

**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 REPLY IN SUPPORT OF CROSS-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—hereby replies in support of Plaintiff's Cross-Motion for Summary Judgment and Memorandum of Law in Support Thereof [Doc. No. 45] ("VPI's Cross-Motion"):

INTRODUCTION

This action involves Amazon's unauthorized use of VPI's trademarks to improperly divert Internet traffic searching for VPI to Amazon's own Web site based upon the strength of VPI's mark. Thereafter, Amazon used VPI's mark to market and sell Amazon's own confusingly similar and directly competing product in an Internet bait and switch scheme. In response to VPI's Cross-Motion, Amazon claims its use of VPI's marks was authorized, was a "nominative fair use," and that VPI has not met its burden. Amazon's responsive arguments fail and VPI is entitled to summary judgment.

ARGUMENT

I. Amazon Concedes Critical Material Facts, Leaving Only a Legal Question.

In responding to VPI's Cross-Motion, Amazon was required to come forward with affirmative evidence to rebut VPI's assertion of undisputed material facts. FED. R. CIV. P. 56(e)(2); *see also Wren v. Heckler*, 744 F.2d 86, 90 (10th Cir. 1984). Once VPI came forward with well-supported facts, Amazon could not sit back and offer mere argument of counsel to rebut VPI's evidence. *Id.* Amazon entirely failed to challenge the following asserted material facts, which are now conclusively established for purposes of summary judgment: 1 (VPI's 20-year presence in the industry); 2 (since 1987, "Video Professor" registered mark and used continuously); 3 (VPI has spent hundreds of millions to promote mark); 4 (Dec. 2003 through April, 2009, Amazon purchased VPI's mark as keywords from search engines to generate Sponsored Link ads); 5 (some of the Sponsored Link ads used "video professor" in the text); 8 (Professor Teaches products directly compete with VPI's); 9 (Professor Teaches products sold on Internet); 10 (Professor Teaches products have 5% market share, and VPI has 85-90%); and 16 (search on Amazon for "professor teaches" does not produce results that include VPI products). *Compare* VPI's Cross-Motion, pp. 2-5 (asserting undisputed material facts), *with* Defendant's Response to Plaintiff's Cross-Motion for Summary Judgment [Doc. No. 47], at pp. 2-4 (failing to challenge the foregoing facts) ("Amazon's Response").

Additionally, Amazon failed to rebut with challenging admissible evidence the following material facts: 6 (merely arguing individuals searching for "video professor" may not be searching for VPI; *but see Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228,

1238-39 (10th Cir. 2006) (necessarily assuming consumer searching for company's trademark on Internet is searching for company's Web site)); 7 (no material response to the fact 6188 diversions occurred as result of Amazon's use of VPI's marks from 2003-2009); 11 (arguing Professor Teaches products are not Amazon's, although admittedly sold by Amazon as retailer); 12 (arguing exhibits showing Amazon's use of VPI mark to unfairly promote and sell its competing Professor Teaches brand products do not reflect what they objectively reflect); 14 (merely arguing that consumers do not expect search results in natural order of relevance, with exact word matches first); 15 (arguing Amazon's search results are not manipulated to sell Professor Teaches products as VPI products, despite fact the exhibits objectively evidence such); 17 (arguing the irrelevant claim that Amazon's search results change from day-to-day); and 18 (inaccurately arguing that VPI's affidavits do not establish evidence of actual direct consumer confusion post-sale where the confused consumers who possess the competing Professor Teaches products yet attempt to return them to VPI). *Compare* VPI's Cross-Motion at pp. 2-5, *with* Amazon's Response at pp. 2-4.

Amazon has either admitted or failed to rebut each of VPI's asserted material facts. Therefore, only a legal question remains regarding whether Amazon's conduct violates the Lanham Act and the Colorado Consumer Protection Act (CCPA). Amazon's conduct violates both acts and VPI is entitled to summary judgment.

