

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

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<p>ASCENTIVE, LLC,</p> <p><i>Plaintiff,</i></p> <p>v.</p> <p>OPINION CORP. d/b/a PISSCONSUMER.COM, MICHAEL PODOLSKY, JOANNA SIMPSON, and ALEX SYROV,</p> <p><i>Defendants.</i></p>	<p>CIVIL ACTION NOS.</p> <p>10-CV-04433 - ILG - SMG</p> <p>DEFENDANTS' MEMORANDUM OF LAW IN OPPOSITION TO CLASSIC BRANDS LLC's MOTION TO SUPPLEMENT THE RECORD</p>
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PRELIMINARY STATEMENT

Defendants submit this memorandum of law in opposition to the motion by plaintiff Classic Brands, LLC (“Classic”) to supplement the record on its pending motion for a preliminary injunction. The basis of this application is that the patent absence of irreparable harm or a likelihood of success on the merits in Classic’s preliminary injunction calculus can or should be remedied by permitting, in essence, a new motion based on a new record premised on an entirely new theory of recovery. Specifically, Classic hopes to convince the Court that an injunction should issue against defendants as long as someone, even if it is not defendants, is “doing something ‘wrong’” – for there is no other possible justification for seeking to submit information concerning isolated, inconsistent, and unverified advertising activity by a third-party as “support” for relief against defendants.

Thus, following the earlier, mirror-image application filed by plaintiff Ascentive, LLC (“Ascentive”), Classic would have the Court believe that defendants are now legally responsible for an offense not even claimed in their pleadings: the “redirection” of consumers “**not** to a website authorized by Classic or even selling DORMIA brand products, but rather to the website of one of Classic’s competitors, such as Tempur-Pedic®” by third parties whose advertisements appear on the Pissed Consumer website under an arrangement brokered by yet another third party (Classic Supp. Memo.¹ at 2.) But in parroting its co-plaintiff’s earlier plea, Classic does nothing to enhance its own argument.² Indeed, its similarly unconvincing presentation of what it purports to be facts and its arguments in support of those unsubstantiated fabrications does not even remotely demonstrate the legal propositions that: (1) advertisements incorporating a party’s

¹ All references to Classic’s Memorandum of Law in Support of its Motion to Supplement the Record (Case No. 10-cv-05546 (ILG) D.E. 25) is referred to herein as “Classic Supp. Memo. at ____.”

registered trademark per se leads to a likelihood of confusion; or (2) a party that merely **displays such an advertisement**, which is generated and published by a third party, is held liable for that third party's actions.

What is glaringly obvious from Classic's insistence in pursuing its half-baked legal theory of liability is that it, much like Ascentive, realizes that it has no case under the facts pled in its complaint or the law on which it bases its motion, so it has essentially gone beyond "supplementing" the record to create an entirely new motion under a new and legally unsustainable theory of secondary liability bearing no relationship whatsoever to the actual pleadings in this case and stretching the law of trademark beyond recognition.

Not only is such a submission improper, and, as demonstrated below, even if considered would still not advance plaintiff's meritless claims because it is each individual Internet user, and not PissedConsumer through the providing of keywords, that dictates the content of the advertisements about which Classic complains. The Court should not consider the actions of third-party advertisers on the PissedConsumer.com website for purposes of assessing irreparable harm on a preliminary injunction application in the absence of any claim in this action for relief based on such advertisements; competent evidence of harm or any indicia of actual confusion; let alone a coherent theory of liability attaching to the defendants in this case. For these and other reasons stated below, the Court should deny the relief sought here by plaintiff.

ARGUMENT

I. STANDARD OF REVIEW

Leave to supplement the record on a pending motion is discretionary and is appropriate only when a party has something **relevant** to add. Thus, in *Internet Law Library, Inc. v.*

² Defendants continue to maintain that Classic's motion should be denied for the reasons set forth in defendants' letter to the Court on April 18, 2011. (Case No. 10-cv-04433(ILG) D.E. 45.)

Southridge Capital Mgmt., LLC, 01 CIV. 6600 (RLC), 2005 WL 3370542, at *2 (S.D.N.Y. Dec. 12, 2005) *aff'd sub nom. ITIS Holdings Inc. v. Southridge Capital Mgmt. LLC*, 329 F. App'x. 299 (2d Cir. 2009), the Southern District denied motions to supplement the record where, as here, the movants failed sufficiently to demonstrate the relevance of the proffered documents to the motions they sought to supplement. That standard, applied to the facts here as demonstrated below, provides ample grounds for this Court to deny Classic's present motion.

II. CLASSIC'S SUPPLEMENTAL EVIDENCE IS IRRELEVANT TO THE PRELIMINARY INJUNCTION MOTION PRESENTLY BEFORE THE COURT

Classic claims that defendant PissedConsumer is now engaged in "even greater" egregious activity that warrants the granting of a preliminary injunction compared to when it first sought such relief. (Classic Supp. Memo. at 2, 4.) But this claim is based on inaccurate and speculative premises about the search results that are the basis of its submission, all of which could have been properly ascertained by Classic if it had made any effort at all to do so. Classic's proposed supplements to the record are based on advertisements by third parties which in turn link to products that compete with Classic. In other words, at best any infringement – and the word is used advisedly here – that occurs is not being committed by defendants in this action, and any claim by Classic against these defendants can only sound in contributory trademark infringement.

