

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH DAKOTA
WESTERN DIVISION

<p>STURGIS MOTORCYCLE RALLY, INC.,</p> <p>Plaintiff,</p> <p>vs.</p> <p>RUSHMORE PHOTO & GIFTS, INC.; JRE, INC.; CAROL NIEMANN; PAUL A. NIEMANN; BRIAN M. NIEMANN; and WAL-MART STORES, INC.,</p> <p>Defendants.</p> <p>AND</p> <p>RUSHMORE PHOTO & GIFTS, INC.; JRE, INC.; CAROL NIEMANN; PAUL A. NIEMANN; BRIAN M. NIEMANN,</p> <p>Counterclaim-Plaintiffs,</p> <p>vs.</p> <p>STURGIS MOTORCYCLE RALLY, INC.,</p> <p>Counterclaim-Defendant.</p>	<p>CIV. 11-5052-JLV</p> <p>INSTRUCTIONS TO THE JURY</p>
---	---

TABLE OF CONTENTS

INSTRUCTION NO. 1 - ROLE OF INSTRUCTIONS	4
INSTRUCTION NO. 2 - NATURE OF THE CASE	6
INSTRUCTION NO. 3 - EQUALS BEFORE THE LAW	8
INSTRUCTION NO. 4 - DEFINITION OF EVIDENCE	9
INSTRUCTION NO. 5 - CREDIBILITY OF WITNESSES	11
INSTRUCTION NO. 6 - IMPEACHMENT	12
INSTRUCTION NO. 7 - BENCH CONFERENCES AND RECESSES	13
INSTRUCTION NO. 8 - CHARTS AND SUMMARIES	14
INSTRUCTION NO. 9 - EXPERT WITNESSES	15
INSTRUCTION NO. 10 - NOTE TAKING	16
INSTRUCTION NO. 11 - OBJECTIONS	17
INSTRUCTION NO. 12 - MEDIA AND TECHNOLOGY	18
INSTRUCTION NO. 13 - BURDEN OF PROOF	21
INSTRUCTION NO. 14 - LEGAL CAUSE	22
INSTRUCTION NO. 15 - CLAIMS ASSERTED BY THE PARTIES	23
INSTRUCTION NO. 16 - REGISTRATION OF A TRADEMARK	24
INSTRUCTION NO. 17 - AGENCY	26
INSTRUCTION NO. 18 - ASSIGNMENT	27
INSTRUCTION NO. 19 - LICENSE	28
INSTRUCTION NO. 20 - REGISTERED TRADEMARK INFRINGEMENT	
CLAIMS	29
INSTRUCTION NO. 21 - LIKELIHOOD OF CONFUSION	31
INSTRUCTION NO. 22 - INHERENTLY DISTINCTIVE TRADEMARK	34
INSTRUCTION NO. 23 - AFFIRMATIVE DEFENSE - FRAUD IN	
PROCUREMENT OF "STURGIS" REGISTRATION ..	36
INSTRUCTION NO. 24 - AFFIRMATIVE DEFENSE - GENERIC NAME	38

INSTRUCTION NO. 25 - AFFIRMATIVE DEFENSE -	
MERELY DESCRIPTIVE	40
INSTRUCTION NO. 26 - AFFIRMATIVE DEFENSE - FAIR USE	41
INSTRUCTION NO. 27 - AFFIRMATIVE DEFENSE - ABANDONMENT	42
INSTRUCTION NO. 28 - UNREGISTERED TRADEMARKS INFRINGEMENT	
CLAIMS	43
INSTRUCTION NO. 29 - ACQUIRED DISTINCTIVENESS	45
INSTRUCTION NO. 30 - TRADEMARK DILUTION CLAIM	48
INSTRUCTION NO. 31 - DECEPTIVE TRADE PRACTICES CLAIM	50
INSTRUCTION NO. 32 - ANTI-CYBERSQUATTING CONSUMER	
PROTECTION ACT CLAIM	51
INSTRUCTION NO. 33 - FALSE ADVERTISING CLAIM	54
INSTRUCTION NO. 34 - UNFAIR COMPETITION CLAIM	56
INSTRUCTION NO. 35 - FRAUDULENT REGISTRATION CLAIM	57
INSTRUCTION NO. 36 - INTERFERENCE WITH BUSINESS	
RELATIONSHIPS CLAIM	58
INSTRUCTION NO. 37 - SMRI'S DAMAGES	60
INSTRUCTION NO. 38 - RPG DEFENDANTS' DAMAGES	63
INSTRUCTION NO. 39 - CONDUCT OF THE JURY	64
INSTRUCTION NO. 40 - OUTLINE OF THE TRIAL	66

INSTRUCTION NO. 1 - ROLE OF INSTRUCTIONS

Members of the jury, I will take a few minutes to give you some initial instructions about this case and about your duties as jurors. At the end of the trial, I will give you further instructions. I may also give you instructions during the trial. These instructions explain the law that applies to this case. Unless I specifically tell you otherwise, all instructions, both those I give you now and those I give you later, are equally binding on you and must be followed. Consider these instructions with all written and oral instructions given to you during and at the end of the trial and apply them to the facts of the case. You must consider my instructions as a whole and not single out some instructions and ignore others.

This case is presented to you because the parties dispute certain facts. You will decide the facts from the evidence presented in court. "Evidence" is defined in Instruction No. 4. This evidence is governed by various rules of law. Under these rules, it is my duty as judge to rule on the admissibility of the evidence from time to time. You must not concern yourselves with the reasons for these rulings, and you must not consider any exhibit which was not received in evidence or any testimony that I order stricken. You must put such things out of your mind.

You are entitled to consider the evidence in light of your own observations and experiences. You may use reason and common sense to draw

conclusions from facts established by the evidence. You will then apply the law, which I will give you in my instructions, to the facts to reach your verdict. You are the sole judges of the facts, but you must follow the law as stated in my instructions, whether you agree with the law or not.

It is vital to the administration of justice that each of you faithfully perform your duties as jurors. You must carefully and honestly consider this case with due regard for the rights and interests of the parties. Do not allow sympathy or prejudice to influence you. The law demands of you a just verdict based solely on the evidence, your common sense and the law as I give it to you. Your verdict must not be based on speculation, guess or conjecture.

Finally, do not take anything I may say or do during the trial as an indication of what I think about the evidence or what I think your verdict should be. Do not conclude from any ruling or comment I may make that I have any opinion on how you should decide the case.

INSTRUCTION NO. 2 - NATURE OF THE CASE

This is a civil case brought by Sturgis Motorcycle Rally, Inc., which is the plaintiff, against Rushmore Photo & Gifts, Inc.; JRE, Inc.; Carol Niemann; Paul Niemann; Brian Niemann; and Wal-Mart Stores, Inc., who are the defendants. Throughout these instructions, I will call Sturgis Motorcycle Rally, Inc., either “SMRI” or “Plaintiff.”

I will leave off the abbreviation “Inc.” when referring to Wal-Mart, Rushmore Photo & Gifts and JRE. I will refer to the group of all defendants as “Defendants.” I will refer to the defendants Rushmore Photo & Gifts, Inc.; JRE, Inc.; Carol Niemann; Paul Niemann; and Brian Niemann as the “RPG Defendants.”

SMRI makes several claims against the Defendants in this lawsuit. SMRI claims the Defendants infringed on its federally registered trademarks in violation of federal law. SMRI claims the Defendants unfairly competed with it in violation of federal law. SMRI claims the Defendants advertised falsely in violation of federal law. SMRI claims the Defendants diluted its STURGIS trademark in violation of federal law. SMRI claims the RPG Defendants violated a federal law known as the Anti-Cybersquatting Consumer Protection Act. SMRI claims the Defendants infringed on its trademark in violation of the South Dakota law. SMRI claims the Defendants unfairly competed in violation

of South Dakota law. SMRI claims the Defendants engaged in deceptive trade practices in violation of the South Dakota law.

