

EXHIBIT B

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 09-cv-00636-REB-KLM

VIDEO PROFESSOR, INC. a Colorado corporation,

Plaintiff,

v.

AMAZON.COM, INC., a Delaware corporation,

Defendant.

**PLAINTIFF'S RESPONSE IN OPPOSITION TO DEFENDANT'S
MOTION FOR SUMMARY JUDGMENT**

Plaintiff Video Professor, Inc. ("VPI"), by and through its counsel, Fairfield and Woods, P.C.—who certify that they have read and complied with the Court's Practice Standards—and in response to Defendant's Motion for Summary Judgment and Memorandum of Law in Support Thereof (Oral Argument Requested) [Doc. No. 30] dated October 27, 2009 ("Motion"), states:

INTRODUCTION

This case primarily involves Amazon's intentional infringement of VPI's trademarks. After recognizing Amazon's bait and switch scheme, among other malfeasance, VPI sent two demands to cease and desist. Each went unanswered.

First, Amazon uses VPI's famous trademarks to divert Internet traffic searching for "video professor" away from VPI's Web site and to Amazon's own Web site by purchasing VPI's trademark from Google in order to generate "Sponsored Links." One

such sponsored link uses VPI's trademark to promise savings on VPI products at Amazon.com. This constitutes initial interest confusion. Second, once diverted, Amazon presents consumers with a landing Web page prominently entitled "Amazon.com: video professor" and "video professor." In Amazon's search box appearing on the same page, Amazon automatically populates the search box with the search term, *i.e.*, "video professor," yet intentionally places Amazon's own directly-competing and confusingly-similar "Professor Teaches"¹ products *above* VPI products in the search results. Amazon asserts that the search results are "real-time natural results," however, they are in actuality intentionally manipulated unnatural results designed to confuse consumers and sell Amazon's own product as VPI's.

Due to the totality of the circumstances surrounding the infringement—including the confusingly similar brands, coupled with the consumers' reasonable expectations to find VPI's products in response to their search—Amazon's Web site capitalizes on the confusion to generate attention for and to promote the sales of its own competing products. These acts constitute direct confusion and represent classic trademark infringement. Genuine issues of material fact exist and Amazon is not entitled to judgment as a matter of law. The Motion must be denied.

STATEMENT OF DISPUTED MATERIAL FACTS

1. Whether Amazon is authorized to use VPI's trademarks to sell Amazon's products in direct competition with VPI, especially after VPI's termination of the Vendor Manual on September 19, 2008. **Exhibit 1** (affidavit of Bettye Harrison).

¹ Amazon is the seller of the products and so they are Amazon's products, although manufactured by a third-party.

2. Whether Amazon, through an individual or some other operation, intentionally places its Professor Teaches products above or before VPI's products in the Amazon search results for "video professor."

3. Amazon claims that its internal search results for "video professor" are "real-time natural search results[,] when in fact they are intentionally manipulated and unnatural so that Amazon's Professor Teaches products appear above or before the exact word matches, *i.e.*, "video professor" products. *Compare Motion at pg. 5, with Exhibit 2* (screen shot of search results 3/20/09).

4. Amazon need not display its competing Professor Teaches products as search results for the search query "video professor," or could have the results appear in order of relevance, with exact word matches first.

5. Whether VPI's historical sales data establishes that as a result of the 6,188 admitted diversions, VPI has suffered lost net profits as a direct result of Amazon's infringement. *See Exhibit 1.*

6. When a consumer searches for "video professor" through Amazon's internal search box, Amazon's "Professor Teaches" products appear as the first ~~six~~ products. *See Exhibit 2.* Yet when a search for "professor teaches" is performed, VPI's products do not appear anywhere in the search results. *See Exhibit 3.* This comparative search evidences the intentional manipulation of the search results to allow Amazon to trade off VPI's mark and goodwill.

- Fix all

7. When a computer user enters a search term in a search engine, they expect exact word matches to appear first, and, thereafter in descending order, the most relevant results.²

8. The fact that consumers who have bought Professor Teaches products and have the CDs, the packaging material, and the user manual(s) in their possession, yet still attempt to return the products to VPI, is evidence of actual confusion, even post-sale. See Exhibits 4-8.

9. Consumers post-sale are actually confused regarding the Professor Teaches product being VPI's, *a fortiori*, pre-sale consumers are even more likely to be confused.

