

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Touch-N-Buy, Inc.
Serial No.: 76/607,687
Mark: TOUCH-N-BUY

Law Office 111
Hannah Fisher, Examiner

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Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

Dear Sir:

Responsive to the Office Action dated November 14, 2005, Applicant submits the following, in conjunction with the Notice of Appeal submitted simultaneously herewith:

REQUEST TO SUSPEND AND FOR RECONSIDERATION

The Examiner has objected to registration of Applicant's mark on the Principal Register on the grounds that the mark "TOUCH-N-BUY" is descriptive of "point-of-sale terminal for pre-paid gift cards and telephone calling cards" under Section 2(e) of the Lanham Act. Applicant strongly disputes said objections and hereby requests that the Examiner reconsider Applicant's arguments and withdraw said objection. Moreover, the mark does not describe the



goods of a "point-of-sale terminal." Further, the mark does not require a "touch screen", nor does it require "touching" at all. To that end, the mark should be deemed at least suggestive and entitled to registration on the Principal Register. Accordingly, Applicant respectfully requests that the application be moved to publication.

In the alternative, Applicant requests that the Examiner suspend the application pending a federal lawsuit involving the issue of whether Applicant's mark is descriptive. Specifically, Applicant Touch-N-Buy, Inc. has sued Radiant Telecom, Inc. et al. in federal court (Case No. 04-CIV-22141) for, amongst other things, trademark infringement involving the mark "TOUCH-N-BUY" for Defendant's point-of-sale terminal. In defending against said allegations, the Defendants have argued that the mark "TOUCH-N-BUY" is descriptive. To that end, the Defendants have specifically requested that the District Court for the Southern District of Florida make a determination that the mark is generic and/or descriptive and that their usage is non-infringing. To avoid contradictory findings, Applicant requests that this application be suspended pending a finding from the District Court.

Title 37 C.F.R. §2.67 provides that an "[a]ction by the Patent and Trademark Office may be suspended for a reasonable time for good and sufficient cause. The fact that a proceeding is pending before the Patent and Trademark Office or a court which is relevant

to the issue of registrability of the applicant's mark... will be considered prima facie good and sufficient cause" (emphasis added). The pending federal litigation is directly related to the registerability of Applicant's mark on the Principal Register making suspension appropriate.

Pursuant to TMEP 716.02(d), Applicant submits a copy of the following documents addressing the issue of whether Applicant's mark is descriptive:

1. Plaintiffs Motion for Summary Judgment Against Defendants Radiant Telecom, Inc., IPrepay, Inc. Issa Asad and Johnny Rodriguez on Its Claims of Trademark and Copyright Infringement, False Designation of Origin, False Advertising and Unfair Competition (pp. 4-7);
2. Defendants' Opposition to Plaintiff's Motion for Summary Judgment (pp. 6-10);
3. Plaintiff's Reply Memorandum in Support of Its Motion for Summary Judgment (pp. 7-9);
4. Defendants' Motion for Summary Judgment (pp. 6-10);
5. Plaintiff's Opposition to Defendant's Motion for Summary Judgment (pp. 5-10); and
6. Defendants' Reply Brief in Support of Their Motion for Summary Judgment (pp. 5-10) (collectively Exhibit A).

Portions of Exhibit A have been redacted to delete confidential information. The un-redacted portions, however, sufficiently demonstrate the prevalence of this issue at hand. Should the Examiner require un-redacted copies, said documents can be made available and filed under seal with the PTO.

There are no other outstanding issues raised in the Examiner's Office Action that are not related to the proceeding and the application is condition for final action. See TMEP 716.02(d).

In conclusion, Applicant requests that the objections by the Examiner be reconsidered and withdrawn, and that the application be moved to publication. In the alternative, Applicant requests that the application be suspended pending the federal litigation. In the event the Examiner does not suspend the application, Applicant simultaneously submits its Notice of Appeal.

Respectfully submitted,

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By: 

David A. Gast

Date: May 15, 2006

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

TOUCH-N-BUY, INC.,)
)
Plaintiff,)
)
v.)
)
RADIANT TELECOM, INC.,)
IPREPAY, INC.,)
NTERA HOLDINGS, INC.,)
WORLDQUEST NETWORKS, INC.,)
ENGIN YESIL (an individual),)
ISSA ASAD (an individual),)
JOHNNY RODRIGUEZ, (an individual))
)
Defendants.)
_____ X

Case No.: 04-CV-22141

Judge: Lenard (Klein)

**NIGHT BOX
FILED**

JAN - 9 2006

**CLARENCE MADON
COUNSEL, U.S.D.C. / S.D.F.L. / MIA**

**PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT AGAINST
DEFENDANTS RADIANT TELECOM, INC., IPREPAY, INC., ISSA ASAD AND
JOHNNY RODRIGUEZ ON ITS CLAIMS OF TRADEMARK AND COPYRIGHT
INFRINGEMENT, FALSE DESIGNATION OF ORIGIN, FALSE ADVERTISING
AND UNFAIR COMPETITION**

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Plaintiff, Touch-N-Buy, Inc. ("Plaintiff") hereby files this Motion and Incorporated Memorandum for Summary Judgment against Defendants Radiant Telecom, Inc., iPrepay, Inc., Issa Asad and Johnny Rodriguez ("Defendants") on its claims of trademark and copyright infringement, false designation of origin, false advertising and unfair competition¹.

I. PRELIMINARY STATEMENT²

Plaintiff and Defendants sell point-of-sale terminals which facilitate multiple functions including the ability to browse and compare rates of long distance calling cards, as well as the ability to purchase phone cards or to make bill payments. In and around August 2004, Plaintiff expended significant resources and expense in preparation for one of the largest industry tradeshows, the 2004 Prepaid Expo at the Jacob Javits Center in New York City (the "Javits Tradeshow"). In addition to expending significant effort to promote its newest point-of-sale terminal, Plaintiff also invested a considerable amount of time in pitching and inviting numerous potential investors to visit Plaintiff's booth at the tradeshow.

A mere few days before the Javits Tradeshow was to commence, Defendants iPrepay, Radiant, Issa Asad and Johnny Rodriguez decided they were also going to participate in the show and showcase what they claimed to be their latest point-of-sale device. Defendants invested approximately [REDACTED] and purchased the largest booth at the tradeshow. Defendants also arranged for the delivery of two HUMMER[®] sport utility vehicles to the Javits Tradeshow to further advertise their point-of-sale product and to draw potential consumers and investors to their booth.

In Defendants' haste to prepare for the Javits Tradeshow, Defendants deliberately copied substantial portions of the Plaintiff's copyrighted marketing materials. Defendants used the copied materials as part of their own promotional materials to advertise and promote their own point-of-sale terminal. Defendants prepared 2,000 copies of a brochure that contained Plaintiff's copyrighted materials, and distributed hundreds of copies of the brochure to potential purchasers and investors in the pre-paid industry both during and after the Javits Tradeshow.

Defendants' readily admit that their brochure had material copied directly from Plaintiff's marketing materials, testifying that "some of the words were almost identical" and that iPrepay employees "must have copied some text." Ex. D at 62-63.³

¹ As many of these claims involve similar or identical elements, wherever possible Plaintiff will discuss common elements and claims together.

² Plaintiff hereby incorporates the detailed recitation of facts as well as citations to the record found at Plaintiff's S.D. Fla. L.R. 7.5C Statement of Material Facts, filed concurrently with this motion.

³ Reference to Ex. A-AA in this brief refers to Exhibits A through AA attached to Plaintiff's Rule 7.5C Statement of Facts, filed concurrently with this brief.

In addition to copying substantial portions of Plaintiff's copyrighted marketing materials, Defendants also misappropriated Plaintiff's trademark TOUCH-N-BUY. Defendants used Plaintiff's TOUCH-N-BUY trademark in connection with the advertising of their own point-of-sale device. Immediately following the Javits Tradeshow, Defendants filed an application for the trademark TOUCH-N-BUY with the United States Patent and Trademark Office, in connection with a "point of sale distribution touch screen terminal." Defendant iPrepay's corporate representative, testified that iPrepay filed the application "because every product that we develop or sell we register as a trademark." Ex. D at 56.

During the Javits Tradeshow, Defendants Issa Asad and Johnny Rodriguez also made certain misrepresentations that their device was fully operational and was better and less expensive than Plaintiffs. Indeed, Defendants' device, by their own admission was continuously malfunctioning during the Javits Tradeshow and was not capable of full deployment to the consuming market until approximately six months after the show had completed.

Defendants' marketing materials also misrepresented that Defendants' point-of-sale device distributed certain pre-paid long distance products, including cards manufactured by IDT and the "GREEN Florida" card – which it did not. This misrepresentation is important, because as Defendants' own marketing materials explain "the more products a POS terminal is able to sell the higher its value proposition to agents, retailers and end consumers." Ex. J at 10. Defendants clearly attempted to capitalize on misleading consumers into believing that they can offer popular pre-paid calling cards which were exclusively available from Plaintiff.

As a result of Defendants' misappropriation of Plaintiff's trademark and substantial portions of Plaintiff's copyrighted marketing materials, as well as their false advertising and misrepresentations during the Javits Tradeshow and thereafter, Plaintiff suffered significant damage in terms of lost customers and lost investors. Plaintiff's credibility in the industry has been forever tarnished.

II. STANDARD OF REVIEW

Summary judgment is appropriate "if the record shows no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law." *Guideone Elite Ins. Co. v. Old Cutler Presbyterian Church, Inc.*, 420 F.3d 1317, 1326 (11th Cir. 2005). The moving party "bears the initial burden of showing that there is an absence of a genuine issue of material fact and that it is therefore entitled to judgment as a matter of law." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). If the "moving party meets this burden, the non-moving

party must show the existence of a genuine issue of material fact that remains to be resolved at trial." *Adkins v. Cagle Foods JV, L.L.C.*, 411 F.3d 1320, 1324 (11th Cir. 2005); *Fitzpatrick v. City of Atlanta*, 2 F.3d 1112, 1115 (11th Cir. 1993). The non-moving party "must set forth specific facts showing that there is a genuine issue for trial, not merely make a summary denial of the movant's allegations." *Id.*; Fed. R. Civ. P. 56(e).

III. DEFENDANTS ARE LIABLE FOR TRADEMARK INFRINGEMENT, FALSE DESIGNATION OF ORIGIN AND UNFAIR COMPETITION UNDER FEDERAL AND STATE LAW

The Lanham Act protects both registered and unregistered marks. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 120 L. Ed. 2d 615, 112 S. Ct. 2753 (1992). To prove infringement under the Lanham Act, a plaintiff must prove (1) that the defendant used a term in commerce (2) in connection with its services (3) which is likely to be confused with the term (4) in which the plaintiff possesses the right to designate its services. *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1521-22 (11th Cir. 1991).

These elements are also common to Plaintiff's claims for unfair competition under state and federal law, and false designation of origin. The only additional element, namely deceptive or fraudulent conduct, is clearly met, as discussed below, by Defendants' infringing activities. *Donald Frederick Evans and Assoc. v. Continental Homes, Inc.*, 785 F.2d 897, 914 (11th Cir. 1986). (In order to prevail on a unfair competition claim under Florida common law, a plaintiff must establish deceptive or fraudulent conduct of a competitor and likelihood of consumer confusion); *M.G.B. Homes v. Ameron Homes*, 903 F.2d 1486, 1494 (11th Cir. 1990); *Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018, 1026 (11th Cir. 1989). *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 382 (5th Cir. 1977). (The determinative question is whether the tortfeasor's practices are likely to mislead customers into believing that the product emanates from or has been endorsed by the claimant. A claimant need not demonstrate that any customers have suffered actual confusion; the test is likelihood of confusion); see *Club Mediterranee, S.A. v. For Searchlight Pictures, Inc.*, 2004 U.S. Dist. LEXIS 3543 (S. D. Fla. 2004) (A likelihood of confusion is also an essential element of Plaintiff's claim for false designation of origin).

A. It is Undisputed that Plaintiff Owns Priority Rights in the TOUCH-N-BUY Mark

It is undisputed that Plaintiff has used the mark TOUCH-N-BUY in connection with its sale of point-of-sale transaction processing terminals for pre-paid products and other services since at least as early as August 2003. Ex. A, L and M. Plaintiff is the owner of Application No.

76/607,687, dated August 16, 2004 for the mark TOUCH-N-BUY which is now pending before the United States Patent and Trademark Office. Ex. L. Plaintiff also owns a registration for the TOUCH-N-BUY trademark in the State of Florida. Ex. M.

After Plaintiff began using the TOUCH-N-BUY mark Defendants filed their own application for the same exact trademark TOUCH-N-BUY in connection with "Point of Sale distribution Touch Screen Terminals." Ex. N. Defendants began using the trademark TOUCH-N-BUY when it advertised the mark in connection with one of its point of sale terminals in a brochure that was distributed at one of the industry's largest tradeshows, which was held at the Jacob Javits Center in New York City on August 4-6, 2004. Ex. J.

B. There is a Likelihood of Confusion Between the Parties' Uses of the TOUCH-N-BUY Marks.

To determine likelihood of confusion, courts in this Circuit look to seven factors: "(1) the strength of the plaintiff's mark; (2) the similarity between the plaintiff's mark and the allegedly infringing mark; (3) the similarity between the products and services offered by the plaintiff and defendant; (4) the similarity of the sales method; (5) the similarity of advertising methods; (6) the defendant's intent, e.g., does the defendant hope to gain competitive advantage by associating his product with the plaintiff's established mark; and (7) actual confusion." *Cumulus Media, Inc. v. Clear Channel Communs., Inc.*, 304 F.3d 1167, 1172 (11th Cir. 2002); *Alliance Metals, Inc. v. Hinely Indus., Inc.*, 222 F.3d 895, 907 (11th Cir. 2000). No single factor is determinative, *Tancogne v. Tomjai Enters. Corp.*, 2005 U.S. Dist. LEXIS 37603 (S. D. Fla. 2005), and "the plaintiff need not prevail on all seven factors to support a claim of trademark infringement." *E.R. Squibb & Sons, Inc. v. Princeton Pharm., Inc.*, 17 U.S.P.Q.2D (BNA) 1447, 1451 (S.D. Fla. 1990). A proper consideration and balancing of these factors dictates that there is a likelihood of confusion between the parties' respective marks and that summary judgment should issue in Plaintiff's favor.

