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 RESPONSE TO PLAINTIFF'S MOTION TO EXCLUDE WAIVED AFFRIMATIVE DEFENSE [#59], filed Apr. 16, 2010

Defendant Amazon.com, Inc. ("Amazon") hereby submits its Response to Plaintiff Video Professor, Inc.'s ("VPI's") Motion to Exclude Waived Affirmative Defense, [#59], filed Apr. 16, 2010. In support thereof, Amazon incorporates by reference its Motion for Leave to File an Amended Answer and Affirmative Defenses ("Motion for Leave to Amend") [#62], filed on April 16, 2010, and further states as follows:

I. INTRODUCTION

In the Final Pretrial Order, Amazon included the following defense of *jus tertii* as its fifth affirmative defense:

> **Defendant's Fifth Affirmative Defense (Jus Tertii):**
>
> In its cross-motion for summary judgment, VPI stated that "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." Dkt. 45, at 15. In its order denying VPI's motion for additional discovery to pursue this claim, the Court held plaintiff had failed to plead this claim in its Complaint. *See* Mar. 8, 2010

> Order (Dkt. 52) at 6-7. VPI states in this Pretrial Order that it "will not proceed on a theory of contributory infringement under 15 U.S.C. § 1114(1)(a)." *See supra,* at 3.
>
> Amazon's understanding, therefore, is that there is no claim in this case that Amazon's use of the PROFESSOR TEACHES trademark in selling or advertising Professor Teaches products infringes VPI's VIDEO PROFESSOR mark. To the extent VPI contends otherwise, such a claim is not in the case because it was not well-pleaded. *See Ashcroft v. Iqbal*, 556 U.S. ___; 129 S. Ct. 1937, 1949 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007). If the Court were to hold otherwise, Amazon would deny any such liability and further assert the senior registered trademark rights of the owner of the PROFESSOR TEACHES mark to defeat such a claim under the defense of *Jus Tertii*.
>
> Amazon may invoke the superior trademark rights of Individual Software, Inc. ("ISI"), the owner of a family of registered "professor" marks for computer learning software (PROFESSOR, PROFESSOR DOS and PROFESSOR TEACHES) 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 the third party and Amazon, express or implied in fact, under which the third party permits a defendant to use its trademark satisfies the privity requirement. *Diarama Trading*, 2005 WL 2138925, at *9 (citing *Lapinee Trade, Inc. v. Paleewong Trading Co*., 687 F. Supp. 1262, 1264 (N.D. Ill. 1988)).

See Final Pretrial Order [#61], at 17-19 (emphasis added).

The Court has referred Amazon's Motion for Leave to Amend to add this defense to Magistrate Judge Kristen L. Mix for determination. If Magistrate Judge Mix grants Amazon's Motion for Leave to Amend, VPI's motion to exclude that defense should be denied and Amazon's affirmative defense of *jus tertii* should remain in the Final Pretrial Order. The Court also has the authority to amend the claims and defenses in the case in the Final Pretrial Order under Fed. R. Civ. P. 16(c)(2)(B). In this case, such an amendment at this time is both well justified and in the interests of justice.

II. ARGUMENT

As described in both the Final Pretrial Order [#61] and in Amazon's Motion for Leave to Amend, Amazon's *jus tertii* defense is directed solely to VPI's claim to the extent it seeks to impose liability on Amazon based on Amazon's use of the PROFESSOR TEACHES trademark to sell Professor Teaches products.

Under the *jus tertii* doctrine, Amazon can argue that to the extent VPI claims Amazon is liable because of a likelihood of confusion between PROFESSOR TEACHES and VIDEO PROFESSOR, VPI cannot not obtain relief against Amazon because VPI is not the senior user. *See Lapinee Trade, Inc. v. Paleewong Trading Co*., 687 F. Supp. 1262, 1264 (N.D. Ill. 1988); *accord Diarama Trading Co. v. J. Walter Thompson U.S.A., Inc*., No. 01 Civ. 2950, 2005 WL 2148925, at *6, *10 (S.D.N.Y. Sept. 6, 2005). The elements of the defense are two: (1) whether a third party has trademark rights senior to that of the plaintiff; and (2) whether the defendant is in privity with the third party. *Diarama Trading*, 2005 WL 2148925, at *6; *Lapinee Trade*, 687 F. Supp. at 1264. Privity may be shown by an express or implied agreement between the third party and the defendant under which defendant had the right to use the third party's mark. *Diarama Trading*, 2005 WL 2148925, at *10.