But neither Classic's pending preliminary injunction motion nor its complaint either plead facts amounting to contributory trademark infringement or otherwise demonstrate that the appropriate legal standard for a finding of that rare legal creature have been met here. To the contrary, the trademark argument in Classic's motion to supplement the record amounts to a motion based on an entirely different legal theory from that claimed in its complaint, i.e., direct

infringement, arising from, *inter alia*, defendants’ purported “use” of the Classic marks in connection with subdomains, i.e., <http://dormia-mattress.pissedconsumer.com> and <http://dormia-pissedconsumer.com>, with some additional references to the Google Adwords program. (Classic Compl. ¶¶ 34-45; 107-119; 121-127; Classic Memo.³ at 12-14; 17-20.) Classic’s proposed supplementation amounts to a recognition of the weakness of its direct infringement claim, but it neither properly supplements the existing complaint, seeks to amend it nor even attempts to argue the legal standard for imposition of secondary liability for infringement – exactly the same deficiency suffered by Ascentive in its earlier “supplementation” motion.

And any liability premised on plaintiff’s proposed new submissions can only be secondary. Indeed, the Declaration of Matthew C. Wagner dated April 15, 2011 (“Wagner Decl.”) readily acknowledges that Classic is unsure of defendants’ role in the advertising campaign about which it complains:

It **appears** that the DORMIA trademark search populates the ad campaign as (i) a Google search of the trademark DORMIA triggers ads for competing mattresses and (ii) the trademark keyword DORMIA used in the search is displayed identically in the competitor’s advertisement. It thus also **appears** that Defendants are purchasing the Plaintiff’s trademark, DORMIA, as a keyword in at least Google’s search engine, among others.

(Wagner Decl. ¶ 8.) (emphasis added.) (*See also* Classic Supp. Memo. at 2.) Ignoring for the moment whatever is meant by the prolix statement “the DORMIA trademark search populates the ad campaign as (i) a Google search of the trademark DORMIA triggers ads for competing mattresses,” a basis for supplementing the record at this juncture more than four months after Classic’s initial memorandum was filed, cannot merely rest exclusively with Classic’s lawyer’s mere suspicions of “how the world works.”

³ All references to Classic’s Memorandum of Law in Support of Plaintiff’s Motion for a Preliminary Injunction (Case No. 10-cv05546 (ILG) D.E. 5) is referred to herein as “Classic Memo. at ____.”

But even if Classic's averments were clear and further substantiated by someone with the requisite technical training or knowledge about how these third party advertisements work, claims for direct and contributory trademark infringement are legally and factual distinct. *See Steinway, Inc. v. Ashley*, 01 CIV 9703 GEL, 2002 WL 122929 (S.D.N.Y. Jan. 29, 2002) citing *Inwood Labs., Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 853-54 (1982); *Polymer Tech. Corp. v. Mimran*, 975 F.2d 58, 64 (2d Cir. 1992). Contributory trademark infringement requires the satisfaction of separate elements in determining liability, namely, that "a defendant either **intentionally induces** a third party to infringe the plaintiff's mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe that mark." *Id.* (emphasis added). To find contributory infringement on an Internet website, a plaintiff must prove both that the defendant directly controlled and monitored the activities of the infringing website, and that the defendant had actual or constructive knowledge of the infringement. *See Fare Deals, Ltd. v. World Choice Travel.com, Inc.*, 180 F.Supp.2d 678, 690-691 (D. Md. 2001).

Given that Classic has alleged no set of facts in its complaint – or until now, anywhere else – sounding in contributory trademark infringement, including any allegation of trademark infringement by Google or other third party advertisers (the actual actors) themselves, this pleading failure alone (absent a motion to amend the complaint) merits the Court's rejection of defendants' requests to supplement the record. In *Video Professor, Inc. v. Amazon.com, Inc.*, 2010 WL 882646, at *3 (D. Colo. Mar. 8, 2010), the court denied the plaintiff's request to extend discovery relevant to a contributory liability claim where the plaintiff had failed to include the claim in its complaint, refusing to read such a claim into "broad allegations of a complaint for

trademark infringement.” See Coleman, Jane, *Secondary Trademark Infringement*, <http://www.secondarytrademarkinfringement.com/?p=72> (last visited June 23, 2011).⁴

A. Classic’s Claimed Proof of Control by Defendants Over the Content of Advertisements on Defendants Websites is Legally and Factually Flawed

For a defendant to be liable for contributory infringement on an Internet website, a plaintiff must prove that there is an infringement by a third party, and that the defendant against whom contributory liability is asserted directly controlled and monitored the activities of the infringing website, and that the defendant had actual or constructive knowledge of the infringement. See *Fare Deals, Ltd., supra.* (advertisers who merely posted banner ads and links to their sites on an allegedly infringing website could not be held contributorily liable for such infringement). In general:

There must be evidence that the third party controlled and monitored the contents of the website to justify an extension of the contributory liability doctrine beyond the manufacturer-distributor context set forth in *Inwood*. See *SB Designs v. Reebok Int’l, Ltd.*, 338 F.Supp.2d 904 at 913 (N.D. Ill. 2004), citing *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999), for the suggestion that contributory liability theory could be applied to the Internet if there were evidence of monitoring and control.