1. Strength of Plaintiff's Mark

a. The TOUCH-N-BUY Mark is Suggestive and Inherently Distinctive

As an initial matter, Plaintiff notes that the strength of Plaintiff's mark is not an issue in this dispute because Defendants have filed their own application for the identical TOUCH-N-BUY trademark, swearing in a declaration that Defendants' have the right to use the mark and obtain a registration for the mark. Ex. N. Thus, Defendants clearly believed the mark TOUCH-N-BUY is

entitled to trademark protection. Any argument made to the contrary by Defendants would be disingenuous, and must fail because it could only be made with unclean hands.

An important consideration in determining the strength of a trademark is whether the mark is "arbitrary" or "fanciful," "suggestive," or merely "descriptive." An arbitrary or fanciful mark has no inherent relationship to the product or service with which it is associated, and is thus entitled to the greatest scope of protection. A suggestive mark suggests some characteristic of the product or service to which it is applied, but requires the consumer to use his imagination to determine the nature of the product or service. A descriptive mark merely describes a characteristic or quality of the product or service. See *Sun Banks v. Sun Federal Savings & Loan Ass'n*, 651 F.2d 311, 315-16 (5th Cir. 1981) (discussing classification of service marks and trademarks); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183-84 (5th Cir.1980) (discussing categories of trademarks), *cert. denied*, 450 U.S. 981, 101 S. Ct. 1516, 67 L. Ed. 2d 816 (1981).

In *Investacorp, Inc. v. Arabian Investment Banking Corp.*, 931 F.2d 1519, (11th Cir. 1991) the Eleventh Circuit illustrated the differences between the classes of marks:

The term "Milk Delivery" is an example of a generic service mark for a hypothetical milk delivery service. A generic term is typically incapable of achieving service mark protection because it has no distinctiveness. A descriptive term merely identifies a characteristic or quality of a service. An example of a descriptive service mark might be 'BarnMilk.' Because a descriptive service mark is not inherently distinctive, it may be protected only if it acquires a secondary meaning... A suggestive term suggests the characteristics of the service and requires an effort of the imagination by the consumer in order to be understood as descriptive of the service. 'Barn-Barn' is an example of a suggestive term. Because a suggestive service mark is inherently distinctive, no proof of secondary meaning is required for it to be protectable. 'An arbitrary or fanciful [term] bears no relationship to the service.' Arbitrary and fanciful terms are also inherently distinctive, so they are protectable without proof of secondary meaning. 'Barnbarnfish' is an example of an arbitrary or fanciful service mark.

Id. at 1522-23.

It is undisputed that Plaintiff uses the TOUCH-N-BUY trademark in connection with "point of sale transaction processing terminals for pre-paid gift cards and telephone calling cards." None of the formative terms of Plaintiff's trademark describes these goods. However, because the terms may suggest possible features of Plaintiff's products, Plaintiff's TOUCH-N-BUY mark is suggestive, and therefore, inherently distinctive. While Plaintiff recognizes that suggestive marks, such as TOUCH-N-BUY, are entitled to a more restricted scope of protection than arbitrary marks, the mark is certainly entitled to the limited protection sought in this case where Plaintiff's direct

competitor has adopted the exact same mark on almost identical goods, through identical trade channels, at the industry's most important tradeshow.

This case is highly similar to *Vining Industries, Inc. v. M.B. Walton, Inc.*, 1997 U.S. Dist. LEXIS 23763 (S.D. Ohio 1997). In that case, the court found that the mark TWIST 'N MOP was suggestive for a certain type of floor mop. Although, the court concluded the term "MOP" was generic for the associated goods, the combination of the other terms in the mark suggested features of the product rather than describing it: "The purchaser must first decide what is to be twisted and, then, determine what is to be accomplished by performing that act. The purchaser must employ at least as much imagination to deduce that the word TWIST signifies that the plaintiff's mop has such a feature, as the user of pencils would have to apply in order to determine that a 'Goliath; pencil is a large one.'" *Id.* at * 14 (citing *Champion Golf Club, Inc., v. Champions Golf Club*, 78 F.3d 111 (6th Cir. 1996); see also, *Blendco, Co., Inc. v. Conagra Grocery Prod. Co.*, 132 Fed. Appx. 520 (5th Cir. 2005)⁴ (finding trademark BETTER-N-BUTTER suggestive for butter flavored oil); *Standard International Corp. v. American Sponge and Chamois Co., Inc.* 157 U.S.P.Q. 630 (C.C.P.A. 1968) (finding "DUST 'N" part of trademark DUST N' GLOW not entirely without certain distinctiveness for use with a cleaning and polishing cloth impregnated with a polish); *In re Application of Reynolds Metals Co.*, 480 F.2d 902 (C.C.P.A. 1973) (finding the trademark BROWN-IN-BAG suggestive for bags used to brown meat in an over).

Here the connection between TOUCH-N-BUY for point of sale transaction terminals is even more obscure than the connection between TWIST 'N MOP for floor mops. A consumer cannot determine the nature of Plaintiff's point of sale transaction processing systems by virtue of Plaintiff's TOUCH-N-BUY trademark alone. Because Plaintiff's mark requires some exercise of imagination to connect the mark with Plaintiff's point of sale products, the TOUCH-N-BUY mark is suggestive. See *Coach House Restaurant v. Coach and Six Restaurants*, 843 F.2d 1151, 1560.

In addition, the relevant industry does not use the terms TOUCH or BUY to describe Plaintiff's products. A leading independent publication in the parties' industry is Intelecard News ("ICN"). ICN is the definitive resource within the thriving prepaid communications and burgeoning smart card industries. See, www.intelecard.com. ICN publishes a glossary of prepaid industry terms at its website. ICN provides the following definition of Plaintiff's goods: "Point -of -sale (POS) terminal - an electronic device used by a merchant to conduct credit card, debit card, smart card or check transactions. Point-of-sale activation (POSA) equipment - computer terminals that connect

⁴ This is an unpublished decision from the Fifth Circuit.

with a central computer for activation of a prepaid phone card or stored value card at the point of sale." Ex. Y. The Plaintiff's mark is not "POINT OF SALE" or "CARD PURCHASE CENTER" or "POS ACTIVATE."

Moreover, except for Defendants' infringing use, none of Plaintiff's competitors use the phrase TOUCH-N-BUY to describe related goods or services. Indeed, a Google® Internet database search for TOUCH-N-BUY reveals only the Plaintiff's websites (including Plaintiff's affiliated companies) and the media attention directed toward Plaintiff's goods. Ex. Z. A search for the mark TOUCH-N-BUY at the United States Trademark Office only reveals the Parties' respective trademark applications. Ex. AA. There are no other pending trademark registrations or applications for the TOUCH-N-BUY trademark. Similarly, searches of Google's® Internet database for TOUCH AND BUY and TOUCH & BUY reveal only unrelated results or results related to Plaintiff. Thus, considering the lack of use by Plaintiff's competitors of the TOUCH-N-BUY mark, this test also confirms that Plaintiff's TOUCH-N-BUY mark is suggestive.

b. Plaintiff's Investment and Widespread Use of Its TOUCH-N-BUY Mark Adds to Its Strength

Since Plaintiff's adoption of the TOUCH-N-BUY mark, Plaintiff has widely promoted and used the brand name. Plaintiff maintains the domain name www.touchnbuy.com, where it operates an interactive website and promotes the TOUCH-N-BUY brand. Excerpts of Plaintiff's website at www.touchnbuy.com are attached as Ex. X. Plaintiff has invested significantly in promoting and developing its website.

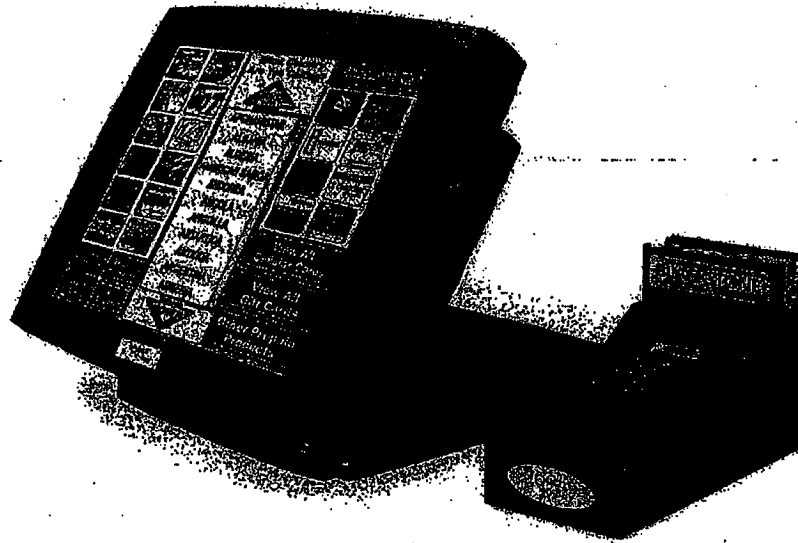
Moreover, Plaintiff has engaged in other forms of advertising to promote its TOUCH-N-BUY brand. Plaintiff regularly advertises in leading industry journals such as Intelec News and the Prepaid Press. Ex. P. Plaintiff has spent hundreds of thousands of dollars in advertising its mark over the past 2 and ½ years. Ex. A. Plaintiff has also sold thousands of units to customers in 34 states, Washington D.C. and almost every major metropolitan area in the United States. *Id.* Each day thousands of consumers process commercial transactions via TOUCH-N-BUY brand systems in convenience stores, groceries, and malls through the nation. *Id.* This widespread use of the TOUCH-N-BUY mark within a particular industry is further evidence of the strength of Plaintiff's mark.

2. The Marks are Identical – TOUCH-N-BUY


It is undisputed that the parties adopted identical TOUCH-N-BUY marks. A copy of Plaintiff's marketing materials showing use of the mark in connection with its goods is copied

below in Figure 1.⁵ A comparative copy of Defendants' use of the mark in connection with its goods is copied below Figure 2.⁶ There can be no dispute that both parties' marks are spelled and pronounced in an identical fashion. The marks, likewise, have an identical meaning. The marks even have identical punctuation.


Plaintiff's Mark (Fig. 1):




Plaintiff's use of the TOUCH-N-BUY mark



The newest tool to sell prepaid products. Easy to use for the merchant and the consumer.



LICENSED BY EXIGENT TECHNOLOGY, INC.TM
UNDER U.S. PATENTS 6,851,495.



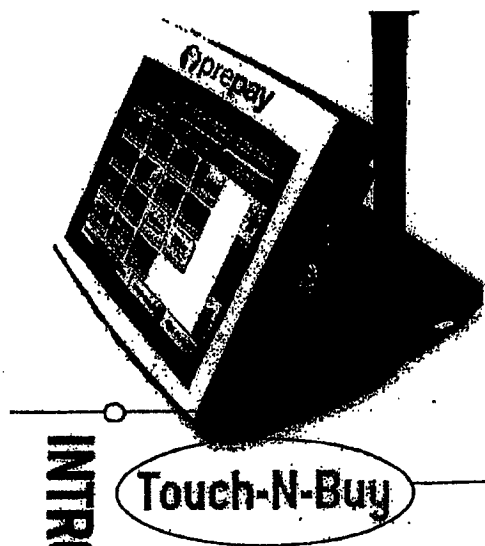
POWERED BY PINSERVE TECHNOLOGIESSM
STATE OF THE ART PIN DELIVERY SYSTEM

Touch-n-Buy™ No Inventory | No Theft | e-PINs Delivered Upon Purchase

⁵ The mark has been circled for identification for this brief.

⁶ The mark has been circled for identification for this brief.

Defendants' Mark (Fig. 2):



**The NEWEST TOOL
to sell prepaid products
Easy to use for
the merchant
and the consumer**

*Defendants' use of
Plaintiff's TOUCH-
N-BUY mark*

As demonstrated above, the Parties are using the exact same mark, TOUCH-N-BUY as Plaintiff. This factor strongly supports a likelihood of confusion and a finding of infringement. *Turner Greenberg Assocs. v. C & C Imps.*, 320 F. Supp. 2d 1317, 1332 (S.D. Fla. 2004) ("The likelihood of confusion is greater when an infringer uses the exact trademark").

3. Plaintiff's and Defendants' Products are Virtually Identical

Adding to the potential confusion, Plaintiff and Defendants, as evidenced by the images above, and the literature attached to Plaintiff's Statement of Facts, are using the TOUCH-N-BUY mark in connection with nearly identical point of sale terminals. Further, the Parties' respective trademark applications for the TOUCH-N-BUY mark conclusively demonstrate that the products sold under the TOUCH-N-BUY mark are virtually identical, Plaintiff's trademark application reads: "Point-of-sale terminal for pre-paid gift cards and telephone calling cards"; Defendants' have described their own product as: "Point of Sale distribution Touch Screen Terminal." Exs. L and N.

Not only are the Parties' point of sale terminals extremely similar to each other, but both Parties' point of sale terminals are used to complete similar transactions. It is undisputed that both Parties' goods are used for bill payment services or the purchase of prepaid calling cards and other products. Ex. A, B, E, T. Because the Parties are selling identical products, this factor strongly favors a finding of infringement. *Turner Greenberg Assocs.*, 320 F. Supp. 2d at 1332 ("The greater the similarity between the products, the greater the likelihood of confusion").

4. Plaintiff and Defendants Sell Their Products Through Identical Sales Methods

It is undisputed that the Parties use identical sales methods. Plaintiff and iPrepay use the same methods to sell their respective POS devices, including: (a) sales agents that go door to door to various retail locations soliciting sales; (b) direct marketing to retailers through in-house telemarketers; and (c) use of their respective web sites. Ex. A; Ex. D. at 128-131. This factor further compels a finding of a likelihood of confusion and infringement.

5. Plaintiff and Defendants Use Identical Advertising Methods

Plaintiff and Defendants use identical advertising methods. Their advertisements appear in the same magazines. For example, attached as Ex. P is the September 2004 issue of Intele-Card News, one of the leading magazines in the prepaid industry. Both Plaintiff and Defendants Radiant and Ntera have advertisements in this issue of the magazine. Ex. P at 39, 44-45, 86-87, 95 and 113. Additionally, the Parties both use similar posters and brochures to advertise their respective goods and services. Ex. A and D at 91-102.

The Parties have marketed their products at the same trade shows, including the Prepaid Market Expo at the Jacob Javits Center in New York City on August 4-6, 2004 as well as at other leading trade shows in Las Vegas and Miami. Ex. A. and O.

