

**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.

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**PLAINTIFF'S CROSS-MOTION FOR SUMMARY JUDGMENT  
AND MEMORANDUM OF LAW IN SUPPORT THEREOF**

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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—hereby cross-moves for summary judgment, and states:

**INTRODUCTION**

This case involves Amazon's use of VPI's famous mark to sell its own directly-competing products in an Internet "bait and switch" scheme. In Amazon's motion for summary judgment, it failed even to discuss the gravamen of the trademark and deceptive trade practices claims, *i.e.*, likelihood of public confusion. Based upon the undisputed material facts, each element of the Lanham Act and Colorado Consumer Protection Act claims are met. Further, Amazon cannot rely upon the so-called "nominative fair use" doctrine as a defense for its actions. Accordingly, VPI is entitled to judgment as a matter of law on each claim. VPI is likewise entitled to judgment on the

issue of Amazon's "nominative fair use" assertion, which need not be presented to the trier of fact.

### **STANDARD OF REVIEW**

See Defendant's Motion for Summary Judgment and Memorandum in Support Thereof (Oral Argument Requested) [Doc. No. 30], at pp. 5-6 ("Amazon's Motion at \_\_\_").

### **STATEMENT OF UNDISPUTED MATERIAL FACTS**

1). For twenty years, VPI has developed, marketed and sold computer learning products, including CDs. Plaintiff's Response in Opposition to Defendant's Motion for Summary Judgment [Doc. No. 39], at Exhibit 1, ¶ 1 ("Response at \_\_\_\_\_").

2). "Video Professor" is a registered mark, which has been used continuously by VPI since 1987. See *id.* at ¶¶ 2-8.

3). Since 1987, VPI has spent hundreds of millions of dollars in advertising, marketing and promoting its "Video Professor" brand products. *Id.* at ¶ 4.

4). From at least December, 2003, until April, 2009, Amazon purchased the keywords "video professor" from search engines, including Google, to trigger Amazon ads as "Sponsored Links" in search results for the query "video professor." Amazon's Motion, at Declaration of Eric Herrmann, No. 7 ("Herrmann Declaration at No. \_\_\_").

5). One such ad used the trademark "Video Professor" in the text of the ad, though incorrectly spelled "video proffessor." **Exhibit 11** (attached hereto).<sup>1</sup> Other Amazon ads promise savings on its Web site. Complaint, at Exhibit A.

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<sup>1</sup> For clarity, VPI has continued the exhibit numbering from its Response brief.

6). Amazon used VPI's trademark as keywords and in Sponsored Links to attract computer users searching for "video professor" and divert them away from VPI's Web site and to Amazon's own Web site. See Response, at Exhibit 9, Req. Adm. 4.

7). From December, 2003, until April, 2009, at least 6188 potential customers navigated to Amazon's Web site from Google through one or more of the "Sponsored Links," after typing in the trademarked search query "video professor." Response, at Exhibit 9, Int. No. 10.

8). The "Professor Teaches" products listed on Exhibit B to the Complaint are computer learning CDs in direct competition with VPI. **Exhibit 12**, at ¶ 3; see also **Exhibit 13** (authenticating certain exhibits).

9). "Professor Teaches" products are sold through the Internet. See Response, Exhibits 2-3,10; see also **Exhibit 13**.

10). "Professor Teaches" products are not well known in the computer learning software market with only a 5% market share, whereas VPI enjoys an 85%-90% market share. See Response, at Exhibit 1, ¶ 14 (providing 90% market awareness); see also **Exhibit 12**, at ¶¶ 2, 6-7 (providing market shares and that Professor Teaches does not engage in television, radio or print advertising).

11). Amazon buys "Professor Teaches" products from the manufacturer and sells the products on its Web site, and, therefore, they are Amazon's products. Herrmann Declaration at No. 4 (stating that Amazon's Web site identifies the "seller of the [Professor Teaches] product as 'Amazon.'")