Coleman, Jane. *Id.*, <http://www.secondarytrademarkinfringement.com/?p=91> (last visited June 23, 2011). Now that Classic has focused what little is left of its case on claims, albeit absent in the pleadings, of contributory infringement, defendants must at this juncture make a more extended argument on this issue demonstrating plaintiff’s error. In fact, the law is that website

⁴ In Ascentive’s reply memorandum (Case No. 10-cv-04433 (ILG) D.E. 48), plaintiff Ascentive expresses skepticism about defendants’ citation to this online treatise. (Ascentive Reply Memo. at 12, n.5.) Presumably Classic will do the same. The treatise is presented to the Court, not as an “authoritative” source but as a convenient and complete collation and analysis of relevant caselaw. The cases cited here and which form the basis of the conclusions in the work quoted say exactly what the treatise says they do. Moreover, the treatise itself has been cited in two learned articles published in 2011 (Katja Weckstrm, *Secondary Liability for Trademark Infringement in the United States*, 49 U. Louisville L. Rev. 555, 580 (2011); Scott H. Brown, *Is It Time to Revisit Trademark Misuse?*, 11 U. Pitt. J. Tech. L. Pol’y 6 (2011)) and has also been cited extensively on the Internet and recognized as “a comprehensive treatment of the topic.” Jefferson F. Scher, *The Evolving Law of Secondary Liability in Trademark* (Paper presented at American Intellectual Property Law Association Spring Meeting, May 12, 2011, found at <http://www.carrferrell.com/pubs/SecondaryLiabilityInTrademark.pdf> (last visited June 23, 2011).

owners are not liable for merely providing a platform for alleged trademark infringements arising from links to third-party websites. Rather, in a claim for contributory negligence, the focus is always on whether the defendant has direct control and monitoring of the instrumentality used by the third parties – here, Google and other third party advertising affiliates – that are allegedly infringing the plaintiff’s mark. *See Tiffany Inc. v. eBay Inc.*, 600 F.3d 93, 104 (2d Cir. 2010).

Where there is no direct control and monitoring, there is no contributory infringement:

[M]ere association with an allegedly infringing website, without more, has been found to be insufficient to impose contributory liability on a non-infringing third party. There must be evidence that the [defendant] controlled and monitored the contents of the website to justify an extension of the contributory liability doctrine beyond the manufacturer-distributor context set forth in *Inwood*. *See SB Designs v. Reebok Int’l, Ltd.*, 338 F.Supp.2d 904 at 913 (N.D. Ill. 2004), citing *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999), for the suggestion that contributory liability theory could be applied to the Internet if there were evidence of monitoring and control. . . .

[In *Reebok*] . . . at issue was whether the court should extend the *Inwood Laboratories* standard beyond the manufacturer-distributor context as the Seventh Circuit had done in *Hard Rock Café*, 955 F.2d 1143 (7th Cir. 1992).

The court refused to do so, noting that the Seventh Circuit’s expansion of the “product” requirement for contributory infringement was much more limited than the plaintiffs would have it. Specifically, the court rejected the plaintiff’s argument that “a non-infringing supplier is contributorily liable if the product it supplies is associated in some way with an infringing product that the supplier did not supply.” *Id.* It also rejected their assertion that “the sponsors of an event who supply products for the event, without more, are contributorily liable for infringement committed by the event’s promoters or organizers.” *Id.*

Furthermore, the court noted that the Seventh Circuit’s expansion of contributory liability “was premised on a defendant’s direct control and monitoring of the instrumentality used by a third party to infringe the plaintiff’s mark.” *Id.*, citing *Hard Rock Café*, 955 F.2d at 1149 and *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999). *Reebok*, however, maintained that it exercised no control over Crossover Promotions’ conduct or materials, which the plaintiffs could not disprove. The court therefore granted summary judgment. *SB Designs, supra* at 913.

Coleman, Jane. *Id.*

Here plaintiff has not come forward with competent proof that the content of the ads on the Pissed Consumer website are controlled or even materially affected by any action by defendants. Indeed, defendants, like the defendants in *Reebok*, have already once before and do so again now deny that they have any direct involvement in the selection of the ads that serve as the basis of Classic's motion. (*See generally* Affirmation of Michael Podolsky, dated April 18, 2011; Affirmation of Alex Syrov, dated June 23, 2011 ("Syrov Aff.") ¶¶ 11, 16-17, 19, 24-25, 27.) Moreover, Classic has acknowledged that this content is generated by third parties. (Classic Compl. ¶¶ 40-42 "The advertisements are displayed through Google's "Adwords" advertising program" at ¶ 42.) Moreover, even if defendants had such control, the law still does not impose contributory liability for actions by third parties even when a defendant has had some effect on the process that results in infringement. "[T]he mere existence of a tool that assists advertisers in optimizing their advertisements does not, in itself, indicate intent to induce infringement." *Rosetta Stone Ltd. v. Google, Inc.*, 730 F. Supp. 2d 531, 547-48 (E.D. Va. 2010).