Because the Parties use identical advertising methods, this factor strongly favors a finding of infringement. *Turner Greenberg Assocs.*, 320 F. Supp. 2d at 1332 ("If a plaintiff and a defendant both use the same advertising media, a finding of likelihood of confusion is more probable").

6. The Record Clearly Demonstrates that Defendants' Misappropriated Plaintiff's Mark in Bad Faith

There is no dispute that Plaintiff and Defendants are competitors in the pre-paid and point-of-sale industry, both selling multi-function point of sale devices. In a desperate eleventh hour effort to compete with Plaintiff at the largest tradeshow of the year, Defendants deliberately copied substantial portions of Plaintiff's copyrighted marketing materials. Ex. I and J. To gain further advantage, Defendants then chose to misappropriate Plaintiff's TOUCH-N-BUY trademark in order to deceive consumers into believing Defendants' products were associated with Plaintiff. Ex. J.

Defendants made further efforts to unfairly appropriate rights in Plaintiff's TOUCH-N-BUY trademark when it filed its own application for the TOUCH-N-BUY mark, even after fully knowing

Plaintiff had been using the mark for approximately one year, and even after Plaintiff filed its own application for registration of the trademark. Ex. N.

Defendants continued to distribute their infringing brochure to potential customers and investors at the Javits Tradeshow, despite Plaintiff placing them on notice of the infringing material. Ex. A and D at 117-119. Defendants ignored Plaintiff's demands that they cease distributing the brochure that contained Plaintiff's TOUCH-N-BUY trademark and copyright protected marketing materials. Defendants' bad faith is further compounded by the fact that Defendants' brochure also advertised calling card products that were only available for purchase by Plaintiff. Ex. A and J.

A reasonable juror could not possibly conclude that the foregoing acts were done in anything other than bad faith.

IV. IT IS UNDISPUTED THAT DEFENDANTS HAVE ENGAGED IN FALSE ADVERTISING

To state a false advertising claim under § 43(a)(1)(B) of the Lanham Act, a plaintiff must allege: (1) the advertisements of the opposing party were false or misleading; (2) the advertisements deceived, or had the capacity to deceive, consumers; (3) the deception had a material effect on purchasing decisions; (4) the misrepresented product or service affects interstate commerce; and (5) the plaintiff has been, or is likely to be, injured as a result of the false advertising. *Hickson Corp. v. Northern Crossarm Co., Inc.*, 357 F.3d 1256, 1260 (11th Cir. 2004) (citations omitted). The first element of the Lanham Act test requires that the plaintiff show that the statements at issue were either "(1) commercial claims that are literally false as a factual matter" or "(2) claims that may be literally true or ambiguous but which implicitly convey a false impression, are misleading in context, or likely to deceive consumers." *Alphamed Pharms. Corp. v. Arriva Pharms., Inc.*, 391 F. Supp. 2d 1148, 1161 (S.D. Fla. 2005). *Id.* at 1261 (quoting *United Industries Corp. v. Clorox Co.*, 140 F.3d 1175, 1180 (8th Cir.1998)).

This cause of action for false advertising is based on the brochures that were distributed by the Defendants at the Javits Tradeshow- the largest trade show in the industry, as well as certain misrepresentations made by Defendants Issa Asad and Johnny Rodriguez. It is undisputed that Defendants distributed hundreds of copies of these brochures at the trade show, and for a period thereafter. Ex. A, J and D at 66.

A. Defendants' Advertisements Were False and Misleading

It is undisputed that Defendants' brochures were false and misleading. First, Defendants' advertisements used the Plaintiff's trademark, TOUCH-N-BUY. Ex. J.. This is the same trademark used by Plaintiff before and during the 2004 Prepaid Market Expo, and used by Plaintiff since that

time. Indeed, Defendants' copied a similar brochure from the Plaintiff nearly verbatim. Pl. Stat. Facts ¶¶ 24, 66. Defendants' use of the TOUCH-N-BUY trademark falsely indicates to consumers and the trade that Defendants are affiliated with the Plaintiff, when in fact they are not.

In addition, Defendants' brochure falsely claimed that Defendants transaction processing system offered two brands of prepaid calling cards, the "GREEN Florida" card, and IDT. Ex. J. In Figures 3 and 4 below, Plaintiff depicts true and correct excerpts from Defendants' brochure which advertised that it offers such cards for sale. It is also undisputed that Defendants have not, and do not offer such cards for sale via their transaction processing systems. Ex. D at 108-109; Ex. F. at 139-140; Ex. R. Indeed, Plaintiff is the exclusive distributor of "GREEN Florida" brand calling cards. Ex. A. Thus, Defendants advertised that certain products were available for sale via their devices, when in fact these products were never available via Defendants' devices.



Figure 3:
Defendant's false advertisement that GREEN Florida cards are offered for sale via their system.

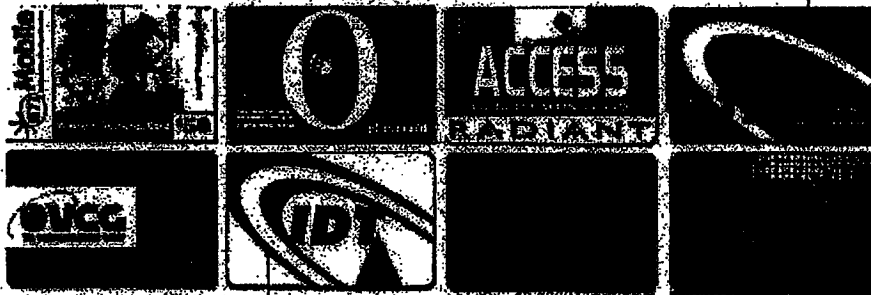


Figure 4:
Defendant's false advertisement that IDT cards are offered for sale via their system.

Finally, Defendants' advertised their devices as fully functioning alternatives to Plaintiff's goods, which were ready to be deployed in the market. Ex. A; D at 70-72; Ex. F at 186. At the tradeshow, Defendants also misrepresented that their goods were superior and less expensive than Plaintiff's goods. However, Defendants' devices continuously malfunctioned during the trade show, and were not actually available for sale until roughly six months thereafter. *Id.* Thus,

Defendants advertised that there were alternatives to Plaintiff's goods, which in fact there were not, and that such devices were fully available and less expensive than the Plaintiff's, which was also false.

All of the above representations are either literally false, or they are misleading when encountered by the consumer in context. As such, Plaintiff has satisfied the first element of its false advertising claim. *See Hickson Corp. v. Northern Crossarm Co.*, 357 F.3d 1256, 1261 (11th Cir. 2004) (commercial claims that are literally false as a factual matter satisfy the first element of false advertising.)

B. Defendants' Misleading Statements Had the Capacity to Deceive

It cannot be disputed that Defendants' statements has the capacity to deceive. The misleading nature of 1) Defendants' use of Plaintiff's identical mark; 2) Defendants' misrepresentations regarding the available selection of prepaid products via their devices; and 3) Defendants' misrepresentations regarding the availability of alternatives to Plaintiff's goods, when in fact no alternatives existed, speaks for itself. Indeed, once a court deems an advertisement to be literally false, the movant need not present evidence of consumer deception. *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002) (citing *Am. Council of Certified Podiatric Physicians and Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 614 (6th Cir. 1999)).

C. Defendants' False Statements Deception Had a Material Effect on Purchasing Decisions

The false statements by Defendants concerned important factors which influence purchasing decisions of the parties' target market. Defendants admit in their advertising that "The more products a POS Terminal is able to sell, the higher its value proposition to agents." Ex. J. Thus, by Defendants' own admission, a wider selection of available prepaid products is an important consideration of which POS device to purchase. Because Defendants' false statements focused on an important inherent quality of the product, Plaintiff has satisfied this element. *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002) (quoting a plaintiff may establish this element by proving that "the defendants misrepresented an inherent quality or characteristic of the product." *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 855 (2d Cir. 1997)).

Next, Defendants' misleading use of the term TOUCH-N-BUY misrepresents the source of Plaintiff's goods. There can be no greater effect on the purchasing decisions of consumers than the

source of the goods. *See Del Monte Fresh Produce Co. v. Dole Food Co.*, 136 F. Supp. 2d 1271, 1284 (S.D. Fla. 2001) (15 U.S.C. § 1125 interpreted by courts as prohibiting misrepresentations as to the source of a product by false advertising.)

Finally, Defendants' representations that they had a fully functional alternative to Plaintiff's goods had a material effect on purchasing decisions. Plaintiff was a co-sponsor of the Javits Tradeshow. Ex. A and O. Plaintiff planned to use the tradeshow as an opportunity to promote its unique TOUCH-N-BUY brand transaction terminal. Ex. A. By claiming that there were alternatives to Plaintiff's product, when in fact Defendants had no such functioning alternative, the Defendants mislead the public into believing that there were available products to compete with the Plaintiff.

D. Defendants' False Advertising Has an Affect on Interstate Commerce

It is undisputed that the Parties sell and advertise their goods throughout the country and that the Parties are direct competitors. Ex. A. Defendants traveled from Florida to New York to distribute their misleading advertisements at the 2004 Prepaid Market Expo and continued to distribute such misleading brochures elsewhere following the tradeshow. Ex. A. The Prepaid Market Expo is the largest trade show in the industry, and was covered by press and media across the country. Ex. O. As such, Defendants' false advertisements were available to industry leaders from across the nation. It is also undisputed that the parties engage in similar forms of interstate print advertising. Ex. A and D at 80-81, 91-102, Ex. P at 39, 44-45, 86-87, 95 and 113. As a result of Defendants' actions at the Javits Tradeshow, Defendants increased their sales across the country, while Plaintiff lost valuable business from prospective customers and investors, such as Diamond Business Services, Inc. and Universal Express. Ex. A, V, W at 192-196. There can be no dispute that Plaintiff has satisfied the interstate commerce element. *See Bellsouth Telcoms., Inc. v. Hawk Communs., LLC*, 2004 U.S. Dist. LEXIS 9413 (N.D. Ga. 2004) (interstate commerce element satisfied where advertisements reached several states).

E. Defendants' False Advertisements Have Harmed the Plaintiff

Defendants' false statements have harmed Plaintiff. Because consumers can purchase various products via the parties' transaction processing machines, the selection and inventory of prepaid goods which are available on each machine is a major influence on purchase decisions. Ex. A; Ex. J at 10. Defendants advertised that their machines sold the same goods as the Plaintiff, when they do not. *Id.* By doing so, Defendants used misleading statements to undercut a competitive

advantage of the Plaintiff. Defendants distributed hundreds of these false advertisements at the largest trade show in the industry.

Moreover, Defendants presented a device which supposedly offered the same advantages of Plaintiff's products. Indeed, Defendants advertisements copied verbatim the attractive features of Plaintiff's goods. Ex. I and J. However, these features were not functioning or available from Defendants at the time, and never became available in the market until six months later. Ex. A; Ex. F at 186; Ex. D 70-72. Because of Defendants' misrepresentations, Plaintiff lost many potential customers and investors including Diamond Business Services, Inc. and Universal Express.

The harm to Plaintiff caused by Defendants' conduct at the Javits Tradeshow is multiplied by the attention Defendants drew to themselves. Defendants purchased the largest booth available at the tradeshow at a cost of [REDACTED] Ex. D at 68-69. Defendants also arranged for two HUMMER[®] sport utility vehicles to be present in order to lure consumers and participants to their booth, and away from Plaintiff's booth. Ex. D 73-78. By Defendants' own admission, its advertising and marketing strategy at the Javits Tradeshow was very successful. Ex. D at 68-69. That strategy included distribution of false advertisements, trademark infringement, copyright infringements and misrepresentations all of which directly and materially harmed Plaintiff.

V. **DEFENDANTS ARE LIABLE FOR INFRINGING PLAINTIFF'S COPYRIGHTED MARKETING MATERIALS**

As shown below, and in the materials attached hereto as Exhibits I, J and K, Defendants have engaged in word-for-word copying of entire portions of Plaintiff's marketing materials and brochures. In their haste to compete with Plaintiff at one of the most important trade shows of the year, Defendants merely copied specific language and images from Plaintiff's brochure depicting and describing Plaintiff's products, and used these same materials to promote Defendants' own product and services. *Id.* However, Defendants were unable to disguise their blatant use of Plaintiff's trademark, original copyrighted marketing language and images of products exclusively sold by Plaintiff.

To establish a claim of copyright infringement, a plaintiff must prove, first, that he owns a valid copyright in a work and, second, that the defendant copied original elements of that work. *Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1215 (11th Cir., 2000); *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 1296, 113 L. Ed. 2d 358 (1991).

A. **Plaintiff Owns a Valid Copyright**

The plaintiff in a copyright infringement action normally bears the burden of proving ownership of a valid copyright. In order to meet this burden, the plaintiff must show that the work is original and that the applicable statutory formalities were followed. *Montgomery v. Noga*, 168 F.3d 1282, 1289 (11th Cir., 1999); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1541 (11th Cir. 1996). Once a plaintiff produces a certificate of copyright registration for a protected work, however, he benefits "from a rebuttable presumption that the . . . copyright is valid. *Id.*; see also, 17 U.S.C. § 410(c) (1994).

Attached as Exhibit I, is a true and correct copy of Plaintiff's copyright registration for the work that has been copied by Defendants.⁷ Because Plaintiff has produced a valid copyright registration, the burden rests with Defendants, who are required to demonstrate that "the work in which copyright is claimed is unprotectable (for lack of originality) or, more specifically, to prove that . . . the copyrighted work actually taken is unworthy of copyright protection." *Montgomery*, 168 F.3d at 1289; *Bateman*, 79 F.3d at 1541.

B. Defendants Copied Original Elements of Plaintiff's Copyrighted Work

The plaintiff can prove copying either directly, or indirectly, by establishing that the defendant had access, and produced a work "substantially similar," to the copyrighted work. *Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1215 (11th Cir., 2000); *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir.1982).

Since "it is virtually impossible to prove copying directly, this element is usually established circumstantially, by demonstrating that the person who composed the defendant's work had access to the copyrighted material and that there is substantial similarity between the two works." *Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1247-1249 (11th Cir., 1999); *Beal*, 20 F.3d at 459; *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir.), cert. denied, 484 U.S. 954, 108 S. Ct. 346, 98 L. Ed. 2d 372 (1987) (these two types of circumstantial evidence of infringement are accepted because direct evidence of copying is rarely available); see 3 Nimmer § 13.01[B], at 13-10 to -11.