12). When an individual searching for “video professor” in Google or another search engine, sees Amazon’s Sponsored Link ads promising savings on VPI products at Amazon.com, and navigates to Amazon’s Web site through a “Sponsored Link” generated by purchasing VPI’s trademark keywords, they are presented with a Web page entitled “Amazon.com: video professor.” Complaint, Exhibit B; *see also* Exhibit 13. Amazon’s “Video Professor” Web page also contains another prominent title stating “video professor.” Complaint, Exhibit B.

13). Amazon’s “Video Professor” Web page automatically populates Amazon’s internal search box with “video professor,” the terms originally entered into Google’s search box by the potential customer. *Id.*; *see also* Herrmann Declaration at No. 8.

14). Consumers expect to see search results in a natural order of relevance, with exact word matches first, and then in descending order of relevance. *See infra*, note 9 and accompanying text.

15). Amazon’s internal search feature switches and manipulates the search results for “video professor,” so that its “Professor Teaches” products appear first, with second-hand VPI products that would be exact word matches appearing on subsequent screens/pages. *See* Complaint, Exhibit B.

16). A search on Amazon’s internal search feature for “professor teaches” does not produce results that include VPI products. Response, at Exhibit 3.

17). Conversely, a search on Amazon’s internal search feature for “video professor” results in many “Professor Teaches” products being displayed, with Professor Teaches products appearing first in the results. Response, at Exhibit 10.

18). Each year, hundreds of individuals who have purchased “Professor Teaches” products—and who have the actual products in their possession, including packaging and user manuals (all of which reference the name, address and phone number of the true manufacturer)—attempt to return the products by mailing them to VPI believing that they are VPI’s products. Response, Exhibits 4-8; **Exhibit 12, ¶¶ 4,8.**

19). Forty-five percent (45%) of VPI’s business comes through Internet sales. Response, at Exhibit 1, ¶ 10.

20). In the last three years, approximately three percent (3%) of the consumers who performed an Internet search for “video professor” (73,654 out of 2,409,271), thereafter purchased one or more products from VPI. *Id.* at ¶ 11.

21). VPI’s average net profit per customer is \$112.00. *Id.* at ¶ 12.

## **ARGUMENT**

### **I. Amazon’s Use of VPI’s Mark Violates the Lanham Act.**

**A.-B.** See Amazon’s Motion at p. 6; see *also* Response, at p. 5 (providing no dispute regarding burden of proof or elements). VPI has brought two trademark claims; one under 15 U.S.C. § 1125(a) (false designation and representation), and the second under 15 U.S.C. § 1114(1)(a) (trademark infringement and contributory infringement). To satisfy Section 1125(a), VPI must establish that, (1) in connection with a good, (2) Amazon used in commerce, (3) a word, name or any combination thereof, or a false designation of origin, (4) which is likely to cause confusion, mistake or deceive, (5) as to the affiliation, connection or association of Amazon with VPI, or as to Amazon’s and VPI’s products, (6) that has or is likely to cause VPI damages. 15 U.S.C. §

1125(a)(1)(A). For the Section 1114(a) claim, VPI must establish that, (1) without VPI's consent, (2) Amazon used VPI's mark or a colorable imitation in commerce, (3) in a manner likely to cause confusion, mistake or to deceive. 15 U.S.C. § 1114(1)(a).

**C. Material Undisputed Facts:** See Statement of Undisputed Material Facts, *supra*.

**D. None. E. Amazon's use of the mark was not authorized.** Due to the fact that Amazon's use of VPI's mark constitutes a "use in commerce," the only elements of the Lanham Act claims in dispute are whether: (1) Amazon's use was unauthorized; (2) whether a likelihood of confusion exists; and (3) whether VPI suffered injury. See generally, *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238-40 (10<sup>th</sup> Cir. 2004) (improper use of trademarks as keywords and as metatags in a Web site to divert Internet traffic searching for one company to competing products satisfies elements of Lanham Act claim); see also Amazon's Motion (taking issue only with the above-referenced elements). Each issue is discussed *infra seriatim*.