Yet Classic brazenly states that "[d]efendants control these ads displayed on the PissedConsumer.com website," and, incredibly, that defendants have so admitted. (Classic Supp. Memo. at 2 citing PissedConsumer's Answer at ¶¶ 88 and 123-124.) This claim is false. There is no such control, Classic proffers no proof of it, and a cursory review of defendants' answer to Classic's complaint reveals no such admissions whatsoever.⁵ The declaration submitted by Classic's counsel, besides being silent as to what technical background or skills, if any, he may possess which serves as the basis for Classic's conclusions, is an inadequate basis for

⁵ Classic's reference to defendants' answer appears to pertain to defendants' answer to **Ascentive's** complaint and not Classic's, which, in any event, merely admits defendants' ownership and operation of PissedConsumer.com (Ascentive Compl. ¶ 88); PissedConsumer's use of **Ascentive's** trademarks in connection with advertisements displayed on PissedConsumer's website (Ascentive Compl. ¶ 123); and PissedConsumer's generation of revenues from third party advertisements utilizing **Ascentive's** trademarks (Ascentive Compl. ¶ 124). (*Compare* Case No. 10-cv-5546 (ILG) D.E. 19 *with* D.E. 1 *and* Case No. 10-cv-4433 D.E. 1 *with* D.E. 8.) Absent from defendants' admissions is anything suggesting that these defendants control the content of the advertisements which Classic complains of.

supplementation of the record here. Unlike the affiant on the original motion, Michael Zippelli, who was available to defendants at the evidentiary hearing on January 11, 2011 for cross-examination, defendants have had no opportunity to depose or cross-examine Classic's attorney. This alone is a deficiency serious enough to bar the requested supplementation. *See McGraw-Hill Companies, Inc. v. Ingenium Technologies Corp.*, 05 CIV. 2127 (JSR), 2005 WL 1026024, at *1 (S.D.N.Y. Apr. 15, 2005) *determination sustained*, 375 F. Supp. 2d 252 (S.D.N.Y. 2005) (supplementation of record absent opportunity for cross-examination inadequate basis for preliminary injunction).

In fact, contrary to Classic counsel's testimony, defendants have no control over the advertisements which defendants complain about. (Syrov Aff. ¶¶ 11, 16-17, 19, 24-25, 27.) Rather, third party advertisers generate advertisements by utilizing what is known as "content generated advertising." (Syrov Aff. ¶¶ 11, 15, 17, 21, 24, 26-27.) Essentially, "content generated advertising" "reads" data stored on a user's Internet browser called "cookies" which store prior Internet search results and the web pages recently visited (Syrov Aff. ¶¶ 20-21) by a user. A cookie can be used for authentication, storing site preferences, shopping cart contents, as the identifier for a server-based session, or anything else that can be accomplished through storing text data. It can also readily be disabled by the user. (Syrov Aff. ¶ 20.)

In this case, and as corroborated by the Affirmation of Joel MacMull dated June 24, 2011 ("MacMull Aff."), (which is as competent an evidentiary basis for the Court's consideration as the Wagner Decl. for purposes of establishing the Internet search process about which Classic complains), an Internet user may or may not generate the "click thru" advertisements Classic complains of, and the subsequent allegedly confusingly similar advertisements, depending on

whether or not one executes **each** of the following steps – which are necessary, but not sufficient, to cause the advertisement to appear:

- (1) typing the word “Dormia” into an Internet browser, such as Google, Bing or Yahoo! (MacMull Aff. ¶ 4);
- (2) “clicking” on the “dormia-mattress@pissedconsumer.com” search result generated by the search (MacMull Aff. ¶ 4);
- (3) waiting for the webpage located at <http://dormia-mattress.pissedconsumer.com//> to resolve and, in particular, for the **randomly** generated advertisement located approximately in the middle right-hand side of the webpage to load (MacMull Aff. ¶ 4);
- (4) actually experiencing the following **randomly** generated advertisement appearing in the aforementioned location:



Figure 1

(5) and, finally, clicking on one the two above identified advertisements; and (6) having one of the following subsequent advertisements for a competitive product emerge:

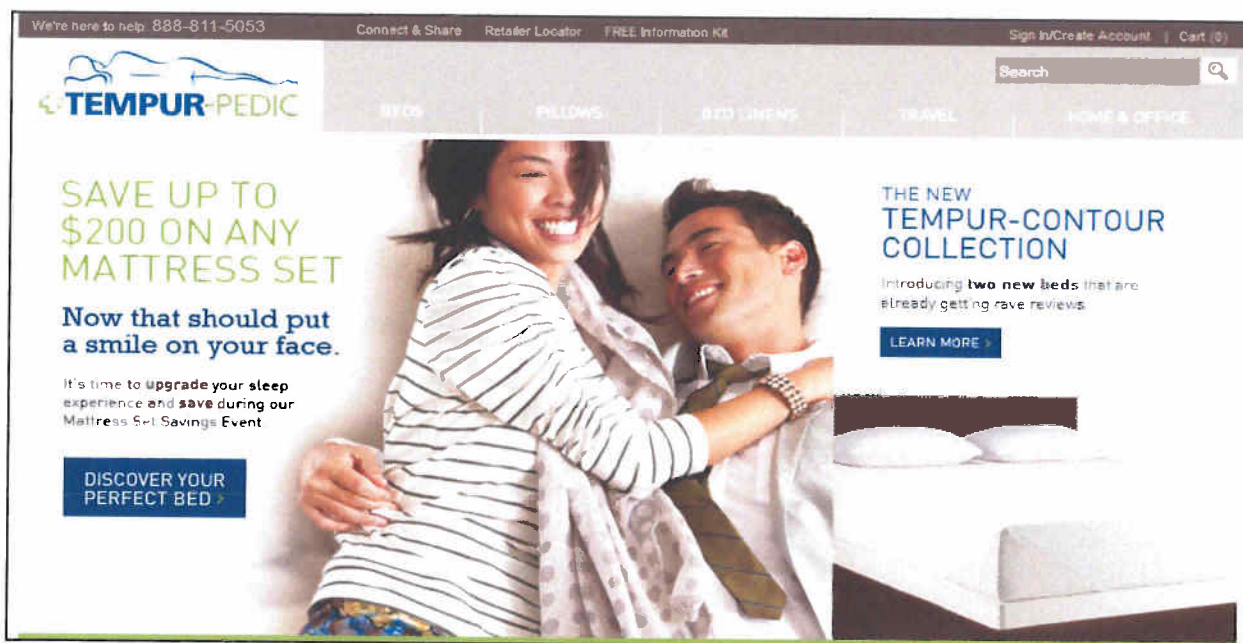


Figure 2



Figure 3

Classic completely fails even to acknowledge that PissedConsumer.com does not constantly display the same advertisements. Thus at no point does Classic address the frequency with which the advertisement identified above in step 4 appears. In fact, as demonstrated by the description of the process in the MacMull Aff., the frequency is a low one. (MacMull Aff. ¶¶ 4-7.) Completing steps (1) through (3) above more than thirty times between the dates June 17th, through June 23rd, 2011 yielded few instances that parallels Classic's findings. (*Compare* MacMull Aff. ¶¶ 4-7 *with* Wagner Decl. ¶¶ 3-4; 7.)

B. Classic's Submissions Fail to Demonstrate the Existence of a Direct Trademark Infringement by any Party

There can be no claim for contributory infringement absent a colorable *prima facie* claim of direct trademark infringement by someone. *See Sony Computer Entertainment America, Inc. v. GameMasters*, 87 F.Supp.2d 976, 986 (N.D. Cal. 1999) (motion for a preliminary injunction based on contributory infringement denied where plaintiff brought "scant evidence and allegations" of direct trademark infringement); *Lockheed Martin Corp. v. Network Solutions, Inc.* 985 F.Supp.949, 964-965 (C.D. Cal. 1997) ("Contributory infringement doctrine has always treated uncertainty of infringement as relevant to the question of an alleged contributory infringer's knowledge[.]") *aff'd* 194 F.3d 980 (9th Cir. 1999). Here, Classic has not only failed to place before the Court any competent evidence for its claims that consumers may be confused by the advertisements in question, it has also provided no factual, much less empirical, foundation for an understanding of how likely consumers are to even encounter the allegedly confusing ads, and under what circumstances that might happen.

Instead, Classic pins its hopes to bald and conclusory allegations regarding apparent consumer confusion, asserting without proof that "a consumer searching for DORMIA **is likely to mistakenly** believe that Tempur-Pedic®, the product name which appears directly below the

text “Searching for dormia?,” is affiliated with DORMIA brand mattresses, when, in fact, Tempur-Pedic® is a direct competitor of DORMIA.” (Classic Supp. Memo. at 4) (emphasis added.) Classic’s naked assumptions extend to the content appearing at www.us-mattresses.com, regarding which Classic boldly asserts, “a consumer searching for DORMIA **would likely be confused** as to whether DORMIA sponsors or endorses the ad campaign displayed ...” – quite counter-intuitively, because “DORMIA is **not included** among the six or so other mattress brands advertised at the www.us-mattresses.com website.” (*Id.* at 4-5)(emphasis added.)