Once "the plaintiff has made this showing, the burden shifts to the defendant to prove that his/her work was not a copy, but rather was an independent creation." *Herzog*, 193 F.3d at 1247-49; *Kamar International, Inc. v. Russ Berrie and Co.*, 657 F.2d 1059, 1062 (9th Cir. 1981).

Just "as it is virtually impossible to offer direct proof of copying, so is it often impossible for a plaintiff to offer direct evidence that defendant actually viewed or had knowledge of plaintiff's work." *Herzog*, 193 F.3d at 1247-49. The Eleventh Circuit regards a "reasonable opportunity to

⁷ The copyright registration was assigned from its original owner Blackstone to Plaintiff. See Ex. U.

view" as access. *Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1247-1249 (11th Cir., 1999).

The Defendants had access to Plaintiff's marketing materials which were freely distributed and publicly available. Moreover, Defendant Johnny Rodriguez was a former employee of Plaintiff, with full access to Plaintiff's marketing materials. Ex. H at 35-36, 85-87. Mr. Rodriguez was employed by the Defendants at the time that Defendants first distributed their infringing marketing materials. *Id.* Defendants had a reasonable opportunity to view Plaintiff's copyrighted material. Mr. Rodriguez also had access to Plaintiff's marketing materials at or around the time of the Javits Tradeshow, because his girlfriend, Olga Betancourt was employed by Plaintiff. Ex. 77-80.

In this case, Plaintiff need not rely on circumstantial evidence to demonstrate that Defendants copied Plaintiff's marketing materials, because Defendants readily admit it. iPrepay's Fed. R. Civ. P. 30(b)(6) corporate representative, Issa Asad, testified that "some of the words were almost identical" and that iPrepay employees "must have copied some text". Ex. D at 62-63. While iPrepay subsequently fired the employee responsible for copying the brochure after this lawsuit was filed, Defendants took no action to mitigate the damage caused by the infringement, and continued to distribute hundreds of copies of the infringing brochure during the Javits Tradeshow, as well as for a period of time thereafter. Ex. A and D at 66.

To show substantial similarity, "the plaintiff must establish that an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *Herzog*, 193 F.3d at 1247-49; *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir.1982).

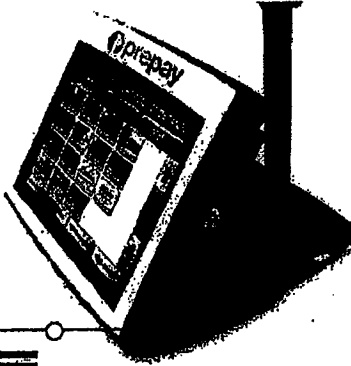
As evidenced below, the following bullet point statements were copied directly from Plaintiff's brochure, and were placed adjacent to an image of Defendants' touch screen device, in almost the exact same manner as used by Plaintiff:

- "Touch-N-Buy Delivering prepaid with speed and convenience for people on the go"
- "Customers can search on-screen for the best cad (sic) with the best rate to the country they are calling. + "
- "Never lose a sale"
- "Generate impulse purchase of prepaid purchases"
- "Convert valuable counter space into a profit center"
- "Small space saving design"

Ex. I, J and K.

Defendants also copied the statement "the newest tool to sell prepaid products. Easy to use for the merchant and the consumer." This statement first appeared in Plaintiff's marketing materials a copy of which appears on page 8 *supra*, of this brief, and subsequently appeared in Defendants' brochure, as depicted above.

DEFENDANTS' BROCHURE:



The **NEWEST TOOL**
to sell prepaid products.
Easy to use for
the merchant
and the consumer

INTRODUCTION

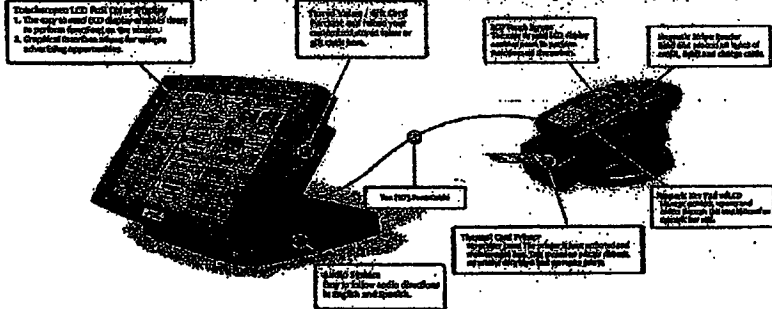
Touch-N-Buy

- Delivering prepaid with speed and convenience for people on the go
- Customers can search on-screen for the best card with the best rate to the country they are calling.
- Never lose a sale
- Small space saving design
- Generates impulse purchase of prepaid purchases
- Convert valuable counter space into a profit center

AS A BUSINESSMAN, YOU WANT PROFITS AS MUCH AS YOU WANT THE NAME

PLAINTIFF'S COPYRIGHTED BROCHURE:

Touch-n-Buy - Delivering prepaid and processing with speed and convenience for people on the go



Customers can search on-screen for the best card with the best rate to the country they are calling. Plus,

- **NEVER LOSE A SALE!**
- Generate impulse purchases of prepaid products
- Become a destination for prepaid purchases
- Convert valuable counter space into a profit center
- Small space saving design

Features

- ▶ Touch screen interactive audio/visual interface
- ▶ Sells prepaid long distance products
- ▶ Sells wireless recharge cards
- ▶ Sells stored value / gift cards
- ▶ Customer chooses the product
- ▶ e-PINs are printed at the time of sale, virtually eliminating theft and vandalism
- ▶ e-PIN sales are tracked by Blackstone's secure server technologies
- ▶ Allows for extensive reporting capabilities such as:
 - Sales Reports by machine, product, denomination, time of day, etc.

Defendants also included in their brochure images of phone cards, which they copied directly from Plaintiff's marketing materials. Ex. R, J, J(1), and K. Included in Plaintiff's marketing materials were images of the "GREEN Florida" card as well as the "IDT" card found as depicted above. Ex. L of this brief. These are cards exclusively sold by Plaintiff which have never been sold by Defendants. Ex. A. The Defendants so slavishly copied Plaintiff's marketing materials, that they, intentionally, or otherwise, failed to delete these cards from their own brochure. Ex. J.

Because Defendants, by their own admission, copied substantial portions of Plaintiff's copyrighted marketing materials, there is no material issue of fact that precludes the Court from entering summary judgment in favor of Plaintiff and against Defendants for copyright infringement.

VI. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests that the Court enter summary judgment in favor of Plaintiff and against Defendants Radiant Telecom, Inc., iPrepay, Inc., Issa Asad and Jeanty Rodriguez on Plaintiff's claims of: (1) trademark infringement; (2) copyright infringement; (3) false advertising; (4) false designation of origin; and (5) unfair competition.

Respectfully Submitted,
TOUCH-N-BUY, INC.

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Date: January 9, 2006

CERTIFICATE OF SERVICE

HEREBY CERTIFY that a true and correct copy of the foregoing was served by United States mail, postage pre-paid this 9th day of January, 2006 on the following counsel of record:

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-22141-CIV-LENARD/KLEIN

TOUCH-N-BUY, INC.,

Plaintiff,

v.

RADIANT TELECOM, INC.,
IPREPAY, INC.,
NTERA HOLDINGS, INC.,
WORLDQUEST NETWORKS, INC.,
ENGIN YESIL, ISSA ASAD,
and JOHNNY RODRIGUEZ,

Defendants.

DEFENDANTS' OPPOSITION TO PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT

RECVD 2/11/00
DKT 1
DKT 2

Defendants Radiant Telecom, Inc. ("Radiant Telecom"), iPrepay, Inc. ("iPrepay"), Ntera Holdings, Inc. ("Ntera Holdings"), Engin Yesil, Issa Asad and Johnny Rodriguez submit this opposition to Plaintiff's motion for summary judgment, and state:

INTRODUCTION

Plaintiff is not entitled to summary judgment on any claim because its motion fails to prove that Defendants infringed any protectable interest or engaged in unfair competition or false advertising. The underlying evidence cited by Plaintiff does not support many of the far-reaching and allegedly undisputed facts. In fact, Plaintiff does not even present sufficient evidence against Defendant iPrepay, nor does Plaintiff separately address the liability of any other Defendant. At bottom, Plaintiff does not appreciate the distinction between pleading claims against a group of defendants and the burden of actually supporting its allegations with evidence on a motion for summary judgment. Thus, Plaintiff not only fails to show that the alleged conduct of iPrepay is legally actionable, but Plaintiff frequently fails even to present evidence against the other Defendants.

Plaintiff's claims for trademark infringement and false designation of origin fail for three reasons. First, the descriptive phrase "Touch-N-Buy" used by Defendant iPrepay in its marketing materials is not legally protectable. Second, the limited and isolated use of that phrase by Defendant iPrepay was not likely to create confusion between Plaintiff's product and the product offered by sale by iPrepay. Third, Plaintiff has not presented evidence that any Defendant other than iPrepay even used the mark. Thus, Plaintiff is not entitled to judgment.

Plaintiff's claim for false advertising fails because the alleged advertisements were not legally actionable, not false and not made with deceptive intent. In addition, Plaintiff failed to present evidence against any Defendant other than iPrepay.

Plaintiff's claim for copyright infringement fails for three reasons. First, the only similarity between the iPrepay marketing materials and those created by third-party Blackstone Corporation is that two brochures share several common phrases. However, this similarity is not legally actionable because the phrases at issue do not exhibit the minimal level of creativity necessary to warrant copyright protection. Second, no reasonable jury could find that the iPrepay marketing materials and the Blackstone Corporation marketing materials are substantially similar merely because the two brochures share nine common phrases. Third, as with its other claims, Plaintiff did not present evidence regarding any Defendant except iPrepay.

Plaintiff's claim for unfair competition against iPrepay fails for the same reasons that its trademark infringement claims fail, plus Plaintiff has failed to establish that iPrepay acted with the intent to deceive. Additionally, with respect to the remaining Defendants, Plaintiff's unfair competition claim fails because Plaintiff offers no specific evidence against them.

ARGUMENT

Plaintiff has failed to meet its initial burden on summary judgment. As detailed in Defendants' statement of disputed facts, a significant portion of the allegations made by Plaintiff are wholly unsupported by specific references to record evidence. Plaintiff's motion for summary judgment rests on numerous conclusory allegations, and the underlying documents and testimony belie Plaintiff's contentions. A review of the evidence demonstrates that Plaintiff has taken unwarranted liberty with the record. Applying the law to the actual evidence reveals not only that Plaintiff's motion should be denied, but that this Court should enter summary judgment against Plaintiff.

First, Plaintiff has failed to show that the alleged conduct of iPrepay is legally actionable. Plaintiff cannot prove that it has a protectable interest in the asserted "Touch-N-Buy" mark. In fact, the "Touch-N-Buy" mark is actually owned by a company called Blackstone. In addition, the Court should find that iPrepay's marketing brochure does not constitute false advertising. Moreover, the mere phrases that appeared in the Blackstone Corporation marketing brochure are not protected by copyright law. Since Plaintiff cannot prove trademark or copyright infringement, let alone the additional element of intent to deceive, its claim for unfair competition fails as well. Thus, there is no legal basis for Plaintiff's claims.

I. The Summary Judgment Standard

Plaintiff bears the burden of demonstrating that there exists no genuine issue as to any material fact and that it is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986). If no reasonable jury could return a verdict in favor of the nonmoving party, there is no genuine issue of material fact and summary judgment is appropriate. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). An issue of fact is "genuine" if the record taken as a whole could lead a rational trier of fact to find for the nonmoving party. *Allen v. Tyson Foods, Inc.*, 121 F.3d 642, 646 (11th Cir. 1997). An issue of fact is "material" if it might affect the outcome of the suit under governing law. *Anderson*, 477 U.S. at 248.

The moving party must show the district court, by reference to record evidence, that there

are no genuine issues of material fact that should be decided at trial. *Clark v. Coats & Clark, Inc.*, 929 F.2d 604, 607-08 (11th Cir. 1991). Only when that burden has been met does the burden shift to the non-moving party to demonstrate that there is indeed a material issue of fact that precludes summary judgment. *Id.* The Eleventh Circuit has consistently held that allegations without specific supporting facts have no probative value. *See, e.g., Evers v. General Motors Corp.*, 770 F.2d 984 (11th Cir. 1985); *Gordon v. Terry*, 684 F.2d 736, 744 (11th Cir. 1982), *cert. denied*, 459 U.S. 1203 (1983). Thus, conclusory and generalized allegations should be stricken by the Court. *See Carter v. Three Springs Residential Treatment*, 132 F.3d 635, 642 (11th Cir. 1998).

Where the moving party has met its initial burden, the Court must view all evidence in the light most favorable to the non-moving party, and resolve all reasonable doubts about the facts in favor of the non-moving party. *See Information Systems and Networks Corp. v. City of Atlanta*, 281 F.3d 1220, 1224 (11th Cir. 2002); *Burton v. City of Belle Glade*, 178 F.3d 1175, 1187 (11th Cir. 1999). If the record presents issues of fact or reasonable inferences from the facts asserted, then the district court must deny summary judgment. *Burton*, 178 F.3d at 1187. Thus, on a motion for summary judgment the district court may not weigh the evidence. *Morrison v. Amway Corp.*, 323 F.3d 920, 924 (11th Cir. 2003).

II. Plaintiff Failed To Prove Its Claims For Trademark Infringement And False Designation Of Origin

This Court must deny Plaintiff's motion for summary judgment because Plaintiff has failed to establish that it is entitled to judgment on its claims for trademark infringement and false designation of origin. In many instances, Plaintiff failed to cite evidence to support its "wish list" of allegedly undisputed facts. In other cases, Plaintiff misrepresents or overstates the facts. Simply put, Plaintiff has not proffered evidence sufficient to establish trademark infringement or false designation of origin against iPrepay, let alone any other defendant. Accordingly, with respect to Plaintiff's claims for trademark infringement and false designation of origin under the Lanham Act and state law, Plaintiff is not entitled to summary judgment.

To prevail on these claims, Plaintiff must prove trademark infringement, which requires proof of a valid trademark and that Defendants adopted an identical or similar mark that was likely to confuse consumers. *See 15 U.S.C. 1125(a); Gift of Learning Foundation, Inc. v. TGC, Inc.*, 329 F.3d 792, 797 (11th Cir. 2003); *Lone Star Steakhouse & Saloon, Inc. v. Longhorn*

Steaks, Inc. 106 F.3d 355, 358 (11th Cir. 1997); *Investacorp, Inc. v. Arabian Investment Banking Corp. (Investcorp)*, E.C., 931 F.2d 1519, 1521-22 (11th Cir. 1991).

