

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

11 CIV 5445

JUDGE KAPLAN

TUFAMERICA, INC.,

Plaintiff,

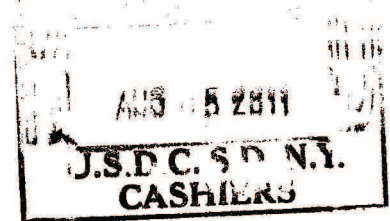
Civil Action No.

v.

COMPLAINT

AMAZON.COM, INC., ON-DEMAND
PUBLISHING LLC, and
THE ORCHARD ENTERPRISES, INC.

Defendants.



Plaintiff TufAmerica, Inc. ("TufAmerica"), by and through its undersigned counsel,
alleges as follows:

BACKGROUND

1. This is a case is about the unlicensed and counterfeit manufacturing and sale of music compact discs. Upon information and belief, defendant Amazon.com, Inc., through its subsidiary and co-defendant On-Demand Publishing LLC, has conspired with defendant The Orchard Enterprises, Inc. to manufacture, market, and sell more than a hundred different music albums in compact disc form that together include thousands of unlicensed songs and bear unlicensed trademarks, all of which are owned or controlled by plaintiff TufAmerica, Inc. Defendants' sale of these counterfeit music CDs, containing classic blues, jazz, and hip-hop recordings, blatantly infringes TufAmerica's rights.

JURISDICTION AND VENUE

2. This Court has jurisdiction over this lawsuit pursuant to 28 U.S.C. §§ 1331 and 1338(a). Venue in this judicial district is appropriate pursuant to 28 U.S.C. §§1391(b) and (c) and 1400(a).

3. This Court has personal jurisdiction over Defendants. Defendants have directed their activities and marketing of infringing compact disc recordings at New York residents, and New York residents are able to purchase compact discs that include infringed recordings, infringed album artwork, and one or more infringed trademarks. Defendants thus do continuous and systematic business in New York, upon information and belief has entered into transactions directly related to the subject matter of this lawsuit, and are present in New York for purposes of establishing this Court's jurisdiction over them under N.Y. C.P.L.R. §§ 301 and 302(a)(1).

PARTIES

4. Plaintiff TufAmerica, Inc. is a New York corporation with a place of business at 10 West 37th Street, Suite 601, New York, New York.

5. Upon information and belief, defendant Amazon.com Inc. is a Delaware corporation having a place of business at 410 Terry Avenue North, Seattle, Washington 98109.

6. Upon information and belief, defendant On-Demand Publishing LLC is a Delaware limited liability company having a place of business at 100 Enterprise Way, Suite A200, Scotts Valley, CA 95066, and is a subsidiary of defendant Amazon.com Inc. On-Demand Publishing LLC and Amazon.com Inc. shall together be referred to herein as "Amazon."

7. Upon information and belief, defendant The Orchard Enterprises, Inc. ("Orchard") is a Delaware corporation with its principal place of business at 23 E 4th St # 3, New York, NY 10003-7023.

FACTS

8. TufAmerica is the owner of the Tuff City Music Group, which was founded in 1981 as a rap and hip-hop label. Since then, TufAmerica has moved into other musical genres, including blues, soul, funk, and R&B, acquiring the rights to thousands of musical recordings and compositions.

9. Over the years, TufAmerica has acquired rights to thousands of musical recordings and compositions, which it has released under a number of different label marks. TufAmerica releases original hip hop recordings under its TUFF CITY label mark, using two different logos; hip hop reissues under its OLD SKOOL FLAVA label logo and mark; New Orleans, blues, and jazz music under its NIGHT TRAIN label logo and mark; soul music under its SOUL-TAY-SHUS label logo and mark; and certain vintage blues recordings under its SWING TIME label logo and mark (together, the “TufAmerica Marks”).