Classic’s position is extraordinary: It would have this Court rule that consumers, and in particular Classic’s customers, are imbeciles, so lacking in even the most rudimentary of comparative shopping intelligence that they are unable to discern Classic’s products and trademarks from the completely dissimilar ones of its competitors. Indeed, contrary to Classic’s contentions that “www.us-mattresses.com whose website advertises at least six other brands of mattresses but not DORMIA” (*Id.* at 5 citing Wagner Decl. ¶ 7), the website **does** in fact “contain a link or advertisement for DORMIA products” (Wagner Decl. ¶ 7.) As illustrated below, a search for “DORMIA” on www.us-mattress.com’s homepage and in the manner depicted results in the following:



Figure 4

The above webpage, in turn, links to the following:



Figure 5

In fact, as shown only in part above, www.us-mattresses.com displays 27 Dormia branded products over two separate web pages that advertise and sell Dormia's mattresses and pillows. (MacMull Aff. at ¶ 10.) The products appearing in *Figure 5* above are clearly labeled as Dormia products, and the merchandise sold by Classic's competitors are clearly labeled as well. (*See id.*) No possible basis for confusion can even be suggested here. A court will not defer to an allegation of trademark infringement where "[t]he likelihood of confusion among consumers visiting their websites is implausible." *Cintas Corp. v. Unite Here*, 601 F. Supp. 2d 571, 580 (S.D.N.Y. 2009) *aff'd*, 355 F. App'x. 508 (2d Cir. 2009).

Evidently what Classic is truly concerned about is not a likelihood of confusion, which cannot seriously be suggested exists here, but rather, that Dormia is not one of the "preferred" brands identified on www.us-mattresses.com's homepage (the area shown in green in *Figure 4* above.) But Classic's disillusionment over its comparative position vis-à-vis its competition on a third party's website does not amount to a basis for tort liability on defendants' part. Absent even a prima facie trademark infringement claim against www.us-mattresses.com, there can be no claim for contributory liability against defendants here.

Nor is this the situation found in some opinions where a court will defer to a rough allegation of primary infringement early in a case in order to consider an allegation of contributory infringement. Classic filed this action alleging trademark infringement in November of 2010, complaining of acts by defendants that began a year ago. (Classic Compl. ¶ 51.) Even after months of inaction Classic's preliminary injunction motion was based on subjective, conclusory and incredible claims of consumer confusion. Considering the extent of the irreparable harm Classic claims it is supposedly suffering due to defendants' action, it makes sense to expect Classic to supplement the record – even months after this Court has impliedly

rejected the immediacy of the harm it alleges. Still, that supplementation would be expected to have the sort of substance and rigor not readily available in an “emergency” application for preliminary relief. It would consist of consumer surveys, admissible proof of actual confusion or competent evidence of a likelihood of confusion here – if it existed.

But after more than a year of “irreparable harm” Classic has come back to the Court with only warmed-over speculation of its counsel. (*See generally* Wagner Decl.) Astonishingly, in a case alleging infringement of the DORMIA trademark, there is no evidence that potential Classic customers search for the word “Dormia,” or that they do so in significant numbers, when seeking the products Classic sells – much less any proof that even if they do, they get the result set forth in the conclusory Wagner declaration in any predictable number of tries. (*Compare* Wagner Decl. ¶¶ 3-7 *with* MacMull Aff. ¶¶ 4-7.)

Despite these tremendous gaps in the record, plaintiff simply concludes that its proffer amounts to “evidence [that] is highly probative of, and supports Classic’s likelihood of success on its claims of trademark infringement, unfair competition and false designation of origin” and that as a consequence, a presumption of irreparable harm.” (Classic Supp. Memo. at 4-5.) But Classic’s “new facts” are no different from what the Court already has before it: A mere tautology, crafted this time to fit a legal theory, contributory infringement, that it never pled and has not bothered to brief.

Moreover, Classic’s warmed-over “diversion of sales argument” was already addressed in defendants’ opposition brief to Classic’s preliminary injunction motion. (Defs. Memo. at 22-26.) Once again, Classic calls upon the specious doctrine of “initial interest confusion” in an effort to compel this Court into granting the extraordinary relief it seeks. It does this however without any attempt at distinguishing, much less even addressing the cases cited in defendants’

initial memorandum of law in opposition to Classic's preliminary injunction which discussed the inappropriateness of Classic's initial interest confusion theory under these circumstances in this Circuit. (*Compare* Defs. Memo. at 22-26 *with* Classic Supp. Memo. at 5.) Instead, Classic's "Hail Mary" simply ignores defendants' prior arguments altogether and cites to a Tenth Circuit case, *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006) which found trademark "use" where the mark was used in metadata, a wholly separate concept from what Classic raises in its instant motion.