10. Since 2007, VPI has converted approximately 3% of visitors to its Web site into a sale (73,654 out of 2,409,271). See Exhibit 1.

11. VPI's average net profit per customer is \$112.00, resulting in net profits of \$8.2 million over the last three years. See *id.*

12. In the last three years, Internet sales constitute 45% of VPI's sales. *Id.*

13. In the last 20 years, VPI has invested hundreds of millions of dollars in advertising its products using the marks across the United States. *Id.*

14. VPI has 90% of the market awareness in computer learning CDs. *Id.*

15. Professor Teaches has 5% of the market awareness. *Id.*

² See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, Section 25:70.25, p. 25-204 (2009) ("Many users [think] search engine[s] list [results] in order of relative importance."); see also, *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 131 (2nd Cir. 2009) ("If the searcher sees a different brand name as the top entry in the response to the search for [a particular trademark], the searcher is likely to believe mistakenly that the different name which appears is affiliated with the brand name sought in the search and will not suspect . . . that this is not the most relevant response to the search.").

ARGUMENT

I. AMAZON IS NOT ENTITLED TO SUMMARY JUDGMENT ON THE LANHAM ACT CLAIMS.

A.-B. No dispute. **C. Material Disputed Facts:** VPI disputes the following facts asserted by Amazon as undisputed: (2) VPI denies that it granted Amazon a license to use its marks in the manner Amazon has used them; *see* Section I(E), *infra*; (3) Amazon does not adequately identify the sellers of the products, as evidenced by **Exhibit 2**; (5) VPI receives numerous attempted returns for Professor Teaches products post-sale, thereby evidencing actual confusion. **Exhibits 4-8.**

VPI asserts the following additional material facts, which Amazon may dispute:

- (1) Amazon used VPI's marks to intentionally divert potential customers looking for "video professor" to its Web site, thereby creating "initial interest confusion;" **Exhibit 9**; *see also* Motion;
- (2) Due to the fact that the Professor Teaches products are computer learning CDs, as well as its confusingly-similar name and packaging, Amazon's products are inherently confusing in their similarity to VPI's products; *see, e.g., Exhibit 2*;
- (3) Despite claiming its search feature offers "real-time natural search results," Amazon's Professor Teaches products appear *above* products that would be an exact word match, thereby evidencing Amazon's intentional manipulation of its search feature to favor its own product and capture VPI's mark recognition; *compare* Motion at p. 5, *with Exhibit 2*; *see also Exhibit 1* (providing 90% share of market vs. 5%);
- (4) The fact that VPI's products do not appear for a search in Amazon's search feature for "professor teaches," but when "video professor" is searched, Amazon's "Professor Teaches" products are predominantly and prominently displayed above VPI products, which further evidences Amazon's manipulation of its search function to favor its own competing product and trade off of VPI's mark; *compare Exhibit 3, with Exhibit 10*;
- (5) Amazon's purported use of one or more "algorithms" to create the infringing search results for its Web site is irrelevant, as someone employed by Amazon or acting at its direction created the algorithm(s), and Amazon is actually aware of the infringing affects thereof; *see, e.g., Thompson v. Alpine Motor Lodge, Inc.,*

296 F.2d 497 (5th Cir. 1964) (providing that infringers are presumed to intend the natural and probable consequences of their conduct); and

(6) Professor Teaches product are generally less than \$15.00. See **Exhibit 2**.

D. VPI Can Prove the Contested Material Facts. (1) As stated above, VPI can establish that Amazon was not authorized to infringe on VPI's marks. **Exhibit 1**.

(2) Amazon's use of VPI's marks caused initial interest confusion, as well as subsequent actual direct confusion. (3) VPI was damaged by Amazon's conduct by the admitted diversion of not less than 6,188 potential customers looking for "video professor" through Google. See **Exhibit 9**; see also *Motion*. VPI's well-documented historical sales data establishes with reasonable certainty that such diversions directly resulted in lost net profits. See **Exhibit 1**.

