IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:09-CV-00636-REB-KLM

VIDEO PROFESSOR, INC.,

Plaintiff,

v.

AMAZON.COM, INC.,

Defendant.

DEFENDANT'S PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERS

Defendant Amazon.com, Inc. ("Amazon"), through counsel, submits the following Proposed Findings of Fact, Conclusions of Law and Orders.

* * *

FINDINGS OF FACT

1. The Court accepts the facts, without necessarily reiterating all of them, to which the parties stipulated in the Final Pretrial Order (*see* [#61] at 19-20, ¶ 4, entered effective April 16, 2010) and any amendment to that order.

2. Plaintiff Video Professor, Inc. ("VPI") is a Colorado corporation with its principal place of business in Lakewood, Colorado.

3. Defendant Amazon.com, Inc. ("Amazon") is a Delaware corporation with its principal place of business at 1200 12th Avenue South, Suite 1200, Seattle, Washington 98144.

A. VPI's Use of the VIDEO PROFESSOR Trademark.

4. At all relevant times, VPI has sold video-based computer learning products to help consumers learn how to use many brand-name computer software and technology products, including Microsoft® Excel®, Microsoft® Windows®, and eBay®, among others.

5. At all relevant times, VPI has offered its video-based computer learning products under the VIDEO PROFESSOR trademark (hereinafter the "VIDEO PROFESSOR Mark").

6. VPI is the owner of U.S. Reg. No. 1,566,793 and U.S. Reg. No. 1,574,578 for the VIDEO PROFESSOR Mark.

7. VPI has used the VIDEO PROFESSOR Mark in commerce since 1987.

8. At all relevant times, VPI has advertised its products on the Internet and through television advertisements and infomercials featuring John Scherer, the self-proclaimed "Video Professor."

9. At all relevant times, VPI has sold its Video Professor products direct to the consumer through a 1-800 telephone number and VPI's internet website at *www.videoprofessor.com*. Of the total number of users who visit VPI's website, on average, approximately 3 percent of them place an order for a Video Professor product.

10. In the early 2000's, VPI also sold its Video Professor products through mass market retail merchants nationwide, including for example Best Buy and Wal-Mart, among others.

11. At all relevant times, VPI's Video Professor products have been available for sale by resellers on internet e-commerce websites operated by eBay, Amazon and Craig's List, among others.

12. VPI uses a standard convention in naming its various products. VPI uses the third-party trademark of the computer product for which the product provides training preceded by the word "Learn" (*e.g*. "Learn Excel®", "Learn Windows®" and "Learn eBay®").

13. VPI has no license or other authorization from Microsoft, eBay or any other third party to use their respective trademarks in VPI's product titles.

14. Internet search engines including Google, Yahoo! and MSN allow persons to advertise on their websites by means of bidding of keywords. If an advertiser's bid on the keyword is successful, a short text advertisement created by the advertiser will appear in a "sponsored links" section adjacent to, but separate from, the search results produced by the search engine. If a user clicks on the sponsored advertisement (or sponsored link), the user is directed to a landing page on a website chosen by the advertiser.

15. VPI bids on its products titles, that include third party trademarks, to generate sponsored links on Google and other major search engines, leading consumers to landing pages on VPI's website. VPI's sponsored advertisements for its titles also display the respective third-party trademarks.

16. VPI has no license or other authorization from Microsoft, eBay or any other third party to use their respective trademarks in VPI's keyword advertising.

17. VPI currently sells its various software titles for $399. VPI promotes its products using a trial offer to consumers. Under the trial offer on *www.videoprofessor.com*, a consumer may try a Video Professor title (including 3 CD-ROM discs) for 10 days. If a consumer calls VPI within 10 days to inform VPI that he or she wishes to return one of the three CD-ROM discs and the consumer returns the disc, the consumer may keep the other two CD-ROM discs without charge. If, on the other hand, the consumer does not exercise this option, the consumer is charged the full $399 price for the title. As recently as last year, the price of a VPI title was $189 and was progressively lower still going back in time.

18. Approximately 25-30 percent of all persons who place an order for a VIDEO PROFESSOR product from VPI take advantage of the free trial and thus do not produce any revenue to VPI.

B. Amazon's Advertising and Product Offerings.

19. Amazon is a leading Internet retailer, and is the registrant and owner of the domain name *www.amazon.com* (the "Amazon.com website"). While Amazon got its start in 1995 primarily as an online bookstore, today Amazon aims to offer Earth's Biggest Selection of products. As part of that mission, Amazon not only sells products on the Amazon.com website, but also allows other retailers to sell their products on the website.

20. To help consumers find products on the Amazon.com website, Amazon employs a search function. This search function is designed to help direct consumers to products which are most relevant to their search. To that end, Amazon's search

results often will include not only products in which the consumer has expressed interest, but also related products that may appeal to the consumer.

21. To produce these relevant results, Amazon's search function uses not only text matching criteria, but also behavioral data concerning the relationship between search queries and consumer purchases to find matches and rank results.

22. Amazon's search function is dynamic. Search results produced by a particular query are determined by the search function algorithm at the time the search query is made. Thus, search results produced for a particular query at one time may be different from those produced by the same query at a different time.

23. The search results presented on the Amazon.com website do not distinguish between products based on whether they are sold by Amazon or by a third party reseller.

24. Amazon vendors cannot influence or manipulate search results or relative rankings produced by the Amazon search function. Search results produced by the Amazon search function are solely the product of Amazon's search function algorithm.

25. In listing products available for sale on its website, Amazon identifies the name of the manufacturer or source of the product and the name of the seller, whether Amazon or a third party.

26. In each of its product listings, Amazon displays user-generated comments and user-generated ratings to help give more information to consumers so they can make more informed purchasing decisions.

27. Amazon uses keyword advertising with third-party search engines including Google, Yahoo! and MSN to help advertise to consumers products available on the Amazon.com website.

28. Amazon uses an automated computer software program to select the keywords on which it bids to produce sponsored links. Amazon's keyword bidding program selects keywords based primarily on the sales productivity of user-selected keywords on Amazon's own internal search function. In other words, Amazon's bids on keywords are based on the products available for sale on the Amazon.com website and their relative popularity.

29. Most typically, an Amazon sponsored link will lead a user to a landing page on the Amazon.com website displaying the search results using the Amazon search function for the query that the user placed with the third-party search engine. For example, if a user searched for "harry potter" on Google and an Amazon sponsored link appeared, that link would lead the user to a search results page on the Amazon.com website for "harry potter" using the Amazon search function.

C. Amazon's Advertisement and Sale of Video Professor Products.

30. In December 2003, Amazon became an authorized reseller of VPI's Video Professor products under which Amazon purchased VPI-brand products from VPI and resold them on the Amazon.com website. VPI sold its products to Amazon in accordance with Amazon's vendor agreement (the "Vendor Manual"). VPI signed the Vendor Manual on December 18, 2003.