Classic contends *Hatfield* was predicated on Second Circuit precedent, but ignores that the holding and rationale of the decision has also more recently been roundly rejected by courts within this District for precisely the proposition Classic's advocates. *See S&L Vitamins, Inc. v. Australian Gold, Inc.*, 521 F. Supp. 2d 188, 201 (E.D.N.Y. Sept. 30 2007) (rejecting plaintiff's theory of initial interest confusion absent plaintiff establishing "use" in the trademark sense); *Site Pro-1, Inc. v. Better Metal, LLC*, 506 F. Supp. 2d 123, 127 (E.D.N.Y. May 9, 2007) ("I find unavailing *SitePro 1's* 'initial source confusion' argument, as well as its attempts to distinguish the case law from this Circuit."). An approach that focuses on the complete consumer experience, credits basic abilities at comprehension and rejects the concept that "diversion" to the "wrong" website is a cognizable trademark injury, is the dominant trend in the cases. As the Southern District explained in *Cintas, supra*:

"[Initial interest] confusion arises when a consumer who searches for the plaintiff's website with the aid of a search engine is directed instead to the defendant's site because of a similarity in the parties' website addresses." *Savin Corp. v. The Savin Group*, 391 F.3d 439, 462 n. 13 (2d Cir.2004). However, "[b]ecause consumers diverted on the Internet can more readily get back on track than those in actual space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped in a competing site, Internet initial interest confusion requires a showing of intentional deception." *Savin*, 391 F.3d at 462 n. 13. Here, the allegations do not create any plausible inference of intentional deception. . . . The likelihood of confusion among consumers visiting

their websites is implausible. Accordingly, Cintas's trademark infringement and unfair competition claims are dismissed.

601 F. Supp. 2d at 579-80. Similarly, the court in *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811 (D. Ariz. May 20, 2008), held, in expressly rejecting *Hatfield*, as follows:

The Court recognizes that this holding is at odds with the Tenth Circuit's decision in *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir.2006). There, under facts virtually identical to those in this case, the Tenth Circuit held that the defendant's use of the trademarks caused initial interest confusion because it "used the goodwill associated with Plaintiffs' trademarks in such a way that consumers might be lured to the lotions from Plaintiffs' competitors." *Id.* at 1239. With all due respect to the Tenth Circuit, this Court does not find *Hatfield* persuasive. In this Court's view, there is a meaningful distinction between (1) using a mark to attract potential customers to a website that **only** offers products of the mark holder's competitors and (2) using a mark to attract potential customers to a website that offers the mark holder's genuine products as well as the products of competitors. As discussed above, in the latter situation no "bait and switch" occurs.

Id. at 820. (emphasis added.) Here, of course, the court's analysis under *Designer Skin* is even more favorable. Defendants' website does not offer products that compete with Classic. In fact defendants do not offer any products at all, let alone those that **only** compete with Classic. For this reason alone, Classic's repeated reliance on initial interest confusion for its purported likelihood of confusion and resulting irreparable harm is without merit.

Classic has made other "adjustments" to its original claim, and defendants must take this opportunity to respond to these as well. Originally, defendants focused, in opposing the injunction, on the legal and constitutional issues implicated by claims based on the **content** of PissedConsumer's website rather than the more discrete issue of contributory liability arising from third-party advertisements. Here, Classic urges the Court to ignore the entire context in which the advertisement appears and, most notably, the litany of negative comments which appear just to the left of the advertisement – step (4) above – urging that the adjoining commentaries be stripped away for purposes of the Court's analysis. (MacMull Aff., Ex. A.)

But PissedConsumer’s website is not viewed by users in the parsed fashion in which plaintiff proposes, and to even consider a likelihood of confusion analysis on that basis as Classic’s implies would be entirely inappropriate. The law is that the use of a trademark, in an infringement claim, is evaluated in its market context, not in isolation. “In assessing the degree of similarity between two marks, the question is whether, considering the ‘overall impression’ of each mark and the ‘context in which [the marks] are found,’ the defendant’s mark is likely to be confused with the plaintiff’s.” *Miss Universe, L.P., LLP v. Villegas*, 672 F. Supp. 2d 575, 585 (S.D.N.Y. 2009) citing *Star Industs., Inc. v. Bacardi & Co. Ltd.*, 412 F.3d 373, 386 (2d Cir. 2005). Again, almost this exact situation was addressed by the Southern District in *Cintas*, which wrote as follows in explaining why the plaintiff’s claims of confusion were, as here, “implausible”:

Here, the allegations do not create any plausible inference of intentional deception. First, no consumer looking for a uniform company's website would mistakenly visit “cintasexposed.org” or any of the affiliated websites. Second, the website, all of its content, and its prominent disclaimer show that the Defendants were transparent in their disdain for Cintas.

601 F. Supp. 2d at 579-80. Here, too, the suggestion that consumers are likely to be confused by the use of plaintiff’s trademark on a website called “Pissed Consumers” featuring disparaging product reviews of Classic products by “pissed consumers”⁶ is utterly implausible. Neither can Ascentive proceed on a theory of vicarious infringement here absent proof of an agency relationship or a similar level of control. “Absent an agency relationship, vicarious liability can only be imposed if the defendant and infringer ‘exercise joint ownership or control over the infringing product.’” *Rosetta Stone Ltd.*, 730 F. Supp. 2d at 549 citing *Perfect 10, Inc. v. Visa Int’l Serv. Assoc.*, 494 F.3d 788, 807 (9th Cir.2007). No such proof exists here.

