 6 Lin Lin Tin testified that she was the mother of the plaintiff's two principals. In 1996, she purchased the Triple Crown Seafood Restaurant from Cindy Chin, but she leased the physical premises for the business, located at 211 West 22nd Place, from Patti Leung. Despite acknowledging that her lease with Leung provided that the name Triple Crown was being leased to her by Leung, Tin testified that she believed that she was only leasing the physical space from Leung. Tin testified that Chin used the name Triple Crown prior to Tin's purchase of the business, but that the business was called Triple Crown even before Chin owned it.

¶ 7 After purchasing the business, Tin remodeled the space, expanded the menu with new recipes, and advertised the restaurant in Chinese newspapers. During this time, in 1999, Tin opened a Triple Crown Seafood Restaurant in Westmont, Illinois, and in 2000, she opened the Triple Crown Express, a Chinese fast-food restaurant. Tin did not obtain approval from Leung to use the Triple Crown mark for any of her other restaurants, but Leung also never told her that she could not use it, despite having eaten at Tin's other Triple Crown restaurants. Tin believed that she did not have to ask Leung for permission to use the Triple Crown mark because everyone in the Chinese community knew that the Triple Crown mark was associated with Tin. Prior to her 1996 purchase from Chin, Tin never used the Triple Crown name in any of her previous restaurants.

¶ 8 Tin's restaurant at 221 West 22nd Place did well until 2008 and 2009 when business began to decrease due to the recession and inadequate parking in the area. Tin finally closed that restaurant in July 2009. Before doing so, however, Tin entered into a lease to open another Triple Crown Seafood Restaurant at 2217 South Wentworth in June 2008. That restaurant opened in May 2009, and her sons, through the plaintiff, took over operation of that location.

¶ 9 Spencer Ng, one of Tin's sons, gave the following testimony. With his brother, he formed the plaintiff corporation and took over the Triple Crown restaurant located on Wentworth. He kept the Triple Crown mark as a tribute to his mother and because his mother's Triple Crown restaurants had put him through college. In March 2009, he registered the Triple Crown mark with the Illinois Secretary of State in the plaintiff's name. He also registered it with the U.S. Patent and Trademarks Office.

¶ 10 Since taking over the restaurant from his mother, Ng has altered the menu, and his clientele has changed from primarily Chinese and other Asians to 50% Asian, 50% other ethnicities.

¶ 11 According to Ng, the defendant's use of the Triple Crown mark has created confusion amongst customers. Customers have ordered from the plaintiff's restaurant but then have gone to the defendant's to pick up the food. Whenever there is a negative review of the defendant's restaurant, it affects the plaintiff's restaurant negatively. People believe that there is a feud between Ng and Tin, that lead to the two separate restaurants.

¶ 12 Finally, Leung testified as follows. She purchased the building at 211 West 22nd Place in 1989 and opened the Triple Crown Restaurant in 1992 or 1993, where she served Cantonese food. The restaurant was successful, having been named the best Chinese restaurant by Chicago Magazine in 1993. She later sold the restaurant, however, because she no longer wanted to work so hard. Although she sold the business, she only leased the Triple Crown mark and the building space to Chin. After Chin, she leased the space and the Triple Crown mark to Tin. Paragraph 37 of the lease with Tin stated that the name was only being leased.

¶ 13 Tin never asked Leung's permission to use the Triple Crown mark outside of the lease, and Leung denied any knowledge that Tin was doing so. She denied knowing that Tin opened a

Triple Crown restaurant in Westmont. Although she had heard of a Triple Crown Express, she did not know Tin was the person who owned it. She did not know that the Triple Crown name had been trademarked. Leung did know, however, that the plaintiff was operating a restaurant on Wentworth using the Triple Crown mark, but she believed she would have to hire a lawyer if she wanted to object to the plaintiff's use of the mark. She acknowledged that she never asked Tin or Tin's sons to compensate her for the use of the Triple Crown mark.

¶ 14 With respect to the defendant, she has allowed it to use the Triple Crown mark and even leased it to the defendant. Her main concern is that the defendant pays its rent.