The Defendants deny all the claims made against them. The Defendants also assert several defenses, which I will explain more fully in later instructions.

The RPG Defendants assert six claims against SMRI. The RPG Defendants claim that the registration for the trademark STURGIS is invalid and unenforceable because SMRI perpetrated fraud on the United States Patent & Trademark Office. The RPG Defendants claim that SMRI's trademark registrations and trademark rights in the mark STURGIS are invalid and unenforceable. The RPG Defendants claim they have not infringed on Plaintiff's trademark rights. The RPG Defendants claim Plaintiff filed a fraudulent statement in connection with an application for trademark registration in violation of federal law. The RPG Defendants claim Plaintiff interfered with their business relationships. The RPG Defendants claim Plaintiff engaged in unfair competition.

Wal-Mart makes no claims against SMRI.

SMRI and the RPG Defendants seek money damages on their claims.

INSTRUCTION NO. 3 - EQUALS BEFORE THE LAW

SMRI, Rushmore Photo and Gifts, JRE, and Wal-Mart are all corporations. Paul Niemann, Brian Niemann, and Carol Niemann are individuals. A corporation is entitled to the same fair trial as a private individual. No inference or presumption may be drawn against any party that would be improper in a case between individuals. You should consider and decide this case with the same fairness and consideration as though it is a case between individuals.

INSTRUCTION NO. 4 - DEFINITION OF EVIDENCE

I mentioned the word “evidence.” “Evidence” includes the testimony of witnesses, documents and other things received as exhibits, and stipulated facts. Stipulated facts are facts that are formally agreed to by the parties. Certain things are *not* evidence. I shall list those things for you now:

1. Statements, arguments, questions and comments by lawyers representing the parties in the case are not evidence. Opening statements and closing arguments by lawyers are not evidence.
2. Objections and rulings on objections are not evidence. Lawyers have a right to object when they believe something is improper. You should not be influenced by an objection. If I sustain an objection to a question, you must ignore the question and must not try to guess what the answer might have been.
3. Testimony that I strike from the record or tell you to disregard is not evidence and must not be considered.
4. Anything you see or hear about this case outside the courtroom is not evidence.

The fact an exhibit may be shown to you does not mean you must rely on it more than you rely on other evidence.

Furthermore, a particular item of evidence is sometimes received for a limited purpose only. That is, it can be used by you only for one particular

purpose and not for any other purpose. I will tell you when that occurs and instruct you on the purposes for which the item can and cannot be used.

During the trial, testimony may be presented to you in the form of a deposition. A deposition is the recorded answers a witness made under oath to questions asked by lawyers before trial. You should consider the deposition testimony, and judge its credibility, as you would that of any witness who testifies here in person. certain evidence may be presented to you by deposition.

Some of you may have heard the terms “direct evidence” and “circumstantial evidence.” You should not be concerned with those terms. The law makes no distinction between direct and circumstantial evidence. You should give all evidence the weight and value you believe it is entitled to receive.

Finally, the weight of the evidence is not determined by the number of witnesses testifying as to the existence or non-existence of any fact. Also, the weight of the evidence should not be determined merely by the number or volume of documents or exhibits. The weight of evidence depends on its quality, not quantity. The quality and weight of the evidence are for you to decide.

INSTRUCTION NO. 5 - CREDIBILITY OF WITNESSES

You are the sole judges of all questions of fact and the credibility of witnesses. In deciding what the facts are, you may have to decide what testimony you believe and what testimony you do not believe. You may believe all of what a witness says, only part of it or none of it.

In deciding what testimony to believe, consider the witness' intelligence; the opportunity the witness had to see or hear the things testified about; the witness' memory; any motives the witness may have for testifying a certain way; the behavior of the witness while testifying; whether the witness said something different at an earlier time; the general reasonableness of the testimony and the extent to which the testimony is consistent with any evidence that you believe.

In deciding whether or not to believe a witness, keep in mind people sometimes see or hear things differently and sometimes forget things. You need to consider whether a contradiction results from an innocent misrecollection or sincere lapse of memory or instead from an intentional falsehood or pretended lapse of memory.

INSTRUCTION NO. 6 - IMPEACHMENT

In the last instruction, I instructed you generally on the credibility of witnesses. I now instruct you further on how the credibility of a witness may be “impeached” and how you may treat certain evidence.

A witness may be discredited or impeached by contradictory evidence; by a showing that the witness testified falsely concerning a material matter; or by evidence that at some other time the witness said or did something, or failed to say or do something, that is inconsistent with the witness’ trial testimony. If earlier statements of a witness were admitted into evidence, they were not admitted to prove that the contents of those statements were true. Instead, you may consider those earlier statements only to determine whether you think they are consistent or inconsistent with the trial testimony of the witness and therefore whether they affect the credibility of that witness.

If you believe a witness has been discredited or impeached, it is your exclusive right to give that witness’ testimony whatever weight you think it deserves.

INSTRUCTION NO. 7 - BENCH CONFERENCES AND RECESSES

During the trial it may be necessary for me to talk with the lawyers out of the hearing of the jury, either by having a bench conference while the jury is present in the courtroom or by calling a recess. The purpose of these conferences is to decide how certain evidence is to be treated under the rules of evidence, to avoid confusion and error and to save your valuable time. We will do what we can to keep the number and length of these conferences to a minimum.

Please be patient because while you are waiting, we are working.

INSTRUCTION NO. 8 - CHARTS AND SUMMARIES

During trial charts and summaries may be shown to you in order to help explain the facts disclosed by the books, records or other evidence in the case. These charts or summaries are used for convenience. They are not themselves evidence or proof of any facts. If they do not correctly reflect the facts shown by the evidence, you should disregard these charts and summaries.

INSTRUCTION NO. 9 - EXPERT WITNESSES

You may hear testimony from persons described as experts. Persons who, by knowledge, skill, training, education or experience have become an expert in some field may state their opinions on matters in that field and may also state the reasons for their opinion.

Expert testimony should be considered just like any other testimony. You may accept or reject the testimony and give it as much weight as you think it deserves considering the witness' education, experience, the soundness of the reasons given for the opinion, the acceptability of the methods used and all the other evidence in the case.

INSTRUCTION NO. 10 - NOTE TAKING

At the end of the trial, you must make your decision based on the evidence. We have an official court reporter making a record of the trial. However, we will not have a typewritten transcript of the trial available for your use in reaching a verdict. You must pay close attention to the evidence as it is presented.

If you want to take notes during the trial, you may, but be sure your note taking does not interfere with listening to and considering all the evidence. If you choose not to take notes, remember it is your personal responsibility to listen carefully to the evidence.

Notes you take during the trial are not necessarily more reliable than your memory or another juror's memory. Therefore, you should not be overly influenced by the notes.

If you take notes, do not discuss them with anyone before you begin your deliberations. At the end of each day, please leave your notes in the jury room. At the end of the trial, you may take your notes out of the notebook and keep them or leave them, and we will destroy them. No one will read the notes, either during or after the trial.

INSTRUCTION NO. 11 - OBJECTIONS

The lawyers may make objections and motions during the trial that I must rule upon. If I sustain an objection to a question before it is answered, do not draw any inferences or conclusions from the question itself. The lawyers have a duty to object to testimony or other evidence they believe is not properly admissible. Do not hold it against a lawyer or the party the lawyer represents because the lawyer may make objections.