10. TufAmerica is the owner of each of the TufAmerica Marks, and has used the marks on and in connection with compact discs and LP vinyl albums manufactured and sold by TufAmerica for many years. TufAmerica strictly controls the quality and selection of the musical recordings it releases under each of the TufAmerica Marks. Each of the TufAmerica Marks has acquired secondary meaning in the minds of consumers by virtue of TufAmerica’s long use of the marks on and in connection with the specific types of music released by TufAmerica under each mark. TufAmerica maintains strict quality control over the music that is selected and released under each of the TufAmerica Marks, and has invested substantial time and money in promoting recordings released under each of the TufAmerica Marks. Compact discs and LP vinyl

albums bearing the TufAmerica Marks have been offered for sale and sold throughout the United States as well as in numerous foreign countries.

11. TufAmerica distributes many of the albums and recordings it controls on compact discs and, increasingly, vinyl LPs. These include reissues of existing albums as well as new compilation albums that are personally curated by TufAmerica's CEO, Aaron Fuchs. In addition, TufAmerica also actively licenses the recordings and compositions it controls for use in commercials, television shows, and films.

The Limited TufAmerica License

12. In September, 2006, TufAmerica entered into a limited license with Digital Music Group, Inc. ("Digital"), Orchard's predecessor in interest, that permitted Digital to market a large number of musical tracks, but only in certain limited ways (the "TufAmerica License"). TufAmerica delivered thousands of musical recordings to Digital under the TufAmerica License.

13. The TufAmerica License specified in detail the rights that TufAmerica was and, more importantly for this lawsuit, was not licensing to Digital. In particular, the TufAmerica License limited Digital's use of the licensed recordings to electronic transmissions or mobile-phone ringtones; in other words, to digital downloads of the songs (for example, by way of a service such as iTunes), and to digital downloads of ringtones (for example, by way of a mobile phone operator such as Verizon Wireless).

14. The TufAmerica License also granted limited rights to Digital to use certain TufAmerica trademarks; in particular, the marks TUFAMERICA, TUFF CITY RECORDS, and NIGHT TRAIN INTERNATIONAL. Digital could only use these marks, however, "in connection with the advertising, marketing and promotion of the

Masters, the Option Masters, if any, and [Digital's] services, as set forth in this Agreement.”

15. The TufAmerica License was by no means a broad license of all of TufAmerica's rights in and to the underlying musical recordings. There were a number of rights that it specifically did not grant to Digital. In particular, TufAmerica reserved for itself “[t]he right to license the Masters or Option Masters in connection with the so-called brick and mortar ‘manufacture on demand’ of phonorecords (even if the Masters are delivered to the manufacture on demand via Electronic Transmission prior to the embodiment in a phonorecord).”

16. In late 2007, Digital and Orchard merged, and Orchard assumed Digital's obligations under the TufAmerica License.

Amazon, On-Demand, and Orchard Infringe TufAmerica's Rights

17. Upon information and belief, despite the fact that TufAmerica reserved for itself the right to make or license for “manufacture on demand” the recordings that were the subject of the TufAmerica License, defendants have nonetheless conspired to offer for sale, manufacture, and sell hundreds of different “manufacture on demand” counterfeit compact discs that incorporate thousands of TufAmerica musical recordings for which defendants have no license. This blatant disregard for TufAmerica's rights constitutes copyright infringement.

18. In addition, defendants have further conspired to infringe numerous common-law trademarks – in particular, the TufAmerica Marks – owned and controlled by TufAmerica. Defendants have infringed these marks by displaying them on the Amazon website on or in connection with Amazon's offers to sell infringing “manufacture on demand” compact discs and by placing them on their counterfeit

“manufacture on demand” compact discs that incorporate TufAmerica’s musical recordings, all despite the fact that defendants have no right or license to do so.

19. The counterfeit “manufacture on demand” compact discs are offered for sale by way of defendant Amazon’s website at www.amazon.com. In many cases, the counterfeit versions of TufAmerica albums manufactured and sold by Amazon are listed for sale on the same search result page, and therefore compete directly with, genuine compact discs manufactured for TufAmerica and offered for sale by TufAmerica or one or more of TufAmerica’s distributors. An example of such a search result page (for the album “New Orleans Twist Party”) is annexed hereto at Exhibit A. The counterfeit manufacture-on-demand product is displayed first, at the top of the page, with the genuine, authorized product displayed immediately below it.