E. Amazon's Use Was Unauthorized. Amazon first alleges that its use of VPI's marks was authorized, and, therefore, VPI's Lanham Act claims fail. Amazon's use was not authorized. VPI and Amazon entered into the Vendor Manual agreement solely to allow Amazon to purchase VPI's products directly from VPI and resell them on its Web site. See *generally*, *Motion* at Exhibit A-6. In that limited context, VPI granted Amazon a license to use its trademarks in order for Amazon to advertise and sell *VPI's products* on its behalf. *Id.* at pg. 7 (Section III (4)).

Amazon claims that this license is without limit and allows Amazon to use VPI's trademarks to sell its competing "Professor Teaches" products. The assertion is without merit. In *Bunn-O-Matic Corp. v. Bunn Coffee Servs., Inc.*, 88 F. Supp. 2d 914 (C.D. Ill. 2000), the court recognized that if a license is silent on a particular use, it does not mean a licensee can use the mark in a confusing manner, which would be infringement.

Further, the implied covenant of good faith and fair dealing—implied in every contract—precludes Amazon from claiming that VPI has authorized Amazon’s intentional infringement of VPI’s trademarks. *Amoco Oil Co. v. Ervin*, 908 P.2d 493, 499 (Colo. 1995) (“The covenant of good faith and fair dealing exists in every contract to enforce the reasonable expectations of the parties.”); *see also Miller v. Othello Packers, Inc.*, 410 P.2d 33, 34 (Wash. 1966) (“There is an implied covenant of good faith and fair dealing in every contract, a covenant or implied obligation by each party to cooperate with the other so that he may obtain the full benefit of performance.”).³

Moreover, Amazon’s assertion would make the clause unconscionable and void as against the public policy against consumer confusion embodied in trademark law. *See, e.g., Davis v. M.L.G. Corp.*, 712 P.2d 985, 991 (Colo. 1986) (unconscionability); *F.D.I.C. v. American Cas. Co. of Reading, Pa.*, 843 P.2d 1285, 1290 (Colo. 1992) (public policy).⁴ Therefore, Amazon’s construction of the license is unenforceable.

While the language of the license states it is perpetual, when the agreement is construed as a whole, it is clear that the parties’ intent was that the license was limited to Amazon’s sale of VPI products on VPI’s behalf and would expire when Amazon’s stock of VPI’s products expired following the termination of the agreement. If the clause was not included, Amazon’s sale of the remaining inventory of products post-termination of the license would be infringement. *See, e.g., Bill Bass, Ltd. v. SAZ Corp.*, 751 F.2d 152 (3rd Cir. 1984). Regardless, a genuine issue of material fact exists regarding the

³ Citation is made to Washington law regarding contract interpretation as the Vendor Manual contains a choice of law provision naming Washington.

⁴ *Yakima County (West Valley) Fire Prot. Dist. No. 12 v. City of Yakima*, 858 P.2d 245, 256 (Wash. 1993) (unconscionability); *Danzig v. Danzig*, 904 P.2d 312, 314 (Wash. App. 1995) (public policy).

intention of the parties, the scope of the license and Amazon's actions, thereby precluding summary judgment.

F. Nominative Fair Use Fails.

1. Nominative Fair Use is Not the Test in the Tenth Circuit. Amazon next claims that the so called "nominative fair use" doctrine insulates Amazon from liability. In so arguing, Amazon attempts a legal slight of hand; claiming that the nominative fair use is the controlling law and somehow has displaced the Tenth Circuit's traditional multi-factor likelihood of confusion test. See Motion at pp. 9-10. The Ninth Circuit alone has adopted the nominative fair use analysis in some circumstances as a test for likelihood of confusion; the Tenth Circuit has not.

Despite Amazon's attempt to rely on the Ninth Circuit's analysis, the test for likelihood of confusion in this circuit remains the consideration of the six non-exclusive factors set forth in *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 972 (10th Cir. 2002). *John Allan Co. v. Craig Allan Co.*, 540 F.3d 1133, 1138 (10th Cir. 2008). They are: "(1) the degree of similarity between the marks; (2) the intent of the alleged infringer in adopting the mark; (3) evidence of actual confusion; (4) similarity of products and manner of marketing; (5) the degree of care likely to be exercised by purchasers; and (6) the strength or weakness of the marks." *Id.* No one factor is dispositive and the determination of likelihood of confusion must be based on all relevant factors. See *id.* The issue of likelihood of confusion is a question of fact. *Id.* In its brief—and recognizing the traditional test is devastating to Amazon's argument—Amazon fails to even mention this circuit's test. See generally, Motion at pp. 8-14.

