

## Close Shave on Whether Cease and Desist Letter Creates Declaratory Judgment Jurisdiction

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Rather than wait around for the hammer to fall, companies under threat of an intellectual property lawsuit sometimes choose to file a declaratory judgment complaint. Such “DJ” complaints usually ask the court to clear the air and decide the issue in the filer’s favor. Declaratory judgment filers are often motivated by the fact that they can choose the court that resolves the lawsuit.

Simoniz USA, Inc. (“Simoniz”), a company that sells cleaning products, filed such a DJ complaint in the District of Connecticut, asking that the court resolve a trademark dispute that it says arose from a “cease and desist” email it received from Dollar Shave Club (“DSC”), a company that sells personal care products including shaving razors. The email asked Simoniz to stop using the mark DOLLAR CLEAN CLUB in Europe and the United States. The court nevertheless dismissed the declaratory judgment action, finding that the trademark controversy was not of sufficient immediacy and reality to warrant its intervention.

The U.S. Supreme Court in its 2007 opinion in *MedImmune v. Genentech* clarified that a party seeking a declaratory judgment must show that there is a, “substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” Otherwise there can be no subject matter jurisdiction because federal courts are prohibited from issuing opinions that are merely advisory in nature.

DSC, in its motion to dismiss Simoniz’s DJ complaint, argued that Simoniz’s complaint did not meet this exacting standard for declaratory judgment actions. The court in analyzing the issue focused on the “cease and desist” email that Simoniz received from DSC. Apparently, Simoniz had filed for the registration of the mark DOLLAR CLEAN CLUB in Europe, and DSC sent the email in conjunction with its formal opposition of the registration of the mark in Europe. The email did not threaten a trademark infringement claim, but it did include a demand that Simoniz cease all use of the mark DOLLAR CLEAN CLUB in the United States and Europe, followed by lawyerly language: “DSC expressly reserves the right to assert any other factual or legal positions as additional facts come to light.”

In its analysis, the court found that this email may be sufficient to demonstrate a substantial controversy between the parties relating to use of the DOLLAR CLEAN CLUB mark in the United States. However, that did not end the matter. As the court noted, a “substantial controversy” alone is

not enough to sustain a declaratory judgment action. Simoniz must also show that there is “immediacy and reality” sufficient to justify the court stepping in.

In other words, Simoniz was also required to show that there was a definite intent and apparent ability to use the trademark in question. Unfortunately for Simoniz, on the facts, the court found that there was no such definite intent. According to the submissions before the court, at the time the complaint was filed Simoniz was not using the DOLLAR CLEAN CLUB mark in the United States; a visit to its website at the time of the complaint revealed that none of the products on the website were manufactured with a DOLLAR CLEAN CLUB logo. Moreover, the website was not functional at the time of the complaint, as an attempt to order products through the website revealed that it was not possible to place an order.

Based on these facts, the court found that the controversy between the parties regarding use of the disputed mark in the United States did not appear to be immediate or real at the time of the DJ complaint. As such, the email cannot sustain a declaratory judgment action. The court therefore dismissed the DJ complaint for lack of subject matter jurisdiction.

The case is *Simoniz USA, Inc. v. Dollar Shave Club*, Civil Action No. 16-cv-00688-VAB, before Judge Victor Bolden in the District of Connecticut.

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