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.

MOTION FOR LEAVE TO FILE AMENDED ANSWER AND AFFIRMATIVE DEFENSES

Defendant Amazon.com, Inc. ("Amazon"), through its attorneys, hereby moves pursuant Rules 15(a) and 16(b)(4) of the Federal Rules of Civil Procedure for leave to file an Amended Answer and Affirmative Defenses, attached hereto as Exhibit A, in response to the Complaint filed by Plaintiff Video Professor, Inc. ("VPI").

CERTIFICATE OF CONSULTATION

Pursuant to D.C.COLO.LCivR 7.1(A), undersigned counsel for Amazon met and conferred with counsel for VPI regarding the subject matter of this Motion. VPI opposes the relief requested herein.

I. INTRODUCTION

VPI's claims in this case are based on Amazon's use of the VIDEO PROFESSOR trademark in connection with keyword advertising. In particular, VPI maintains that Amazon cannot use the VIDEO PROFESSOR trademark to lead

consumers to a display of VPI products alongside competing products, including Professor Teaches products. VPI did not plead a claim that Amazon's use of the PROFESSOR TEACHES trademark in selling Professor Teaches products infringes the VIDEO PROFESSOR mark based on a likelihood of confusion between these two marks. Although VPI attempted to pursue this latter claim, the Court denied VPI's request, holding that any claim "which asserts that Defendant's sales of 'confusingly similar' competing products violate the law" is not in the case. Doc. No. 52, at 4, 6-7.

In the Final Pretrial Order, however, VPI listed five witnesses who will apparently testify concerning alleged confusion between PROFESSOR TEACHES and VIDEO PROFESSOR. Doc. No. 61, at 22-23. Because this evidence is not material to any of VPI's claims for infringement based on Amazon's use of the VIDEO PROFESSOR mark, Amazon was concerned that VPI may still pursue a claim at trial that Amazon is liable based on its use of the PROFESSOR TEACHES trademark. To protect itself from this possibility, Amazon notified VPI in its proposed Final Pretrial Order that if VPI were allowed to pursue this claim, Amazon would assert the defense of *Jus Tertii*.

Under this doctrine, Amazon can assert the senior trademark rights of Individual Software, Inc. ("ISI"), the manufacturer of Professor Teaches products and an Amazon vendor, in defense of an infringement claim based on Amazon's use of the PROFESSOR TEACHES mark. Amazon had only recently learned of the factual basis of this defense – namely, that ISI is senior to VPI – during VPI's deposition of ISI on March 12, 2010, the last day of discovery. Amazon's assertion of this defense imposes no unfair prejudice on VPI, because it is based on facts that would otherwise be

relevant to VPI's claim of trademark infringement based on Amazon's use of the PROFESSOR TEACHES trademark. In fact, VPI has already identified evidence in the Final Pretrial Order which also supports Amazon's *Jus Tertii* defense.

Accordingly, to prevent prejudice to Amazon, good cause exists for allowing Amazon to amend its Answer to assert this defense, and allowing this amendment is in the interests of justice.

II. FACTUAL BACKGROUND

VPI's claims in this case stem from Amazon's use of the VIDEO PROFESSOR trademark in connection with keyword advertising. As VPI stated in its claim for infringement of its registered trademark, "Amazon's use of the [VPI] Trademarks is likely to cause confusion, mistake and deception as to the source, origin, sponsorship, approval, endorsement or affiliation of the domain name and Amazon's business." Complaint, Doc. No. 1, at ¶ 38 (emphasis added). In the just filed Final Pretrial Order, VPI similarly focuses on Amazon's use of the VIDEO PROFESSOR mark: "With respect to the Lanham Act claims, VPI asserts that Amazon has used VPI's Marks in commerce to promote and sell products other than VPI's products . . . ." *See* Doc. No. 61, at 4 (emphasis added).

This characterization of VPI's infringement claims is consistent with Amazon's understanding throughout this case that VPI does not claim that Amazon's use of the PROFESSOR TEACHES trademark infringes VIDEO PROFESSOR mark by causing a likelihood of confusion. Amazon even sought summary judgment, in part on this basis, as such a claim was not plead in VPI's Complaint. *See* Amazon's Reply in Support of

Motion for Summary Judgment, Doc. No. 44, at 9 ("Importantly, VPI does not claim in this case that Amazon is liable simply based on its use of the PROFESSOR TEACHES trademark.").