⁶ Moreover, even if such an outcome resulted in anything approaching a likelihood of confusion, courts properly dismiss such confusion as *de minimis* and non-actionable, and certainly not enough to give rise to any cognizable claim for trademark infringement. (Defs. Memo. at 22-26.)

Ultimately, plaintiff's claim of infringement, based on what other parties are doing on other websites unconnected to defendants, but which happen – for reasons that are far different from those alleged by Classic – to be advertised on defendants' website, is not legally sustainable. To hold otherwise would ultimately link the entire Internet in a chain of secondary and imputed liability for trademark infringement never intended by the law and hardly in the public interest.

Classic's insistence on an enhanced likelihood of success on the merits and irreparable harm based on its proposed supplementation of the record is similarly unconvincing. Classic relies exclusively on *Rescuecom Corp. v. Google, Inc.* 562 F.3d 123 (2d Cir. 2009) in its tortured assessment of why the Second Circuit's decision to vacate the District Court's judgment dismissing the action pursuant to Fed. R. Civ. P. 12(b)(6) is analogous to this case. But Classic misreads the Second Circuit's decision in *Rescuecom*, which explicitly limits its holding to a determination of whether an actionable claim was adequately alleged in the pleadings on a motion to dismiss, not whether there existed sufficient evidence in support of plaintiff's claim. "We have no idea whether Rescuecom can prove that Google's use of Rescuecom's trademark in its AdWords program causes likelihood of confusion or mistake." *Id.* at 130; *see also id.* at 124, 131. By contrast, here, plaintiff must establish an evidentiary basis for its desired preliminary relief, which, as demonstrated, it has completely failed to do.

Second, as Classic itself acknowledges, the factual allegations that give rise to Rescuecom's likelihood of confusion claims were not in any way similar to this case. As the *Rescuecom* court wrote:

What Rescuecom alleges is that by the manner of Google's display of sponsored links of competing brands in response to a search for Rescuecom's brand name (which fails adequately to identify the sponsored link as an advertisement, rather than a relevant search result), Google creates a likelihood of consumer confusion

as to trademarks. If the searcher sees a different brand name as the top entry in response to the search for “Rescuecom,” the searcher is likely to believe mistakenly that the different name which appears is affiliated with the brand name sought in the search and will not suspect, because the fact is not adequately signaled by Google's presentation, that this is not the most relevant response to the search.

Id. at 130-31. These facts are entirely distinguishable from the conduct Classic complains about (now for the first time). Here the allegedly confusing ads are not displayed as a result of an initial Internet search engine search result, but appear, if at all, on defendants’ website **after** consumers navigate via a search engine to a subdomain of defendants’ website, <http://dormia-mattress.pissedconsumer.com>. (Wagner Decl. ¶¶ 3-7.) Thus, the concerns of *en masse* confusion alleged by Rescuecom to be caused by “Google’s display of sponsored links of competing brands in response to a search for Rescuecom’s brand name (which fails adequately to identify the sponsored link as an advertisement, rather than a relevant search result),” are nonexistent here. *See Rescuecom*, 562 F.3d at 131.

Moreover, as the court in *Rescuecom* noted in its discussion of its prior decision in *1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400 (2d Cir. 2005) (“*1-800*”), the appearance of defendants’ allegedly confusingly similar ad in a separate browser window mollifies the potential for any confusion. *See Rescuecom*, 562 F.3d at 128 citing *1-800*, 414 F.3d at 405. The same circumstances exist here, as Classic also acknowledges. (Wagner Decl. ¶¶ 6-7 and Exhibits C and D attached thereto.) In fact, clicking on the ads in question not only opens a separate browser window, but in so doing a user is redirected to an entirely separate website, as shown below:



Figure 6

(MacMull Aff. ¶¶ 8-9.) Consequently, the presumption of confusion Classic seeks the Court to employ here is misplaced. Consumer “confusion” is not presumed where one party’s trademark is found on a website that also displays products of a third party. *See Cintas*, 601 F. Supp. 2d at 579-580 (consumers can distinguish trademarks and products by use of the skills of reading content on a website and using thought).

Ultimately any “presumption” afforded a plaintiff seeking a preliminary injunction in a trademark case, if at all, is premised on irreparable injury, and a trademark holder bears the burden of demonstrating likelihood of success on the issue of a likelihood of confusion. “A plaintiff who **establishes** that an infringer’s use of its trademark creates a likelihood of consumer confusion generally is entitled to a **presumption of irreparable injury.**” *Weight Watchers Int’l, Inc. v. Luigino’s, Inc.*, 423 F.3d 137, 144 (2d Cir. 2005) (emphasis added.) Here, Classic has established nothing. Because Classic’s motion offers nothing in the way of any credible, non-self serving evidence in support of its application, nor does its cited authority support the granting of its motion, its request to supplement the record in support of its application for preliminary relief should be rejected.

CONCLUSION

For all the foregoing reasons, Classic's motion to supplement the record on its pending motion for preliminary relief with material that is irrelevant to the pending motion should be denied.

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