INSTRUCTION NO. 12 - MEDIA AND TECHNOLOGY

You are required to decide this case based solely on the evidence and exhibits that you see and hear in the courtroom. If one or more of you were to get additional information from an outside source, that information might be inaccurate or incomplete, or for some other reason not applicable to this case, and the parties would not have a chance to explain or contradict that information because they would not know about it. This is why it is so important that you base your verdict only on information you receive in this courtroom.

In order for your verdict to be fair, you must not be exposed to any other information about the case, the law or any of the issues involved in this trial during the course of your jury duty. This is very important, so I am taking the time to give you a detailed explanation about what you should do and not do during your time as jurors.

First, you must not try to get information from any source other than what you see and hear in this courtroom. That means you may not speak to anyone, including your family and friends, about this case. You may not use any printed or electronic sources to get information about this case or the issues involved. This includes the internet, reference books or dictionaries, newspapers, magazines, television, radio, computers, smart phones, PDAs or any other electronic device. You may not do any personal investigation, such

as visiting any of the places involved in this case, using internet maps or Google Earth or any other such technology, talking to any possible witnesses, or creating your own demonstrations or re-enactments of the events which are the subject of this case.

Second, you must not communicate with anyone about this case or your jury service, and you must not allow anyone to communicate with you. In particular, you may not communicate about the case through emails, text messages, tweets, blogs, chat rooms, comments or other postings, social networking sites, including but not limited to Facebook, MySpace, Twitter or any other website. This applies to communicating with your fellow jurors, your family members, your employer and the people involved in the trial, although you may notify your family and employer that you have been seated as a juror in the case. If you are asked or approached in any way about your jury service or anything about this case, you must respond that you have been ordered not to discuss the matter and immediately report the contact to the court.

I recognize these rules and restrictions may affect activities you would consider to be normal and harmless. I assure you that I am very much aware I am asking you to refrain from activities which may be very common and very important in your daily lives. However, the law requires these restrictions to ensure the parties have a fair trial based on the evidence each party has an opportunity to address.

Any juror who violates these restrictions I have explained to you jeopardizes the fairness of these proceedings, and a mistrial could result which would require the entire trial process to start over. As you can imagine, a mistrial is a tremendous expense and inconvenience to the parties, the court and the taxpayers. If any juror is exposed to any outside information or has any difficulty whatsoever in following these instructions, please notify the court immediately. If any juror becomes aware that one of your fellow jurors has done something that violates these instructions, you are obligated to report that violation to the court as well.

These restrictions remain in effect throughout this trial. Once the trial is over, you may resume your normal activities. At that point, you will be free to read or research anything you wish. You will be able to speak – or choose not to speak – about the trial to anyone you wish. You may write, post or tweet about the case if you choose to do so. The only limitation is that you must wait until after the verdict, when you have been discharged from your jury service.

INSTRUCTION NO. 13 - BURDEN OF PROOF

In civil actions, the party who has the burden of proving an issue must prove that issue by the greater convincing weight of the evidence.

“Greater convincing weight” means that after weighing the evidence on both sides there is enough evidence to convince you that something is more likely true than not true. In the event the evidence is evenly balanced so that you are unable to say the evidence on either side of an issue has the greater weight, then your finding upon the issue must be against the party who has the burden of proving it.

In determining whether or not an issue has been proved by the greater convincing weight of the evidence, you should consider all of the evidence bearing upon that issue, regardless of who produced it.

INSTRUCTION NO. 14 - LEGAL CAUSE

A legal cause is a cause that produces a result in a natural and probable sequence and without which the result would not have occurred. The legal cause need not be the only cause, nor the last or nearest cause. It is sufficient if it concurs with some other cause acting at the same time, which in combination with it caused the result. However, for legal cause to exist, you must find that the cause complained of was a substantial factor in bringing about the result.

INSTRUCTION NO. 15 - CLAIMS ASSERTED BY THE PARTIES

SMRI claims the Defendants have violated its rights and are responsible on the following claims:

1. Registered Trademark Infringement Claims;
2. Unregistered Trademark Infringement Claims;
3. Trademark Dilution Claim;
4. Deceptive Trade Practices Claim;
5. Anti-Cybersquatting Consumer Protection Act Claim;
6. False Advertising Claim; and
7. Unfair Competition Claim;

SMRI has the burden of proving each of these claims by the greater convincing weight of the evidence. **You must consider each claim separately.**

The RPG Defendants claim SMRI violated their rights and are responsible on the following claims:

1. Fraudulent Registration Claim;

The RPG Defendants have the burden of proving this claim by clear and convincing evidence.

and

2. Interference with Business Relationships Claim.

The RPG Defendants have the burden of proving this claim by the greater convincing weight of the evidence.

You must consider each claim separately.

INSTRUCTION NO. 16 - REGISTRATION OF A TRADEMARK

A trademark is a word, name, symbol or any combination of them used by a person to identify his or her product, to distinguish his or her product from those manufactured or sold by others and to indicate the source of his or her product, even if that source is unknown. The purpose of trademark law is to prevent confusion among consumers about the source of products and to permit trademark owners to show ownership of their products, control their product's reputation, and to secure the benefits of that reputation.

Throughout these instructions, I will refer to the type of trademark that consists of a word or a combination of words as a "word mark" or "mark" and the type of trademark that consists of a symbol, combination of symbols or combination of symbols and words as a "design mark."

One way to show that a word mark or a design mark is a valid trademark is to obtain federal registration for the mark. Once the owner of a mark has obtained the right to exclude others from using the mark under appropriate circumstances, the owner may obtain a certificate of registration issued by the United States Patent and Trademark Office. A certificate of registration is evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in connection with the products and services specified in the certificate, subject to any conditions and limitations stated in the certificate.

When the owner brings an action for trademark infringement, the owner may rely solely on the certificate of registration to prove the owner has the right to exclude others from using the trademark in connection with the type of products or services specified in the certificate. A person who uses the trademark of another without permission may be responsible for money damages.

INSTRUCTION NO. 17 - AGENCY

A corporation, city and a chamber of commerce can only act through their officers, employees and agents. An officer, employee or agent may bind the corporation, city and a chamber of commerce by acts, statements or omissions made while acting within the scope of the individual's duties for the corporation, city and chamber of commerce.

INSTRUCTION NO. 18 - ASSIGNMENT

The owner of a trademark may transfer, give or sell to another person the owner's interest in that trademark. This type of agreement is called an assignment. The person who transfers the trademark is called an "assignor" and the person who receives the owner's interest is called an "assignee." An assignee steps into the shoes of the assignor and has the right to exclude others from using the trademark.

The assignment of a registered trademark must be in writing and signed. To be enforceable, the assignment must include the goodwill of the business connected with the mark. Goodwill is consumer recognition or drawing power of a trademark.

The assignment of an unregistered trademark does not have to be in writing.

INSTRUCTION NO. 19 - LICENSE

The owner of a trademark may enter into an agreement that permits another person to use the trademark. This type of agreement is called a license and the person permitted to use the trademark is called a “licensee.”

INSTRUCTION NO. 20 -

REGISTERED TRADEMARK INFRINGEMENT CLAIMS

SMRI claims the Defendants infringed its trademarks. SMRI's trademark infringement claim under federal law and its trademark infringement claim under South Dakota law contain the same elements. To succeed on its infringement claims, SMRI must prove the following elements by the greater convincing weight of the evidence:

1. That SMRI owns "STURGIS," "STURGIS BIKE WEEK" and "TAKE THE RIDE TO STURGIS" as word marks and "BLACK HILLS MOTOR CLASSIC STURGIS RALLY & RACES BLACK HILLS S.D." (the "Composite Design Mark") as a design mark.

An owner of a trademark need not be the manufacturer of the products with which the trademark is used. A seller may own a trademark to identify the products the seller sells although such products are made by someone else.