As set forth in VPI's Response at pages 6-8, which are incorporated herein by this reference, Amazon cannot claim it is authorized to sell its own confusingly-similar and directly-competing product using VPI's mark. Amazon's use violates the implied covenant of good faith and fair dealing of the parties' terminated contract, is void as against the public policy against consumer confusion embodied in Trademark law, and is unconscionable. See *id.* No genuine issue of fact exists regarding Amazon's unauthorized use of VPI's mark. See, e.g., Response, at Exhibit 9, Req. Adm. Nos. 13-15 (Amazon received two cease and desist letters, and did not respond).

**F. A likelihood of confusion exists.** The Tenth Circuit recognizes three primary

forms of consumer confusion: direct, reverse and initial interest. *See Australian Gold, Inc.*, 436 F.3d at 1238. In this case, VPI alleges the first and last forms of confusion.

1). Direct confusion exists. 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. The Tenth Circuit applies a multi-factored test to determine if a likelihood of confusion exists. The factors 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.” *John Allan Co. v. Craig Allan Co.*, 540 F.3d 1133, 1138 (10<sup>th</sup> Cir. 2008). 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.*

With respect to the first factor, *i.e.*, the degree of similarity between the marks, Amazon uses the exact same marks for the keywords, metatags, Sponsored Links and its “video professor” Web page (“Video Professor” and “Video Professor”),<sup>2</sup> as well as a confusingly similar marks for its bait and switch search results and competing product sales (“Video Professor” and “Professor Teaches”). The two marks are confusingly similar as they share a common dominant word (“Professor”), are both two-word marks, and invoke the same mental impact (*i.e.*, learning from the Professor). *See, e.g., First*

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<sup>2</sup> *See Australian Gold, Inc.*, 436 F.3d at 1240 (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).

*Sav. Bank, F.S.B. v. First Bank Syst., Inc.*, 101 F.3d 645, 653 (10<sup>th</sup> Cir. 1996) (similarity in sight, sound and meaning informs issue of similarity of marks).<sup>3</sup>

Similarly, where a junior user's mark shares a common element or word with the senior user's mark, confusion can result. For example, confusion was found to exist for the marks "Blockbuster Video" and "Video Buster,"<sup>4</sup> "Miracle Whip" and "Salad Whip,"<sup>5</sup> "Q-Tips" and "Cotton Tips,"<sup>6</sup> and "Chic" and "L.A. Chic."<sup>7</sup> 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 Amazon's self-entitled "video professor" Web page, would, *a fortiori*, believe that the "Professor Teaches" products were simply a line of VPI's products. *Id.*; see also Response, at Exhibit 2. There is also a higher likelihood of confusion as the two products compete. *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925 (10<sup>th</sup> Cir. 1986).<sup>8</sup>

Amazon has admitted that its intent in purchasing VPI's mark as keywords and their use in Sponsored Links was to attract potential VPI customers to its site by using

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<sup>3</sup> See also, e.g., *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 354-55 (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, 775 (7<sup>th</sup> Cir. 1927) (noting that when similarities in mark are significant, differences may be *de minimis*); *Saxlehner v. Eisner & Medelson Co.*, 179 U.S. 19, 33 (1900) (not every name in a mark need be appropriated for it to be confusingly similar).

<sup>4</sup> See *Blockbuster Entn't Group v. Layco, Inc.*, 869 F. Supp. 2d 505, 515 (E.D. Mich. 1994).

<sup>5</sup> *Kraft Cheese Co. v. Leston Co.*, 43 F. Supp. 782, 783 (D. Mo. 1941).

<sup>6</sup> *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144, 148 (3<sup>rd</sup> Cir. 1953).

<sup>7</sup> *Henry Siegel Co. v. M & R Int'l Mfg. Co.*, 1987 WL 123838, \* 8 (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).

<sup>8</sup> 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 six results, with second-hand 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, 283 (6<sup>th</sup> 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).