31. The Vendor Manual governed the vendor relationship between Amazon and VPI, and included a license from VPI to Amazon to use VPI's trademarks, including the VIDEO PROFESSOR Mark. Paragraph 4 of the Resale Terms and Conditions provides that: "Vendor hereby grants to Amazon.com a non-exclusive, worldwide, perpetual, and royalty-free license to . . . (c) use all trademarks and trade names included in the Product Information." The "Product Information" is defined to include "all available Product information for each Product." Paragraph 19 provides that the terms of the Vendor Manual "survive the termination of any or all of this Vendor Manual."

32. By its terms, the Vendor Manual is effective for all products that VPI provided to Amazon after VPI signed the Vendor Manual on December 18, 2003. Under Section 2.1 of the Vendor Manual, every purchase order from Amazon accepted and fulfilled by VPI "becomes part of and subject to the Vendor Manual."

33. On July 19, 2008, VPI sent a letter to Amazon providing notice to terminate the Vendor Manual.

34. Despite VPI's notice to terminate, VPI continued to sell and ship Video Professor products to Amazon in response to Amazon's purchase orders. VPI continued to fulfill Amazon orders for Video Professor products through March 2009.

35. Amazon sold VPI's Video Professor products that it obtained from VPI from December 2003 through May 2009.

36. From 2004 through April 15, 2009 (the "Relevant Period"), Amazon placed bids with Google, Yahoo! and MSN for the keywords "video professor" to trigger an Amazon advertisement. In other words, if a person typed the words "video professor"

into the Google, Yahoo! or MSN search engine search box, and if Amazon won its bid, then an Amazon advertisement (subject to the search engine criteria) would appear on the search results page under a heading identified as “Sponsored Links.”

37. An example of such a sponsored link that appeared on Google is below:

> Save at Amazon
> Low prices on popular products
> Qualified orders over $25 ship free
> **Amazon.com**

38. If the user who entered the search for “video professor” clicked on an Amazon sponsored link, the user was taken to a landing page on the Amazon.com website. In all cases, this landing page presented the user with a page on the Amazon.com website displaying the real-time search results for “video professor” using the Amazon.com search function.

39. At all times during the Relevant Period, Video Professor brand products were available on the Amazon.com website both from Amazon itself, which had purchased them from VPI, and from third party sellers.

40. At all times during the Relevant Period, the landing page linked to Amazon’s sponsored advertisements for “video professor” displayed Video Professor brand products available for sale from Amazon as well as third party resellers.

41. At times during the Relevant Period, the landing page linked to Amazon’s sponsored keyword advertisements for “video professor” also displayed similar computer learning products from companies other than VPI, including Professor Teaches computer learning products produced by Individual Software, Inc. (“ISI”).

42. ISI owns the following registered trademarks for its “Professor” family of products: PROFESSOR TEACHES (U.S. Reg. No. 3,492,267), PROFESSOR (U.S. Reg. No. 1,929,093) and PROFESSOR DOS (U.S. Reg. No. 1,902,468)

43. ISI’s first use in commerce of a “Professor” mark was its use of PROFESSOR DOS for a computer learning software product in 1983, four years before VPI’s first use of VIDEO PROFESSOR. ISI has continuously used its “Professor” family of marks since 1983.

44. Since at least as early as 2000, ISI has sold its software products, including Professor Teaches, through mass market retail channels nationwide, including stores such as Best Buy and Wal-Mart, among many others.

45. During the Relevant Period, Amazon sold Professor Teaches products on the Amazon.com website. Sales of ISI’s software products on the Amazon.com website represent less than one percent of ISI’s total Professor Teaches sales.

46. Amazon sold the ISI Professor Teaches products on the Amazon.com website pursuant to a vendor agreement with ISI. The ISI vendor agreement, like the Vendor Manual, granted Amazon a license to use the trademarks of ISI’s products, including PROFESSOR TEACHES. During the Relevant Period, ISI also provided marketing funds to Amazon to promote ISI’s products, including Professor Teaches.

47. At no time has VPI ever objected to ISI’s use of PROFESSOR TEACHES as a mark for its computer learning software products.

48. At no time has VPI ever objected to any retailer’s use of PROFESSOR TEACHES in selling Professor Teaches products.

49. VPI first complained to Amazon concerning its bidding on "video professor" as a keyword to generate sponsored links in February 2009.

50. VPI commenced this action by filing its Complaint on March 23, 2009.

51. On or about April 15, 2009, Amazon stopped bidding on "video professor" to generate sponsored links on Google, Yahoo! and MSN. Amazon has no intention of bidding on "video professor" to generate sponsored links in the future.

52. Amazon has continued to sell Video Professor products it obtained from VPI through May 2009. Third party resellers continue to sell Video Professor products on the Amazon.com website to this day.

CONCLUSIONS OF LAW

1. The Court has jurisdiction over this action pursuant to 15 U.S.C. § 1121; 28 U.S.C. § 1331, 28 U.S.C. § 1338(a), and 28 U.S.C. § 1338(b). The Court has jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367.

2. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b).

3. In assessing the credibility of each witness who testified at trial, I have considered all facts and circumstances shown by the evidence that affect the credibility of each witness, including the following factors: each witness' means of knowledge, his or her ability to observe, and his or her strength of memory; the manner in which each witness might be affected by the outcome of the litigation; the relationship each witness has to either side in the case; and the extent to which each witness is either supported or contradicted by other witnesses or evidence presented at trial.

I. VPI's Claims for Relief.

4. VPI asserts four claims for relief against Amazon: for trademark infringement and unfair competition (under the Lanham Act and state common law), for violations of the Colorado Consumer Protection Act and for tortious interference with business relationships. VPI has the burden of proof on each of these claims.

5. The factual basis for all of VPI's claims is the same. VPI claims that Amazon is liable based on Amazon's use of the VIDEO PROFESSOR trademark to bid on sponsored advertisements on search engines that lead to a search results page for "video professor" on the Amazon.com website displaying not only Video Professor brand products, but also products of VPI's competitors.

A. Trademark and Unfair Competition Claims.

6. To prove that Amazon has infringed its VIDEO PROFESSOR Mark under federal or state law,[1] VPI must prove that: (1) Amazon used VPI's mark in commerce without authorization by VPI, (2) Amazon's use was likely to cause confusion in the marketplace, and (3) VPI was injured as a result. *Universal Money Ctrs., Inc. v. Am.*

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[1] Where the same alleged conduct forms the basis for Lanham Act and state unfair competition and trademark infringement claims, those claims essentially require proof of the same elements. *Donchez v. Coors Brewing Co*., 392 F.3d 1211, 1219 (10th Cir. 2004) ("The elements of common law trademark or service mark infringement are similar to those required to prove unfair competition under § 43(a) of the Lanham Act."); *MDM Group Assocs., Inc. v. ResortQuest Intern., Inc*., No. 06-cv-1518, 2007 WL 2909408, at *8 (D. Colo. Oct. 1, 2007) (dismissing state unfair competition claims based on allegations of false designation of origin for same reasons as Lanham Act claims based on such allegations); *see also Gennie Shifter, LLC v. Lokar, Inc*., No. 07-cv-01121, 2010 WL 126181, at *15 (D. Colo. Jan. 12, 2010) (elements of unfair competition claim are "identical" to trademark infringement analysis) *Qualmark Corp. v. Data Physics Corp*., No. 07-cv-2665-REB-KLM, 2008 WL 4427079, at *2 (D. Colo. Sept. 26, 2008) (noting that California trademark law was not appreciably different from Lanham Act standards).