It is undisputed that ownership of a protectable mark is an indispensable element to Plaintiff's claims of trademark infringement and false designation of origin. *See Gift of Learning*, 329 F.3d at 793. First, the Court should find that Plaintiff does not even own the Touch-N-Buy trademark. In fact, Exhibit A2 of the Plaintiff's Rule 7.5 Statement clearly establishes that Plaintiff did not create the marketing materials that are the subject of this lawsuit. Rather, the materials were actually created by a company called "Blackstone." *See* Plaintiff's Rule 7.5 Statement, Exhibit A2. From the copyright certificate of registration, it is clear that Blackstone created the marketing materials in 2003 and first published the marketing materials on November 10, 2003. *Id.* Significantly, this creation and use occurred before Plaintiff Touch-N-Buy, Inc. even existed. Defendants' Rule 7.5 Statement at Ex. 11. In fact, Plaintiff was not even formed until December 30, 2003. *Id.* Thus, Plaintiff Touch-N-Buy, Inc. could not possibly have used the mark as early as August 2003 as Plaintiff claims. *See* Plaintiff's MSJ at 3. Remarkably, Plaintiff claims that it is "undisputed that Plaintiff has used the TOUCH-N-BUY mark... at least as early as August 2003." *Id.* Apparently, Plaintiff was able to use the mark before it was even formed as a corporation. However, this is not merely an issue of corporate formalities. The marketing materials themselves make no reference to Plaintiff. Plaintiff's Rule 7.5 Statement at Ex. A2. To the contrary, the marketing materials clearly refer customers to Blackstone and even provide a link to Blackstone's website, www.blackstoneonline.com. *Id.* Moreover, the marketing materials that allegedly belong to Plaintiff provide Blackstone's email address: "sales@blackstoneonline.com." Plaintiff's only other documentary evidence of use is the web pages printed from <http://www.touch-n-buy.com>. *See* Plaintiff's Rule 7.5 Statement, Ex. X. However, even the Touch-N-Buy website is owned by Blackstone. *Id.*, Ex. 1C. Thus, this Court cannot possibly find it to be undisputed that Plaintiff owns the Touch-N-Buy mark or that it used the mark as early as August 2003, more than four months prior to being formed.

In addition to the fact that Plaintiff does not own the mark, Defendants are entitled to summary judgment because the "Touch-N-Buy" mark is not legally protectable. The Court should find as a matter of law that "Touch-N-Buy" is not protectable because the mark merely describes the operation of Plaintiff's product and Plaintiff cannot show that the mark has acquired secondary meaning. Even if "Touch-N-Buy" were a protectable mark, Plaintiff has

offered no evidence that Defendants used the mark in a way that was likely to confuse consumers. Finally, Plaintiff's claim for unfair competition fails because Plaintiff cannot establish that Defendants used the mark with deceptive intent.

A. **Plaintiff Does Not Have A Legally Protectable Trademark**

Plaintiff cannot demonstrate that it has a legally protectable mark because the mark is highly descriptive. And, Plaintiff cannot meet the high burden of proving that the mark has established secondary meaning.

1. **The "Touch-N-Buy" Mark Is Highly Descriptive**

This Court should reject Plaintiff's contention that the Touch-N-Buy mark is suggestive because the mark simply describes the manner in which consumers use Plaintiff's touch screen point of sale device. The Court should find as a matter of law that the mark is descriptive. No creativity or imagination is required to link the terms "Touch" and "Buy" with the characteristics of Plaintiff's touch screen point of sale system. To use Plaintiff's device, consumers must "touch" the screen to "buy" products. Numerous courts have held that similar marks are descriptive. In addition, the United States Patent and Trademark Office specifically determined that Plaintiff's mark is descriptive and issued a final rejection of Plaintiff's application for registration of the mark. And, as set forth below, all of the evidence in this case militates against finding that the mark is suggestive.

When a trade mark is not registered with the United States Patent and Trademark Office, the burden is on the Plaintiff to establish trademark protection. *Neopost Industrie B.V. v. PFE Int'l. Inc.*, 403 F. Supp. 2d 669, 685 (N.D. Ill. 2005) (citing *Platinum Home Mtg. Corp. v. Platinum Financial Group, Inc.* 149 F.3d 722, 727 (7th Cir. 1998)).¹ Descriptive marks are not protectable, absent acquisition of secondary meaning.

A descriptive mark is one that describes the purpose, function or use of the product, a desirable characteristic of the product, or the nature of the product. See *Frehling Enterprises, Inc. v. Int'l Select Group*, 192 F.2d 1330, 1335 (11th Cir. 1999); *J&J Snack Foods Corp. v. Nestle USA, Inc.*, 149 F. Supp. 2d 136, 147 (D.N.J. 2001); *In re Gyulay*, 820 F.2d 1216, 1217 (Fed. Cir. 1987); *In re Bed & Breakfast Registry*, 791 F.2d 157 (Fed. Cir. 1986). Binding precedent requires that "the concept of descriptiveness must be construed rather broadly." *Vision*

¹ In this case, the United States Patent Office has issued a final rejection of Plaintiff's mark. See Defendants' Rule 7.5 Statement, Ex. 10.

Center v. Opticks, Inc., 596 F.2d 111, 116 (5th Cir. 1979). “Whenever a word or phrase naturally directs attention to the qualities, characteristics, effect, or purpose of the product or service, it is descriptive and cannot be claimed as an exclusive trade name.” *Id.* Common sense and public policy dictate against granting monopolies to words that are commonly used to describe a product.

A suggestive mark, however, is inherently distinctive. *Neopost Industrie*, 403 F. Supp. 2d at 685. A suggestive mark must do more than describe the function of a product. *Id.* It must stand for an idea which requires some effort and imagination by the consumer in order to be understood as descriptive. *Gift of Learning Foundation, Inc. v. TGC, Inc.*, 329 F.3d 792, 797-98 (11th Cir. 2003).

Courts have frequently held that marks similar to Plaintiff’s are not suggestive. For example, a district court recently found that the mark “Load ‘N Go” was merely descriptive when used in connection with automated mail assembly machines. See *Neopost Industrie, B.V. v. PFE Int’l Inc.*, 403 F. Supp. 2d 669, 685-86 (N.D. Ill. 2005). The court in *Neopost* found that the “Load ‘N Go” mark merely described the function of the relevant product. *Id.* This was evident from the plaintiff’s marketing materials, which suggested that users could “just load the material and go.” *Id.*

Similarly, in *J&J Snack Foods Corp. v. Nestle USA, Inc.*, 149 F. Supp. 2d 136, 147 (D.N.J. 2001), one issue decided by the court was whether the mark “Break & Bake” was descriptive. In that case, both the plaintiff and defendant were in the business of selling frozen cookie dough. *Id.* at 141. The “Break & Bake” mark was descriptive because the mark describes what a consumer does with the product. *Id.* at 147. Namely, the consumer “breaks” the dough sections and “bakes” them in the oven. *Id.*

Likewise, the PTO’s Trademark Trial and Appeal Board found that “Squeeze-N-Serv” was merely descriptive when used in connection with selling ketchup packages. *In re Serv-A-Portion, Inc.*, 1 U.S.P.Q. 2d 1915, 1917 (Trademark Tr. & App. Bd. 1986). The term “squeeze” was merely descriptive of a means for using the ketchup packet and the term “serv” was descriptive of serving the ketchup. *Id.* at 1916. The Trademark Trial and Appeal Board found that “absent any incongruity or other distinctive aspect, a combination of terms each of which is merely descriptive of a characteristic or feature of a product or service is also merely descriptive.” *Id.*

Similarly, the Ninth Circuit found that the mark "Park-N-Fly" was merely descriptive when used in connection with selling airport parking. *Park-N-Fly, Inc. v. Dollar Park and Fly, Inc.*, 718 F.2d 327, 331 (9th Cir. 1983). The court in *Park-N-Fly* found that no imagination was required by the consumer to understand that the mark described a characteristic of the service offered. *Id.* And, in *Nupla Corp. v. LXL Mfg. Co., Inc.*, 114 F.3d 191, 196 (3d Cir. 1997), the Third Circuit found that the mark "Cush-N-Grip" when used with a soft grip for tool handles was generic. In *Nupla*, the mark did not even rise to the level of descriptive, let alone a suggestive. *Id.* The mark, which was actually a misspelling of the term "cushion grip," clearly described characteristics of the relevant product.

In fact, marks such as "Touch-N-Buy" are almost always found to be descriptive. *See, e.g., In re Keebler Co.*, 479 F.2d 1405 (CCPA 1973) ("Rich-N-Chips" descriptive for chocolate chip cookies); *beef & brew, inc. v. Beef & Brew, Inc.*, 389 F. Supp. 179 (D. Ore. 1970) ("Beef & Brew" descriptive for restaurant services); *Norsan Products, Inc. v. R.F. Schuele Corp.*, 286 F. Supp. 12 (E.D. Wisc. 1968) ("Kuff 'N Kollar" descriptive for cuff and collar laundry service); *In re Hask Toiletries, Inc.*, 223 U.S.P.Q. 1254 (Trademark Tr. & App. Bd. 1984) ("Henna 'N Placenta" descriptive for hair conditioner); *In re Custom Trim Products, Inc.*, 182 U.S.P.Q. 236 (Trademark Tr. & App. Bd. 1974) ("Door 'N Panel" descriptive for self-adhering moldings for automobiles).

Here, the Court should find that "Touch-N-Buy" is merely descriptive for a touchscreen point of sale terminal. There is no dispute that the words "touch" and "buy" describe the function or use of Plaintiff's touch screen system as well as the iPrepay touch screen system. Defendants' Rule 7.5 Statement, ¶ 34 and Ex. 9. In fact, just like the plaintiff in *Neopost* advertised that users could "just load the materials and go," Plaintiff's marketing materials advertise that customers can use its system to "touch & buy online now." *Id.* at ¶ 34 and Ex. 1D. Thus, Plaintiff's own marketing materials establish the descriptiveness of the mark. Moreover, Plaintiff's CEO admits that the words "Touch" and "Buy" describe the process of using Plaintiff's product. *Id.*, ¶ 34 and Ex. 7. In fact, Plaintiff even admits that Touch-N-Buy is "a little bit descriptive to some degree." *Id.*, ¶ 34 and Ex. 7. Here, unlike the plaintiffs in *Neopost*, *J&J Snack Foods, Serv-A-Portion, Park-N-Fly* and *Nupla*, whose similar marks were all found to be descriptive, Plaintiff Touch-N-Buy, Inc. actually admits that its mark is descriptive.

Most tellingly, when Plaintiff applied to the United States Patent and Trademark Office

to register the Touch-N-Buy mark, the mark was rejected by the PTO as “merely descriptive.” *Id.*, ¶ 34 and Ex. 9. Plaintiff appealed the rejection and argued that the mark was suggestive. *Id.*, ¶ 34 and Ex. 10. In that appeal, Plaintiff argued to the Patent and Trademark Office that the mark was suggestive, which is the same arguments set forth in this motion for summary. However, on September 23, 2005, the Patent and Trademark Office again found that the Touch-N-Buy mark was descriptive and issued a final rejection of the Touch-N-Buy application. *Id.*, ¶ 36 and Ex. 10. In particular, the United States Patent and Trademark Office found that:

The refusal of registration under Section 2(e)(1) of the Trademark Act is made FINAL. Applicant seeks to register TOUCH-N-BUY for point of sale terminals for pre-paid gift cards and telephone calling cards. The mark merely describes how the user accesses the terminal (by touching it) and the activity performed thereby (buying, in this instance, pre-paid cards). As shown by the attached on-line dictionary definition and copies of third party registrations, the wording “touch screen” has become a generic part of everyday vocabulary.

Id. This Court should follow the determination of the PTO on this same issue and find that the Plaintiff’s alleged mark is descriptive and therefore not protectable. It is undisputed that customers “touch” Plaintiff’s touch screen system to “buy” products. These terms clearly describe the function and use of Plaintiff’s product. No imagination is required to understand that the “Touch-N-Buy” phrase describes the function of the relevant product. Accordingly, the mark is descriptive.

Courts have applied several other tests to distinguish between descriptive and suggestive marks. One such test is “whether competitors would be likely to need the terms used in the trademark in describing their products.” *Vision Center*, 596 F.2d at 116. In *J&J Snack Foods Corp. v. Nestle USA, Inc.*, 149 F. Supp. 2d 136, 147 (D.N.J. 2001), the court determined that the mark “Break & Bake” was descriptive. In that case, both the plaintiff and defendant were in the business of selling frozen cookie dough. *Id.* at 141. Applying the same test used in *Vision Center*, the court found that the “Break & Bake” mark to be descriptive because there was no better description of what a consumer does with parties’ the frozen cookie dough than to “break” the dough sections and “bake” them in the oven. *Id.* at 147.

Here, just like the competitors in *J&J Snack Foods*, any competitor with a touch screen terminal that is used to sell products would likely need to communicate to consumers that they can use the “touch” screen to “buy” products. As the Patent and Trademark Office observed and as indicated by the attached to and cited in the Final Rejection, the term “touch screen” has

become part of the everyday vocabulary. *Id.* A touch screen point of sale system is used to buy and sell products. Thus, it is necessary to use the terms "touch" and "buy" when marketing a touch screen point of sale device. Accordingly, under the *Vision Center* test for descriptiveness, the Court should find that the Touch-N-Buy mark is descriptive.

It is also relevant to consider whether any other sellers have used the mark on similar merchandise. See *J&J Snack Foods*, 149 F. Supp. 2d at 147. In this case, a third party, Blackstone Corporation used the Touch-N-Buy mark prior to Plaintiff's use of the mark. And, Blackstone Corporation continues to use the Touch-N-Buy mark to this day. See Defendants' Rule 7.5 Statement at ¶ 34 and Ex. 1C. In addition, Blackstone used other similar marks such as "Touch & Go." *Id.* at ¶ 34 and Ex. 3. It comes as no surprise that any company using a touch screen point of sale device would desire to use the word "touch" in its mark.

In addition, the Court should consider whether the Touch-N-Buy mark is likely to conjure up some purely arbitrary connotations separate from what the mark conveys about the product. See *J&J Snack Foods*, 149 F. Supp. 2d at 147. In this case, there is no arbitrary separate connotation from Touch-N-Buy. The mark merely describes how a customer uses the product. Thus, this Court should find that Plaintiff's mark is descriptive.