¶ 15 The exhibits admitted at trial include the 1996 lease between Tin and Leung, a 2002 posting on Chowhound regarding Tin's restaurant at 211 West 22nd Place, the plaintiff's 2008 lease for the space at 2217 South Wentworth, documents evidencing the plaintiff's registration of the Triple Crown mark with the Illinois Secretary of State and U.S. Patent and Trademark Office, a print out of Yelp.com reviews returned on the search term "original triple crown," photos of the signs outside the defendant's restaurant, and the 2010 lease between Leung and the defendant.

¶ 16 After the close of evidence, the trial court issued its ruling. As stated in its notes, the trial court's ruling was as follows:

"Judgment for defendant on all counts. The right to a trademark or trade name vests in the person who first used the name. Here, Leung first used the name Triple Crown Restaurant when she opened a restaurant with that name in 1992. She sold the restaurant to Chin, who sold it to Tin; however, Leung always owned the real estate and, according to the real estate property lease, the right to the name Triple Crown was considered Leung's personal property which was subject to the lease. Thus, Tin never had any

ownership interest in the name Triple Crown. The plaintiffs [*sic*] did not offer any case law in support of their [*sic*] claim.

¶ 17 The plaintiff filed a motion to reconsider, arguing that because the plaintiff registered its interest in the Triple Crown mark, it enjoyed a presumption of ownership and the burden shifted to the defendant to show that it had rights in the mark that were superior to the plaintiff's. The plaintiff argued that the defendant failed to carry that burden, as the evidence demonstrated that Leung had abandoned her interest in the mark, after which the plaintiff acquired its interest in the mark. Therefore, according to the plaintiff, it obtained its interest in the mark before the defendant did and held rights in the mark that were superior to the defendant's. The plaintiff also argued that it made out its claim for unfair competition because it only needed to show consumer confusion between the parties' restaurants to be successful.

¶ 18 The trial court denied the plaintiff's motion to reconsider, after which the plaintiff instituted this appeal.

¶ 19

ANALYSIS

¶ 20 On appeal, the plaintiff argues that the trial court erred in entering judgment against the plaintiff, because the plaintiff had rights in the service mark at issue that were superior to the defendant's, and the plaintiff presented sufficient evidence to succeed on its unfair competition claim under the Act. As will be discussed below, we hold that the trial court's judgment in favor of the defendant on the plaintiff's trademark infringement claim was not against the manifest weight of the evidence, and the plaintiff's claim for unfair competition is precluded by the defendant's right to use the Triple Crown mark.

¶ 21 A trial court's judgment following a bench trial is generally reversed only when it is against the manifest weight of the evidence. *Diocese of Quincy v. Episcopal Church*, 2014 IL

App (4th) 130901, ¶ 38. “A judgment is against the manifest weight of the evidence only if the opposite conclusion is apparent or if it appears to be arbitrary, unreasonable, or not based on the evidence.” *Id.* The trial court’s determination is given such deference because, as the trier of fact, the trial court had the opportunity to view and evaluate the witnesses and their testimony and, thus, to determine their credibility. *Raclaw v. Fay, Conmy & Co., Ltd.*, 282 Ill. App. 3d 764, 767 (1996).

¶ 22 Despite this recognized standard, the plaintiff argues that we should apply a *de novo* standard of review because, according to the plaintiff, the question presented in its motion to reconsider was whether the trial court erred in its previous application of existing law. We disagree with the plaintiff’s characterization of its arguments in the motion to reconsider. In that motion, the plaintiff argued that the trial court erred in finding that the defendant did not infringe the plaintiff’s trademark, because under the applicable burden-shifting paradigm, the plaintiff carried its burden of proving the elements of its claim. In so arguing, the plaintiff cited and relied on the evidence presented at trial in an attempt to demonstrate that it carried its burden. Moreover, the determination of whether the plaintiff carried its burden required factual, not legal, determinations, namely, whether the plaintiff had a protectable interest in the mark and whether there was consumer confusion. Likewise, the plaintiff’s argument that it proved its claim for unfair competition under the Act because it demonstrated a likelihood of consumer confusion presented a factual question. Therefore, we conclude that the appropriate standard of review is whether the trial court’s determinations were against the manifest weight of the evidence. See *Diocese of Quincy*, 2014 IL App (4th) 130901, ¶ 39 (applying the manifest-weight-of-the-evidence standard over *de novo* review where the trial court’s determination required the review and weighing of evidence by the trial court).