Tel. & Tel. Co., 22 F.3d 1527, 1529 (10th Cir. 1994) (lack of consent, confusion elements); *Harvey Barnett, Inc. v. Shidler*, 338 F.3d 1125, 1135 (10th Cir. 2003) (injury element); *Amoco Oil Co. v. Rainbow Snow*, 748 F.2d 556, 558 (10th Cir. 1984) ("likelihood of confusion" test applies to trademark infringement claims as well as claim for "false designation of origin, its state claims of infringement, and its common law claims of unfair competition"). Under both 15 U.S.C. § 1114(1)(a) (registered marks) and 15 U.S.C. § 1125(a) (unregistered marks) as well as state law, VPI must prove that Amazon used VPI's VIDEO PROFESSOR mark without authorization. *See Universal Money Ctrs.*, 22 F.3d at 1529; *Jordache Enters., Inc. v. Hogg Wyld, Ltd*., 828 F.2d 1482, 1484 (10th Cir. 1987).

7. VPI has failed to establish its claims for trademark infringement under the Lanham Act §§ 32(a) and 43(a), as well as its claims for common law unfair competition and common law trademark infringement, because Amazon's use of the VIDEO PROFESSOR Mark as a keyword to generate sponsored links was both authorized in the Vendor Manual and did not cause a likelihood of confusion. In addition, VPI cannot show that it was injured as a result of Amazon's conduct.

8. A license is an authorization of conduct that may otherwise constitute infringement. 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (hereinafter "McCarthy") § 18.40 at 18-83 (4th ed. 2009). "Where the trademark holder has authorized another to use its mark, there can be no likelihood of confusion and no violation of the Lanham Act if the alleged infringer uses the mark as authorized." *Segal v. Geisha NYC LLC*, 517 F.3d 501, 506 (7th Cir. 2008); *see also Novell, Inc. v. Network*

Trade Center, Inc., 25 F. Supp. 2d 1218, 1224 (D. Utah 1997) ("[A] trademark infringement claim under the Lanham Act requires proof that use of the marks is unauthorized."). "By definition, a party who holds a valid license to use a trademark and is not in breach of the license, cannot be an infringer of the licensed mark." 3 McCarthy § 18.40 at 18-83 (emphasis added).

9. The plain and unambiguous language of the Vendor Manual authorizes Amazon to use the VIDEO PROFESSOR mark without restriction.[2] Nothing in the Vendor Manual limits the manner of Amazon's use of the VIDEO PROFESSOR mark in Amazon's advertising activities. In particular, nothing in the Vendor Manual prohibits Amazon from bidding on the VIDEO PROFESSOR mark to trigger sponsored keyword advertising to lead consumers to the Amazon.com website, where they can see the search results for "video professor" produced by Amazon's search function.

10. Even if the license were interpreted to be limited to Amazon's advertisement and sale of VPI's products, as VPI contends, Amazon's use of the VIDEO PROFESSOR Mark would still fall within the scope of the license. Amazon sold VPI products from VPI from December 2003 through at least May 2009, and continues to sell VPI products from third party resellers today. Thus, at all relevant times, Amazon's sponsored advertising based on its bids for "video professor" would lead

[2] Whether the language of a contract is plain is a question of law, *Syrovy v. Alpine Res., Inc.*, 841 P.2d 1279, 1281 (Wash. Ct. App. 1992), and once found unambiguous, it is not proper to consider parol evidence regarding the parties' intent. *Universal/Land Const. Co. v. City of Spokane*, 745 P.2d 53, 55 (Wash. Ct. App. 1987).

consumers to a search results page listing Video Professor products for sale. To the extent other competing products were presented in search results along with Video Professor products, it does not change the result. Nothing in the license imposed any restrictions on Amazon's product placement in connection with the operation of its search function.

11. Accordingly, the Court finds that the "perpetual, royalty-free" license granted to Amazon in the Vendor Manual constituted authorization of Amazon's use of the VIDEO PROFESSOR Mark.

12. This authorization covers the entire period of alleged infringing activity by Amazon. Although VPI provided 60 day notice of termination of the Vendor Manual to Amazon on July 19, 2008, this notice was not effective to terminate the Vendor Manual. The notice was not effective because VPI continued to accept purchase orders from Amazon and ship Video Professor products to Amazon through March 2009. Amazon sold these products through May 2009, after it had voluntarily stopped bidding on "video professor" as a keyword. By its terms, the Vendor Manual is effective and governs all purchase orders between the parties. Moreover, even if the notice of termination were effective, it still would not change the result. Under the express terms of the Vendor Manual, Amazon's license survives termination.

13. As a result, Amazon's authorized use of VPI's "video professor" trademark in keyword advertising cannot, as a matter of law, constitute infringement of VPI's mark. *See Segal*, 517 F.3d at 506. As such, VPI's claims for trademark infringement and unfair competition under federal and state law should all be dismissed.

14. Even if (or to the extent that) Amazon's use of the VIDEO PROFESSOR Mark in keyword advertising was not authorized, VPI nevertheless has failed to establish that Amazon's use of the VIDEO PROFESSOR Mark is likely to cause confusion.

15. Amazon contends that its use of the VIDEO PROFESSOR trademark to bid on sponsored advertisements informing consumers of the availability of Video Professor products on the Amazon.com website constitutes a nominative fair use of the mark. "The doctrine of nominative fair use allows a defendant to use a plaintiff's trademark to identify the plaintiff's goods so long as there is no likelihood of confusion about the source of the defendant's product or the mark-holder's sponsorship or affiliation." *Tiffany (NJ) Inc. v. eBay, Inc*., __ F.3d __, No. 08-3947-cv, 2010 WL 1236315, at *6 (2d Cir. Apr. 1, 2010) (internal quotations omitted). Put another way, "a defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant." *Id*. at *7.

16. Likelihood of confusion is the central inquiry of a trademark infringement claim. 15 U.S.C. §§ 1114(1) and 1125(a); *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 832 (10th Cir. 2005). The list of likelihood of confusion factors are non-exclusive and are to be applied in a flexible manner to fit the circumstances of the particular case. *See Universal Money Ctrs.*, 22 F.3d at 1530 ("This list is not exhaustive. All of the factors are interrelated, and no one factor is dispositive"); *Beer*

Nuts, Inc. v. Clover Club Foods Co., 711 F.2d 934, 940 (10th Cir. 1983) ("The facts of a particular case may require consideration of other variables as well").