VPI's trademark, and, therefore, the second factor weighs in favor of VPI. See Response, at Exhibit 9, Req. Adm. 4; see also *Australian Gold, Inc.*, *supra*. Amazon's intent in using VPI's mark becomes even more clear when its conduct is viewed *in toto*. Its intentional acts to confuse consumers are numerous, and include: (1) diversion of consumers by using VPI's trademark to generate Sponsored Links and in the text thereof, see Exhibit 11; (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, *i.e.*, "Amazon.com: video professor;" see Response, at Exhibit 2; (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 prominently display and sell its competing products by using the strength of VPI's mark; see *id.*;<sup>9</sup> (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; see Response, at Exhibit 2; and (5) the failure to inform consumers adequately that Amazon's products are not VPI's (collectively "Intentionally Confusing Acts"). See *id.* Once intent to confuse is shown, a presumption of actual confusion

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<sup>9</sup> 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.") ("McCarthy at \_\_\_\_\_"); see also, *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 131 (2<sup>nd</sup> 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."); compare Herrmann Declaration at No. 8 (incorrectly testifying that Amazon's internal search results are in "real-time natural" order, when, in fact, they are unnatural, manipulated and reversed), with Complaint at Exhibit B (showing Amazon's Professor Teaches products are ranked above what would be exact word matches for the search query "video professor").

arises. *Fleischmann Dist. Corp. v. Maier Brewing Co.*, 314 F.2d 149, 157-58 (9<sup>th</sup> Cir. 1963).<sup>10</sup>

Due to the confusingly-similar names and Amazon's Intentionally Confusing 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, all of which reference the name, address and phone number of the true manufacturer—<sup>11</sup>remain confused well after the sale as to Professor Teaches' affiliation with VPI and actually attempt to return the products to VPI, thereby constituting evidence of actual confusion and conclusively establishing the third factor.<sup>12</sup> See Response, at Exhibits 4-8; see also *AmBrit, Inc. v. Kraft, Inc.*, 805 F.2d 974, 987 (11<sup>th</sup> Cir. 1986) (where goods are inexpensive, evidence of actual confusion is difficult to obtain and even a few instances are significant), *superseded by* 812 F.2d 1531 (11<sup>th</sup> Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987). 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, 301 (10<sup>th</sup> 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 relatively inexpensive computer learning software (and thereby per force are

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<sup>10</sup> 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, 131 (1947).

<sup>11</sup> Exhibit 12, at ¶¶ 4, 8.

<sup>12</sup> 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 Response, at Exhibits 4-8; see also Exhibit 12, at ¶¶ 4, 8; *cf.*, *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185 F.3d 1084, 1092-93 (10<sup>th</sup> Cir. 1999) (seven examples of actual confusion is *de minimis*).

unsophisticated consumers) 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, 1252-53 (4<sup>th</sup> Cir. 1970).

Finally, the sixth factor, *i.e.*, the strength or weakness of the marks, likewise weighs in VPI's favor, as its mark is extremely well-known, whereas the Professor Teaches brand is virtually unknown. See Response, at Exhibit 1, at ¶¶ 2, 4-10, 14; see also **Exhibit 12**, at ¶ 7. To the extent Amazon attempts to misdirect any blame on the manufacturer of the Professor Teaches products 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 *Gucci America, Inc. v. Action Activeware, Inc.*, 759 F. Supp. 1060, 1065-66 (S.D.N.Y. 1991); *Hard Rock Cafe Licensing Corp. v. Concessions Svcs., Inc.*, 955 F.2d 1143, 1152 n.6 (7<sup>th</sup> 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 direct confusion. Moreover, Amazon's intent to confuse establishes a presumption of confusion. *Fleischmann Dist. Corp., supra*.

2). Initial interest confusion exists. Initial interest confusion exists—so as to satisfy the likelihood of confusion element of a Lanham Act claim—if a defendant uses the plaintiff's mark to divert Internet traffic away from the plaintiff's products to the defendant's products, by using the plaintiff's mark or one similar thereto. *Australian*

*Gold, Inc.*, 436 F.3d at 1238.<sup>13</sup> It is irrelevant what occurs thereafter, and a Lanham Act violation occurs regardless if the consumer eventually realizes he or she is at a competitor's site, or even where no sale actually occurs. *See id.* at 1239.