Amazon did not seek leave from the Court to raise this defense sooner because Amazon did not have a sufficient Rule 11 basis to assert this *jus tertii* defense until now. This is for two reasons. First, until Amazon received VPI's draft of the Final Pretrial Order on April 9, 2010, Amazon had reasonably believed that there was no claim in the case to which the defense would apply. Amazon has always understood that VPI's

infringement claims were limited to Amazon' s use of the VIDEO PROFESSOR mark and that VPI was not alleging that Amazon's use of the PROFESSOR TEACHES mark to sell Professor Teaches products was infringing. The Court validated Amazon's understanding when it denied VPI's request for additional discovery to pursue a claim that Amazon should be liable for its use of the PROFESSOR TEACHES mark in selling Professor Teaches products. *See* Order [#52], at 6-7. In denying this request, the Court held that this claim (that VPI labeled "contributory infringement") "which asserts that [Amazon's] sales of 'confusingly similar' competing products violate the law" was not well-plead and therefore is not in the case *See id*. at 4, 6-7. Although VPI stated in the Final Pretrial Order that it "will not proceed on a theory of contributory infringement" ([#61] at 3), VPI was silent as to whether this meant that VPI did not intend to pursue a claim that is Amazon is liable based on Amazon's use of the PROFESSOR TEACHES mark in connection with the sale of Professor Teaches products. Amazon suspected that VPI still intended to pursue such a claim based on its disclosure in the Final Pretrial Order that it would offer witnesses to testify concerning alleged confusion by owners of Professor Teaches products. *See* [#61], at 22-23.

Second, Amazon did not learn the evidentiary basis of ISI's valid senior rights in the PROFESSOR TEACHES trademark until VPI's deposition of Mr. Jo-L Hendrickson, ISI's president and founder, that VPI scheduled for March 12, 2010, the last day of discovery. In that deposition, Mr. Hendrickson disclosed that ISI owned a family of "Professor" trademarks, including PROFESSOR TEACHES, and that ISI's first use of its "Professor" family of marks for computer learning software was in 1983, four years

before VPI's date of first use. "The fact that a party first learns, through discovery or disclosures, information necessary for the assertion of a [defense] after the deadline to amend established in the scheduling order has expired constitutes good cause . . . ." *Pumpco, Inc. v. Schenker Int'l, Inc*., 204 F.R.D. 667, 668-69 (D. Colo. 2001) (granting leave to amend after close of all discovery based on information learned near end of discovery).

VPI's assertion that Amazon should have plead a *jus tertii* defense at the outset of the case is without merit. Under Rule 11, Amazon could not assert its *jus tertii* defense before it had both a legal and evidentiary basis for the claim. This defense lacked evidentiary support until after ISI's deposition, and lacked legal support until after Amazon received VPI's draft Final Pretrial Order. It was only then that Amazon became aware that, despite the Court's Order holding that the claim was not in the case, VPI nonetheless sought to proceed with a claim of infringement based on Amazon's use of the PROFESSOR TEACHES mark. Once Amazon possessed both a legal and factual basis to assert the *jus tertii* defense, Amazon promptly added it to the Final Pretrial Order and filed its Motion for Leave to Amend.

VPI makes no effort to identify any actual undue prejudice resulting from Amazon's assertion of the *jus tertii* defense. This is not surprising, as Amazon's defense arises out the same facts that would be relevant to a claim by VPI that Amazon's use of the PROFESSOR TEACHES mark is infringing, and VPI has already done its discovery on these facts – VPI subpoenaed documents from ISI and took ISI's deposition. If VPI is permitted to pursue this claim of infringement at trial, Amazon

should be allowed to defend itself based on a defense, the evidentiary basis of which it learned only recently.

In a similar case, the Fourth Circuit held that it was an abuse of discretion to deny leave to amend to add a claim for trademark infringement on the first day of trial based on facts only recently learned. *Sweetheart Plastics, Inc. v. Detroit Forming, Inc*., 743 F.2d 1039, 1044-45 (4th Cir. 1984). In *Sweetheart Plastics*, plaintiff learned of the factual basis for a claim for trademark infringement six days before trial, and moved to amend its complaint to add the claim on the first day of trial. *Id*. at 1042. In reversing the district court decision, the Fourth Circuit held plaintiff's motion was not untimely, despite the fact that it was filed on the first day of trial because the factual basis of the claim was only recently discovered. *Id*. at 1044. The court also found that allowing the amendment would not result in any undue prejudice to defendant, as the amendment "was grounded on at least one of the same acts [by Defendant] that form the basis of the [original claims in the complaint]." *Id*.

Here, as in *Sweetheart Plastics*, Amazon's defense arises out the same facts that would be relevant to a claim by VPI that Amazon's use of the PROFESSOR TEACHES mark is infringing. Any such claim by VPI must necessarily consider ISI's use of the PROFESSOR TEACHES mark and Amazon's relationship with ISI, both of which were thoroughly examined during VPI's deposition of ISI. Because Amazon's *jus tertii* defense arises out these same facts and because VPI has already discovered the facts relevant to the defense, allowing Amazon to defend itself under the *jus tertii*

doctrine, as stated in the Final Pretrial Order, will not result in any unfair prejudice to VPI.

III. CONCLUSION

For each of these reasons, and for each of the reasons set forth in Amazon's Motion for Leave to File Amended Answer and Affirmative Defenses [#62], Defendant Amazon.com, Inc. respectfully requests that VPI's motion be denied.

Respectfully submitted this 21st day of April, 2010

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CERTIFICATE OF SERVICE (CM/ECF)

I hereby certify that on April 21, 2010, I electronically filed the foregoing **DEFENDANT'S RESPONSE TO PLAINTIFF'S MOTION TO EXCLUDE WAIVED AFFIRMATIVE DEFENSE [#59], filed April 16, 2010** 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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