17. In a case involving the nominative use of a trademark by a reseller, the standard likelihood of confusion factors are not helpful because they do not help distinguish infringing conduct from non-infringing conduct. As the Fifth Circuit has noted, "whenever an independent dealer advertises that it sells a certain market product in competition with authorized dealers, several of the [likelihood of confusion factors] will appear to indicate confusion even if no confusion is likely." *Scott Fetzer Co. v. House of Vacuums Inc*., 381 F.3d 477, 485 (5th Cir. 2004).[3] For example, similarity of the marks factor "proves little about likelihood of confusion when, as in this case, an independent dealer is using a mark to advertise sales and repairs of the marked product." *Id*. at 486.

18. Whether a nominative use of a trademark is fair and not likely to cause confusion should be determined according to the following three factors: (1) the product must not be readily identifiable without use of the trademark, (2) only so much of the mark may be used as is reasonably necessary to identify the product, and (3) the user must do nothing that suggests sponsorship or endorsement by the trademark owner. *Gennie Shifter*, 2010 WL 126181, at *14 (citing *Frontrange Solutions USA, Inc. v.*

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[3] *Scott Fetzer's* emphasis on context is particularly appropriate in this case, as VPI argues that "nominative fair use" is not the test in the Tenth Circuit for likelihood of confusion. *See* [#39], at 8. Contrary to VPI's argument, the likelihood of confusion factors set forth in *Sally Beauty Co. v. Beautyco, Inc*., 304 F.3d 964, 972 (10th Cir. 2002) must be considered in light of context, here the three "additional" nominative fair use factors set forth in this Court's opinions in *Gennie Shifter*, *Health Grades* and *Frontrange Solutions*, discussed *infra* at 16-19.

Newroad Software, Inc., 505 F. Supp. 2d 821, 834 (D. Colo. 2007)); *see also Health Grades, Inc. v. Robert Wood Johnson Univ. Hosp., Inc*, 634 F. Supp. 2d 1226, 1240, 1242 (D. Colo. 2009). Proof of the three nominative fair use factors is not an affirmative defense on which defendant bears the burden, but rather goes to proof of the likelihood of confusion analysis. *See Gennie Shifter*, 2010 WL 126181, at *14.

19. VPI argues that the nominative fair use doctrine has not been adopted by the Tenth Circuit, and does not apply in this case. VPI relies on *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006) for the proposition that the Tenth Circuit "necessarily rejected by implication" the doctrine. VPI's reliance is misplaced. Setting aside the fact that the nominative fair use doctrine has repeatedly been recognized by this Court (*e.g.*, *Gennie Shifter*, *Frontrange Solutions* and *Health Grades*), the doctrine was neither raised nor considered by the *Australian Gold* court.

20. In *Australian Gold*, the Tenth Circuit upheld the district court's denial of defendant's motion for judgment as a matter of law after a jury verdict of infringement. The jury had found the defendants, the principals of a terminated distributor, liable for trademark infringement where they "continued to use the trademarks to divert internet traffic to their Web sites even when they were not selling [Plaintiff's] Products." *Id.* at 1239 (emphasis added). This is the type of "bait and switch" conduct that the initial

interest confusion doctrine was designed to address and thus supported the jury verdict of infringement.[4] *Id*. at 1239-40.

21. Consistent with this Court's prior decisions in *Gennie Shifter*, *Frontrange Solutions* and *Health Grades*, the only meaningful way to assess whether a likelihood of confusion exists in a case involving a reseller's nominative use of a manufacturer's trademark is to consider the nominative fair use factors. *Frontrange Solutions*, 505 F. Supp. 2d at 835 ("the fair use analysis is essentially an argument that there will be no infringement because there will be no likelihood of confusion.").

22. Amazon satisfies the first factor because VPI's VIDEO PROFESSOR-branded products are not readily identifiable without use of the VIDEO PROFESSOR Mark. Video Professor is the brand name of the product which VPI contends is widely known. Amazon is not required to refer to Video Professor software as "computer training software advertised on TV by an enthusiastic man who insists that you try his product." *See New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992) ("sometimes there is no descriptive substitute"); *Tiffany Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 497 (S.D.N.Y. 2008), *aff'd*, __ F.3d __, 2010 WL 1236315, at *6-8 (eBay not required to refer to Tiffany jewelry as "silver jewelry from a prestigious New York company where Audrey Hepburn once liked to breakfast); *Frontrange Solutions*,

[4] VPI products were available for sale from Amazon and/or third party resellers on the Amazon.com website at all times during the Relevant Period. *Australian Gold* does not support the proposition that a reseller such as Amazon cannot use a product's trademark in connection with sponsored advertising that directs consumers to a website where the product is and for all relevant periods has been available for sale. The Tenth Circuit did not address that question in *Australian Gold*.

505 F. Supp. 2d at 835 (plaintiff's software not easily described without use of its Heat® mark). Accordingly, the Court finds that VIDEO PROFESSOR-branded computer learning software products are not readily identifiable without use of the VIDEO PROFESSOR Mark.

23. Amazon also meets the second factor. Amazon did not use more of the VIDEO PROFESSOR Mark than was necessary to identify VPI's products as available for sale on the Amazon.com website. To the extent Amazon used "video professor" as a keyword to trigger a sponsored advertisement (or even in the plain text of such a sponsored advertisement), Amazon did not use more of the VIDEO PROFESSOR mark than necessary to identify Video Professor products.[5] *See Frontrange Solutions*, 505 F. Supp. 2d at 835.

24. Regarding the third factor, Amazon has done nothing in connection with its use of the VIDEO PROFESSOR Mark to suggest that VPI has sponsored or endorsed the sale of VPI products on the Amazon.com website. VPI admits that it is unaware of any instance in which a consumer who entered "video professor" in an Internet search engine and then clicked on an Amazon advertisement believed that Amazon was a favored or authorized dealer of the VPI products displayed. At the same time, during

[5] Bidding on anything less than the two-word phrase "video professor" would have resulted in sponsored links completely unrelated to the search engine user's query. If Amazon had bid on the single word "video," then sponsored links may have been served not to individuals looking for VPI products but to individuals looking for YouTube videos, music videos, or the even the entry for "video" found at *www.wikipedia.com*. Use of such a generic word would not have served the legitimate goal of isolating an interested audience and informing that audience that VPI products could be purchased on the Amazon.com website.

the entire period when Amazon was using "video professor" in connection with its keyword advertising, Amazon was an authorized dealer of VPI, selling Video Professor products it had purchased from VPI. Therefore, even if there were any evidence to support this factor, it would not support a finding of likelihood of confusion in this case.