Damage to the mark holder occurs at the moment of the diversion, and can manifest itself in not less than three ways. *See id.* They include: "(1) the original diversion of a potential customer's interest to a source he or she erroneously believes is authorized; (2) the potential consequent effect of that diversion on the customer's ultimate decision whether to purchase caused by an erroneous impression that two sources of a product may be associated; and (3) the initial credibility that the would-be buyer may accord to the infringer's products—customer consideration that otherwise may be unwarranted and that may be built on the strength of the protected mark, reputation and goodwill." *Id.*; *see also Brookfield Commcns., Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1063-64 (9<sup>th</sup> Cir. 1999) (collecting numerous cases).

Moreover, it is irrelevant whether the mark holder's products may also be available along with the competitor's products, *i.e.*, the brick and mortar grocery store or product placement analogy. *Id.* (holding that a Lanham Act violation had occurred and stating: "While viewing Defendants' Web sites, consumers had the opportunity to purchase [the Plaintiffs'] Products, but also to purchase lotions from Plaintiffs' competitors . . . ."); *see also Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 130 (2<sup>nd</sup> Cir. 2009) (rejecting product placement analogy in Internet context and stating it was not

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<sup>13</sup> As noted above, Amazon does both, as it used VPI's mark, as well as one confusingly similar thereto.

a “magic shield” and that a deceptive display or delivery “would [not] escape liability merely because it could claim the mantle of ‘product placement.’”).

Therefore, a disclaimer or a “product placement” argument in defense is inapposite and irrelevant, as the damage—and the Lanham Act violation—has already occurred at the very moment of the diversion, and, therefore, cannot be cured thereafter. 436 F.3d at 1240 (dismissing a disclaimer argument); *see also, Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 442 n.2 (7<sup>th</sup> Cir. 1990) (confusion later dispelled does not eliminate the trademark infringement that has already occurred).

In this way, the Tenth Circuit has necessarily rejected by implication the Ninth Circuit’s “nominative fair use” doctrine, which inquires into confusion *after* the initial act of improper Internet diversion. *See, e.g., Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811, 820 (D. Ariz. 2008) (initial interest confusion case discussing the nominative fair use and recognizing that its holding is contrary to *Australian Gold, Inc.*, *supra*). Regardless, as explained *infra* at Section II, due to the abundance of confusion intentionally fostered by Amazon in order to sell its own competing products by trading off of VPI’s famous mark, even in the Ninth Circuit, nominative fair use would not apply. *See, e.g., New Kids on the Block v. News America Publ’g, Inc.*, 971 F.2d 302, 307-08 (9<sup>th</sup> Cir. 1992) (stating that nominative fair use may apply if, *inter alia*, the user “does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one.”); *see also, McCarthy*, at Section 23:11, p. 23-62 (providing that for nominative fair use to apply in the 9<sup>th</sup> Cir., no confusion can exist).

Amazon's use of VPI's mark to generate Sponsored Links, and, *a fortiori*, by its actual use of VPI's mark in the text of the Sponsored Links,<sup>14</sup> satisfies the Tenth Circuit's test for initial interest confusion. See *Australian Gold, Inc.*, 436 F.3d at 1238-40. Accordingly, a likelihood of confusion based on initial interest confusion exists, thereby satisfying the likelihood of confusion element of the Lanham Act claims.

**G. Amazon's trademark infringement caused VPI injury.** Irreparable injury is ordinarily presumed once a plaintiff has established a likelihood of confusion. *Big O Tires, Inc. v. Bigfoot 4X4, Inc.*, 167 F. Supp. 2d 1216, 1227 (D. Colo. 2001). Additionally, once initial interest confusion is established, damages are presumed. See *Australian Gold, Inc.*, 436 F.3d at 1239 (stating three ways damage result from initial interest confusion even where consumer becomes aware of source's actual identity or where no actual sales of the competing products results from the diversion). Moreover, here, VPI can establish actual damages within a reasonable degree of probability.