II. Amazon's Use of the Marks Was Not Authorized.

Amazon's primary defense is the flawed assertion that the license VPI granted to Amazon in the terminated Vendor Manual agreement actually authorized Amazon to

use VPI's marks in perpetuity, in any manner it desires, without regard to the inherently unfair, deceptive and confusing nature of Amazon's actual use, or the resultant detrimental impact on the public and VPI. Amazon's assertion fails scrutiny.

As provided in VPI's Response in Opposition to Defendant's Motion for Summary Judgment [Doc. No. 39] ("VPI's Response"), the parties entered into the Vendor Manual contract to allow Amazon to purchase new VPI products directly from VPI, and then resell them to consumers on Amazon's Web site. See VPI's Response at pp. 6-8. For that limited purpose, VPI granted Amazon a license to use its marks. The license provision itself discloses the reason VPI authorized Amazon's use of its marks beyond the termination of the agreement. The license provides, in part:

[VPI] hereby grants to Amazon.com a non-exclusive, worldwide, perpetual, and royalty-free license to . . . (c) use all trademarks and trade names [in the "Product Information," as defined], in accordance with [VPI's] trademark guidelines, provided that such trademark guidelines do not conflict with the terms of this Vendor Manual If [VPI] fails to provide Amazon.com with [inter alia, the Product Information and license to use its marks, VPI] acknowledges that Amazon.com will not be able to sell or promote [VPI's products] on its website and [VPI] agrees at its . . . cost . . . to accept returns of all [products provided to Amazon]

Defendant's Motion for Summary Judgment and Memorandum in Support Thereof (Oral Argument Requested) [Doc. No. 30], at Exhibit A-6, p. 7, Section III(4) (emphasis added) ("Amazon's Motion").

Accordingly, when read in context and when all the language is given effect, Amazon's authorization to use VPI's marks was limited to allow Amazon to market and its VPI inventory until the exhaustion of such inventory following the

termination of the agreement.¹ The authorization cannot legitimately be interpreted to permit Amazon's bait and switch scheme and other intentionally deceptive and confusing trade practices in an attempt to sell Amazon's own confusingly similar and directly competing Professor Teaches products based on the relative strength of VPI's mark. VPI has not authorize Amazon to misuse its marks in the manner it has.²

Amazon also claims that because VPI argued in its Response that it had come forward with sufficient competent evidence so as to establish genuine issues of fact to rebut Amazon's assertion of authorized use, VPI cannot now argue it has conclusively established that there remains no genuine issue that Amazon's use was, in fact, unauthorized. Amazon's argument is flawed, intentionally imprecise and muddled.

VPI asserts that genuine issues do exist to rebut Amazon's claimed interpretation of its conduct and the scope of the license, thereby precluding the Court from finding that Amazon's use was authorized and foreclosing summary judgment for Amazon. VPI's Response at pp. 6-7. Additionally, VPI submits that based upon its subsequent Cross-Motion and all the arguments and evidence presently before the Court, no genuine issue of fact now remains regarding the fact that VPI did not authorize Amazon to use its marks in the manner utilized. These two positions are not mutually exclusive and are consistent. No genuine issue can exist regarding Amazon's unauthorized use.

¹ As an additional example of the limited nature of the Vendor Manual and its license: "[t]his [Manual] is effective for all Products that [VPI] provides to Amazon.com on or after the Effective Date Either party may terminate [the Manual] at any time . . . subject to (a) [VPI] confirming and fulfilling all . . . Orders issued by Amazon.com prior to the . . . termination, and (b) Amazon.com paying [VPI] for such products] . . ." *Id.* at p. 5, Section III(1) (emphasis added).

² Additionally and as previously argued, Amazon's construction of the contract is void as against public policy, violates the covenant of good faith and fair dealing, and is unconscionable. Amazon's apparent assertion that parties can agree to allow one to use the other's marks to deceive consumers is remarkable. See Amazon's Response at p. 8.