¶ 23

Common Law Trademark Infringement

¶ 24

In support of its general contention that the trial court erred in finding for the defendant on the plaintiff's claim for common law trademark infringement, the plaintiff argues that (1) the trial court failed to afford the plaintiff a presumption of ownership to which it was entitled by virtue of its registration of the Triple Crown mark; (2) even if the trial court afforded it the presumption of ownership, the defendant failed to overcome that presumption because the evidence indicated that Leung abandoned her rights to the name and logo; (3) the defendant was improperly allowed to put on a *jus tertii* defense; and (4) the trial court adjudicated Leung's rights to the mark, not the parties' respective rights. To make out a claim for trademark infringement, the plaintiff must demonstrate that "(1) it has a protectable ownership interest in the mark; and (2) the defendant's use of the mark is likely to cause consumer confusion, infringing on the plaintiff's rights to the mark." *Jim Mullen Charitable Foundation v. World Ability Federation, NFP*, 395 Ill. App. 3d 746, 753 (2009).

¶ 25

The plaintiff first argues on appeal that its registration of the Triple Crown mark with the Illinois Secretary of State and U.S. Patent and Trademark Office afforded the plaintiff a presumption of ownership and shifted the burden of proof to the defendant to prove ownership. The plaintiff contends that the trial court failed to shift the burden of proof to the defendant and that this procedural error alone warrants reversal. The plaintiff also argues that even if the trial court did shift the burden of proof, the defendant failed to carry its burden because the evidence demonstrated that Leung had abandoned her interests in the Triple Crown mark. Although the plaintiff fails to spell it out, presumably the significance of this abandonment is that (1) Leung would have lacked any interest in the Triple Crown mark to lease to the defendant, and (2) the

ownership of the Triple Crown mark would have been up for grabs when the plaintiff registered it.

¶ 26 Although the plaintiff made these arguments—that it was entitled to a presumption of ownership and that Leung abandoned her interests—in its motion to reconsider, it did not make them at trial, and issues raised for the first time in a motion to reconsider are waived. *Bank of America, N.A. v. Ebro Foods, Inc.*, 409 Ill. App. 3d 704, 709 (2011); *Caywood v. Gossett*, 382 Ill. App. 3d 124, 134 (2008). With respect to the abandonment argument, the plaintiff contends that it did, in fact, raise the issue at trial by questioning Leung about her knowledge of Tin’s other Triple Crown restaurants, what Leung did to enforce her rights, or whether she demanded payment from Tin or the plaintiff for use of the Triple Crown mark. According to the plaintiff, these questions were sufficient to avoid waiver of the abandonment issue. We disagree. The mere asking of these questions, without also arguing their relevance to the issue of abandonment, hardly constitutes raising the issue. The trial court is not required to speculate as to the point the plaintiff intended to make with those questions. Moreover, the plaintiff’s reliance on *American Chartered Bank v. USMDS, Inc.*, 2013 IL App (3d) 120397, ¶ 12-14, for the proposition that issues argued “clearly enough” on appeal is misplaced. In *American*, the issue was whether the appellant sufficiently argued a point in its opening appellate brief such that it could be addressed in the reply brief, not whether a party sufficiently argued an issue on appeal to overcome its failure to raise the issue at trial. *Id.*