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 (10<sup>th</sup> Cir. 2004). For example, courts have utilized the net profits for the first year of a wrongfully-terminated contract to extrapolate the lost profits for the two remaining years. *Ripple Resort Media, Inc. v. Skiview Corp.*, 2008 WL 4678518, \*4-7 (D. Colo., Oct. 20, 2008) (unreported decision).

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

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<sup>14</sup> See Exhibit 11.

3% of individuals who search for “video professor” in a search engine ultimately purchase one or more of VPI’s products. Response, at Exhibit 1, ¶ 11. Amazon has disclosed that approximately 6,200 individuals clicked on its “Sponsored Link” ad appearing on Google’s site after entering in the search term “video professor.” Response, at Exhibit 9, Int. 10. Further, VPI’s historic sales data reflects the average net profit per customer is \$112. Response, at Exhibit 1, ¶ 12. Accordingly, the net lost profits damages are not less than approximately \$20,800. *Id.* at ¶ 13.

**H. Amazon’s actions constitute contributory infringement.** Amazon’s sale of the confusingly-similar Professor Teaches products (using VPI’s mark) likewise constitutes contributory infringement, for which Amazon may be held strictly liable. *See, e.g., Gucci America*, 759 F. Supp. at 1065-66; *Hard Rock Cafe*, 955 F.2d at 1152 n.6.

**II. Nominative Fair Use Does Not Apply.**

In this case, Amazon claims to enjoy a defense to its infringement under the guise of a so-called “nominative fair use.” It is a criticized doctrine and is not the law of this circuit; however, even if credited *arguendo* (which it should not be), due to Amazon’s Intentionally Confusing Acts, if this case were pending in the only circuit to recognize the doctrine, it would not apply.

Judge Kane recently had the occasion to consider the nominative fair use as an alleged 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 to promote their services and facilities, among other things. *Id.* at 1231. The hospital defendant used the mark in sundry press releases and on its Web site without a license. *Id.* After being notified of the infringement, the hospital defendant continued its use. *Id.*

The hospital moved to dismiss the trademark claims under Rule 12(b)(6), asserting the nominative fair use concept as a defense. *Id.* at 1231-32; 1239. After setting forth this circuit's 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 cachet of one product for a different one. *Id.* at 1239-40 (quoting *New Kids, supra*). 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.

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 for nominative fair use to apply, "the user [can do] nothing that would, in conjunction with the mark, suggest sponsorship or endorsement



by the trademark holder[.]” and that the analysis has not been widely adopted. *Health Grades, Inc.*, 643 F. Supp. 2d at 1240. “[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 to avoid addressing the likelihood of confusion is misplaced. 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 nominative fair use had not been adopted in the 10<sup>th</sup> Circuit, but could inform the confusion analysis). It certainly is not the panacea upon which Amazon attempts to rely. Moreover, because actual confusion abounds and Amazon has sought to “capitalize on consumer confusion [and] to appropriate the cachet of [VPI’s] product for [Amazon’s own product,]” it is inapposite. *Health Grades, Inc.*, 643 F. Supp. 2d at 1239-40; *see also* McCarthy, at Section 23:11, p. 23-62.

Regardless, even if the additional three factors are considered, Amazon’s Intentionally Confusing Acts preclude the analysis’ application because Amazon clearly has misused VPI’s mark in a manner that, “in conjunction with the mark, suggest[s]

sponsorship or endorsement by the trademark holder.” Therefore, VPI is entitled to judgment as a matter of law that Amazon is not entitled to claim a “nominative fair use.” For the same reasons, the issue should not be submitted to the trier of fact.

**III. VPI is entitled to Summary Judgment on its Colorado Consumer Protection Act Claim.**

**A.-B.** See Amazon’s Motion at p. 15; see also Response at p. 20. To prove a private cause of action under the Colorado Consumer Protection Act (“CCPA”), a plaintiff must show that: (1) the defendant engaged in a deceptive trade practice; (2) the challenged practice occurred in the course of defendant’s business, vocation, or occupation; (3) it significantly impacts the public as actual or potential consumers of the defendant’s goods, services, or property; (4) the plaintiff suffered injury in fact to a legally protected interest; and (5) the challenged practice caused the plaintiff’s injury. *Rhino Linings USA, Inc. v. Rocky Mountain Rhino Lining, Inc.*, 62 P.3d 142, 146-47 (Colo. 2003).