III. Even in the Ninth Circuit, the Nominative Fair Use Defense Would Fail.

Amazon's characterization of its use of VPI's mark as constituting a "nominative fair use" is far too narrow and avoids both the breadth of the infringing conduct alleged by VPI in its Complaint [Doc. No. 1], including several required criteria for the doctrine's application (even if this case were pending in the sole circuit to adopt it). In framing its nominative fair use argument, Amazon provided that its acts enjoy protection "because Amazon has done nothing in connection with its use of [the mark] in Keyword Advertising to indicate that VPI sponsors or endorses any products presented to a consumer who clicked on a sponsored link." Amazon's Response at p. 10 (Argument Heading E). As set forth by VPI in its Response and Cross-Motion, the issue of sponsorship or endorsement is but one of several required criteria for the criticized doctrine to apply. See VPI's Response at pp. 8-11; VPI's Cross-Motion at pp. 15-18.

Amazon's constricted framing of the issue and arguments that follow completely miss the fact that its conduct constitutes initial interest confusion in the Tenth Circuit. In fact, and in what should be viewed as a tacit admission that Amazon has no defense to initial interest confusion under *Australian Gold, supra*, Amazon fails to confront the fact that its actions constitute initial interest confusion *per se*, regardless of what occurs thereafter. Even more egregious is the admitted fact that Amazon used VPI's marks *in the actual text of the Sponsored Links themselves*. Compare VPI's Cross-Motion at pp. 11-14 (establishing that under *Australian Gold, supra*, Amazon's actions constitute initial interest confusion), with generally Amazon's Response at pp. 10-14 (failing to meaningfully discuss the issue). Amazon's apparent belief that it can avoid initial

interest confusion if unaffiliated third-party resellers happen to sell used VPI products on its Web site is misplaced. 436 F.3d at 1239 (expressly holding initial interest confusion exists, and the Lanham Act violated, even where mark holder's products are also offered for sale). Amazon cannot avoid this determinative and dispositive precedent.

Amazon's framing of the issue further avoids the fact that VPI has pled contributory infringement from the outset; yet Amazon failed to attempt to rebut VPI's well-supported claim. Amazon instead argues that VPI should not be allowed leave to amend. Amazon's Response at p. 15. No such leave is required and Amazon has failed to meet its burden. Complaint at ¶ 37 ("Amazon's acts constitute . . . contributory infringement . . .") (emphasis added); see also VPI's Cross-Motion at pp. 7-8, 15.

Regardless, Amazon's nominative fair use arguments ignore the fact that, unlike a classic fair use defense where some confusion may be tolerated, for nominative fair use, there can be no confusion at all. See, e.g., *Health Grades, Inc. v. Robert Wood Johnson Univ. Hosp., Inc.*, 634 F. Supp. 2d 1226, 1240, 1241 (D. Colo. 2009) (Judge Kane discussing Ninth Circuit's nominative fair use and providing no confusion can exist). In this case, there is initial interest confusion *per se* under *Australian Gold, supra*, as well as substantial evidence of actual direct confusion based upon the confusingly-similar names of the products alone. VPI's Response at Exhibits 4-8. Per force, when added to the already confusingly-similar names ("Video Professor" vs. "Professor Teaches," another argument that Amazon failed to substantively confront), Amazon's Intentionally Confusing Acts³ can only serve to further and foster even

³ As defined in VPI's Cross-Motion at p. 9.

greater consumer confusion. Moreover, by trading off the considerable strength of VPI's marks compared to the weakness of the Professor Teaches mark (85-90% vs. 5%), Amazon has sought to "appropriate the cachet" of VPI's marks for Amazon's Professor Teaches products, and so the defense fails. 634 F. Supp. 2d at 1239-40.⁴

Amazon further failed to persuasively respond to VPI's argument that the Tenth Circuit's approach to initial interest confusion impliedly rejects the Ninth Circuit's nominative fair use doctrine. Amazon presumes to divine that the *Designer Skin* court was itself actually confused when it stated that its holding was in direct conflict with *Australian Gold, supra*. See Amazon's Response at p. 13. The *Designer Skin* court stated its holding was in direct conflict with *Australian Gold, supra*, because it recognized that this circuit had held that at the very moment the initial interest confusion occurs (i.e., the improper diversion), and regardless if the infringed mark holder's products are also offered for sale or what occurs thereafter, the Lanham Act violation has already occurred. The *Designer Skin* court was correct in recognizing that its analysis of what occurred after the improper diversion under the nominative fair use doctrine was in direct conflict with *Australian Gold, supra*. The issue need not detain the Court and should not be preserved for trial.