In its own cross-motion for summary judgment, VPI stated for the first time that it sought to claim liability based on Amazon's use of the PROFESSOR TEACHES mark to sell Professor Teaches products: "Amazon's sale of the confusingly similar Professor Teaches products (using VPI's mark) constitutes contributory infringement for which Amazon may be held strictly liable." *See* Doc. No. 45, at 15. After filing its cross-motion, VPI sought leave from the Court to serve additional discovery regarding this newly-formulated claim. The Court denied VPI's motion. In doing so, the Court held that the Complaint does not allege a claim, "which asserts that [Amazon's] sales of 'confusingly similar' competing products violate the law." *See* Doc. No. 52, at 4, 6-7.

Although VPI stated in the Final Pretrial Order that it "will not proceed on a theory of contributory infringement" (Doc. No. 61 at 3), VPI was silent as to whether this meant that VPI did not intend to pursue any claims based on Amazon's use of the PROFESSOR TEACHES mark in connection with the sale of Professor Teaches products. Amazon's concerns were heightened when VPI listed five witnesses in its draft Final Pretrial Order who intend to testify regarding, among other things, confusion between PROFESSOR TEACHES and VIDEO PROFESSOR. Doc. No. 61, at 21-23. Such evidence is not material to any of VPI's claims for infringement based on Amazon's use of the VIDEO PROFESSOR mark.

To defend itself in the event VPI is allowed to pursue a claim of infringement based on a claim that Amazon's use of the PROFESSOR TEACHES mark is likely to cause confusion, Amazon included *Jus Tertii* as an affirmative defense in the Final Pretrial Order. Under the *Jus Tertii* doctrine, Amazon can argue that even if there were a likelihood of confusion between PROFESSOR TEACHES and VIDEO PROFESSOR, VPI could 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.

When Amazon received VPI's proposed pretrial order, Amazon had only recently learned of the factual basis of a *Jus Tertii* defense. VPI deposed Mr. Jo-L Hendrickson, the President and founder of ISI (and its 30(b)(6) representative), on March 12, 2010, the last day of the discovery period in this case. During VPI's thorough examination of Mr. Hendrickson concerning the entire history of ISI, its relationship with Amazon and its use of its "Professor" trademarks for computer learning software, Mr. Hendrickson testified that the "Professor" family of trademarks have been in continuous use in

commerce since 1983, four years before VPI's date of first use of the VIDEO PROFESSOR mark.

III. LEGAL ARGUMENT

A. Standard of Review.

Fed. R. Civ. P. 15(a) generally addresses amendment of pleadings prior to trial. It provides that a court should "freely give leave [to amend] when justice so requires." Fed. R. Civ. P. 15(a)(2). However, when the deadline for amendment of pleadings as set in the scheduling order has passed, as is the case here, Rule 16(b) applies. That rule provides that, among other things, "A schedule may be modified only for good cause and with the judge's consent." Fed. R. Civ. P. 16(b)(4).

The Tenth Circuit has not adopted a rule on the interaction between Rule 15(a) and Rule 16(b). *See Minter v. Prime Equip. Co.*, 451 F.3d 1196, 1205 n. 4 (10th Cir. 2006) (declining to "decide whether a party seeking to amend its pleadings after the scheduling order deadline must show 'good cause' for the amendment under Rule 16(b) in addition to the Rule 15(a) requirements"). However, this Court has followed the analysis in *Pumpco, Inc. v. Schenker Int'l, Inc.*, 204 F.R.D. 667, 668 (D. Colo. Dec. 18, 2001), in cases where the scheduling order deadline has passed. *Jenkins v. FMC Techs., Inc.*, No. 07-cv-02110, 2009 WL 1464416, at *1 (D. Colo. May 26, 2009); *Ingle v. Dryer*, No. 07-cv-00428, 2008 WL 1744337, at *1 (D. Colo. Apr. 11, 2008).

Accordingly, under *Pumpco,* Amazon must "first demonstrate to the court that it has 'good cause' for seeking modification of the scheduling deadline under [Fed. R. Civ. P. 16(b)]." *Pumpco*, 204 F.R.D. at 668 (internal quotations omitted) (quoting *Colo.*

Visionary Acad. v. Medtronic, Inc., 194 F.R.D. 684, 687) (D. Colo. Jul. 7, 2000)). Once Amazon meets its Rule 16(b) burden, the Court considers whether Amazon has satisfied the liberal standard for amendment under Rule 15(a). *Id.*

1. Fed. R. Civ. P. 16(b).

"Good cause" under Rule 16(b) focuses on the diligence of the party making the motion and generally "means that scheduling deadlines cannot be met despite a party's diligent efforts." *Pumpco*, 204 F.R.D. at 668 (internal quotations omitted); *Minter*, 451 F.3d at 1196 ("Demonstrating good cause" requires the moving party to show that it has been diligent in attempting to meet the deadlines, which means it must provide an adequate explanation for any delay.") (citations omitted).