When a manufacturer or seller has established a trademark by use on or in association with a product before anyone else, the right to use the trademark becomes an exclusive right and the mark is that person's property. With certain exceptions, no other person can use the same or similar words, symbols, designs or devices in any manner likely to cause confusion, mistake or deception.

To satisfy this element, SMRI must prove by the greater convincing weight of the evidence that it or its predecessor-in-interest owned these marks before a defendant began to market its products or services in the area where SMRI sold its products and services.

2. That “STURGIS,” “STURGIS BIKE WEEK” and “TAKE THE RIDE TO STURGIS” and the “Composite Design Mark” are valid trademarks.

3. That a defendant used in interstate commerce a reproduction, counterfeit, copy or colorable imitation of registered mark owned by SMRI without SMRI’s consent.

An activity occurs in interstate commerce when it is reasonably expected to involve traffic in products or services in more than one state.

4. That a defendant made such use in a manner likely to cause confusion, mistake, or deception as to the source, origin, sponsorship or approval of the defendant’s product;

“Likelihood of confusion” is explained in Instruction No. 21.

and

5. That SMRI experienced damage as a result of the defendant’s conduct.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this claim by the greater convincing weight of the evidence against any defendant you must find against SMRI on this claim.

INSTRUCTION NO. 21 -

LIKELIHOOD OF CONFUSION

If you find that SMRI has a valid trademark, you must determine whether a defendant's use of their Sturgis Designations is likely to cause confusion about the source of either the defendant's or SMRI's products. The defendants' Sturgis Designations include the following: "Officially Licensed Sturgis," "Authentic Sturgis," "Legendary Sturgis," "Licensed Sturgis," "Official Sturgis," "Sturgis Central," "Sturgis Motor Classic" and "Sturgis Rally." SMRI must prove by the greater convincing weight of the evidence that a likelihood of confusion exists among a significant portion of people who may potentially buy or use, or consider buying or using, a product or similar products.

As you consider the issue of likelihood of confusion you should examine the following:

1. The strength or weakness of SMRI's marks "STURGIS," "TAKE THE RIDE TO STURGIS," "STURGIS BIKE WEEK," the Composite Design Mark, "STURGIS RALLY & RACES," and "STURGIS MOTORCYCLE RALLY."

The more the consuming public recognizes these SMRI's marks as an indication of the origin of SMRI's products, the more likely it is that consumers would be confused about the source of a defendant's products if a defendant used a similar mark.

2. A defendant's use of the mark.

If a defendant and SMRI use their marks on the same, related, or complementary kinds of products there may be a greater likelihood of confusion about the source of the products than otherwise may occur.

3. The similarity of SMRI's marks to a defendant's Sturgis Designations.

If the overall commercial impression created by these SMRI's marks to consumers is similar to that created by any defendant's Sturgis Designations in appearance, sound, or meaning, there is a greater chance that a likelihood of confusion will result from a defendant's use of its mark.

4. A defendant's intent.

Knowing use by a defendant of SMRI's mark to identify similar products may strongly show an intent to derive benefit from the reputation of SMRI's mark, suggesting an intent to cause a likelihood of confusion. Even in the absence of proof that a defendant acted knowingly, the use of SMRI's mark to identify similar products may indicate a likelihood of confusion.

5. Actual confusion.

Any actual confusion between SMRI's marks and a defendant's Sturgis Designations strongly suggests a likelihood of confusion. But even if actual confusion did not occur, you may find a defendant's use of its Sturgis Designations may still be likely to cause confusion.

6. Marketing or advertising channels.

If SMRI's and a defendant's products or services are likely to be sold in the same or similar stores or advertised in similar media, this may increase the likelihood of confusion.

7. The degree of care likely to be exercised by potential customers.

The more sophisticated the potential buyer of a product or the more costly the product, the more careful and discriminating a reasonably prudent purchaser exercising ordinary caution may be.

It is up to you to decide the weight to be given to each of these factors in determining whether there is a likelihood of confusion.

You must also determine whether any of defendants' Sturgis Designations is a counterfeit of any of SMRI's marks. A "counterfeit" is a false or fake mark which is identical with, or substantially indistinguishable from, a registered mark.

You must consider each mark separately.

INSTRUCTION NO. 22 -

INHERENTLY DISTINCTIVE TRADEMARK

In order to be valid, a trademark must be distinctive. One type of distinctive trademark is an inherently distinctive trademark.

An inherently distinctive trademark is one that almost automatically tells a consumer that it refers to a brand or a source for a product and that the consumer will be predisposed to equate the trademark with the source of a product. A trademark is inherently distinctive if it is a “fanciful,” “arbitrary” or “suggestive” term. Those terms are described as follows:

A “fanciful” term is a newly created word or parts of common words that are used in a fictitious, unfamiliar or fanciful way. For example, “Exxon” for gasoline is a fanciful mark.

An “arbitrary” term is a common term used in an unfamiliar way. For example, “Apple” for computers is an arbitrary mark.

A “suggestive” term implies some characteristic or quality of the product. If the consumer must use imagination, reflection, or additional reasoning to understand the meaning of the mark as used with the product, then the mark is suggestive. For example, “Coppertone” for suntan lotion is a suggestive mark because it is suggestive of suntanned skin.

As it relates to Plaintiff’s “STURGIS” mark, you are instructed that this mark cannot be a fanciful, arbitrary, or suggestive mark. Instead, you must decide whether Plaintiff’s “STURGIS” mark is descriptive, is geographically descriptive or is generic as those terms are explained elsewhere in these instructions.

If you decide that Plaintiff's "STURGIS" mark is descriptive or geographically descriptive, you will need to decide whether it has acquired distinctiveness by having secondary meaning as explained elsewhere in these instructions.

INSTRUCTION NO. 23 -

AFFIRMATIVE DEFENSE -

FRAUD IN PROCUREMENT OF “STURGIS” REGISTRATION

Defendants contend that SMRI, or its predecessors in interest, obtained the trademark registration for “STURGIS” through fraud on the United States Patent and Trademark Office. To succeed on this defense, Defendants must prove by clear and convincing evidence the following:

1. That SMRI or the Sturgis Chamber of Commerce knowingly made inaccurate statements, misrepresentations or knowingly failed to disclose material information to the United States Patent and Trademark Office;

2. That SMRI or the Sturgis Chamber of Commerce did so with the intent to deceive the Patent and Trademark Office;

3. That the statements, representations or the information not disclosed were material to the proceedings of the Patent and Trademark Office;

Information is “material” if it is intended to influence the decision-making process.

Information is “material” if it would have caused the Patent and Trademark Office not to register the trademark had the information been disclosed.

and

4. That the Patent and Trademark Office relied on the statements, representations or nondisclosure of information in issuing a trademark registration for STURGIS to SMRI.

“Clear and convincing” evidence means evidence which convinces you that it is highly probable that the particular proposition is true. This is a higher burden of proof than “by the greater convincing weight of the evidence.”

If the Defendants prove by clear and convincing evidence that SMRI, or its predecessors in interest, obtained the trademark registration through fraud, you must find against SMRI on its registered trademark infringement claim as to “STURGIS.” If the Defendants do not prove by clear and convincing evidence that SMRI, or its predecessors in interest, obtained the trademark registration through fraud, this defense should have no effect on your verdict.

INSTRUCTION NO. 24 -

AFFIRMATIVE DEFENSE - GENERIC NAME

Defendants contend that SMRI's "STURGIS" trademark is "generic" and therefore invalid. To succeed on this defense, Defendants must prove by the greater convincing weight of the evidence that SMRI's "STURGIS" trademark is "generic."

A term is "generic" if its primary meaning to prospective purchasers is the product category itself rather than a single source of that product. If the consuming public would understand the term to name the product rather than identify a single source of that product, the primary significance of the term is generic and not entitled to protection as a trademark. The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products.