Judge Kane recently had the occasion to consider the nominative fair use as a legal defense to a Lanham Act claim in the Rule 12(b)(6) context. See *Health Grades, Inc. v. Robert Woods Johnson Univ. Hosp., Inc.*, 643 F. Supp. 2d 1226, 1239 (D. Colo. 2009). In *Health Grades, supra*, the plaintiff had established ratings for hospitals and registered “Health Grades” as a trademark. *Id.* at 1231-32. The company then sold licenses to healthcare providers in order for them to use the Health Grade mark, among other things. *Id.* at 1231. The hospital defendant used the Health Grades mark in sundry press releases and on its Web site without a license. *Id.* After being notified of the infringement, the hospital defendant continued to use the mark. *Id.*

The hospital moved to dismiss the trademark claims under Rule 12(b)(6), asserting the nominative fair use concept as a legal defense. *Id.* at 1231-32; 1239. After setting forth the multi-factor likelihood of confusion test (quoted above), Judge Kane noted that the Ninth Circuit “has devised a different method for analyzing the likelihood of confusion arising from certain uses of a . . . mark.” *Id.* at 1239. The court noted that in the Ninth Circuit, a nominative fair use exists, and so no infringement, if, *inter alia*, the defendant’s use of the mark does not attempt to capitalize on consumer confusion or to appropriate the cache of one product for a different one. *Id.* at 1239-40 (quoting *New Kids on the Block v. News America Publish., Inc.*, 971 F.2d 302, 307-08 (9th Cir. 2002)). Examples include where a garage truthfully advertises that it fixes “Volkswagen” cars or where an imitator of brand name perfumes advertises that its perfumes smell like a trademarked brand. *Id.* at 1239 (citing 9th Circuit precedent). The Ninth Circuit considers it a “nominative fair use” because there is no consumer

confusion that the garage is associated with Volkswagen or that the imitator is the brand name perfume. See *id.* For nominative fair use to apply, there must be no confusion at all. McCarthy, at Section 23:11, p. 23-62.

Judge Kane provided that to apply, “the user [can do] nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder[.]” *id.* at 1240, and that analysis has not been widely adopted. *Id.* “[A]ll of the circuit courts that have considered it to date have either rejected [it] outright , or modified it . . . to allow likelihood of confusion to be determined based largely on the traditional multi-factor analysis. . . .” *Id.* “I find that the nominative fair use doctrine, if applied here, would supplement this circuit’s traditional six-factor test” *Id.* (internal citations omitted, emphasis added).

Accordingly, Amazon’s reliance on the Ninth Circuit’s disfavored doctrine is misplaced and summary judgment based thereupon cannot enter. It is not the law of this circuit and has been met with studied criticism by those circuits that have directly considered it. See *id.* At best, it represents but three additional factors a court may choose to consider in analyzing whether a defendant’s use of a mark in a particular fashion is likely to confuse consumers. See *id.*; see also *Frontrange Solutions USA, Inc. v. Newroad Software, Inc.*, 505 F. Supp 2d 821, 835 (D. Colo. 2007) (Judge Miller stating that the nominative fair use analysis had not been adopted in the 10th Circuit, but could inform the confusion analysis).⁵ It certainly is not the panacea upon which

⁵ Amazon’s citation to *Frontrange, supra*, in its brief gives the false impression that the nominative fair use doctrine is the law in this circuit. See Motion at p. 9 (citing *Frontrange, supra*, for the elements of the nominative fair use doctrine, but failing to qualify the citation with an appropriate signal such as “*but see*” so as to recognize and apprise the court that the nominative fair use is not the test in this circuit).

Amazon attempts to rely. Moreover, because Amazon has sought to “capitalize on consumer confusion [and] to appropriate the cache of [VPI’s] product for [Amazon’s own product,]” it is inapposite. *Health Grades, Inc.*, 643 F. Supp. 2d at 1239-40 (quoting *New Kids, supra*).