2. Fed. R. Civ. P. 15(a).

Rule 15(a) allows a party to amend the party's pleading by leave of the court, and "leave shall be freely given when justice so requires." Fed. R. Civ. P. 15(a). Amendments of pleadings are liberally allowed in recognition "that pleadings are not an end in themselves but are only a means to assist in the presentation of a case to enable it to be decided on the merits." *Pumpco*, 204 F.R.D. at 669. A strong presumption exists in favor of permitting amendment of pleadings. *See Lowrey v. Texas A&M Univ. Sys.*, 117 F.3d 242 (5th Cir. 1997).

Courts have long-recognized that the goal of Rule 15(a) is to facilitate amendment of pleadings except where unfair prejudice to the opposing party would result. *United States v. Hougham*, 364 U.S. 310, 316 (1960). Thus, the inquiry, when considering a motion to amend pursuant to Rule 15(a), is whether allowing of the

amendment would result in "grave injustice" for the adverse party. *Patton v. Gruyer*, 443 F.2d 79, 86 (10th Cir. 1971) ("There is invariably some practical prejudice resulting from an amendment, but this is not the test for refusal of an amendment.").

The timing of the amendment alone cannot justify its rejection; rather, the Court must determine that the amendment would also prejudice the nonmoving party. *See Minter*, 451 F.3d at 1205. Indeed, refusing leave to amend is generally only justified upon a showing of undue delay, undue prejudice to the opposing party, bad faith or dilatory motive, failure to cure deficiencies by amendments previously allowed, or futility of amendment. *Frank v. U.S. West, Inc.*, 3 F.3d 1357, 1365 (10th Cir. 1993). Here the interests of justice support Amazon's proposed amendment.

B. Good Cause Supports Allowing Amazon's Proposed Amendment.

When applying Rule 16(b), courts in the Tenth Circuit "focus[ ] primarily on the reasons for the delay." *Minter*, 451 F.3d at 1206 (citing *Frank,* 3 F.3d at 1365-66). Amazon meets the "good cause" standard of Rule 16(b) because Amazon had more than adequate reasons for its delay.

First, until it received VPI's proposed pretrial order, Amazon had reasonably believed that VPI's claim of infringement based on Amazon's use of the PROFESSOR TEACHES mark was not in the case. This belief was validated by the Court's order denying VPI additional discovery to pursue this claim. *See* Doc. No. 52, at 4, 6-7.

Moreover, Amazon did not learn of the facts supporting a basis for the *Jus Tertii* defense, namely ISI's superior rights, until after VPI took the Rule 30(b)(6) deposition of ISI on March 12, 2010, the last day of discovery. VPI fully examined ISI's principal, Jo-L

Hendrickson, on the history of its use of its family of "Professor" trademarks as well as ISI's relationship with Amazon. Mr. Hendrickson testified that its "Professor" trademarks have been in continuous use in commerce back to 1983, four years before VPI's first use in 1987.

Once Amazon received VPI's proposed Final Pretrial Order, Amazon was concerned that VPI would still seek to inject a claim of infringement based on Amazon's use of the PROFESSOR TEACHES mark. This concern stemmed from VPI's identification of five witnesses who intend to testify, among other things, regarding confusion between VIDEO PROFESSOR and PROFESSOR TEACHES. *See* Doc. No. 61, at 22-23. Having only recently learned that ISI was the senior user of a "Professor" mark, Amazon promptly notified VPI of its intent to assert the *Jus Tertii* defense by including it in the proposed Final Pretrial Order. These facts support a finding of diligence, and not undue delay. Accordingly, good cause supports allowing Amazon's proposed amendment.

C. Amazon's Proposed Amendment is in the Interests of Justice.

Under Rule 15(a)'s liberal policy supporting amendment, Amazon should be granted leave to add the *Jus Tertii* defense because it is in the interests of justice and will not impose undue prejudice on VPI.