A term that originally was a trademark may, over time, be adopted by the public as the common name for the product and become "generic." If a term becomes "generic," the owner of the trademark cannot exclude others from using the word or term or recover damages for its use. Examples of terms that have lost trademark protection because they became "generic" include "aspirin," "thermos," "escalator," and "cellophane."

If the word "Sturgis" was in common use by the public prior to the time SMRI began to use that word or SMRI made a conscious effort to receive the benefits of the word that was in common use prior to SMRI's adoption of the

word as it relates to its goods or services, SMRI cannot deprive others of the right to call a product or service by that name no matter how much money and effort SMRI used in promoting its product or service and what success it has achieved in securing public identification of that word.

If the Defendants prove by the greater convincing weight of the evidence that SMRI's "STURGIS" trademark is "generic," you must find against SMRI on its trademark infringement claim as to "STURGIS." If the Defendants do not prove by the greater convincing weight of the evidence that SMRI's "STURGIS" trademark is "generic," this defense should have no effect on your verdict.

INSTRUCTION NO. 25 -

AFFIRMATIVE DEFENSE - MERELY DESCRIPTIVE

Defendants contend that SMRI's marks are invalid because they are "merely descriptive." To succeed on this defense, Defendants must prove by the greater convincing weight of the evidence that SMRI's marks are "merely descriptive."

A trademark is "merely descriptive" if it is understood by potential purchasers to describe only the functions, characteristics, use, or ingredients of the goods. A trademark used as a brand to connote a single source is not "merely descriptive."

If the Defendants prove by the greater convincing weight of the evidence that SMRI's marks are merely descriptive, you must find against SMRI on its trademark infringement claims. If the Defendants do not prove by the greater convincing weight of the evidence that SMRI's marks are merely descriptive, this defense should have no effect on your verdict.

INSTRUCTION NO. 26 -

AFFIRMATIVE DEFENSE - FAIR USE

Defendants claim their use of the word "STURGIS" is permitted because they made fair use of the word. The owner of a trademark cannot exclude others from making a fair use of that trademark. A defendant makes fair use of a mark when the defendant uses it as other than a trademark, to accurately describe the geographic location or maker of the defendant's own product. To succeed on this defense, Defendants must prove by the greater convincing weight of the evidence the following:

1. That the defendant used the mark, other than as a trademark, or other than to distinguish the defendant's product from a product of SMRI and to indicate the source of the defendant's product;

2. That the defendant's use of the mark was done fairly and in good faith; and

3. That the defendant used the mark only to describe its products or their geographic location as those of the defendant's and not at all to describe SMRI's product.

If the Defendants prove by the greater convincing weight of the evidence they made fair use of the mark, you must find against SMRI on its trademark infringement claims. If the Defendants do not prove by the greater convincing weight of the evidence that they made fair use of the mark, this defense should have no effect on your verdict.

INSTRUCTION NO. 27 -

AFFIRMATIVE DEFENSE - ABANDONMENT

Defendants contend that SMRI abandoned its claimed trademarks. To succeed on this defense, Defendants must prove by the greater convincing weight of the evidence that SMRI abandoned its claimed trademarks.

The owner of a trademark may be considered to have “abandoned” its right to exclusive use of that mark if the owner discontinues its use with an intent not to resume its use. Whether or not the use of the mark has been discontinued with the intent not to resume its use is a fact to be determined from all the circumstances presented to you.

If the Defendants prove by the greater convincing weight of the evidence that SMRI’s claimed trademarks have been abandoned, you must find against SMRI on its trademark infringement claims. If the Defendants do not prove by the greater convincing weight of the evidence that SMRI’s claimed trademarks have been abandoned, this defense should have no effect on your verdict.

INSTRUCTION NO. 28 -

UNREGISTERED TRADEMARKS INFRINGEMENT CLAIMS

SMRI claims the Defendants infringed on two of its unregistered trademarks, “STURGIS MOTORCYCLE RALLY” and “STURGIS RALLY & RACES.” If you found SMRI’s “STURGIS” registration was procured by fraud as set forth in Instruction No. 23, you must also consider SMRI’s “STURGIS” mark in this instruction. In order to demonstrate that these unregistered marks (the “SMRI unregistered marks”) are valid trademarks, SMRI must prove that they have “acquired distinctiveness.”

To succeed on this infringement claim, SMRI must prove by the greater convincing weight of the evidence the following:

1. That a substantial portion of the consuming public identifies the “SMRI unregistered marks” with a particular source, whether or not consumers know who or what that source is;

The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products.

2. That the “SMRI unregistered marks” acquired distinctiveness before a defendant first began to use its Sturgis Designations.

“Acquired distinctiveness” is explained in Instruction No. 29.

3. That a defendant made such use in a manner likely to cause confusion, mistake, or deception as to the source, origin, sponsorship or approval of the defendant’s product;

“Likelihood of confusion” is explained in Instruction No. 21.

and

4. That SMRI experienced damage as a result of a defendant's conduct.

You must consider each mark separately.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this claim by the greater convincing weight of the evidence against any defendant you must find against SMRI on this claim.

INSTRUCTION NO. 29 -

ACQUIRED DISTINCTIVENESS

A descriptive trademark can be valid if it has “acquired distinctiveness.” A mark gains “acquired distinctiveness” through its secondary meaning. A word, symbol or term acquires a secondary meaning when it has been used in such a way that its primary significance in the minds of the prospective consumers is not the product itself, but the identification of the product with a single source, regardless of whether consumers know who or what that source is.

When you are determining whether SMRI’s unregistered marks acquired a secondary meaning, you may consider the following factors:

1. Consumer Perception. Whether the people who purchase the product or service which bears the mark associate the mark with SMRI or its licensees;
2. Advertisement. To what degree and in what manner SMRI or its licensees may have advertised under the mark;
3. Demonstrated Usefulness. Whether SMRI successfully used this mark to increase the sales of its products or services;
4. Extent of Use. The length of time and manner in which SMRI used the mark;
5. Exclusivity. Whether SMRI’s use of the mark was exclusive;
6. Copying. Whether a defendant intentionally copied SMRI’s mark;

7. Actual Confusion. Whether a defendant's use of SMRI's mark has led to actual confusion among a significant number of consumers;
8. Consumer testimony; and
9. Consumer surveys.

The presence or absence of any particular factor should not necessarily resolve whether the mark has acquired secondary meaning.

The mere fact a party is using a mark or used it before another person does not mean the mark has acquired secondary meaning. There is no particular length of time that a mark must be used before it acquires a secondary meaning.

A descriptive mark is entitled to protection only to the extent you find it acquired distinctiveness through secondary meaning. A descriptive mark is entitled to protection only as broad as the secondary meaning it has acquired, if any. If the mark has acquired no secondary meaning, it is not entitled to protection and cannot be considered a valid mark.

The mere fact that SMRI is using an SMRI unregistered mark or that SMRI may have begun using a mark before a defendant, does not mean that the mark has acquired secondary meaning.

SMRI has the burden of proving by the greater convincing weight of the evidence that the SMRI unregistered marks each acquired a secondary meaning before a defendant first began to use the mark. If SMRI does not prove a mark acquired secondary meaning before a defendant's first use of that

mark then the mark has not acquired distinctiveness. If SMRI does prove a mark acquired secondary meaning before a defendant's first use of that mark then the mark has acquired distinctiveness.

You must consider each mark separately.

INSTRUCTION NO. 30 -

TRADEMARK DILUTION CLAIM

SMRI claims the Defendants' use of their Sturgis Designations is likely to dilute the distinctiveness of SMRI's "STURGIS" trademark. Trademark dilution is the lessening of the capacity of a famous or distinctive mark to identify and distinguish goods or services. The purpose of the anti-dilution law is to protect against the blurring of a trademark's value, or the tarnishment of a trademark's image.