25. VPI argues that Amazon's conduct is nonetheless likely to cause confusion because Amazon's sponsored advertisements led to search result pages that displayed not only Video Professor brand products, but also competing products, such as Professor Teaches. VPI's argument proves too much. Even independent resellers may lawfully use a trademark to advertise that they sell a particular brand of product, even if they sell competing brands. *See Scott Fetzer*, 381 F.3d at 481-83 (holding that an independent vacuum dealer could lawfully use the "Kirby" mark in a yellow pages ad to truthfully communicate to consumers that they sold Kirby brand vacuums, among a number of other brands of competing vacuums); *accord Trail Chevrolet, Inc. v. Gen. Motors Corp*., 381 F.2d 353, 354 (5th Cir. 1967) (used car dealer "should be free to advertise that they sell used Chevrolets . . . and other fine cars or the like").

26. The same principle applies to internet resellers. *See*, *e.g*., *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811, 819 (D. Ariz. 2008) (reseller of plaintiff's salon products could lawfully use the mark as a search engine keyword "to truthfully inform internet searchers where they can find Designer Skin's products"). "The fact that these customers will have the opportunity to purchase competing products when they arrive at [the resellers'] sites is irrelevant." *Id*. (stating that "[t]he customers

searching for Designer Skin's products find exactly what they are looking for when they arrive at these sites.")

27. Where a reseller uses a trademark of a product it sells to bid on keywords to trigger sponsored advertising for the product on an Internet search engine, the availability of competing products from the reseller does not support a finding of likelihood of confusion. The display of competing products alongside the plaintiff's products on an Amazon search results landing page, does nothing to suggest that VPI has sponsored or endorsed any of the products shown, whether VPI's products or those of its competitors. Amazon identifies the manufacturer and seller of each and every product it sells.

28. VPI's argument, if accepted, would empower trademark owners to impose anticompetitive restraints of trade – barring resellers from using trademarks in advertising to identify their goods unless they refused to carry or promote competing goods. VPI does not have the right to dictate what is sold in Amazon's search result "aisle" for "video professor" along with Video Professor products.

29. VPI's purported evidence of actual confusion – some consumer returns of Professor Teaches products to VPI and consumer inquiries concerning Professor Teaches – does not support VPI's infringement claim against Amazon. VPI failed to show that any of these consumers had purchased Professor Teaches products on the Amazon.com website, much less that they did so after clicking on a sponsored link generated by an Amazon bid on the keyword "video professor." Indeed, the lack of

such evidence is not surprising given that Amazon represented less than 1% of ISI's sales of Professor Teaches products.

30. Without this linkage to Amazon's alleged infringing conduct, namely, VPI's use of the VIDEO PROFESSOR mark in keyword advertising, VPI's purported confusion evidence is not relevant to its claims. VPI's claim of likelihood of confusion in this case is based on Amazon's use of VPI's VIDEO PROFESSOR Mark, not ISI's PROFESSOR TEACHES mark. That is, VPI does not claim that Amazon's sale of Professor Teaches products infringes the VIDEO PROFESSOR Mark.

31. Even if such a claim were in the case, it would not matter, because between ISI and VPI, ISI is the senior user and Amazon can assert ISI's senior rights in its "Professor" family of marks under the *jus tertii* doctrine.

32. The *jus tertii* doctrine allows a defendant to invoke the prior trademark rights of a third party – in this case ISI, the owner of a family of registered "Professor" marks – in defense of VPI's claim for infringement based on Amazon's use of the third party's mark. To invoke this defense, there are two elements: (1) ISI's rights in its "Professor" marks are senior to those of VPI and (2) Amazon is in privity with ISI. *Diarama Trading Co. v. J. Walter Thompson U.S.A., Inc.*, No. 01 Civ. 2950, 2005 WL 2148925, at *6 (S.D.N.Y. Sept. 6, 2005). A contractual arrangement between ISI and Amazon, express or implied in fact, under which ISI permits a Amazon to use its trademark satisfies the privity requirement. *Id.* at *10 (citing *Lapinee Trade, Inc. v. Paleewong Trading Co.*, 687 F. Supp. 1262, 1264 (N.D. Ill. 1988)).

33. In this case, both elements are satisfied. First, between ISI and VPI, ISI is the senior user. ISI's first use of a "Professor" mark for computer software is for PROFESSOR DOS in 1983, four years before VPI's first alleged use of the VIDEO PROFESSOR Mark. Second, through its vendor agreement and marketing development funds agreements with Amazon, ISI expressly and impliedly permitted Amazon to use its product trademarks, including PROFESSOR TEACHES.

34. Accordingly, the Court finds that Amazon's use of the VIDEO PROFESSOR Mark in keywords to generate sponsored links and in the text of such links constitutes a nominative fair use, and is not otherwise likely to cause confusion, as the evidence does not demonstrate that a consumer who searched for "video professor" on Google and clicked on an Amazon ad that took him to a search results page for "video professor" on the Amazon.com website, would believe that any of the products listed there (whether Video Professor, Professor Teaches or any other products) were sponsored, endorsed or otherwise connected to VPI.

35. The third element of VPI's trademark infringement claims requires proof of damage as a result of the infringement. *See Harvey Barnett*, 338 F.3d at 1135. VPI's claim of actual damage is based on two key assumptions that it failed to prove: (1) that users who searched for "video professor" on Google and then clicked on an Amazon sponsored link in fact wanted to purchase a VPI product; and (2) these users wanted to purchase a VPI product <u>from VPI</u>. Users searching for "video professor" on Google may have done so for any number of reasons. For example, users may have been seeking information about VPI, its products, complaints about VPI's business practices, or Mr.

John Scherer, the self-proclaimed "Video Professor." Next, even if such users did intend to purchase a VPI product, VPI failed to show that they wanted to purchase it from VPI. The fact that these users actually clicked on a clearly identified Amazon advertisement for Video Professor shows that VPI's assumption is wrong; these users actually wished to purchase the product from Amazon, not VPI. This is not unreasonable given the $399 price for the Video Professor product available on VPI's website, when compared to the much lower prices available on the Amazon.com website.

36. Because VPI has not come forth with evidence to support either of these assumptions, the Court finds that VPI cannot satisfy its burden of proving that Amazon's conduct caused injury to VPI. *See Frontrange Solutions*, 505 F. Supp. 2d at 835 (noting that unsupported assumptions regarding damages theory in trademark case "[did] not satisfy the requirements of demonstrating actual, non-speculative damages").

37. Accordingly, this Court concludes that VPI has failed to establish the elements of a claim for trademark infringement or unfair competition under federal or state law, as (1) Amazon's use of the VIDEO PROFESSOR Mark was authorized, as set forth in the Vendor Manual, (2) Amazon's use of the VIDEO PROFESSOR Mark to truthfully advertise VPI products for sale constituted a nominative fair use, and was not likely to cause confusion, and (3) even assuming that Amazon's use of the VIDEO PROFESSOR Mark was likely to cause confusion, VPI has not proven that Amazon's alleged infringing conduct caused VPI to suffer any damage.