¶ 27 The plaintiff also urges us to overlook its waiver of the abandonment issue, so as to ensure a just result and to maintain a sound and uniform body of precedent. See *State Chamber of Commerce v. Filan*, 216 Ill. 2d 653, 664 (2005). We decline the plaintiff’s invitation. First, we do not see any significant injustices resulting from the trial court’s decision. The plaintiff’s

contentions—(1) that consumers are entitled to know the source of the food they choose to consume and who is behind the brand they prefer, (2) the plaintiff worked hard to establish the value behind the Triple Crown brand, and (3) the confusion between the plaintiff and the defendant has resulted in economic harm to the plaintiff—are unavailing. Every day, without consequence, thousands of consumers eat food from restaurants run by individuals they will never know. As for the value of the Triple Crown mark, the evidence at trial suggests that it was instilled by Leung and Tin, not the plaintiff, who only registered the mark a year before the defendant began operations. Finally, the plaintiff did not present any proof quantifying the economic harm it claims to suffer as a result of the alleged confusion. Accordingly, it is impossible to assess whether injustice would result from our decision to forego review of this issue.

¶ 28 Second, although we are permitted to put aside waiver for purposes of *maintaining* a sound and uniform body of precedent, this is not what the plaintiff asks of us. Rather, the plaintiff urges us to overlook waiver in the name of *expanding* existing trademark law and to provide additional support for the use of abandonment as an offensive tool for trademark infringement plaintiffs. We do not believe this justifies overlooking our supreme court’s admonitions that waiver be enforced absent extraordinary circumstances (see *People v. Hillier*, 237 Ill. 2d 539, 549 (2010); *People v. Smith*, 228 Ill. 2d 95, 106 (2008)), especially where the plaintiff does not contend that the existing case law is incorrect or inconsistent.

¶ 29 Having concluded that the plaintiff has waived the abandonment issue, we turn to the plaintiff’s next argument, which is that the trial court erred in allowing the defendant to put forth a *jus tertii* defense. A *jus tertii* defense is one in which the defendant defends against a claim for trademark infringement by arguing that a third party has rights to the mark that are superior to

the plaintiff's. *Jim Mullen*, 395 Ill. App. 3d at 753. According to the plaintiff, in response to the plaintiff's claim for trademark infringement, the defendant "counter[ed] that Leung has a right to the Service Mark superior to [the plaintiff's] right. The trial court relied on this argument and entered judgment in favor of [the defendant]." The plaintiff does not, however, cite to any portion of the record in support of the claim that the defendant argued that it should prevail because Leung's rights to the Triple Crown mark were superior to the plaintiff's. See Ill. S. Ct. R. 341(h)(7) (eff. Jan. 1, 2016) (requiring citation to the record in support of arguments). In addition, our review of the record of the trial proceedings reveals no such argument. The fact that the trial court concluded that Leung owned the rights to the Triple Crown mark does not necessarily mean that the defendant argued it should prevail because Leung's rights trumped the plaintiff's. Accordingly, we cannot say that the trial court erred in allowing the defendant to assert a *jus tertii* defense when there is nothing to suggest that the defendant ever actually asserted a *jus tertii* defense.

¶ 30 Finally, the plaintiff asserts that the trial court erred in adjudicating Leung's rights to the Triple Crown mark as opposed to simply determining whether the plaintiff's rights in the mark were superior to the defendant's. As an initial matter, we find it ironic that the plaintiff spent much of its brief arguing that the rights of the parties depended on Leung's abandonment or non-abandonment of her rights, only to now argue that Leung's rights are irrelevant to determining whether the plaintiff or the defendant held superior rights to the Triple Crown mark. Given that both parties claim to have acquired their rights in the mark by way of Leung's actions or inactions, we think determining Leung's rights in the mark is a necessary step in determining the parties' rights.

¶ 31 That being said, the plaintiff contends that the trial court erred not just in determining Leung's rights but also in failing to determine the superiority of the parties' rights in the mark. According to the plaintiff, the trial court granted the defendant judgment not because it found that the defendant's rights were superior to the plaintiff's, but because it concluded that all rights belonged to Leung. We need not decipher the trial court's reasoning, as our job is simply to determine whether the trial court reached the correct result. To do so, we review the trial court's judgment, not its reasoning, and if its judgment is correct, the basis of the trial court's decision is immaterial. *City of Chicago v. Holland*, 206 Ill. 2d 480, 491-92 (2003).