2. Plaintiff Cannot Prove Secondary Meaning

The factors for evaluating whether a particular mark has acquired secondary meaning are: (1) the length and manner of the use of the claimed trademark; (2) the nature and extent of advertising and promotion; (3) the efforts made by the plaintiff to promote a conscious connection in the public's mind between the name and the plaintiff's business; and (4) the extent to which the public actually identifies the name with plaintiff's goods and services. *Gift of Learning Foundation v TGC, Inc.*, 329 F.3d 792, 800 (11th Cir. 2003). "The Eleventh Circuit has held that a plaintiff has the burden of sustaining a *high degree of proof* in establishing secondary meaning for a descriptive term." *Id.* (emphasis added). This burden must be taken into account when considering whether the mark is protectable. *Id.* See also, *Thompson Medical Co. v Pfizer Inc.*, 753 F.2d 208, 217 (2d Cir. 1985) ("Proof of secondary meaning entails vigorous evidentiary requirements.").

"In determining whether a mark has acquired secondary meaning courts have examined the following factors: 'advertising expenditures, consumer studies, sales success, unsolicited media coverage, attempts to plagiarize, and length and exclusivity of use.'" *Pfizer Inc. v. Astra*

Pharmaceutical Products, Inc., 858 F. Supp. 1305, 1319 (S.D.N.Y. 1994) (quoting *Bristol-Myers Squibb Co v. McNeil-P.P.C. Inc.*, 973 F.2d 1033, 1041 (2d Cir. 1992)). In *Pfizer*, the court granted summary judgment to the defendant because the plaintiff failed to show a material dispute about the existence of secondary meaning to the mark "XL" as used in connection with the plaintiff's drug "PROCARDIA XL." The court reasoned that since the plaintiff had not presented sufficient evidence of advertising expenditures or promotion of the mark XL, or sales success of that mark, or length and exclusivity of the use of the mark XL standing alone, plaintiff failed to establish a triable issue of fact regarding secondary meaning. *Pfizer*, 858 F. Supp. at 1320. Similarly here, Plaintiff has utterly failed to raise a triable issue of fact regarding any possible secondary meaning flowing from its use of the common descriptive term "Touch-N-Buy." Plaintiff has offered no consumer studies; it has offered no unsolicited publicity; and it offered no actual evidence of its sales success or advertising. Further, at the time Defendants allegedly infringed the term "Touch-N-Buy" – August 2004 – Plaintiff had used that term **for at most only 8 months**, given that Plaintiff was not formed as a corporation until the end of December 2003. This short length of use of the mark cannot give rise to a finding of secondary meaning. Comparing the absolute dearth of evidence of secondary meaning offered by Plaintiff here with the proof offered by the plaintiff in *Loctite Corp. v. National Starch & Chemical Corp.*² that was found insufficient to establish secondary meaning, it is manifest that Plaintiff cannot seriously contend that it has showed the existence of even a triable issue of fact regarding secondary meaning. Plaintiff's utter failure to produce any credible support for a finding of secondary meaning alone warrants not only a denial of Plaintiff's motion for summary judgment, but the grant of summary judgment on the trademark claims in Defendants' favor, since as a matter of law Plaintiff has absolutely no enforceable legal rights in the term "Touch-N-Buy."

Moreover, in order to meet its evidentiary burden, Plaintiff must present evidence that it had developed secondary meaning in the minds of consumers between the mark "Touch-N-Buy" and Touch-N-Buy, Inc. **before August 4, 2004**, the date of the tradeshow in which Defendants

² In *Loctite*, the plaintiff submitted evidence of "(1) national distribution availability, (2) millions of unit sales, (3) high market share, (4) national television advertising, (5) consumer print advertising, (6) [recent] survey brand awareness results, (7) third party adoption of their mark, (8) consumer correspondence, (9) unsolicited publicity, (10) retail promotion, and (11) third-party trademark recognition." After reviewing and weighing all of that evidence, the court found that the claimed secondary meaning did not exist. 516 F. Supp. 190, 204 (S.D.N.Y. 1981).

distributed its allegedly infringing brochure. See *Gift of Learning*, 329 F.3d at 800; and J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:34 (4th ed. 1997) (“[T]he senior user must prove the existence of secondary meaning in its mark at the time and place the junior user first began use of that mark.”). See also, *Tough Travelers v. Outbound Prods.*, 989 F. Supp. 203, 211 (N.D.N.Y. 1997), *affirmed*, 165 F.3d 15 (2d Cir. 1998), *cert. denied*, 119 S. Ct. 2394 (1999) (secondary meaning is assessed “as of the date the defendants entered the market”).

Another core question is whether Plaintiff’s alleged advertising and other marketing efforts had any effect on the perception of the consuming public so as to identify the asserted trademark with a single producer. Notably, however, Plaintiff has failed to offer evidence of even one consumer to prove that the public has made the requisite connection between the mark “Touch-N-Buy” and the Plaintiff’s POS terminal (or any other single source for that matter). Other courts have not hesitated to dismiss claims where the evidence of secondary meaning is insufficient. For example, in *Mana Products, Inc. v. Columbia Cosmetics MFG., Inc.*, 65 F.3d 1063, 1071 (2d Cir. 1995), the Second Circuit, in affirming a summary judgment in favor of the alleged infringer, was not persuaded by plaintiff’s claim to have spent over \$3 million in advertising its products, reasoning that a plaintiff’s advertising budget is only one of the factors probative of secondary meaning. Additionally, the court was not moved by plaintiff’s submission of an affidavit of a customer. *Id.* Instead, the court based its holding of no secondary meaning on the fact that plaintiff had failed to submit any consumer surveys, information as to the relative market share of its cosmetics, or unsolicited media coverage. Absent this sort of information, the court held that plaintiff failed to raise a material issue of fact as to whether it had acquired secondary meaning in the marketplace.

Similarly here, Plaintiff Touch-N-Buy, Inc. has wholly failed to prove the requisite connection. In fact, this Court should be singularly unimpressed with the evidence that Plaintiff has offered, because the evidence of secondary meaning is non-existent. Plaintiff asserts, merely in a conclusory and non-particularized fashion, that it has spent “hundreds of thousands of dollars” (Motion at 7) in advertising its product, yet Plaintiff fails to indicate how much was actually spent, when, or on what. Similarly, Plaintiff asserts it has sold several thousand units of its product (Motion at 7), but Plaintiff conspicuously fails to establish when or where the sales occurred, and even whether the asserted mark was affixed to the products sold. Plaintiff also

asserts that it “regularly” advertises in leading industry journals “such as Intelecard News and the Prepaid Press” (Motion at 7), yet the exhibit Plaintiff cites in support of its allegations demonstrates a single isolated advertisement in Intelecard News, and nothing in The Prepaid Press. No evidence whatsoever of any “regular” advertising is offered. Moreover, the single advertisement shown occurred in September 2004, which was *after* the Defendants’ alleged acts of trademark infringement. This evidence, presumably the best Plaintiff could muster, is insufficient on its face to establish secondary meaning in the descriptive mark “Touch-N-Buy.”

B. Plaintiff Did Not Prove Likelihood Of Confusion

In addition to the absence of a protectable interest in the “Touch-N-Buy” mark,³ Plaintiffs’ claims are subject to summary judgment because Plaintiff has not offered any evidence demonstrating the likelihood of customer confusion. *Frehling Enterprises*, 192 F.3d at 1335. Determination of likelihood of confusion is a factual issue for which there is no genuine issue in this case. *Dieter v. B & H Industries of Southwest Florida, Inc.*, 880 F.2d 322, 325 (11th Cir. 1989). The seven factors for assessing likelihood of consumer confusion are: (1) type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties’ retail outlets (trade channels) and customers; (5) similarity of advertising media; (6) Defendant’s intent; and (7) actual confusion. *Id.* The most important of these seven are the type of mark and the evidence of actual confusion. *Id.*

However, before analyzing these factors, it is essential to understand that only Defendant iPrepay used the Touch-N-Buy mark. And, that use was limited to a single page in a 15-page set of marketing materials. Plaintiff’s Rule 7.5 Statement, Ex. J. Significantly, the iPrepay marketing materials prominently displayed the iPrepay brand name and trademark, a fact which alone undermines any allegation that iPrepay was attempting to deceive consumers regarding the source of its devices. *Id.* To promote the touch screen terminal, a booth was set up to display the iPrepay touch screen which had the iPrepay logo prominently attached thereto. *See* Defendants’ Rule 7.5 Statement, Ex. 2. The booth also had signs including the iPrepay brand name. *Id.* All advertising materials, including a flyer with a picture of a Hummer vehicle, included the iPrepay brand name. *Id.*

³ The determination that there is no protectable interest in a mark obviates an analysis of the likelihood of customer confusion. *See Leigh*, 212 F.3d at 1218.

1. The Mark Is Weak And Descriptive

The strength of the mark is one of the two most important issues when determining likelihood of confusion. And, as set forth in section A(1), the Touch-N-Buy mark is extremely weak and descriptive. The mark merely describes the way a consumer operates the relevant product, by touching the screen and buying a product. Finally, the Patent and Trademark Office has already found the mark to be weak and ineligible for protection as a trademark. Thus, this factor weighs heavily against Plaintiff in the likelihood of confusion analysis.

2. The Marks Are Not Identical

Defendant iPrepay's only use of the Touch-N-Buy mark was in the marketing materials, which were only distributed to those who attended the Javits Center Trade Show in early August 2004. The iPrepay marketing materials actually featured the iPrepay mark. The Touch-N-Buy mark appeared only on a very small portion of the third page of the 15-page iPrepay brochure.

At the tradeshow, Defendant iPrepay promoted its product using the "iPrepay" mark. Defendants' Rule 7.5 Statement, Ex. 2. iPrepay had signs at the tradeshow featuring the iPrepay mark. *Id.* The iPrepay mark is displayed on the iPrepay devices. *Id.* Thus, Defendant iPrepay's mark is entirely different from the mark at issue in this case.

Additionally, this Court should note that Plaintiff's motion for summary judgment falsely alleges that the Blackstone marketing materials belong to Plaintiff. *See* Plaintiff's MSJ at 8. However, the Court need only look to Exhibit A1 of Plaintiff's Rule 7.5 Statement to see that the materials depicted in Plaintiff's brief actually were authored by a company called "Blackstone."

3. The Mark Does Not Represent iPrepay's Product

As stated above, the iPrepay touch screen terminal is identified by the iPrepay mark. The device has never been promoted using the Touch-N-Buy mark, except to the extent that the Touch-N-Buy mark appeared in one place on a single page of iPrepay's 15-page brochure, which was only distributed at the Javits Center Trade Show. Thus, the Touch-N-Buy mark does not even represent the iPrepay touch screen system.

4. The Parties Do Not Use The Same Retail Channels And Customers

While the parties share many of the same retail channels and potential customers, this entire analysis is irrelevant in this case. Courts analyze the retail channels and potential customers when the competing products actually use the mark. Here, the alleged infringement

was an isolated event. When Defendant iPrepay markets through its retail channels and to its customers, the company uses the iPrepay mark. The only time the words Touch-N-Buy were ever used by iPrepay was in the marketing brochure in August 2004, which was never distributed to anyone other than attendees of the Javits Center Trade Show. There is no evidence that iPrepay, or any other Defendants, uses the Touch-N-Buy mark in any retail channels. Rather, the fact is that none of the Defendants use the Touch-N-Buy mark at all.

5. Plaintiff Overstates The Similarity of Advertising Media

Plaintiff focuses unfairly on the advertising media used by iPrepay. However, this entire inquiry is not relevant since none of the advertisements use the Touch-N-Buy mark and thus cannot possibly present any risk of confusion. Plaintiff has failed to identify a single instance where Defendant iPrepay used the Touch-N-Buy mark in any advertising media. This entire element presumes that the mark or a product bearing the mark is the subject of the advertisements. iPrepay's recent advertisements do not have any bearing on whether customers were likely confused by a single reference to words "Touch-N-Buy" on the third page of a marketing brochure that was only distributed to people who attended a New York trade show in 2004.

6. Defendants Did Not Act With Bad Intent

As an initial matter, Defendants Radiant Telecom, Inc., Ntera Holdings, Inc., Engin Yesil, Issa Asad and Johnny Rodriguez did not create or design the marketing materials that used the iPrepay mark. Defendants' Rule 7.5 Statement, Ex. 2, 4, 6 and 20. And, Defendant iPrepay did not use the mark with bad intent. Defendants' Rule 7.5 Statement, Ex. 2. Rather, the marketing brochure prominently featured the iPrepay mark on its cover and throughout the brochure. See Plaintiff's Rule 7.5 Statement, Ex. J. This clear identification of the source of goods actually supports a finding of good faith. See *Something Old, Something New, Inc. v. QVC, Inc.*, 53 U.S.P.Q. 2d 1715 (S.D.N.Y. 1999). Moreover, the use of the Touch-N-Buy mark on one page of the brochure was a result of a single iPrepay employee who created the brochure. Plaintiff's Rule 7.5 Statement, ¶ 56. Approximately two weeks after the tradeshow, Defendant iPrepay terminated the employee who designed the brochure. *Id.*, ¶ 56 and Ex. 5. And, iPrepay destroyed all remaining copies of the marketing materials. *Id.*, ¶ 56. This limited and isolated use of the highly descriptive words "Touch-N-Buy" could not possibly reflect bad faith on the part of any Defendant in this case.

7. **There Is Absolutely No Evidence Of Actual Confusion**

Plaintiff has not offered any evidence of actual confusion. In fact, Plaintiff has admitted in discovery that no customers have mistaken the iPrepay touch screen terminal for the Touch-N-Buy terminal. This is likely because iPrepay has never used the Touch-N-Buy mark except for the single instance where those highly descriptive words appeared on the third page of the marketing brochure that is the subject of this action. The brochure itself prominently disclosed that the featured product was the **iPrepay** touch screen device. Thus, it comes as no surprise that Plaintiff still cannot identify one single customer who was ever confused as to the difference between the iPrepay system and the Touch-N-Buy system.

Accordingly, each and every factor in the likelihood of confusion test warrants a finding of no trademark infringement. Plaintiff's motion for summary judgment should not only be denied, but Defendants' cross-motion should be granted. Plaintiff's claims clearly do not warrant "a federal case," and this action never should have been filed.