Regardless, even if the additional three factors are considered, Amazon’s intentionally infringing actions preclude the analysis’ application. To wit: (1) diversion of consumers by using VPI’s trademarks in its sponsored links; (2) placement of Amazon’s confusingly similar “Professor Teaches” products on a Web page conspicuously entitled “video professor” in two places, one of which constitutes an affirmative representation by Amazon that the page is Amazon’s video professor page; (3) manipulation of its internal search box and results to list products not in order of natural relevance as expected by consumers, but in an unnatural reverse order so as to sell its competing products by using VPI’s marks; (4) the use of small icons on its products so that only the common and dominant word “professor” is readily legible in order to further the confusion; and (5) the failure to adequately inform consumers that Amazon’s products are not VPI’s (“Infringing Acts”).

Accordingly, Amazon clearly has misused VPI’s mark in a manner that, “in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” Each of these Infringing Acts represent Amazon’s attempt to “capitalize on consumer confusion [and] to appropriate the cache of [VPI’s] product for [Amazon’s own product,]” and so the defense is inapplicable on these facts. *Health Grades, Inc.*, 643 F.

Supp. 2d at 1239-40 (quoting *New Kids, supra*). In short, even if this case were in the Ninth Circuit, the defense is inapposite and would utterly fail.

Amazon's next argument, *i.e.*, "the pot is calling the kettle black," is equally without merit. VPI's use of Microsoft's or eBay's trademarks is not confusing in the least, as no one would mistake VPI or its products for Microsoft or eBay. The argument is factually flawed and is a red herring.

2. Application of the Tenth Circuit's Test Defeats Summary Judgment. Although intentionally avoided by Amazon in its brief, an application of the actual multi-factor test used in this circuit to Amazon's conduct is fatal to its Motion. With respect to the first factor, *i.e.*, the degree of similarity between the marks, they are the same for the initial interest confusion issue,⁶ and are confusingly similar (Video Professor and Professor Teaches) for the direct confusion issue, as they share a common dominant word ("Professor") and invoke the same mental impact (*i.e.*, learning from the Professor). See, *e.g.*, *First Sav. Bank, F.S.B. v. First Bank Syst., Inc.*, 101 F.3d 465 (10th Cir. 1996) (similarity in sight, sound and meaning in analyzing issue of similarity of marks).⁷

Similarly, where a junior user's mark shares a common element or word with the senior user's mark, confusion can be found. For example, confusion was found to exist

⁶ *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006) (stating that for use of trademarks as keywords to divert internet traffic, thereby establishing initial interest confusion, the similarity of the marks factor is established as they are identical).

⁷ See also, *e.g.*, *Kenner Parker Toys, Inc. v. Rose Art Inds., Inc.*, 963 F.2d 350 (Fed. Cir. 1992) (stating that mental impact of similar marks informs confusion issue and holding that "Play-Doh" and "Fun Dough" were confusingly similar marks because "play" and "fun" convey very similar impression); see also *Northam Warren Corp. v. Univ. Cosmetic Co.*, 18 F.2d 774 (7th Cir. 1927) (noting that when similarities in mark are significant, differences may be *de minimis*); *Saxlehner v. Eisner & Medelson Co.*, 179 U.S. 19 (1900) (not every name in a mark need be appropriated for it to be confusingly similar).

for the marks “Blockbuster Video” and “Video Buster,”⁸ “Miracle Whip” and “Salad Whip,”⁹ “Q-Tips” and “Cotton Tips,”¹⁰ and “Chic” and “L.A. Chic.”¹¹ The “Chic” and “L.A. Chic” example is significant, as consumers looking for “video professor,” and, being told by Amazon that they are seeing VPI products on the Web page, would, *a fortiori*, believe that the “Professor Teaches” products were simply a line of VPI’s products. *Id.* There is a higher likelihood of confusion as the products compete. *Beer Nuts, supra.*¹²

Amazon’s intent was admittedly to attract potential VPI customer’s to its site by using VPI’s trademarks, thereby creating initial interest confusion, and, therefore, the second factor weighs in favor of VPI. See Exhibit 9 at Request for Admission 4; see also *Australian Gold, Inc., supra.* Further, by compounding and perpetuating the initial interest confusion by, *inter alia*, its manipulation of its search box and results, as well as the use of small icons and fonts, Amazon evidences its intent to directly confuse consumers looking for VPI’s products. Once intent to confuse is shown, a presumption of actual confusion arises. See *Fleishmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963).¹³

⁸ See *Blockbuster Ent. Group v. Layco, Inc.*, 869 F. Supp. 2d 505 (E.D. Mich. 1994).