IV. VPI Has Carried its Burden and is Entitled to Summary Judgment.

Contrary to Amazon's claim, VPI has carried its burden with competent evidence to establish that no genuine issues of material fact exist regarding Amazon's improper

⁴ Amazon's attempt to divert scrutiny to VPI regarding VPI's use of other's trademarks is misguided and inapposite. Unlike Amazon's Intentionally Confusing Acts, none of VPI's uses of other holders' marks can cause the slightest consumer confusion that VPI is Microsoft, eBay, or any other entity.

use of VPI's trademarks and that VPI is entitled to judgment as a matter of law. Further, through its failure to address VPI's evidence of damages, Amazon has conceded its conduct has caused VPI's claimed injuries. *Compare* VPI's Cross-Motion at pp. 14-15, *with generally* Amazon's Response (failing to rebut damages).

Regarding likelihood of confusion, after first entirely avoiding in its own motion the gravamen of the Lanham Act claims and this circuit's test, Amazon's attempt to apply the six-factor test to its conduct in its Response is flawed. Again, Amazon tries to sidestep the first (similarity of marks) and fourth factors (similarity of goods) by attempting to displace this circuit's test with the Ninth Circuit's test. Amazon's Response at pp. 16-17. Regarding the second factor (intent), Amazon ignores the damning effects of Amazon's internal search feature and attendant evidence of manipulation made plain by the comparative searches on Amazon's Web site for "video professor" and "professor teaches," *i.e.*, its "bait and switch." See Complaint, Exhibit B; VPI's Response at Exhibits 2, 3, 10. Amazon's continued assertion that its search results are "natural" is objectively false and flies in the face of the evidence.⁵

Additional examples of Amazon's misapplication of the six-factor test exist, but perhaps most glaring is Amazon's bald assertion regarding the sixth factor (*i.e.*, the strength or weakness of the marks), wherein it claims that VPI's mark is merely a "descriptive mark," and so entitled to the least protection. Amazon's Response at p. 17. As Amazon is aware, a descriptive mark, unlike that at issue here, is one that directly

⁵ *Compare* VPI's Response at Exhibits 2, 3 and 10, *with* 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F. Supp. 2d 273, 278 (D. N.J. 2006) (defining "natural" search results as "those [that] are most logically relevant to the search criteria."), *and* Amazon's Response at pp. 8, 17 and Amazon's Motion at p. 5 (wherein Amazon makes the objectively false assertion that its internal search results are "natural").

and clearly conveys information about the product. *Educ. Dev. Corp. v. Economy Co.*, 562 F.2d 26, 29 (10th Cir. 1977); 2 McCarthy, § 11:67, p. 147. Instead, the “Video Professor” mark is at least a “suggestive” mark, because it only indirectly suggests product information and requires “the buyer to use thought, imagination, or perception to connect the mark with the goods.” *Id.* As such, the “Video Professor” mark is an inherently distinctive and strong mark,⁶ which has been further strengthened by VPI’s investment of hundreds of millions of dollars in nationwide ads. VPI’s Response, Ex. 1.

Finally, with respect to VPI’s CCPA claim, VPI has come forward with evidence to establish each of the disputed elements. Amazon’s mere argument in rebuttal does nothing to create genuine issues of fact.

CONCLUSION

Based upon the undisputed material facts and the law of this circuit, VPI respectfully requests that the Court enter summary judgment for VPI.

Respectfully submitted this 7th day of January, 2010.

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⁶ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69 (1992).

CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of January, 2010, a true and correct copy of the foregoing **PLAINTIFF'S REPLY IN SUPPORT OF CROSS-MOTION FOR SUMMARY JUDGMENT** was sent CM/ECF system addressed as follows:

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