To succeed on this claim, SMRI must prove by the greater convincing weight of the evidence the following:

1. That SMRI's "STURGIS" trademark is famous and distinctive, either inherently or through acquired distinctiveness;

In considering whether SMRI's trademark is "famous," you may consider the following factors:

1. The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by SMRI or third parties;
2. The amount, volume, and geographic extent of sales of goods or services offered under the mark;
3. The extent of actual recognition of the mark; and
4. Whether the mark is registered.

2. That a defendant's use of any of its Sturgis Designations began after SMRI's trademark became famous;

3. That a defendant's use of any of its Sturgis Designations is likely to cause dilution by blurring or tarnishment of SMRI's "STURGIS" trademark;

Blurring occurs when a defendant uses an identical or nearly identical version of SMRI's trademark to identify the defendant's goods or services, creating the possibility that SMRI's mark will lose its ability to serve as a unique identifier of SMRI's product. This can occur even though there is no confusion as to source, sponsorship, affiliation, or connection.

Tarnishment is using a mark that is identical or nearly identical to a famous mark of SMRI in such a way that harms the reputation of SMRI's mark by degrading the public's positive associations with the mark.

SMRI is not required to prove dilution both by blurring and by tarnishment.

To prevail on its dilution claim SMRI need not prove actual or likely confusion.

and

4. That SMRI experienced damage as a result of a defendant's conduct.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this claim by the greater convincing weight of the evidence against any defendant you must find against SMRI on this claim.

INSTRUCTION NO. 31 -

DECEPTIVE TRADE PRACTICES CLAIM

SMRI claims the Defendants committed unfair trade practices under South Dakota law. To succeed on this claim, SMRI must prove by the greater convincing weight of the evidence the following:

1. That a defendant knowingly and intentionally acted, used, or employed any deceptive act or practice, fraud, false pretense, false promise or misrepresentation or concealed, suppressed or omitted any material fact in connection with the sale or advertisement of any merchandise; and

2. That SMRI experienced damage as a result of a defendant's conduct.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this claim by the greater convincing weight of the evidence against any defendant you must find against SMRI on this claim.

INSTRUCTION NO. 32 -

ANTI-CYBERSQUATTING CONSUMER PROTECTION ACT CLAIM

SMRI claims the RPG Defendants violated its rights under the Anti-Cybersquatting Consumer Protection Act. The purpose of the Act is to protect trademarks against certain confusing uses of trademarks in internet domain names.

To succeed on this claim, SMRI must prove by the greater convincing weight of the evidence the following:

1. That the RPG Defendants registered, trafficked in, or used one of the following domain names: AuthenticSturgis.com, Legendary-Sturgis.com, LicensedSturgis.com, OfficialSturgis.com, SturgisCentral.com, SturgisMotorClassic.com, or SturgisRallyOnline.com. (each individually referred to as a “Subject Domain Name”);

A “domain name” is a designation that forms at least part of an address on the internet and has been registered with or assigned by domain-name authority.

A defendant is not responsible for the use of a domain name unless the defendant is the registrant or the registrant’s authorized licensee.

The term “trafficked in” means to engage in a transaction including, but not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

2. That SMRI’s “STURGIS,” “TAKE THE RIDE TO STURGIS,” “STURGIS BIKE WEEK” or Composite Design Mark was distinctive at the time of the RPG Defendants’ registration of at least one Subject Domain

Name which is identical to, confusingly similar to, or likely to dilute SMRI's trademark;

3. That the RPG Defendants committed such acts with a bad-faith intent to profit from SMRI's "STURGIS," "TAKE THE RIDE TO STURGIS," "STURGIS BIKE WEEK" or Composite Design Mark;

In determining whether a person has a bad-faith intent, you may consider factors such as, but not limited to, the following:

1. Whether the person has trademark or other intellectual property rights in any domain name;
2. The extent to which the person's domain name consists of their legal name or a name that is otherwise commonly used to identify them;
3. The extent of the person's prior use, if any, of their domain name in connection with the proper offering of any goods or services;
4. The person's proper noncommercial or fair use of the mark in a site accessible under the domain name;
5. The person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site;
6. The person's offer, if any, to transfer, sell or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the proper offering of any goods or services or the person's prior conduct indicating a pattern of such conduct;

7. The person's provision for material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information or the person's prior conduct indicating a pattern of such conduct;
8. The person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of SMRI that were distinctive at the time of the registration of such domain names or could dilute famous marks of SMRI that were famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
9. The extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous.

Bad-faith intent cannot be found in any case in which it is determined that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

and

4. That SMRI experienced damage as a result of a defendant's conduct.

You must consider this claim separately against each RPG Defendant individually.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any RPG Defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this claim by the greater convincing weight of the evidence against any RPG Defendant you must find against SMRI on this claim.

INSTRUCTION NO. 33 -

FALSE ADVERTISING CLAIM

SMRI claims the Defendants engaged in false advertising by using the terms “Officially Licensed Sturgis,” “Licensed Sturgis” and “Authentic Sturgis” in conjunction with Defendants’ products. To succeed on this claim, SMRI must prove by the greater convincing weight of the evidence the following:

1. That a defendant made a false statement of fact in a commercial advertisement about the nature, quality, characteristic or geographic origin of its own or SRMI’s product;

2. That the statement actually deceived or has the tendency to deceive a substantial segment of the consuming public;

3. That the statement is likely to influence the purchasing decision;

4. That a defendant caused the statement to enter interstate commerce;

A statement enters interstate commerce if a defendant’s product is transferred, advertised or sold across state lines.

and

5. That SMRI experienced damage as a result of a defendant’s conduct.

Damages include direct diversion of sales from SMRI to a defendant and a loss of goodwill associated with SMRI’s products.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this by the greater convincing weight of the evidence against any defendant you must then find against SMRI on this claim.

INSTRUCTION NO. 34 -

UNFAIR COMPETITION CLAIM

SMRI claims the Defendants committed unfair competition under a federal law known as the Lanham Act. To succeed on this claim, SMRI must prove by a greater convincing weight of the evidence the following:

1. That in the course of business a defendant used a word, term, name, symbol or device, or any combination of them, or made a false designation of origin, false or misleading description of fact, or false or misleading representation of fact;

2. That the word, term, name, symbol or device, or combination of them, designation, description or representation is likely to cause confusion or mistake or is likely to deceive as to the affiliation, connection or association of the defendant who made it with any other person or as to the origin, sponsorship or approval of his or her goods, services or commercial activities by that other person; and

3. That SMRI experienced damage as a result of a defendant's conduct.

You must consider this claim separately against each defendant.

If you find that SMRI proved this claim by the greater convincing weight of the evidence against any defendant you must find for SMRI against that defendant. If you find that SMRI did not prove this by the greater convincing weight of the evidence against any defendant you must then find against SMRI on this claim.

INSTRUCTION NO. 35 -

FRAUDULENT REGISTRATION CLAIM

The RPG Defendants claim that SMRI obtained the trademark registration for “STURGIS” by fraudulent registration and that the RPG Defendants are entitled to damages. To succeed on this claim, the RPG Defendants must prove the following:

1. That the jury found for the Defendants on their affirmative defense-fraud in procurement as to the “STURGIS” registration defined in Instruction No. 23;

This claim must be proven by clear and convincing evidence.
and

2. The RPG Defendants experienced damage as a result of SMRI’s conduct.

This claim must be proven by the greater convincing weight of the evidence.

If you find the RPG Defendants proved this claim you must find for the RPG Defendants against SMRI. If you find the RPG Defendants did not prove this claim you must then find against the RPG Defendants on this claim.