38. Because VPI's trademark and unfair competition claim is the gravamen of VPI's remaining claims under the CCPA and for tortious interference with business relations, VPI has failed to establish its remaining claims and Amazon is entitled to judgment dismissing VPI's complaint with prejudice

B. Colorado Consumer Protection Act ("CCPA") Claim.

39. To prevail on a private cause of action under the CCPA, VPI must prove all of the following:

> (1) that the defendant engaged in an unfair or deceptive trade practice; (2) that the challenged practice occurred in the course of defendant's business, vocation, or occupation; (3) that it significantly impacts the public as actual or potential consumers of the defendant's goods, services, or property; (4) that the plaintiff suffered injury in fact to a legally protected interest; and (5) that 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). VPI has not established all necessary elements of this claim.

40. Regarding the first required element under the CCPA, VPI must prove that Amazon engaged in one of the following four statutorily enumerated deceptive trade practices which it has alleged: (1) "knowingly passes off goods, services, or property as those of another;" (2) "knowingly makes a false representation as to the source, sponsorship, approval, or certification of goods, services, or property;" (3) "knowingly makes a false representation as to affiliation, connection, or association with or certification by another;" or (4) "knowingly makes a false representation as to the characteristics, ingredients, uses, benefits, alterations, or quantities of goods, food, services, or property or false representation as to the sponsorship, approval, status, affiliation, or connection of a person therewith." Colo. Rev. Stat. § 6-1-105; *see also*

Compl. [#1] ¶ 44. Each of these statutorily defined practices requires proof that Amazon "knowingly made a misrepresentation that induce[d] a party's action or inaction." *Rhino Linings*, 62 P.3d at 147.

41. The "gravamen" of VPI's CCPA claim is the same as its trademark and unfair competition claims: "Amazon's bidding on VPI's Marks to generate Sponsored Link ads, and thereafter, the displaying of products of companies other than VPI in Amazon's search results for consumers looking for VPI's products." Final Pretrial Order [#61] at 5. Because this conduct is neither trademark infringement nor unfair competition, it does not constitute an unfair or deceptive practice for purposes of VPI's CCPA claim.

42. Moreover, Amazon's conduct does not fit any of the statutorily enumerated deceptive practices under the CCPA. In particular, Amazon's conduct was not "knowing." The keyword advertising of which VPI complains was produced by computer algorithms designed to provide users with relevant results. To the extent these algorithms produced search results which VPI contends were deceptive, there is no evidence that Amazon knew of this until VPI notified Amazon in February, 2009. Amazon voluntarily ceased bidding on "video professor" soon thereafter.

43. The Court finds that VPI has not established the first element of its CCPA claim. This disposes of VPI's CCPA claim.

44. VPI also cannot satisfy the significant public impact element. In determining whether a challenged practice has the requisite public impact, the Court considers: "(1) the number of consumers directly affected by the challenged practice, (2)

the relative sophistication and bargaining power of the consumers affected by the challenged practice, and (3) evidence that the challenged practice has previously impacted other consumers or has the significant potential to do so in the future." *RW Beck, Inc. v. E3 Consulting, LLC*, 577 F.3d 1133, 1149 (10th Cir. 2009).

45. The public impact of the CCPA considers both how "public" the alleged deceptive trade practice was as well as how "impactful" the practice was. *See Registry Sys. Intern., Ltd. v. Hamm*, No. 08-cv-495, 2010 WL 326327, at *17 (D. Colo. Jan. 20, 2010) (internal citations omitted); *see also Rhino Linings*, 62 P.3d at 150 (conduct affected only 3 of 550 dealers worldwide in polyurethane chemical products); *Alpine Bank v. Hubbell*, 555 F.3d 1097 (10th Cir. 2009) (conduct affected only one borrower of large sum to build a house).

46. VPI's purported evidence of actual confusion (consumers calling VPI regarding "Professor Teaches" products or returning such product to VPI) does not satisfy this element as it is not linked to any of Amazon's alleged infringing conduct. VPI has not identified a single individual who was actually deceived by any of Amazon's alleged infringing conduct. Further, there is no significant potential for deceptions in the future because Amazon stopped bidding on "video professor" in April 2009 and has no intention of doing so in the future.

47. The possibility of confusion is insufficient to establish a significant public impact to sustain a CCPA claim. Evidence of actual deceived consumers is necessary: "[W]here there is no evidence that any actual member of the identified segment of the public had knowledge or concern regarding the [alleged confusion], there is not

sufficient public impact to support a CCPA claim." *See Registry Sys.*, 2010 WL 326327, at *15 (D. Colo. 2010). The failure to identify a single individual who was actually deceived by Amazon's keyword advertising is fatal to VPI's CCPA claim. *Id*. (granting summary judgment dismissing CCPA claim because plaintiff failed to identify any relevant consumers who were actually deceived by the alleged deceptive practice). Accordingly, VPI has not established the "significant public impact" element of its CCPA claim.

48. VPI asserts that Amazon's conduct has actually caused injury in fact to its trademark, a legally protected interest. Even if VPI has a legally protected interest in the VIDEO PROFESSOR Mark, VPI has failed to establish that Amazon has caused any injury in fact to that mark. As discussed above, VPI has failed to identify a single individual who was actually deceived by Amazon's use of "video professor" in its keyword advertising. This too is fatal to VPI's CCPA claim.

49. Because VPI has not established that Amazon's use of the VIDEO PROFESSOR Mark as a keyword (1) constitutes a deceptive trade practice, (2) significantly impacted the public, or (3) caused any injury in fact to a VPI legally protected interest, the Court concludes that VPI has not established each of the elements of its CCPA claim.

C. Intentional Interference with Prospective Business Relationship.

50. VPI claims that Amazon is liable for intentional interference with a prospective business relationship. Final Pretrial Order [#61] at 7. To prevail on this claim VPI must prove: (1) It had a reasonable likelihood of a business relationship; (2)

Amazon knew or should have known of VPI's reasonable likelihood of a business relationship; (3) Amazon acted intentionally to prevent VPI's reasonable likelihood of a business relationship; (4) Amazon's conduct was improper; (5) Amazon's conduct caused the loss of the reasonable likelihood of a business relationship. *Campfield v. State Farm Mut. Auto. Ins. Co*., 532 F.3d 1111, 1123 (10th Cir. 2008); *Klein v. Grynberg*, 44 F.3d 1497, 1506 (10th Cir. 1995); *Dolton v. Capitol Fed. Sav. and Loan Ass'n,* 642 P.2d 21, 23 (Colo. Ct. App. 1981) (citing Restatement (Second) of Torts § 766B).