C. **Fair Use Protects Defendants' Use Of The Touch-N-Buy Mark**

The fair use doctrine applies to any marks with "descriptive qualities," regardless of their classification on the four-tiered hierarchy of trademark law. *Car-Freshner Corp. v. S.C. Johnson & Son Inc.*, 70 F.3d 267, 269 (2d Cir. 1995). Similarly, fair use applies even if a descriptive term has acquired secondary meaning. *United States Shoe Corp. v. Brown Group, Inc.*, 740 F. Supp. 196, 198 (S.D.N.Y. 1990) ("Notwithstanding the establishment of trademark rights over a descriptive term by a showing that it has acquired secondary meaning, the statute preserves in others the right to the [fair] use of such terms."). Summary judgment is appropriate where the evidence before the court demonstrates fair use. *Car-Freshner Corp.*, 70 F.3d 267 (summary judgment for defendant upheld affirmed); *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA, Co.*, 125 F.3d 28, 28 (2d Cir. 1997) (summary judgment for defendant affirmed).

In the present case, iPrepay's isolated use of the term Touch-N-Buy was in a purely descriptive sense and not as a trademark. A non-trademark use of a mark is where the trademark does "not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one." *New Kids on the Block v. New America Pub., Inc.*, 971 F.2d 302, 307-8 (9th Cir. 1992). iPrepay's limited use of the term does not attempt to capitalize on consumer confusion, but merely describes the function and operation of its touch screen point-of-sale terminal. Furthermore, such nominative use of a mark lies outside the strictures of

trademark law; because it does not implicate the source identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply endorsement by the asserted trademark holder.

III. Plaintiff Failed To Prove That Defendants Engaged In False Advertising

Plaintiff is not entitled to summary judgment on its claim for false advertising because iPrepay's statements are not legally actionable, the statements were not made with deceptive intent and Plaintiff failed to prove who, if anyone, made the alleged statements.

To prove its false advertising claim, Plaintiff must present evidence that (i) the advertisements of the opposing party were false or misleading; (ii) the advertisements deceived or had the capacity to deceive; (iii) the deception had a material effect on purchasing decisions; (iv) the misrepresented product or service affects interstate commerce; and (v) Plaintiff has been, or is likely to be, injured as a result of the false advertising. *Hickson Corp. v. Northern Crossarm Co., Inc.*, 357 F.3d 1256, 1260 (11th Cir. 2004). To establish that the advertisements were false or misleading, Plaintiff must prove that the statements at issue were either (i) commercial claims that are literally false as a factual matter or (ii) claims that may be literally true or ambiguous but which implicitly convey a false impression, are misleading in context, or likely to deceive consumers. *Id.*

Plaintiff's conclusory allegations do not establish any of the aforementioned elements.

First, Plaintiff claims that all Defendants engaged in false advertising by using the Touch-N-Buy mark. Plaintiff, however, has no evidence other than Luis Arias' conclusory allegation that all Defendants used the mark. These "group pleading" allegations should be rejected and the Court should find that Plaintiff failed to meet its initial burden of proving that the other Defendants used the mark. This claim necessarily fails against the Defendants other than iPrepay because none of them used the Touch-N-Buy mark. *See Defendants' Rule 7.5 Statement, Ex. 2, 4, 6 and 20.* With respect to Defendant iPrepay, Plaintiff's claim fails because the Touch-N-Buy mark does not belong to Plaintiff. *See supra* section II(B). In addition, the Court cannot find that the iPrepay materials were fraudulent or misleading because the materials clearly disclosed that iPrepay was the source of the goods. *See Plaintiff's Rule 7.5 Statement, Ex. J.* The single use of the words Touch-N-Buy cannot, as a matter of law, mislead consumers in light of the numerous prominent disclosures that the system is sold by iPrepay. In addition, the use of the words Touch-N-Buy are not actionable because the mark is descriptive. *See supra*

section II(A)(1). Words that so clearly describe the operation of the iPrepay device cannot be legally actionable, especially where Plaintiff has no protectable interest in the alleged mark. This singular use of the highly descriptive term Touch-N-Buy simply cannot establish a federal claim for false advertising, especially when considered in light of the many disclosures that iPrepay was the source of the touch screen system.

Second, Plaintiff claims that all Defendants engaged in false advertising because they advertised that iPrepay sold the Green Florida and IDT calling cards. First, the iPrepay brochure does not expressly state that iPrepay sells the Green Florida card. Rather, the card is merely depicted in the brochure. See Plaintiff's Rule 7.5 Statement, Ex. J. In addition, at the time the brochure was printed, iPrepay believed that it was authorized to and that it would be selling IDT cards and the Green Florida card. See Plaintiff's Rule 7.5 Statement. However, Plaintiff claims that it is the exclusive seller of the "Green Florida" card. *Id.*, Ex. 1 at ¶ 6. Plaintiff's statement is demonstrably false. At least 15 retailers other than Plaintiff offer the "Green Florida" card for sale on the Internet. See Defendants' Rule 7.5 Statement, Ex. 1B. In addition, Blackstone also sells the Green Florida card. *Id.* And, even the coffee shop in the Wachovia Financial Center sells the Green Florida card.⁴ Thus, this Court cannot attach any credibility to Luis Arias' sworn statement that Plaintiff is the exclusive seller of Green Florida cards. In addition, IDT calling cards are available for sale at numerous Internet locations such as www.uniontelecard.com. *Id.*, Ex. 1B. Thus, Plaintiff cannot possibly carry its claim of "false advertising" on this issue, nor is it possible that Plaintiff was damaged by the fact that those cards are referenced in iPrepay's marketing brochure. And, since the allegedly "exclusive" cards are so widely available, depicting them in the iPrepay brochure could not possibly have a material impact on purchasing decisions. Plaintiff offered no actual evidence that depicting the Green Florida card and IDT cards in the iPrepay brochure had a material effect on even one actual purchasing decision. And, selling the Green Florida card, among many other cards, simply would not constitute an important or inherent quality of the iPrepay touch screen system. See *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002). Thus, Simply put, Plaintiff is not entitled to summary judgment merely because iPrepay's marketing brochure

⁴ Defendants' counsel routinely have coffee at Betty's Sundry Shop, which had the Green Florida card on sale the day Defendants' counsel received Luis Arias' perjurious declaration. Arias' misrepresentation that Plaintiff is the "exclusive" seller of Green Florida calling cards is astonishing.

depicted two types of widely available calling cards that clearly are not sold exclusively by Plaintiff.

Third, Plaintiff claims that it is entitled to summary judgment on its false advertising claims merely as a result of Defendants' alleged misstatements during the tradeshow. As an initial matter, Plaintiff fails to present any specific evidence that each of the Defendants made the alleged statements. *See* Defendants' Rule 7.5 Statement, ¶ 33. In addition, the statements allegedly made are not false. The first allegation is that Defendants misrepresented that their device was fully functioning. *See* Plaintiff's MSJ at 12. However, the iPrepay device was operational at the time of the trade show. At the time of the 2004 tradeshow, the iPrepay touch screen terminal was operational for selling calling cards and wireless products and ready for deploying in the market. *Id.*, ¶ 30. In fact, three test models were deployed at three locations in Miami as early as July 2004. *Id.* It was not fully operational in the sense that the bill payment feature was not installed at the time. *Id.* iPrepay did not begin selling its touch screen terminal until approximately six months after the show. The six-month delay was not related to freezing of the printer attached to the touch-screen. *Id.* Thus, since the statements at issue were not false or deceiving, they are not actionable.

The next alleged misrepresentation is that iPrepay's touch screen system was a less expensive alternative to Plaintiff's device. Plaintiff cannot prevail on this claim because Plaintiff offers no specific evidence concerning the falsity of the statement or who made the alleged misrepresentation. Plaintiff cannot prevail on conclusory allegations that provide no specific details regarding the nature of the alleged wrongful conduct. It is impossible even to rebut such conclusory allegations. Notwithstanding Plaintiff's complete failure to meet its burden as the moving party, this statement is not actionable because it is neither false nor misleading. In point of fact, the iPrepay system was less expensive than the Touch-N-Buy system. *See* Defendants' Rule 7.5 Statement, ¶ 33. Thus, Plaintiff is not entitled to summary judgment on Defendants' alleged statement regarding the price of Defendant iPrepay's device.

At bottom, Plaintiff has failed to prove that Defendants have engaged in any sort of actionable false advertising.

IV. Plaintiff Cannot Prove Its Claim For Copyright Infringement

The remaining issue to be decided is whether the iPrepay brochure copied protectable material from Plaintiff. "To prevail on a claim for copyright infringement, the plaintiff must prove ownership of a valid copyright, as well as copying of constituent elements of the work that are original." *Portionpac Chemical Corp. v. Sanitech Systems, Inc.*, 217 F. Supp. 2d 1238, 1244 (M.D. Fla. 2002) (citing *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991)). "As a factual matter, proof of copying may be shown either by direct evidence, or, in the absence of direct evidence, it may be inferred from indirect evidence demonstrating that the defendant had access to the copyrighted work and that there are probative similarities between the allegedly infringing work and the copyrighted work." *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1541 (11th Cir. 1996).

Plaintiff has offered no proof that Defendants copied Touch-N-Buy's brochure. See Defendants' Rule 7.5 Statement, ¶ 24. Plaintiff asserts that Issa Asad admitted in his deposition that Defendants' copied Plaintiff's brochure. However, Mr. Asad made no such admission. Rather, Mr. Asad actually testified that he was not the person responsible for creating the brochure. See Defendants' Rule 7.5 Statement, Ex. 17 at 62:1 to 63:25.

Since Plaintiff has no evidence of copying, it must prove that Defendants had access to the Plaintiff's brochure and that Defendants' brochure is substantially similar. *Bateman*, 79 F.3d at 1541. Here, Plaintiff has failed to show that the two brochures at issue in this case are substantially similar. To establish substantial similarity, Plaintiff must satisfy a two-pronged test: an extrinsic (or objective) test and an intrinsic (or subjective) test. See *Beal v. Paramount Pictures*, 806 F. Supp. 963, 967 (N.D. Ga. 1992), *aff'd.*, 20 F.3d 454 (11th Cir. 1994). "Under the extrinsic test, a court will inquire into whether, as an objective matter, the works are substantially similar in protected expression." See *Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1257 (11th Cir. 1999). Under the intrinsic test, "a court will determine whether, upon proper instruction, a reasonable jury would find that the works are substantially similar." *Id.* "Numerous differences tend to undercut substantial similarity." *Warner Bros., Inc. v. ABD, Inc.*, 720 F.2d 231, 239 (2d Cir. 1983); *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 913 (2d Cir. 1980) (holding that "[t]he more numerous the differences between the two works the less likely it is that they will create the same aesthetic impact so that one will appear to have been appropriated from the other").

While the brochures share some of the same text, the format, font and capitalization of the text are not the same. *See* Defendants' Rule 7.5 Statement, Ex. 18 & 19. Further, the layout of the text is also different. For example, while the text in the copyrighted work is split into two pages, all of the aforementioned phrases are on the same page in the accused work. *Id.* The entire accused brochure has no similarities to the copyrighted work beyond those aforementioned phrases. Only one page in the accused brochure, out of the additional 15 pages comprising it, contains the few similar phrases or slogans. The designs, layout, logos, illustrations, and color intensity in the copyrighted work are vastly different from those in the accused work.

Plaintiff has failed to show substantial similarities between Defendant iPrepay's brochure and the brochure attached as Exhibit A to Plaintiff's Amended Complaint. Although Plaintiff and iPrepay both sell similar POS devices with similar features, they are clearly advertising different products, as illustrated in the respective brochures. Not only is the device pictured on the front of Plaintiff's brochure noticeably different than iPrepay's device, but the entire layout, length, and color of the two brochures are different. Fonts, lines, organization of text, and overall layout are only some of the substantial differences between the two works. The chart below presents a side-by-side comparison of some of the most noticeable differences between the Defendants' brochure and the Plaintiff's brochure:

Plaintiff's Brochure [Ex. 18 to Defendants' 7.5 Statement]	Defendant's Brochure [Ex. 19 to Defendants' 7.5 Statement]
2 pages in length	15 pages in length
Page 1 of brochure displays large picture of touch screen terminal with card printer	Page 4 of brochure displays small picture of different touch screen terminal without a card printer
Page 1 at the top reads: "Introducing Your Low Cost Prepaid And Processing Center"	Page 4 at the top has picture of touch screen terminal on left and reads "The Newest Tool to sell prepaid products. Easy to use for the merchant and the consumer."
Page 1 at the bottom shows "Touch-N-Buy" in large font with the letter "O" in the word "Touch" like a button with a finger touching it, and indicates that the technology is licensed by Exigent Technology, Inc. and powered by Pinserve Technologies.	Page 4 under the touch screen terminal are the words Touch-N-Buy in standard sized font.

Page 2, on the left, lists in large bold font the benefits of the touch screen terminal with popular credit cards pictured below. On the right, lists the features of the touch screen terminal and the specifications.	Page 4 at the bottom details in small font similar benefits of the touch screen terminal, services provided by iPrepay, and how the touch screen terminal works.
Page 2 shows another picture of the touch screen terminal with labels indicating where features are located	Defendants' brochure has no such picture.

Even if the court finds that the defendant copied portions of the copyright owner's work, that is not the end of the inquiry. Under the extrinsic test, copyright infringement occurs only if one copies protected elements of a copyrighted work. *Herzog*, 193 F.3d at 1257. The mere fact that a work is copyrighted does not mean that every element of the work may be protected. *Feist*, 499 U.S. at 348. An example of a non-copyrightable, and therefore non-protectable element, is a name, title, phrase or slogan. *See* 37 C.F.R. 202.1; *CMM Cable Rep. Inc. v. Ocean Coast Props., Inc.* 97 F.3d 1504, 1519 (1st Cir. 1996). Here, the parts of Plaintiff's marketing material that are alleged to have been copied are not protectable features, and thus cannot give rise to copyright liability. "If the similarity of the works in suit stems solely from unpredictable features, then the plaintiff's case is missing an essential element of infringement," and summary judgment in defendant's favor is appropriate. *See Apple Computer, Inc. v. Microsoft Corp.*, 799 F. Supp. 1006, 1020 (N.D. Cal. 1992). It is well-settled that an element of a copyrighted work that is ineligible for registration as a work by itself cannot, as a matter of law, constitute an element of "protected expression" within the copyrighted work. *See, e.g., Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340, 348 (1991). Here, the scope of protection to which Plaintiff's copyrighted brochure is entitled is narrow indeed. Plaintiff has attempted to blur the distinction between protectable expression and unprotectable ideas. Plaintiff is entitled to protection not of concepts, but of distinct and original expression. Because the elements of the promotion covered by Plaintiff's copyrighted materials consist almost entirely of nonprotectable concepts and graphic devices, Defendants cannot be liable for copyright infringement.