**INSTRUCTION NO. 36 -
INTERFERENCE WITH
BUSINESS RELATIONSHIPS CLAIM**

The RPG Defendants claim that SMRI interfered with the RPG Defendants' business relationships. To establish an interference with business relationships claim against SMRI, the RPG Defendants must prove by the greater convincing weight of the evidence each of the following elements:

- 1. That the RPG Defendants had a valid business relationship or expectancy with at least one other business;**
- 2. That SMRI knew, or should have known, of this business relationship or expectancy;**
- 3. That the conduct of SMRI was an intentional and unjustified act of improper interference with this business relationship or expectancy;**

Conduct is intentional if SMRI acts or fails to act for the purpose of causing injury to the RPG Defendants or knowing that injury is substantially certain to occur.

You may consider the following factors in determining whether the conduct of SMRI was improper:

1. The nature of SMRI's conduct;
2. SMRI's motive;
3. The interests of the RPG Defendants that were interfered with by SMRI's conduct;
4. The interests the RPG Defendants sought to advance by their conduct;
5. The interest of society in balancing the need to protect the freedom of action of SMRI as

well as the business relationships of the RPG Defendants;

6. The proximity or remoteness of the SMRI's conduct to the interference about which the RPG Defendants complain; and
7. The nature of the relationship between the RPG Defendants and its customers and prospective customers and SMRI.

and

4. That the RPG Defendants experienced damage as a result of SMRI's conduct.

If you find the RPG Defendants proved this claim by the greater convincing weight of the evidence against SMRI you must find for the RPG Defendants against SMRI. If you find the RPG Defendants did not prove this claim by the greater convincing weight of the evidence against SMRI you must then find against the RPG Defendants on this claim.

INSTRUCTION NO. 37 -

SMRI'S DAMAGES

If you find for SMRI on one or more of its claims for trademark infringement, unfair competition or false advertising and you also find that a defendant had notice of SMRI's registered trademark, or if you find for SMRI on its trademark dilution claim or deceptive trade practices claim then you should determine whether SMRI is entitled to money damages. You may not award damages more than once against a defendant for the same harm. SMRI may not recovery twice for the same damages. To recover money damages, SMRI must prove by the greater convincing weight of the evidence the following:

- 1. That a defendant's conduct was the legal cause of harm experienced by SMRI; and**
- 2. The amount of money which will compensation SMRI for its damages.**

You may consider the following types of damages:

1. Net lost profits. SMRI's lost profits on lost sales, which consist of the revenue it would have earned but for a defendant's conduct, less the expenses SMRI would have incurred in earning those revenues.
2. Loss of royalties. A royalty is a payment for the right to use a trademark. In determining lost royalties, you should determine the royalty SMRI and the defendant would have agreed upon if they had negotiated the terms of a royalty before a defendant's improper conduct.
3. Loss of goodwill. Goodwill is consumer recognition or drawing power of a trademark. In determining loss of goodwill, you should compare the value of SMRI's

goodwill before a defendant's conduct with the value of SMRI's goodwill after a defendant's improper conduct.

4. Cost of corrective advertising. This is the amount spent by SMRI to counteract the effects of a defendant's improper conduct and the amount necessary to dispel any public confusion that lingers after a defendant's improper conduct stopped.
5. Dilution of trademark. If you found that a defendant's use of any Sturgis Designation is likely to dilute SMRI's STURGIS trademark, you may award money damages for such dilution. You may award money damages under this subsection if:
 - A. A defendant first used the Sturgis Designation in commerce after October 6, 2006; and
 - B. That defendant's conduct was willful.

In addition to money damages calculated above, SMRI is entitled to recover the profits a defendant gained from the trademark infringement, unfair competition or false advertising. For SMRI to recover a defendant's profit, you do not need to find that a defendant caused actual harm to SMRI. SMRI is required to prove a defendant acted willfully, that is, with the conscious intent to benefit from the goodwill or reputation of SMRI's trademark, and such defendant's gross revenue. That defendant is required to prove by the greater convincing weight of the evidence any expenses which should be deducted in determining its profits and that portion of its profits which were not due to the use of the trademark or false advertising.

If you find for SMRI on its Anti-Cybersquatting Consumer Protection Act claim, SMRI is entitled to an award of statutory damages, which are punitive in

nature. These statutory damages are designed to sanction or punish a defendant for its bad-faith conduct and deter future violations of the Anti-Cybersquatting Consumer Protection Act. You may, but are not required, to award statutory damages between \$1,000 and \$100,000 for each domain name SMRI proves by the greater convincing weight of the evidence a defendant used.

You must determine if SMRI is entitled to money damages against each defendant separately.

INSTRUCTION NO. 38 -

RPG DEFENDANTS' DAMAGES

If you find for the RPG Defendants on their fraudulent registration claim or their interference with business relationships claim, then you should determine whether the RPG Defendants are entitled to money damages. To recover money damages, the RPG Defendants must prove by the greater convincing weight of the evidence the following:

- 1. That SMRI's conduct was the legal cause of harm experienced by a RPG Defendant; and**
- 2. The amount of money which will compensate the RPG Defendant for the damages caused by SMRI's conduct.**

You must separately determine if each RPG Defendant is entitled to recover money damages against SMRI.

INSTRUCTION NO. 39 - CONDUCT OF THE JURY

Finally, to insure fairness, you as jurors must obey the following rules:

First, do not talk among yourselves about this case, or about anyone involved with it, until the end of the case when you go to the jury room.

Second, do not talk with anyone else about this case, or about anyone involved with it, until the trial has ended and I discharge you as jurors. This means you must not talk to your spouse, other family members or friends about this case until I discharge you as jurors.

Third, when you are outside the courtroom, do not let anyone tell you anything about the case or about anyone involved with it, until the trial has ended and I accept your verdict. If someone tries to talk to you about the case, please report it to me.

Fourth, during the trial, you should not talk with or speak to any of the parties, lawyers or witnesses involved in this case—you should not even pass the time of day with any of them. It is important you not only do justice in this case, but that you also give the appearance of doing justice. If a person from one side of the case sees you talking to a person from the other side, even if it is simply to pass the time of day, an unwarranted and unnecessary suspicion about your fairness might be created. If any lawyer, party or witness does not speak to you when you pass in the hall, ride the elevator or the like, it is because they are not supposed to talk or visit with you.

Fifth, do not read any news stories or articles, in print, on the internet or in any blog, about the case or about anyone involved with it. Do not listen to any radio or television reports about the case or about anyone involved with it. If you want, you may have your spouse or a friend clip out any stories and set them aside to give you after the trial is over. I can assure you, by the time you have heard the evidence, you will know more about the case than anyone will learn through the news media.

Sixth, during the trial, do not make up your mind about what the verdict should be. Keep an open mind until you have gone to the jury room to decide the case and you and your fellow jurors have discussed the evidence.

Seventh, if at any time during the trial you have a problem you would like to bring to my attention or if you feel ill or need to go to the restroom, please send a note to the court security officer, who will deliver it to me. Or just raise your hand and get my attention. I want you to be comfortable, so please do not hesitate to inform me of any problem.

INSTRUCTION NO. 40 - OUTLINE OF THE TRIAL

The trial will proceed as follows:

After these instructions, a lawyer for the Plaintiff may make an opening statement. Next, a lawyer for the Defendants may make an opening statement. An opening statement is not evidence. It is simply a summary of what the lawyer expects the evidence to be.

Plaintiff will present its evidence and call witnesses. A lawyer for the Defendants may cross-examine them. Following the Plaintiff's case, the Defendants will present evidence or call witnesses. A lawyer for the Plaintiff may cross-examine them.