1. The Proposed Amendment Will not Result in Unfair Prejudice to VPI.

"The burden of proof to show prejudice is on the party opposing the amendment of the pleadings." *Britton v. Car Toys, Inc.*, No. 05-cv-726, 2006 WL 4525699, at *5 (D. Colo. Jun. 16, 2006). "Courts typically find prejudice only when the amendment unfairly

affects [a party] in terms of preparing [its] defense to the amendment." *Minter*, 451 F.3d at 1208 (reversing decision striking newly-asserted claim from pretrial order and reversing decision denying motion for leave to amend under Fed. R. Civ. P. 15(b)). Prejudice does not occur where the "[amended] claims track the factual situations set forth in [the original] claims." *Gillette v. Tansy*, 17 F.3d 308, 313 (10th Cir. 1994).

Amazon's *Jus Tertii* defense will not prejudice ISI because it 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 would necessarily have to consider ISI's rights in the PROFESSOR TEACHES mark and Amazon's relationship with ISI, both of which were thoroughly examined during VPI's deposition of ISI. Sure enough, VPI has already listed exhibits, including ISI's agreements with Amazon, on its exhibit list attached to the Final Pretrial Order. *See*, *e.g.*, Doc. No. 61, Appx. A, at p.3, #18; p.6, #40; p.7 #42. VPI has even stipulated to ISI's trademark registrations for its family of "Professor" marks. *See* Doc. No. 61, at p. 19, ¶ 2 ("Professor Teaches" products are not products of VPI; they are products of Individual Software, Inc., who owns the following registered trademarks: 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)."). Finally, the evidence supporting ISI's seniority is contained in the designated deposition testimony of Mr. Hendrickson.

If VPI is allowed to pursue a claim for infringement based on alleged confusion between VIDEO PROFESSOR and PROFESSOR TEACHES, it is Amazon, and not VPI, who will be unfairly prejudiced. This claim is not in the case, as the Court found a t

a claim "which asserts that Defendant's sales of 'confusingly similar' competing products violate the law" was not plead. *See* Doc. No. 52, at 4, 6-7. Amazon's assertion of *Jus Tertii* as a defense simply mitigates that prejudice, and does not result in any additional prejudice to VPI.

2. Amazon's Proposed Amendment is not the Result of Undue Delay.

There was no undue delay in Amazon's proposed amendment. For each of the reasons set forth above, *supra* pp. 8-9, Amazon was diligent in seeking this amendment. The Court had already ruled that the Complaint does not allege a claim for relief for infringement based on Amazon's sale of Professor Teaches products. Doc. No. 52, at 7. However, once Amazon received VPI's draft Final Pretrial Order, which identified five witnesses who intend to testify regarding confusion as to "Professor Teaches" products, Amazon notified VPI of its intent to assert the *Jus Tertii* defense, included it in the proposed Final Pretrial Order, and filed this motion.

3. Amazon's Proposed Amendment Is not Made in Bad Faith.

Amazon does not propose this amendment in bad faith. Amazon's proposed amendment is the result of Amazon's recent discovery that (1) the owner of the PROFESSOR TEACHES mark, ISI, is senior to VPI and (2) VPI intends to introduce at trial alleged evidence of confusion between Professor Teaches and Video Professor. As set forth above, Amazon proposes this amendment solely for the purpose of defending against a claim which it does not believe is properly in the case.

4. The Proposed Amendment Will Further Judicial Interests and Economy.

Finally, Amazon's proposed amendment will also allow fuller resolution of claims in this proceeding. Should VPI be allowed to assert that Amazon's use of the PROFESSOR TEACHES mark in selling Professor Teaches products infringes VPI's VIDEO PROFESSOR mark, Amazon is simply reserving the right to assert a meritorious defense to that claim. No additional discovery or briefing will be necessary, and all of VPI's claims and Amazon's affirmative defenses can be resolved together at trial.

IV. CONCLUSION

For each of the foregoing reasons, Defendant Amazon.com, Inc. respectfully requests this Court grant it leave to file the proposed Amended Answer attached hereto as Exhibit A, which asserts the additional affirmative defense of *Jus Tertii*.[1]

Respectfully submitted this 16th day of April, 2010.

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[1] Amazon represents that no other amendments or changes are being made to Amazon's Answer, Doc. No. 13, filed on May 15, 2009.

CERTIFICATE OF SERVICE (CM/ECF)

I hereby certify that on April 16, 2010, I electronically filed the foregoing **MOTION FOR LEAVE TO FILE AMENDED ANSWER AND AFFIRMATIVE DEFENSES** 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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