20. Annexed hereto at Exhibit B is a listing of more than 1400 musical recordings controlled by TufAmerica (the “Infringed Recordings”) that were included among the recordings delivered to Orchard’s predecessor Digital in connection with the limited TufAmerica License. TufAmerica owns or controls the copyrights in and to each of the Infringed Recordings listed on Exhibit B. Upon information and belief, despite the specific reservation of rights in the TufAmerica license, Orchard has supplied each of the Infringed Recordings to Amazon, and each is available from Amazon as part of a “manufacture on demand” compact disc, in violation of a registered or common-law copyright that is owned or controlled by TufAmerica. Exhibit B also lists, where relevant, the United States Copyright Office registration numbers associated with the Infringed Recordings (a number of the recordings predate 1972 and are protected by common law). There may be more TufAmerica recordings that Amazon and Orchard are infringing by way of their “manufacture on demand” scheme; the Infringed Recordings

listed on Exhibit B are merely ones that TufAmerica has been able to identify through its own considerable time and effort.

21. Annexed hereto at Exhibit C is a listing of 124 musical compositions (the “Infringed Compositions”) controlled by TufAmerica that correspond with master recordings delivered to Orchard’s predecessor Digital in connection with the limited TufAmerica License. TufAmerica owns or controls the copyrights in and to each of the Infringed Compositions listed on Exhibit C. None of these compositions were licensed to Amazon or Orchard. Upon information and belief, Orchard has supplied the recordings corresponding with each of the Infringed Compositions to Amazon, and each recording is available from Amazon as part of a “manufacture on demand” compact disc, in violation of a registered composition copyright that is owned or controlled by TufAmerica. Exhibit C also lists the United States Copyright Office registration numbers associated with the Infringed Compositions. There may be more TufAmerica compositions that Amazon and Orchard are infringing by way of their “manufacture on demand” scheme; the compositions listed on Exhibit C are merely ones that TufAmerica has been able to identify through its own considerable time and effort.

22. TufAmerica also owns or controls the rights to album artwork associated with at least two of the albums listed on Exhibit B: Johnny Otis – Too Late To Holler, and Various Artists – New Orleans Twist Party (the “Infringed Album Art”).

23. Defendants have reproduced the Infringed Album Art in connection with their unauthorized marketing and sale of counterfeit “manufacture on demand” compact discs. Defendants have no right to do so, and their unauthorized display and reproduction of TufAmerica’s Infringed Album Art constitutes an additional infringement of TufAmerica’s intellectual property rights.

24. In addition to violating TufAmerica's copyright and trademark rights, defendants are substantially damaging TufAmerica's business reputation as well. Upon information and belief, most if not all of the counterfeit TufAmerica compact discs made and sold by Amazon do not include the so-called "liner notes," or written commentaries that accompany many of the genuine compact discs manufactured and sold by TufAmerica. Many music consumers appreciate these liner notes, and find that the information contained in the notes help enhance their enjoyment and understanding of the music included in the compact disc. There is, however, no way for the consumer to determine when ordering a "manufacture on demand" compact disc on the Amazon website whether or not the product the consumer receives will include any liner notes. Upon information and belief, none of the infringing "manufacture on demand" compact discs include TufAmerica's liner notes.

25. At least one consumer who purchased an infringing manufacture on demand compact disc from Amazon has disapproved of the lack of liner notes. For the album "Wardell Quezzerque: Sixty Smokin' Soul Senders Vol.1," available as of August 4, 2011 at http://www.amazon.com/Wardell-Quezzerque-Sixty-Smokin-Senders/dp/B004LB6A1C/ref=sr_1_1?ie=UTF8&qid=1312053582&sr=8-1, a reviewer posted a one-out-of-five-star review of Amazon's counterfeit manufacture-on-demand album, noting "This is a CD-R of the first half of a double CD set. The title of the CD is 'Sixty Smokin' Soul Senders' but only the first CD is provided. The CD lists the titles of the 30 songs. BUT IT DOESN'T IDENTIFY THE ARTISTS. The original included a 24-page booklet. The CD-R provides no information at all, just a folded sheet with NO INFORMATION. The music is great, the lack of information is a disgrace. If you search the Internet you can find who the artists are, but you shouldn't have to do that."