51. "A protected relationship exists only if there is a reasonable likelihood or probability that a contract would have resulted; there must be something beyond a 'mere hope.'" *US West, Inc. v. Bus. Discount Plan, Inc.*, 196 F.R.D. 576, 594 (D. Colo. 2000) (quoting *Klein*, 44 F.3d at 1506). In *U.S. West*, a telephone company alleged that the defendant's fraudulent representations to individuals within the company's region affected its ability to contract with those individuals. The court rejected that argument, finding that the plaintiff's "allegations regarding the formation of prospective contracts represent[ed] nothing more than "mere hope." *Id.* at 594.

52. VPI presented no evidence that Amazon interfered with any reasonably likely business expectancy. VPI has not identified any person who actually intended to buy one of its products from VPI on its website before that intent was allegedly derailed by Amazon. *See Klein*, 44 F.3d at 1506.

53. VPI asserts that it converts hits on its website to orders of VPI products at a rate of approximately 3 percent. Thus, even if it were assumed that consumers who

followed Amazon's sponsored link to the Amazon.com website had been originally looking for the videoprofessor.com website (which VPI has failed to support with credible evidence), it is hardly "reasonably likely or probable" that they would have purchased product from VPI. Thus, VPI has failed to establish the first element of its tortious interference claim.

54. VPI has also failed to show any intentional improper interference by Amazon. For this element, VPI must show not only that Amazon "intentionally interfered with an existing contract or with prospective contractual relations" but also that "such interference was 'improper.'" *Harris Grp., Inc. v. Robinson*, 209 P.3d 1188, 1196 (Colo. Ct. App. 2009). VPI alleges that Amazon interfered with its contracts by infringing its trademark rights. Compl. [#1] ¶ 59. However, as discussed above, Amazon's keyword advertising does not constitute trademark infringement, unfair competition, a deceptive trade practice, or any other unlawful conduct. For this reason, VPI cannot establish that Amazon's alleged interference was improper.

55. Finally, VPI must show that Amazon caused its loss of business relationship. Again, as discussed above, VPI's theory of causation is entirely speculative and based on its belief that Amazon's keyword advertising diverted internet users away from VPI's website Internet users who otherwise would have visited VPI's website and purchased its products. This belief is wholly unsupported by the evidence introduced at trial which shows, among other things, that only approximately 3 percent of Internet users who visit VPI's website actually order a VPI product. Consumers may decline to enter into a business relationship with VPI for any number of reasons, but VPI

has not demonstrated any evidence that Amazon's bidding on the keyword "video professor" was one of them. For each of these reasons, the Court concludes that VPI has failed to establish each of the elements of its tortious interference claim.

B. Amazon's Affirmative Defenses.

56. Amazon has the burden of proof on each of its affirmative defenses. *See* Fed. R. Civ. P. 8(c). Amazon asserts five affirmative defenses to VPI's claims, including (1) nominative fair use; (2) First Amendment, (3) laches, (4) *jus tertii* and (5) estoppel based on unclean hands. Each is discussed below.

1. Nominative Fair Use.

57. Although Amazon advocates that its use of "video professor" in keywords to generate sponsored advertisements constitutes a nominative fair use, and thus is not likely to cause confusion, Amazon has also asserted nominative fair use in the alternative as an affirmative defense. The Court concludes that nominative fair us is "not an affirmative defense to trademark infringement but rather goes to . . . proof of the likelihood of confusion element of [a] claim." *See Gennie Shifter*, 2010 WL 126181, at *14 (quoting *Health Grades*, 634 F. Supp. 2d at 1242); *see also Frontrange Solutions*, 505 F. Supp. 2d at 835 (nominative fair use is "relevant to assist in determining likelihood of confusion").

2. First Amendment.

58. Amazon also argues that granting relief on VPI's claims in this suit would infringe Amazon's freedom of speech under the First Amendment of the United States Constitution. *See*, *e.g.*, *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer*

Council, 425 U.S. 748 (1976) (recognizing First Amendment protection of commercial speech); *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (when a "mark is used in a way that does not deceive the public," there is "no such sanctity in the word as to prevent its being used to tell the truth."). Accordingly, to prevail on this defense, Amazon must establish that it has a constitutional right to use the VIDEO PROFESSOR Mark in commerce to truthfully inform consumers that Video Professor products are available for sale on Amazon.com website.

59. Commercial speech, while entitled to less protection than political speech, is nevertheless protected by the First Amendment. As set forth above, the Court finds that Amazon's use of the VIDEO PROFESSOR Mark in keyword advertising to generate sponsored links constitutes a nominative fair use and is not otherwise likely to cause confusion or deception. Because VPI's claims, if sanctioned, would prevent Amazon from truthfully advertising the availability of Video Professor products using the VIDEO PROFESSOR mark based on Amazon's display of competing products in the same "aisle" as Video Professor, such claims are barred under the First Amendment. Amazon has a First Amendment right to use the VIDEO PROFESSOR Mark to truthfully inform consumers that Video Professor products are available for sale on the Amazon.com website.

3. Laches.

60. Amazon's laches defense includes "two elements: (1) inexcusable delay in instituting suit; and (2) resulting prejudice to defendant from such delay." *Prince Lionheart, Inc. v. Halo Innovations, Inc.*, No. 06-cv-324, 2008 WL 878985, at *3 (D.

Colo. Mar. 28, 2008) (citing *Brunswick Corp. v. Spinit Reel Co*., 832 F.2d 513, 523 (10th Cir.1987)).[6]

61. Amazon argues that VPI knew or should have known of Amazon's use of the VIDEO PROFESSOR Mark as long as VPI was an Amazon vendor. The evidence introduced at trial establishes that VPI actively polices third party use of the VIDEO PROFESSOR Mark and searches for what it believes are potential infringements of the VIDEO PROFESSOR Mark. VPI became an Amazon vendor in December 2003, and Amazon's bidding on "video professor" to produce sponsored advertising goes back to the beginning of its vendor relationship with VPI. Yet VPI did not file suit until March 2009, more than five years later. VPI offers no excuse for this delay in filing suit. Absent such evidence, the Court finds that VPI's more than 5 year delay in filing suit against Amazon is inexcusable and unreasonable.

62. Prejudice, for laches purposes, may relate both to the evidence or the conduct of trial and to defendant's business and expectations. *See*, *e.g.*, *Pro Football, Inc. v. Harjo*, 565 F.3d 880, 884 (2009); *Danjaq LLC v. Sony Corp*., 263 F.3d 942, 955 (9th Cir. 2001). While Amazon's use of the VIDEO PROFESSOR Mark is certainly not core to Amazon's business, VPI's delay in filing suit has prejudiced Amazon. Amazon continued bidding on the "video professor" keywords for over five years. Had VPI

[6] Although the Lanham Act has no statute of limitations, analogous state statutes of limitation are relevant for laches purposes. *See Prince Lionheart*, 2008 WL 878985, at *5 n.2; *see also* Colo. Rev. Stat. § 13-80-102(1) (three year statute of limitations for "all actions upon liability created by federal statute where no period of limitation is provided in said federal statute"); Colo. Rev. Stat. § 6-1-115 (three year limitations period for all actions brought under the CCPA).

objected in a timely fashion, Amazon could have chosen to voluntarily stop its bidding much earlier and avoid potential liability and having to defend this lawsuit. The fact that Amazon voluntarily stopped bidding on "video professor" after VPI notified Amazon of its objection and filing this lawsuit demonstrates that Amazon was prejudiced. Accordingly, the Court concludes that VPI's claims are barred by laches.