⁹ *Kraft Cheese Co. v. Leston Co.*, 43 F. Supp. 782 (D. Mo. 1941).

¹⁰ *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144 (3rd Cir. 1953).

¹¹ See *Henry Siegel Co. v. M & R Int’l Mfg. Co.*, 4 WL 123838 (T.T.A.B. 1987) (unpublished opinion) (stating that customers who may see junior user’s mark may mistakenly believe it is a line of clothing of the senior holder).

¹² Moreover, the Professor Teaches products were not presented in a side-by-side manner with VPI products, but, rather, the Professor Teaches products were grouped together as the first seven results, with used VPI products appearing in subsequent pages not likely to be viewed. See *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Ctr.*, 109 F.3d 275 (6th Cir. 1997) (recognizing that where products at issue are not displayed side-by-side, the analysis is whether the mark at issue would confuse the public when viewed alone).

¹³ Bad faith is also relevant to the issue and amount of lost profits and other damages. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947).

Due to the confusingly-similar names and Amazon's Infringing Acts, it is not surprising that purchasers of the Professor Teaches products—and with the benefit of the product, the packaging and the user manuals in hand—remain confused well after the sale as to its affiliation with VPI and actually attempt to return the products to VPI, thereby constituting evidence of actual confusion and conclusively establishing the third factor. See **Exhibits 4-8**; see also *AmBrit, Inc. v. Kraft, Inc.*, 805 F.2d 974 (11th Cir. 1986) (where goods inexpensive, evidence of actual confusion difficult to obtain and even few instances significant), *opinion superseded by* 812 F.2d 1531 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987). The numbers involved are not *de minimis*, as many hundreds of Professor Teaches customers have sought to and attempted to return the products to VPI. See **Exhibits 4-8**; compare, *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185 F.3d 1084 (10th Cir. 1999) (nine examples of actual confusion is *de minimis* and not sufficient to find a genuine issue of fact). Of course, evidence of actual confusion is the best proof of a likelihood of confusion. See, e.g., *Frito-Lay, Inc. v. Morton Foods, Inc.*, 316 F.2d 298 (10th Cir. 1963).

With respect to the fourth factor—the similarity of products and manner of marketing—they are identical, *i.e.*, both products are computer learning CDs sold through the Internet. The fifth factor also weighs heavily in favor of VPI, as a consumer looking for computer learning software will exercise a relatively low degree of care as compared to those seeking to purchase a more expensive product, such as a car or a computer. See, e.g., *Beer Nuts, supra*; see also *Commncs. Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245 (4th Cir. 1970).

Finally, the sixth factor—the strength or weakness of the marks—likewise weighs in VPI’s favor, as its marks are extremely well-known, whereas the Professor Teaches brand is virtually unknown. **Exhibit 1.** To the extent Amazon attempts to misdirect any blame on Professor Teaches by claiming Amazon was acting merely as a distributor or dealer of its products, the argument fails. Even an innocent dealer or distributor that does not affix an infringing mark is still strictly liable for infringement, and can be made to account for profits. See, e.g., *Gucci America, Inc. v. Action Activeware, Inc.*, 759 F. Supp. 1060 (S.D.N.Y. 1991); see also *Hard Rock Café Licensing Corp. v. Concessions Srvs., Inc.*, 955 F.2d 1143, n.6 (7th Cir. 1992).

As the application of the Tenth Circuit’s test establishes, each and every factor militates decidedly and overwhelmingly in favor of a finding of a likelihood of confusion. Even if credited—which it should not be—the Ninth Circuit’s nominative fair use analysis would not save Amazon. Amazon’s use of VPI’s trademark to divert Internet traffic to its site, and, thereafter, further directly confuse consumers, constitutes initial interest confusion and direct confusion, thereby satisfying the likelihood of confusion element.¹⁴ Regardless, VPI has submitted sufficient evidence to defeat summary judgment.

3. Amazon’s conduct constitutes direct confusion. Direct confusion is established where a “defendant’s use of the trademark is likely to cause consumers to believe . . . that the plaintiff is the source of the defendant’s products” *Australian Gold, Inc.*, 436 F.3d at 1238. In this case, Amazon’s use of VPI’s marks are extremely likely to cause consumers searching for VPI’s products to believe that Amazon’s Professor

¹⁴ Moreover, its intent to confuse establishes a presumption of confusion. *Fleischmann Distilling Corp.*, *supra*.