**C. Material Undisputed Facts:** See Statement of Undisputed Facts, *supra*. **D.** None.

**E. Amazon’s acts constitute an unfair and deceptive trade practice.** Through its Intentionally Confusing Acts, Amazon has engaged in at least the following four deceptive trade practices: (1) knowingly “pass[ing] off goods,” *i.e.*, the Professor Teaches products as those of VPI, in violation of Section 105(1)(a); (2) knowingly mak[ing] a false representation as to the source of goods in violation of Section 105(1)(b); and (3) knowingly mak[ing] a false representation as to affiliation, connection, or association with another in violation of Section 105(1)(c).

Also, through its Intentionally Confusing Acts, Amazon employs “bait and switch” advertising in violation of Section 105(1)(n)(II), by its effort to sell Professor Teaches

products after first diverting consumers to its Web site through use of VPI's trademark, and then prominently displaying its competing Professor Teaches products above VPI products in the search results. Finally, by disparaging VPI's second-hand or used products through its "Five Star" ranking program—which ranks the Professor Teaches products with a 4 ½-Stars and the second-hand VPI products with a 2-Star ranking—Amazon violates Section 105(1)(n)(II). See Complaint, Exhibit B.

The remaining four elements of a CCPA claim are similarly established, *i.e.*, the challenged practices occurred in the course of Amazon's business, they significantly impact the public through their likelihood of confusion, VPI has suffered injury in fact to the legally protected interest it has in its trademarked name, and the challenged practices caused VPI's injury. See *supra*, Section I(G).

### **CONCLUSION**

Amazon has used VPI's trademark without authorization to lure prospective VPI customers looking for VPI's Web site, to Amazon's own Web site, and, thereafter, to sell its own directly competing and confusingly-similar products in a classic bait and switch scheme. The Tenth Circuit has not recognized the criticized "nominative fair use" doctrine. Regardless, Amazon's conduct precludes the disfavored doctrine's application. On the undisputed material facts, VPI is entitled to judgment as a matter of law on its Lanham Act and CCPA claims.

WHEREFORE, VPI respectfully requests that the Court enter an Order awarding VPI the following relief: (1) summary judgment on the Lanham Act and CCPA claims; (2) order an accounting and disgorgement of Amazon's profits related to the

infringement and other malfeasance, with a constructive trust placed thereupon; (3) judgment in its favor in an amount of not less than \$20,800.00 related to VPI's known lost net profits, trebled to \$62,400 under the CCPA; (4) award VPI its reasonable costs and attorney's fees under the CCPA and the Lanham Act; (6) pre and post-judgment interest; (7) enter a permanent injunction enjoining Defendant from: (a) displaying VPI's trademarks or any confusingly similar imitations thereof on the Internet; (b) purchasing VPI's trademarks or confusingly-similar trademarks as keywords from search engine operators to create Sponsored Links or their functional equivalent; (c) using VPI's trademarks in Defendant's search function, or any other aspect of its Web sites, in order to sell "Professor Teaches" or any other non-VPI products; and (d) from using VPI's trademarks in the metatags or html code for its Web sites; (8) order Amazon to file a written report following the entry of the order detailing how it has complied with such order; and (9) such other and further relief as the Court deems just and proper.

Respectfully submitted this 4<sup>th</sup> day of December, 2009.

FAIRFIELD AND WOODS, P.C.

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ATTORNEYS FOR PLAINTIFF

**CERTIFICATE OF SERVICE**

I hereby certify that on the 4<sup>th</sup> day of December, 2009, a true and correct copy of the foregoing **PLAINTIFF'S CROSS-MOTION FOR SUMMARY JUDGMENT AND MEMORANDUM OF LAW IN SUPPORT THEREOF** was sent CM/ECF system addressed as follows:

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*s/ Julie Boling* \_\_\_\_\_  
Julie Boling