4. *Jus Tertii*.

63. Amazon's *jus tertii* defense applies only to a claim which is not the case, namely, that Amazon's use of the PROFESSOR TEACHES trademark in selling Professor Teaches products infringes VPI's VIDEO PROFESSOR mark. The Court has already held that this claim – styled by VPI as a claim for "contributory infringement" – is not in the case because it was not well-pleaded. *See Ashcroft v. Iqbal*, 556 U.S. __; 129 S. Ct. 1937, 1949-50 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).[7] If, however, the claim were in the case, *jus tertii* would be a complete defense.

64. The *jus tertii* doctrine would allow Amazon to invoke the prior trademark rights of ISI, the owner of a family of registered "Professor" marks (including PROFESSOR TEACHES, PROFESSOR and PROFESSOR DOS) in defense of VPI's claim for infringement, provided that (1) ISI's rights in its "Professor" family of marks are senior to those of VPI and (2) Amazon is in privity with ISI. *Diarama Trading*, 2005 WL 2148925, at *6. A contractual arrangement between ISI and Amazon, express or

[7] *See* Order [#52] at 4, 6-7. VPI further stated in the Pretrial Order that it "will not proceed on a theory of contributory infringement under 15 U.S.C. § 1114(1)(a)."

implied in fact, under which ISI permits ISI to use its trademark satisfies the privity requirement. *Id.* at *10 (citing *Lapinee Trade*, 687 F. Supp. at 1264).

65. The Court finds that VPI is not the senior user of the mark. As established through the testimony of Jo-L Hendrickson, ISI, the maker of Professor Teaches products, is the owner of a family of registered "Professor" marks for computer learning software including PROFESSOR, PROFESSOR DOS and PROFESSOR TEACHES. ISI's first use dates back to 1983, four years before VPI's first alleged use of the VIDEO PROFESSOR Mark. Since then ISI's "Professor" marks have been in continuous use.

66. Through its contractual agreements with Amazon, ISI gave Amazon permission to use its product trademarks, including PROFESSOR TEACHES, in selling and advertising its products. In fact, ISI's vendor agreement with Amazon includes an express license from ISI to use the PROFESSOR TEACHES Mark. These agreements establish that Amazon is in privity with ISI for purposes of the *jus tertii* doctrine.

5. Estoppel Based on Unclean Hands.

67. Amazon's unclean hands defense requires proof that: (1) VPI engaged in an inequitable or unconscionable act that has (2) immediate and necessary relation to the relief VPI seeks in the litigation. *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 245 (1933); *Worthington v. Anderson,* 386 F.3d 1314, 1320-21 (10th Cir. 2004); *Big O Tires, Inc. v. Bigfoot 4X4, Inc.,* 167 F.Supp.2d 1216, 1230 (D. Colo. 2001); *Procter & Gamble Co. v. Ultreo, Inc*., 574 F. Supp. 2d 339, 356 (S.D.N.Y. 2008) (having availed itself of making advertising claims based on laboratory studies "at a time when it was in P&G's commercial interests to do so, P&G may not now claim to be irreparably

harmed when a new market entrant takes the same position it once did").

68. Amazon argues that VPI is estopped from arguing that Amazon is liable for using VPI's marks in a nominative way to identify VPI products for sale on the Amazon.com website given VPI's own nominative use of third party trademarks to identify its goods. Amazon introduced evidence at trial establishing that VPI bids on trademarks owned by Microsoft and eBay to generate sponsored advertisements for its products such as "Learn Excel," "Learn Windows" and "Learn eBay."

69. The Court finds that VPI seeks to restrain Amazon from engaging in the same type of conduct that VPI has engaged in itself. Accordingly, VPI is estopped under the doctrine of unclean hands from making any claim against Amazon because of VPI's own use of third party trademarks in the titles of its products and as keywords for sponsored advertising. *See Procter & Gamble*, 574 F. Supp. 2d at 356 (citing *Precision Instr. Mfg. Co.*, 24 U.S. 805, 814 (1945); *Keystone Driller*, 290 U.S. at 245).

CONCLUSION

70. For the reasons set forth above, the Court finds that Amazon's use of the VIDEO PROFESSOR Mark to truthfully advertise that VPI's products are available for sale on the Amazon.com website was authorized by VPI and in any event constituted a nominative fair use. For these same reasons, Amazon's use of the VIDEO PROFESSOR Mark did not cause a likelihood of confusion, did not violate the CCPA, and did not result in intentional interference with any business relationship.

71. Accordingly, the Court finds that VPI has failed to establish its claims for trademark infringement and unfair competition (under §§ 32(a) and 43(a) of the Lanham

Act, as well as under common law), for violations of the CCPA and for tortious interference with business relationships.

72. The Court further finds that this is an exceptional case under 15 U.S.C. § 1117 meriting an award of reasonable attorneys' fees to Amazon. *See Nat'l Ass'n of Prof'l Baseball Leagues, Inc. v. Very Minor Leagues, Inc.*, 223 F.3d 1143, 1146-47 (10th Cir. 2000) (holding that trademark infringement suit could be "exceptional" for a prevailing defendant because of its lack of any foundation, among other reasons. Given the undisputed and unrestricted license VPI granted to Amazon and Amazon's status as an authorized reseller of VPI's Video Professor products at all relevant times, VPI's claims in this case lack foundation. For the same reason, reasonable attorneys' fees also shall be awarded under Colo. Rev. Stat. § 13-17-102.

ORDERS

THEREFORE, IT IS ORDERED as follows:

1. That judgment **SHALL BE ENTERED** for Defendant Amazon.com, Inc. against Plaintiff Video Professor, Inc. on all counts of Plaintiff's Complaint and that Plaintiff's Complaint shall be dismissed with prejudice;

2. That the Defendant, Amazon.com, Inc. is awarded its costs to be billed and taxed in the time and manner provided by Fed. R. Civ. P. 54(d)(1) and D.C.COLO.LCivR 54.1;

3. That the Defendant, Amazon.com, Inc. is entitled to an award of reasonable attorney's fees in an amount to be determined upon Defendant's filing of an appropriate motion.

Dated _____, 2010, at Denver, Colorado.

BY THE COURT:

_____
Robert E. Blackburn
United States District Judge

Respectfully submitted this 19th day of April, 2010

s/ *Jared B. Briant*
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CERTIFICATE OF SERVICE (CM/ECF)

I hereby certify that on April 19, 2010, I electronically filed the foregoing **DEFENDANT'S PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERS** with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following persons at the given email addresses:

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