After presentation of the evidence is complete, the lawyers will make their closing arguments to summarize and interpret the evidence for you. As with opening statements, closing arguments are not evidence. I will give you further instructions. You will then retire to deliberate on your verdict.

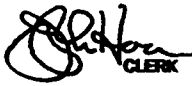
Dated October 19, 2015.

BY THE COURT:



JEFFREY L. VIKEN
CHIEF JUDGE

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH DAKOTA
WESTERN DIVISION

FILED
OCT 29 2015

CLERK

STURGIS MOTORCYCLE RALLY,
INC.,

Plaintiff,

vs.

RUSHMORE PHOTO & GIFTS, INC.;
JRE, INC.; CAROL NIEMANN; PAUL
A. NIEMANN; BRIAN M. NIEMANN;
and WAL-MART STORES, INC.,

Defendants.

AND

RUSHMORE PHOTO & GIFTS, INC.;
JRE, INC.; CAROL NIEMANN; PAUL
A. NIEMANN; BRIAN M. NIEMANN,

Counterclaim-Plaintiffs,

vs.

STURGIS MOTORCYCLE RALLY,
INC.,

Counterclaim-Defendant.

CIV. 11-5052-JLV

SUPPLEMENTAL
INSTRUCTIONS
TO THE
JURY

INSTRUCTION NO. 41 - EQUALLY IMPORTANT INSTRUCTIONS

Members of the jury, I will now take a few minutes to give you additional instructions explaining the law which applies to this case. All instructions, both those I gave you earlier and these instructions, are equally binding on you and must be followed. You must consider my instructions as a whole and not single out some instructions and ignore others.

INSTRUCTION NO. 42 - MATTERS TO BE DISREGARDED

It is your duty as jurors to determine the facts, and you must do this from the evidence produced here in open court. This consists of the testimony of the witnesses and the exhibits which have been received. This evidence is governed by various rules of law. Under these rules, it was my duty to rule on the admissibility of the evidence from time to time. You must not concern yourselves with the reasons for these rulings, and you must not consider any exhibit which was not received in evidence or any testimony which I ordered stricken. You must put such matters out of your mind. You must not consider anything you may have heard or read about this case other than the evidence produced here in open court.

INSTRUCTION NO. 43 -

REMOVAL OF AFFIRMATIVE DEFENSE

Defendants' affirmative defense of abandonment at Instruction No. 27 is no longer a part of this case, so you will not consider that defense. Why that affirmative defense is not part of the case cannot concern you.

You should decide the case solely on the evidence on the claims and remaining affirmative defenses before you.

**INSTRUCTION NO. 44 -
CORPORATE OFFICER LIABILITY**

If any individual defendant directed, controlled, ratified, participated in, or was the moving force behind the wrongful conduct of a corporate defendant, the individual defendant is liable for the conduct of the corporate defendant. It is for you to determine whether any individual defendant controlled the acts of any corporate defendant.

INSTRUCTION NO. 45 -

AFFIRMATIVE DEFENSE - GENERIC NAME

This instruction replaces Instruction No. 24.

Defendants contend that SMRI's marks "STURGIS," "STURGIS BIKE WEEK," "STURGIS MOTORCYCLE RALLY," and "STURGIS RALLY & RACES" trademarks are "generic" and therefore invalid. To succeed on each of these defenses, Defendants must prove by the greater convincing weight of the evidence that SMRI's "STURGIS," "STURGIS BIKE WEEK," "STURGIS MOTORCYCLE RALLY," and "STURGIS RALLY & RACES" trademarks are "generic."

A term is "generic" if its primary meaning to prospective purchasers is the product category itself rather than a single source of that product. If the consuming public would understand the term to name the product rather than identify a single source of that product, the primary significance of the term is generic and not entitled to protection as a trademark. The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products.

A term that originally was a trademark may, over time, be adopted by the public as the common name for the product and become "generic." If a term becomes "generic," the owner of the trademark cannot exclude others from using the word or term or recover damages for its use. Examples of terms that

have lost trademark protection because they became “generic” include “aspirin,” “thermos,” “escalator” and “cellophane.”

If any of the phrases “STURGIS,” “STURGIS BIKE WEEK,” “STURGIS MOTORCYCLE RALLY,” and “STURGIS RALLY & RACES” were in common use by the public prior to the time SMRI began to use the phrase or SMRI made a conscious effort to receive the benefits of those phrases that were in common use prior to SMRI’s adoption of the phrase as it relates to its goods or services, SMRI cannot deprive others of the right to call a product or service by that phrase no matter how much money and effort SMRI used in promoting its product or service and what success it has achieved in securing public identification of that phrase.

If the Defendants prove by the greater convincing weight of the evidence that SMRI’s “STURGIS,” “STURGIS BIKE WEEK,” “STURGIS MOTORCYCLE RALLY,” and “STURGIS RALLY & RACES” trademarks are “generic,” you must find against SMRI on its trademark infringement claims as to those marks. If the Defendants do not prove by the greater convincing weight of the evidence that “STURGIS,” “STURGIS BIKE WEEK,” “STURGIS MOTORCYCLE RALLY,” and “STURGIS RALLY & RACES” trademarks are “generic,” this defense should have no effect on your verdict.

INSTRUCTION NO. 46 -

DECEPTIVE TRADE PRACTICES CLAIM DAMAGES

With respect to SMRI's Deceptive Trade Practices Claim at Instruction No. 31 you may only consider defendants' conduct occurring on or after June 22, 2007, and, if appropriate, award damages for harm occurring to SMRI after that date.

INSTRUCTION NO. 47 - DUTY TO DELIBERATE

A verdict must represent the considered judgment of each juror. Your verdict must be unanimous. It is your duty to consult with one another and to deliberate with a view of reaching agreement if you can do so without violence to your individual judgment. Of course, you must not surrender your honest convictions as to the weight or effect of the evidence solely because of the opinions of other jurors or for the mere purpose of returning a verdict. Each of you must decide the case for yourself, but you should do so only after consideration of the evidence with your fellow jurors.

In the course of your deliberations you should not hesitate to re-examine your own views and change your opinion if you are convinced it is wrong. To bring the jury to a unanimous result, you must examine the questions submitted to you openly and frankly with proper regard for the opinions of others and with a willingness to re-examine your own views.

Remember that you are not partisans. You are judges of the facts. Your sole interest is to seek the truth from the evidence. You are the judges of the credibility of the witnesses and the weight of the evidence. You may conduct your deliberations as you choose. You may take all the time you feel is necessary.

There is no reason to think that another trial would be tried in a better way or that a more conscientious, impartial, or competent jury would be

selected to hear it. Any future jury must be selected in the same manner and from the same source as you. If you should fail to agree on a verdict, the case is left open and must be resolved at some later time.

INSTRUCTION NO. 48 - DUTY DURING DELIBERATIONS

There are certain rules you must follow while conducting your deliberations and returning your verdict:

First, when you go to the jury room, you must select one of your members as the foreperson. He or she will preside over your discussions and speak for you in court.

Second, if you need to communicate with me during your deliberations, you may send a note to me through the court security officer, signed by one or more jurors. After conferring with the lawyers, I will respond as soon as possible, either in writing or orally in open court. Remember that you should not tell anyone—including me—how your votes stand numerically.

Third, your verdict must be based solely on the evidence and on the law in these instructions. **The verdict must be unanimous.** Nothing I said or did was intended to suggest what your verdict should be—that is entirely for you to decide.

The verdict form is simply the written notice of the decision you reach in this case. You will take this form to the jury room. When you have unanimously agreed on the verdict, the foreperson will fill in the form, sign and date it and advise the court security officer that you have reached a verdict.

You will then return to the courtroom where your verdict will be received and announced.

Dated October 29th, 2015.

BY THE COURT:


JEFFREY L. VIKEN
CHIEF JUDGE