Teaches products are VPI's, *i.e.*, direct confusion. Amazon's Infringing Acts, discussed *supra*, establish a likelihood of direct confusions.

Due to the totality of the confusing circumstances surrounding the Infringing Acts, many consumers will simply think that "Professor Teaches" is simply one of VPI's brands. See *Henry Siegel Co. v. M & R Int'l Mfg. Co.*, *supra*. Most consumers do not get past the first screen of search results, and, therefore, they are not likely to see the used VPI products appearing on subsequent screens and being sold by individual unaffiliated third-party resellers, and so not likely to realize the mistaken association. The relative low cost of the CDs means that consumers are not likely to exercise a high degree of care, and will simply buy Amazon's Professor Teaches product mistakenly believing it is VPI's. See, *e.g.*, *Recot, Inc. v. Becton*, 214 F.3d 1322 (Fed. Cir. 2000); see also *Beer Nuts*, *supra* (same). In this manner, a likelihood of direct confusing exists, thereby precluding summary judgment.

4. Amazon's conduct constitutes initial interest confusion. The Tenth Circuit has expressly held that it is a violation of the Lanham Act to use another's trademarks to divert Internet traffic away from the trademark holder's Web site to sell competing products, *even where the plaintiff's products are also offered for sale.*¹⁵ *Australian Gold, Inc.*, 436 F.3d at 1239. That is precisely what Amazon has done in this case. Amazon's attempt to distinguish this precedent is ineffective. See Motion at pp. 13-14.

¹⁵ Amazon claims that the availability of VPI's products (though not being sold by VPI) on its site absolves it of liability for trademark infringement. As this case demonstrates, that reliance is misplaced. Further, Amazon's identification of the sellers of used VPI products on its website is the functional equivalent of a disclaimer of affiliation; however, a disclaimer is ineffective to mitigate initial interest confusion, as the damage has already been done at the time of the improper diversion. *Australian Gold, Inc.*, 436 F.3d at 1240 (rejecting disclaimer argument).

As explained by the Tenth Circuit, Amazon's use of VPI's mark falls squarely within the proscribed conduct, thereby establishing a likelihood of confusion.

5. Amazon's remaining arguments are equally unpersuasive. Amazon's "product placement" analogy is without merit. In *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 130 (2nd Cir. 2009), Google argued that its sale of plaintiff's trademark to plaintiff's competitors such that "sponsored links" to the competitors' Web sites would appear above plaintiff's Web site in search results, constituted mere "product placement" and so did not state a claim under the Lanham Act. *Id.* In dismissing the argument and finding a cause of action under the Lanham Act had been stated, the court noted that Google's argument "missed the point" and that product placement was not a "magic shield." *Id.* If a scheme of product display confuses and deceives customers into believing they are buying a trademarked brand, "the practice would [not] escape liability merely because it could claim the mantle of 'product placement.'" *Id.*

Amazon's reliance on *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811 (D. AZ. 2008) is misplaced. First, *Designer Skin*—a case from the district court of Arizona bound by Ninth Circuit law—expressly recognizes that its holding regarding the requirements of initial interest confusion were contrary to the Tenth Circuit's *Australian Gold*, *supra*. *Id.* at 820. Accordingly, Amazon cannot rely on it even for persuasive effect, as it admittedly stands in contrast with binding Tenth Circuit precedent. Moreover, and bound by Ninth Circuit's nominative fair use analysis, the court did not apply the traditional multi-factor test. *See generally, id.*

Designer Skin holds that “deception”¹⁶ must be shown for initial interest confusion to lay. *Id.* at 818-19. In this circuit, however, initial interest confusion is established at the moment the customer is improperly lured away. See *Australian Gold, Inc.*, 436 F.3d at 1238-39. *Designer Skin* is further distinguishable by the fact that the case dealt only with initial interest confusion, where, here, direct confusion is also alleged. See *Designer Skin, LLC*, 560 F. Supp. 2d at 819. Moreover, *Designer Skin* holds that if both the plaintiff’s products and competitor’s products are available and no direct confusion is alleged, no initial interest confusion can lay. See *id.* This circuit’s *Australian Gold* holds otherwise and states that the mere improper diversion is sufficient to state a claim, regardless of what transpires thereafter. See *Australian Gold, Inc.*, 436 F.3d at 1238-39 (setting forth three ways in which damages occur at the time of the diversion, even where the confusion is resolved or no sales occur). *Designer Skin* offers no shelter.