¶ 32 We conclude that the trial court's judgment in favor of the defendant was not against the manifest weight of the evidence. The Triple Crown mark here is a suggestive term, as it does not describe the qualities of the Triple Crown restaurants and requires some imagination for the consumer to connect the name with the restaurants. *Thompson v. Spring-Green Lawn Care Co.*, 126 Ill. App. 3d 99, 108 (1984). As such, the exclusive right to use it vests in the person who first used the term in a particular market, and that person acquires ownership in the mark by adopting the mark through prior and continuous use of that mark. *Id.* at 109.

¶ 33 Here, based on the evidence presented at trial, the trial court could have found that Leung obtained the exclusive right to use the Triple Crown mark by being the first person to use it in the Chicago Chinese restaurant market in 1992 or 1993. The trial court could also have found that she obtained ownership of the mark when she continued to use it, in one form or another, following her 1992/1993 adoption of the mark. More specifically, the evidence indicates that after Leung adopted the Triple Crown mark, she used it as the name of her restaurant until she sold the business to Chin. She then continued her use of the mark by leasing the mark to Chin and then Tin. After Tin's lease terminated, all rights in the mark reverted to Leung (*Smith v.*

Dental Products Co., 140 F.2d 140, 148 (7th Cir. 1944) (the plaintiff retained his ownership of the trademarks during the lease term, and “upon expiration of such agreements, [the plaintiff] was entitled to the full use and enjoyment of such trade-marks”)), who then leased the right to use the mark to the defendant. The defendant continues to utilize that right. Given this evidence supporting a conclusion that Leung has owned and utilized the exclusive rights to the Triple Crown mark since before the plaintiff arrived on the scene, and given the lack of evidence of any permanent transfer of those rights to the plaintiff, the trial court’s judgment in favor of the defendant was not against the manifest weight of the evidence.

¶ 34 The plaintiff’s attempts to counter such a conclusion are unavailing. First, the plaintiff’s registration of the Triple Crown mark does not alter the above analysis, because the registration of a mark “does not create rights which would not otherwise exist; no substantive rights are established by registration.” *Thompson*, 126 Ill. App. 3d at 109. Thus, because the plaintiff held no rights in the mark before registration, it did not gain any after. Second, the plaintiff’s attempts on appeal to impeach Leung’s testimony that she leased the mark to the defendant by relying on Leung’s deposition testimony is improper, because the plaintiff made no such effort to impeach Leung’s testimony in the trial court. The plaintiff cannot now introduce Leung’s deposition testimony for the first time. See *McGinley v. Madigan*, 366 Ill. App. 3d 974, 982 (2006).

¶ 35 Finally, the plaintiff argues that the record belies any conclusion that Leung leased the mark to the defendant because the defendant’s counsel admitted in opening statements that the Triple Crown mark was not being leased and the written lease for the building between Leung and the defendant did not contain a provision for the lease of the mark. According to the trial court’s notes, in defense counsel’s opening statement, counsel argued that the “[l]ease agreement

acknowledges that name is not being leased.” Relying on *Augenstein v. Pulley*, 191 Ill. App. 3d 664, 671 (1989), for the proposition that “a clear admission of a material fact by counsel in opening statements is binding upon his client,” the plaintiff argues that the defendant is bound by counsel’s statement that the Triple Crown mark was not being leased to the defendant. *Augenstein* warned, however, that in determining whether counsel’s opening statements were binding on a party, this court must consider the context of those statements. More specifically, the *Augenstein* court declined to bind the party to its attorney’s opening statement where counsel prefaced his statement by saying that it was only what he believed the evidence would show. Here, because the trial record consists only of the trial court’s shorthand notes from the trial, it is impossible to assess the context of counsel’s statements, and we decline, on such a record, to bind the defendant to counsel’s statements. See *Foutch v. O’Bryant*, 99 Ill. 2d 389, 392 (1984) (“Any doubts which may arise from the incompleteness of the record will be resolved against the appellant.”).