26. The review notes another problem with defendants' counterfeit products: they may misdescribe the content (in this case, the counterfeit product includes only 30 of the 60 songs available on the genuine TufAmerica version), and may fail to fully describe the content they do include (in this case, by failing to list the artists). In other cases, the counterfeit product does not include a listing of the tracks that are on the compact disc. In each of these cases, it is TufAmerica that is harmed by defendants' advertising and sale of these counterfeit, low-quality products.

27. In addition, defendants have also created manufacture on demand compact discs that include unlicensed musical recordings bearing no relationship to any existing TufAmerica album. For example, there is a manufacture on demand "album" available through Amazon titled "Funky Soul" by the Dynamic Walton Brothers. This "album" contains a single song – Funky Soul – that is just under three minutes long. It sells for \$15.99, and bears the TUFF CITY mark. There is no corresponding album in the TufAmerica catalog. In addition to being counterfeit, Amazon's marketing and sale of this single-track album for \$15.99 is damaging to TufAmerica's reputation; no reasonable customer is likely to be satisfied with the purchase of a compact disc that contains only one short song, and consumer dissatisfaction will be directed at the label whose name on the disc: TUFF CITY.

28. As a further example of defendants' blatant disregard for TufAmerica's rights, they have also changed the titles of some existing TufAmerica albums and are marketing the very same sets of recordings as "manufacture on demand" compact discs under entirely new names. For example, Amazon is making and selling the Grandmaster Caz album "Grandest of Them All" under the title "The Real Old School: Hip Hop/Rap Classics Vol. 1." Of course defendants have no right either to market these albums or to

change their titles. This retitling is likely to cause consumer confusion and constitutes unfair competition under New York state law.

FIRST CLAIM FOR RELIEF
(Copyright Infringement – 17 U.S.C. § 501, et seq. – Musical Recordings)

29. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 28 above as if set forth fully herein.

30. Amazon, On-Demand, and Orchard are each liable to TufAmerica for Copyright Infringement under 17 U.S.C. § 501, et seq. for each and every sale of every “manufacture on demand” compact disc incorporating any recording whose copyright is (a) registered with the United States Copyright Office and (b) owned or controlled by TufAmerica.

SECOND CLAIM FOR RELIEF
(Copyright Infringement – 17 U.S.C. § 501, et seq. – Musical Compositions)

31. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 30 above as if set forth fully herein.

32. Amazon, On-Demand, and Orchard are each liable to TufAmerica for Copyright Infringement under 17 U.S.C. § 501, et seq. for each and every sale of every “manufacture on demand” compact disc incorporating any composition whose copyright is (a) registered with the United States Copyright Office and (b) owned or controlled by TufAmerica.

THIRD CLAIM FOR RELIEF
(Copyright Infringement – 17 U.S.C. § 501, et seq. – Album Artwork)

33. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 32 above as if set forth fully herein.

34. Amazon, On-Demand, and Orchard are each liable to TufAmerica for Copyright Infringement under 17 U.S.C. § 501, et seq. for the unauthorized display, reproduction, and sale of one or more works of art whose copyright is (a) registered with the United States Copyright Office and (b) owned or controlled by TufAmerica.

FOURTH CLAIM FOR RELIEF
(Copyright Infringement – Common Law)

35. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 34 above as if set forth fully herein.

36. Amazon, On-Demand, and Orchard are each liable to TufAmerica for Copyright Infringement under New York common law for each and every sale of every “manufacture on demand” compact disc incorporating any pre-1972 recording whose copyright is (a) not registered with the United States Copyright Office and (b) owned or controlled by TufAmerica.

FIFTH CLAIM FOR RELIEF
(Trademark Infringement – Common Law)

37. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 36 above as if set forth fully herein.