Amazon’s reliance on *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008) is also unavailing. *Tiffany* is distinguishable on various grounds, including the fact that it applied the nominative fair use analysis instead of the multi-factored test applied in this circuit. *Id.* at 496-97. Further, it does not discuss initial interest confusion. See generally, *id.*

Tiffany is distinguishable on the facts as well. Unlike in this case, eBay did not use Tiffany’s mark to sell its own confusingly-similar product, but rather, simply notified

¹⁶ McCarthy has stated that to avoid “deception,” an advertiser must make explicitly clear that a consumer looking for one product is going to be shown other products. See J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, Section 25:70.25, pp. 25-211-12 (2009). Amazon, of course, fails to make that fact clear in its Sponsored Link, which, in conjunction with the trademarked search term “video professor,” implies that consumers can save on *video professor* products at Amazon. Accordingly, even if this case was pending in Arizona, Amazon would lose.

consumers that *third-parties* were selling items that they identified as Tiffany brand items on its Web site. *Id.* at 498. In this case, however, Amazon is improperly using VPI's marks to divert customers (initial interest confusion), and then pawning off *its own competing products as VPI's* (direct confusion). Therefore, to the extent *Tiffany* could provide some persuasive guidance, it is inapposite.

G. VPI Can Establish Damages. Beyond the fact that once initial interest confusion is established, damages are presumed, *see Australian Gold, Inc.*, 436 F.3d at 1239 (setting forth three ways that damages result from initial interest confusion even where consumer becomes aware of sources' actual identity or where no actual sales to the competitor results from the diversion),¹⁷ here, VPI can establish actual damages within a reasonable degree of probability.

Where possible, businesses can prove damages, including lost profits, through "straightforward, common sense calculations . . ." without need of expert testimony. *See, e.g., LifeWise Master Funding v. Telebank*, 374 F.3d 917, 929-30 (10th Cir. 2004). In *Ripple Resort Media, Inc. v. Skiview Corp.*, 2008 WL 4678518 (D. Colo., Oct. 20, 2008) (unreported decision), the court utilized the net profits for the first year of a wrongfully-terminated contract to calculate and extrapolate the lost profits for the two remaining years. *Id.* at * 4-7.

In this case, VPI can establish with relative certainty it lost profits due to Amazon's improper diversion of potential VPI customers. Approximately 3% of

¹⁷ Moreover, in a trademark cases, irreparable injury is ordinarily presumed once the plaintiff has established a likelihood of confusion. *Big O Tires, Inc. v. Bigfoot 4X4, Inc.*, 167 F. Supp. 2d 1216, 1227 (D. Colo. 2001).

individuals who land on VPI's Web site by clicking on a link in the Google search results for "video professor," will purchase VPI's products. **Exhibit 1.** Amazon has disclosed that approximately 6,200 individuals clicked on its ad appearing on Google's site after entering in the search term "video professor." **Exhibit 9.** Further, VPI's historic sales data reflects the average net profit per customer is \$112. **Exhibit 1.** With these facts, the net lost profits damages are approximately \$20,800.

II.-III VPI'S COLORADO CONSUMER PROTECTION CLAIM AND TORTIOUS INTERFERENCE CLAIMS ARE VALID.

A.-B.: No dispute. **C. Material Disputed Facts:** See *supra*, Section I.C. **D.-G.** Based upon the foregoing, VPI has presented evidence on each of the disputed facts and elements of the CCPA and Tortious Interference claims, so that genuine issues of fact remain. Summary judgment cannot enter for Amazon on those claims.

CONCLUSION

VPI has established genuine issues of material fact regarding each and every claim brought against Amazon. Therefore, summary judgment cannot enter.

Respectfully submitted this 19th day of November, 2009.

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CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of November, 2009, a true and correct copy of the foregoing **PLAINTIFF'S RESPONSE IN OPPOSITION TO DEFENDANT'S MOTION FOR SUMMARY JUDGMENT** was sent CM/ECF system addressed as follows:

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