¶ 36 We are also not persuaded by the plaintiff’s argument that Leung could not have leased the mark to the defendant because the real estate lease between Leung and the defendant did not contain any provision for the lease of the mark. Not only has the plaintiff failed to cite any authority for the proposition that the lease of the mark had to be in writing, but the logic does not follow that because the lease of the mark was not in the real estate lease, it does not exist at all.

¶ 37 Accordingly, we conclude that judgment in favor of the defendant on the plaintiff’s trademark infringement claim was not against the manifest weight of the evidence, because the trial court could have found, based on the evidence presented at trial, that the defendant’s rights in the Triple Crown mark were superior to the plaintiff’s by way of the defendant’s lease of the mark from Leung.

¶ 38

Unfair Competition

¶ 39

The plaintiff next argues that the trial court erred in entering judgment in favor of the defendant on the plaintiff's claim for unfair competition under the Act, because the plaintiff presented sufficient evidence that there existed a likelihood of confusion between its restaurant and the defendant's restaurant. We need not decide whether the evidence at trial demonstrated a likelihood of confusion, however, because we conclude that the defendant's legal rights to use the Triple Crown mark defeats the plaintiff's claim for unfair competition.

¶ 40

As discussed above, the evidence at trial supports a conclusion that Leung owned the exclusive rights to the Triple Crown mark, the use of which she leased to Tin for a period of time. Upon the termination of the lease with Tin, all rights in the mark reverted back to Leung. See *Smith*, 140 F.2d at 148. Leung then leased the rights to use the mark to the defendant. The plaintiff contends that a claim for unfair competition under the Act does not require the plaintiff to hold a valid trademark in the Triple Crown mark. This premise appears to be up for debate, as courts addressing the issue have reached different conclusions. Compare *Thomas & Betts Corp. v. Panduit Corp.*, 935 F. Supp. 1399, 1419 (N.D. Ill. 1996) (claims for common law unfair competition and violation of the Act not sustainable absent protectable trade dress); *Sassafras Enterprises, Inc. v. Roshco, Inc.*, 915 F. Supp. 1, 11 (N.D. Ill. 1996) (same); *Gimix v. JS & A Group, Inc.*, 699 F.2d 901, 908 (7th Cir. 1983) (claim for unfair competition failed because it was based on allegations of trademark infringement and the plaintiff lacked a valid trademark), with *Jim Mullen*, 395 Ill. App. 3d at 761 (liability for unfair competition does not require proof that the plaintiff held a valid trademark); *Phillips v. Cox*, 261 Ill. App. 3d 78, 83 (1994) (the plaintiff does not have to demonstrate that it possesses the exclusive right to the name in order to maintain a claim for unfair competition). In any case, we do not conclude that the plaintiff's

claim fails because it lacked ownership of the Triple Crown trademark; instead, as discussed below, we conclude that the plaintiff's claim fails because the *defendant* held the legal rights to use the trademark by virtue of its lease of those rights from Leung.

¶ 41 The purpose of the Act is to enjoin acts that confuse or deceive consumers or that unjustly injure honest businesspersons. *Popp v. Cash Station, Inc.*, 244 Ill. App. 3d 87, 98 (1992). Generally, the Act applies where “one competitor is harmed or may be harmed by the unfair trade practices of another.” *Greenberg v. United Airlines*, 206 Ill. App. 3d 40, 46 (1990). More specifically, the Act provides in relevant part:

“A person engages in a deceptive trade practice when, in the course of his or her business, vocation, or occupation, the person:

- (1) passes off goods or services as those of another;
- (2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;
- (3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with or certification by another ***.”

815 ILCS 510/2 (West 2010). To have standing to bring a claim of unfair competition under the Act, the plaintiff must show that the defendant's actions are likely to cause the plaintiff damages in the future. *Kensington's Wine Auctioneers & Brokers, Inc. v. John Hart Fine Wine, Ltd.*, 392 Ill. App. 3d 1, 9 (2009).