38. Amazon, On-Demand, and Orchard are each liable to TufAmerica for infringement of the following TufAmerica trademarks: TUFF CITY, OLD SKOOL FLAVA, NIGHT TRAIN, SOUL-TAY-SHUS, and SWING TIME.

SIXTH CLAIM FOR RELIEF
(Unfair Competition – Common Law)

39. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 38 above as if set forth fully herein.

40. As a result of their unauthorized sale of musical content identical to that sold by TufAmerica, but under different titles, Amazon, On-Demand, and Orchard are each liable to TufAmerica for unfair competition under New York law.

**SEVENTH CLAIM FOR RELIEF
(Civil Conspiracy)**

41. TufAmerica repeats and realleges the allegations set forth in paragraphs 1 through 40 above as if set forth fully herein.

42. Defendants Amazon.com, On-Demand, and Orchard conspired to infringe on TufAmerica's rights in and to one or more musical recordings, compositions, artwork, and the Infringed TufAmerica Trademarks.

43. As a direct consequence of defendants' conspiracies and the torts committed in connection therewith, TufAmerica has been damaged.

44. Defendants are jointly and severally liable to TufAmerica for each of the civil conspiracies (copyright infringement and trademark infringement).

WHEREFORE, TufAmerica prays for judgment against defendants as follows:

1. For a preliminary and permanent injunction enjoining defendants, and their respective agents, servants, employees, officers, successors, licensees, and assigns, and all persons acting in concert or participation with each or any of them, from directly or indirectly infringing in any manner any musical recording owned or controlled by TufAmerica, including but not limited to the titles listed on Exhibit B, by using any of those recordings to create "manufacture on demand" compact discs.

2. For a preliminary and permanent injunction enjoining defendants, and their respective agents, servants, employees, officers, successors, licensees, and assigns, and all persons acting in concert or participation with each or any of them, from directly or indirectly infringing in any manner any musical composition owned or controlled by TufAmerica, including but not limited to the titles listed on Exhibit C, by using any of those compositions to create "manufacture on demand" compact discs.

3. For a preliminary and permanent injunction enjoining defendants, and their respective agents, servants, employees, officers, successors, licensees, and assigns, and all persons acting in concert or participation with each or any of them, from directly

or indirectly infringing in any manner any artwork owned or controlled by TufAmerica, by reproducing any of that artwork in either digital or hard copy form on or in connection with the advertising or sale of any “manufacture on demand” compact discs.

4. For a preliminary and permanent injunction enjoining defendants, and their respective agents, servants, employees, officers, successors, licensees, and assigns, and all persons acting in concert or participation with each or any of them, from directly or indirectly infringing in any manner any trademark owned or controlled by TufAmerica by reproducing an TufAmerica trademark or any mark confusingly similar thereto on or in connection with the advertising or sale of any “manufacture on demand” compact discs.

5. For statutory damages against each defendant, including where appropriate statutory damages of \$150,000 per infringement, for each infringement of a registered copyright owned or controlled by TufAmerica.

6. For an order impounding (a) all compact discs manufactured by defendants in violation of TufAmerica’s rights; (b) all plates, molds, matrices, masters, tapes, film negatives, computer files, compact disc replication machines, or other articles by means of which such copies of the infringing compact discs may be reproduced; and (c) defendants’ records documenting the manufacture, sale, or receipt of things involved in any such violation.

7. For an order directing the destruction of (a) all compact discs manufactured by defendants in violation of TufAmerica’s rights; (b) all plates, molds, matrices, masters, tapes, film negatives, computer files, compact disc replication machines, or other articles by means of which such copies of the infringing compact discs may be reproduced.

8. For an accounting, the imposition of a constructive trust, restitution to TufAmerica of defendants’ unlawful proceeds, and damages according to proof in connection with the sales by defendants of all pre-1972 recordings owned or controlled by TufAmerica.

9. For punitive and exemplary damages in an amount as may be awarded at trial.

10. For prejudgment interest according to law.

11. For TufAmerica’s costs incurred in this action including its reasonable attorneys’ fees.

12. For such other and further relief as the Court may deem just and proper.

Dated: August 4, 2011

Respectfully submitted,

By: 

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