¶ 42 As stated, the defendant leased the right to use the Triple Crown mark from its lawful owner, Leung. Shortly before that lease, the plaintiff, knowing that Tin's lease of the mark from Leung had terminated and without the consent of Leung or any other rightful claim to the Triple Crown mark, chose to open a restaurant using the Triple Crown mark. To now enjoin the

defendant's legal use of the mark in favor of the plaintiff's unauthorized use is not only equitably unjust, but also defeats the purpose of the Act and of affording individuals exclusive rights in trademarks. First, the purpose of the Act is to enjoin *unfair* trade practices that injure honest businesses. We see nothing unfair about the defendant's use of the Triple Crown mark where the defendant properly leased that right from the mark's rightful owner. And, although we have no opinion on the integrity of the plaintiff's business as a whole, in the particular context of the use of the Triple Crown name and logo, we observe that the plaintiff has been using the Triple Crown mark without the right to do so since it took over from Tin.¹

¶ 43 Second, enjoining the defendant's use of a right that it legally held would render the defendant's right (and Leung's ownership of the mark) meaningless. After all, what good is a property right if its exercise can be precluded by someone who has no rights in that property? Moreover, to allow the plaintiff, who does not have rights in the Triple Crown mark, to prevent the defendant, who does have legal rights in the use of the mark, from utilizing the mark simply by filing a claim for unfair competition essentially turns the determination of who may utilize the mark into a race to the courthouse. Leung's freedom to lease her rights in the mark, and the defendant's corresponding right to use the Triple Crown mark pursuant to that lease, should not be abridged just because the plaintiff filed first. This is especially true where the plaintiff's continued use of the Triple Crown mark after the termination of Tin's lease with Leung potentially qualifies as unfair competition. See *Smith*, 140 F.2d at 149 ("Of course there could be no unfair competition between the parties as long as defendant's business was conducted by sufferance of the plaintiff, but a continuation of such business by defendant thereafter became unauthorized and unfair.").

¹ We also note in passing that Tin's use of the Triple Crown name and logo for restaurants other than the one she operated on West 22nd Place during the term of her lease with Leung was unauthorized.

¶ 44 Perhaps to prevent such an unfair result, both Illinois and federal courts have held that the second users of a trademark have a duty to take precautions to avoid confusion between their marks and other already existing marks. See *Forum Corp. of North America v. The Forum, Ltd.*, 903 F.2d 434, 440 (7th Cir. 1990); *Thompson*, 126 Ill. App. 3d at 111; *Bingham v. Inter-Track Partners*, 234 Ill. App. 3d 615, 619 (1992). Here, Leung was the first user of the Triple Crown mark, which, as discussed above, is precisely how she acquired ownership and the exclusive right to use the mark. Both Tin and the plaintiff entered the marketplace and began to use the mark after Leung did. Although the defendant did not enter the picture until after Tin and the plaintiff, the defendant obtained Leung's first-user rights in the mark by way of the lease. The plaintiff knew or, through taking the reasonable precautions it was obligated to take, should have known that Tin's rights to use the mark terminated with the lease and, thus, any rights to the mark held by Tin reverted to Leung and Tin could not pass those rights to the plaintiff. Accordingly, the plaintiff, in the exercise of its duty to avoid confusion, should have chosen a name other than the one that belonged to Leung.

¶ 45 Finally, we also conclude that the trial court did not err in finding for the defendant on the plaintiff's claim for unfair competition under the Act, because the plaintiff lacked standing to bring the claim. As mentioned, the plaintiff has standing to pursue such a claim if the defendant's actions are likely to cause the plaintiff damage in the future. We do not believe that the plaintiff can be damaged by the defendant's legal use of the Triple Crown mark, where the plaintiff's own use of the mark is unauthorized.

¶ 46 In sum, we conclude that the trial court's judgment for the defendant on the plaintiff's claim for unfair competition under the Act was not error, because the plaintiff's unauthorized use of the Triple Crown mark cannot trump the defendant's legal rights to use of the mark.

¶ 47

CONCLUSION

¶ 48

For the reasons stated above, the judgment of the Circuit Court of Cook County is affirmed.

¶ 49

Affirmed.