The only similarities that Plaintiff can point out between the accused work and the copyrighted work lie in nine phrases or slogans. Namely, the similar phrases or slogans common to both works are:

- (1) "the newest tool to sell prepaid products;"
- (2) "easy to use for the merchant and the consumer;"
- (3) "delivering prepaid with speed and convenience for people on the go;"
- (4) "Customers can search on screen for the best rate to the country they are calling;"
- (5) "never lose a sale;"
- (6) "small space saving design;"
- (7) "generate impulse purchase of prepaid purchases;"
- (8) "convert valuable counter space into a profit center;" and
- (9) "Touch-N-Buy."

See First Amended Complaint, Exhibits A & B. Even a cursory review of the evidence shows that the only thing in common with the two brochures at issue is the use of a few phrases, which are not protectable elements under copyright law. For example, the catch phrase "Never lose a sale" is not entitled to copyright protection because it is not the kind of artistic expression protected under copyright law. Certainly, Plaintiff is not the first advertiser to use this clichéd language. Therefore, under the extrinsic test, the only allegedly copied elements in iPrepay's brochure concern only non-copyrightable phrases or slogans and summary judgment of copyright infringement is not appropriate.

Plaintiff cannot sustain its burden either using the extrinsic test or the intrinsic test for copyright infringement. No reasonable juror could find that the two works are substantially similar, and thus not only should Plaintiff's motion for summary judgment be denied, but Defendants' cross-motion should be granted. Indeed, the only similar elements that exist between the two are uncopyrightable terms used to describe features common to both the Plaintiff's device and the iPrepay devices. Any similarities between the Plaintiff's marketing materials and the Defendants marketing materials are *de minimis* at best. Further, the cases cited by Plaintiff in support of its motion for summary judgment are not on point. Plaintiff's case law deals with copyright infringement of toys and literary works.

The Court should find here that that even though certain facts, ideas and slogans contained within the Plaintiff's and Defendants' brochures are similar, such facts, ideas, and slogans are not protectable under copyright law. The brochures, when compared as a whole, are entirely different. Defendants' brochure is an original creation when viewed as a whole and summary judgment for the Plaintiff is inappropriate.

V. **Plaintiff Cannot Establish That Defendants Engaged In Unfair Competition**

Plaintiff's claim for unfair competition fails because Plaintiff has not established that iPrepay infringed protected materials. In addition, Plaintiff's unfair competition claim fails because Plaintiff cannot establish that iPrepay acted with bad intent. As to the remaining Defendants, Plaintiff failed to provide specific references to any evidence of wrongdoing.

Plaintiff claims that Defendants engaged in unfair competition by using the Touch-N-Buy mark and copying certain phrases from the Blackstone Corporation marketing materials. For the alleged use of the "Touch-N-Buy" mark to constitute unfair competition, Plaintiff must prove that Defendants used a protected mark with the intent to deceive and that use resulted in the likelihood of confusion. *See Gift of Learning*, 329 F.3d at 793. For the alleged use of Plaintiff's allegedly copyrighted phrases to constitute unfair competition, Plaintiff must prove that: (i) Defendants infringed a copyrighted work; (ii) the infringement occurred with the intent to deceive; and (iii) the infringement resulted in the likelihood of confusion. *Donald Frederick Evans and Associates, Inc. v. Continental Homes, Inc.*, 785 F.2d 897, 914 (11th Cir. 1986).

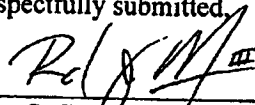
Here, as set forth in sections II to IV, Plaintiff has failed to prove trademark and copyright infringement. In addition, as set for in section II(B)(6), Plaintiff did not prove that Defendants acted with the intent to deceive. Accordingly, Plaintiff is not entitled to summary judgment on its unfair competition claim.

CONCLUSION

For the foregoing reasons, this Court should deny Plaintiff's motion for summary judgment.

Dated: February 6, 2006

Respectfully submitted,



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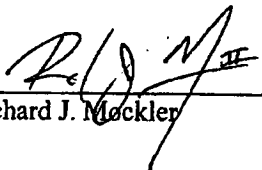
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by United States Mail on this 6th day of February, 2006 on the following:

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Richard J. Mockler

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

TOUCH-N-BUY, INC.,

Plaintiff,

v.

RADIANT TELECOM, INC.,
IPREPAY, INC.,
NTERA HOLDINGS, INC.,
WORLDQUEST NETWORKS, INC.,
ENGIN YESIL (an individual),
ISSA ASAD (an individual),
JOHNNY RODRIGUEZ, (an individual)

Defendants.

Case No.: 04-CV-22141

Judge: Lenard (Klein)

**NIGHT BOX
FILED**

JK FEB 28 2006

CLARENCE MADDOX
CLERK, USDC / SDFL / MIA

**PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF ITS MOTION FOR
SUMMARY JUDGMENT**

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Plaintiff, Touch-N-Buy, Inc. ("Plaintiff") hereby files this Reply Memorandum in Support of its Motion for Summary Judgment.¹

I. False Advertising

Even accepting all of Defendants' statements as true, there is no disputed material issue of fact precluding summary judgment on the issue of false advertising. First Defendants admit, and the record clearly supports, that Defendants featured the GREEN Florida Card and IDT cards in the brochure they distributed to hundreds of potential customers at the industry's leading tradeshow. Exs. J and J(1) Second, Defendants do not dispute that they were not authorized to advertise, promote, offer for sale or sell, and they never actually sold (even if unauthorized) the GREEN Florida and IDT cards. Third Defendants' own brochure states, and Defendants do not dispute, that "the more products a POS Terminal is able to sell, the higher its value proposition to agents." Ex. J at 10.² Offering a wider selection of cards, including GREEN Florida and IDT cards, would, by Defendants' own admission make their POS product more attractive to consumers.

Thus, all essential elements for false advertising as prescribed by the Eleventh Circuit have been met, namely:

1. The advertisements were false or misleading (either literally false, or conveyed a false impression, misleading in context or likely to deceive consumers) → Defendants advertised in their brochure certain products, which at best would convey the false impression, likely to deceive consumers, that such products were available from Defendants through their POS product – which they were not;
2. The advertisements had the capacity to deceive → Defendants' brochure had the capacity to deceive consumers into believing the GREEN Florida and IDT cards were available from Defendants through their POS product – which they were not;
3. The deception was designed to have and had a material effect on purchasing decisions → Defendants' own brochure states that "the more products a POS Terminal is able to sell, the higher its value proposition." Defendants' misrepresentation that certain products were available from Defendants would, therefore, have a material effect on a consumer's purchasing decision; and
4. Plaintiff has been, or is likely to be injured as a result of the false advertising → Plaintiff and Defendants are competitors. GREEN Florida is exclusive to Plaintiff; that Defendants advertised it as being available through their system obviously harms Plaintiff's exclusivity and promotion of its POS system and products available through that system. Because the selection of products available from a particular system is material to a consumers' decision in selecting a particular product, Plaintiff has been injured and is likely to

¹ As an initial matter, Plaintiff notes that Defendants have taken issue with Plaintiff's failure to address Defendants Niera and Yesil in its motion for summary judgment. Plaintiff has not moved for summary judgment with respect to Defendants Niera and Yesil. Plaintiff has only moved against Defendants iPrepay, Radiant, Asad and Rodriguez ("Defendants"), all of whom participated in, and were responsible for, distribution of the infringing materials. Decl. Asad; Ex. D at 118-119; Ex. E.

² Exs. A-AA as cited in this brief refer to Exhibits A-AA attached to Plaintiff's L.R. 7.5 statement as filed on January 9, 2006. Exs. 1-5 refer to Exhibits 1-5 attached to this Reply Memorandum.

continue to suffer injury from any lost sale likely to occur when a consumer selects Defendants' product over Plaintiff based on the material misrepresentation that Defendants' offer the GREEN Florida and IDT cards.

Defendants' response is insufficient to preclude summary judgment. First, Defendants argue that the GREEN Florida and IDT cards were only *depicted* in their brochure, but that the brochure "does not expressly state that iPrepay sells the Green Florida card." Def. Br. at 18. Notwithstanding the damage such a ridiculous statement causes to Defendants' overall credibility, this defense only further supports Plaintiff's position. As even the cases cited by Defendants state, Plaintiff need not prove that the advertisements were literally false³, but rather that the advertisements convey a false impression, are misleading in context or are likely to deceive consumers. Def. Br. at 17. *Hickson Corp. v. Northern Crossarm Co., Inc.*, 357 F.3d 1256, 1260 (11th Cir. 2004). The GREEN Florida card was depicted in Defendants' own brochure, a brochure which described their products and was distributed by Defendants Asad and Rodriguez at the industry's leading tradeshow. The GREEN Florida card was depicted on a page that had the word "FEATURES" and set forth a list of features of Defendants' POS product and the items for sale through that system; all other products depicted were actually sold – Defendants do not dispute this. If not to imply that such products were offered, then there is no reason for including them in the brochure (other than to harm Plaintiff), and Defendants offer no other explanation. Defendants' argument that consumers would not believe that this card was a feature of, or offered by, Defendants' point-of-sale device is unsupported and simply beyond reason, and therefore cannot preclude summary judgment.

Second, Defendants argue that Plaintiff is not the exclusive distributor of the GREEN Florida card. Plaintiff's claim of false advertising, however, does not rest on whether Plaintiff is the exclusive distributor. Plaintiff need only establish that Defendants have never been authorized and have never offered the card – which has been proven and admitted.

Notwithstanding, the GREEN Florida card is a card exclusively distributed by Plaintiff's related company Blackstone, and in turn, as a Blackstone distributor through Plaintiff.⁴ Defendants' argument that Plaintiff is not the exclusive distributor because the card appears in their local sundry shop (Def. Br. at 18) is as ridiculous as Coca Cola stating that Pepsi does not exclusively distribute Pepsi products because the local grocery store stocks its shelves with Pepsi. Obviously Defendants' counsel's sundry shop received their GREEN Florida card from Plaintiff's related company Blackstone (as the grocery store ultimately receives its Pepsi products from Pepsi).

³ The evidence demonstrates that these statements were, in fact, false.

⁴ Blackstone and Plaintiff, Touch-N-Buy are both owned by Luis Arias.

Either way at best, Defendants' advertisement of the GREEN Florida card is misleading because, although Defendants characterize the card as "widely available," Blackstone would not authorize the sale of its card on its competitor's (i.e. Defendants') device. It therefore would not be available (no matter how "widely available") to consumers purchasing Defendants' device.⁵

Turning next to Defendants' false advertising related to the mark TOUCH-N-BUY, Defendants do not dispute the fact that their brochure advertised the mark TOUCH-N-BUY in connection with their device. Because, as discussed below (see Sec. III, *infra*), Defendants misappropriated Plaintiff's TOUCH-N-BUY trademark, this matter is ripe for summary judgment.

Finally, Defendants dispute that they misled consumers into believing that their product was fully functioning at the time of the tradeshow. The Court need only look at the testimony of iPrepay's Rule 30(b)(6) corporate representative, which in unequivocal terms states: their device throughout the tradeshow kept freezing (p. 71), the problem wasn't cured for two months (p. 71) and the problem continued for 3-4 months after initial deployment (p. 72). Ex. D at 71-72. Defendants efforts to demonstrate otherwise, by arguing that only one component of the device, i.e. the printer, was malfunctioning, even if true, falls far shy of disputing Plaintiff's claim. Because the product dispenses prepaid products by printing them on a card for a consumer, if the printer is not functioning then the device is not functioning.⁶ This printer is an essential component of the device, as it is what ultimately "delivers" the product. Defendants' statements to the contrary are false and misleading.

II. Copyright Infringement

Defendants concede that "certain facts, ideas and slogans contained within the Plaintiff's and Defendants' brochures are similar." Def. Br. at 23. Defendant Asad admits that "some of the words are identical" and that they "must have copied some text here and there." Ex. D at 62-63. Defendants have failed to demonstrate the existence of a material issue of fact that would preclude summary judgment on Plaintiff's claims of copyright infringement. Defendants readily concede that portions of Plaintiff's marketing materials were copied and used in their own brochure which was distributed to hundreds of individuals at one of the industry's leading trade shows. In their defense Defendants argue: (1) they were not responsible for the copying; (2) the two works were not substantially similar;

⁵ It should also be noted that there is a distinction between the hard/plastic card sold at Defendants' sundry shop and the real-time electronic cards (PINS) sold through the POS devices at dispute in this action. The electronic GREEN Florida card is only distributed by Plaintiff and its related entities through their own POS devices. Defendants are not now, and have never been authorized to sell any GREEN Florida card product, and particularly not an electronic GREEN Florida calling card.

⁶ Even if the device had the capacity to perform other functions, such as bill payment, the printer is still a necessary element, as the customer's receipt and confirmation of the bill payment must be printed from the printer.

and (3) the copied elements were not entitled to protection under the Copyright laws. As discussed below, all three of these arguments fail.

a. Defendants Were Responsible for Copying and Distributing the Brochure

Defendants argument that they should not be liable for copying Plaintiff's copyrighted materials because the brochure was physically created by a low-level employee named Amaury Pita is shameful. It is undisputed that Defendants Asad and Rodriguez distributed the infringing brochure at a tradeshow booth shared by Defendants iPrepay and Radiant.⁷ Asad admits that he reviewed the brochure at the beginning of the tradeshow, and decided to continue distributing it "because he had nothing else . . . and that was all that was available." Ex. D at 118-119. One may be liable for copyright infringement for distributing, and not necessarily copying, an infringing work.⁸ 17 U.S.C. §§ 106 and 501. Moreover, the brochure was clearly created under the direction of Asad and on behalf of iPrepay.⁹ In fact, Defendant Asad readily admits that he fired Mr. Pita because he believed that the brochure was copied. Ex. D at 62-63 ("he must have copied some text here or there, so I fired him"). Defendants cannot divorce themselves from the infringing activity of one of their employees, particularly since they were directly responsible for the creation and nonetheless continued distribution of the infringing brochure. That the employee was fired supports Plaintiff's theory that his conduct was in his role as an employee under the direction and control of Asad, iPrepay and Radiant, and in furtherance of their business.

b. The Two Works Are Substantially Similar – Numerous Statements Were Copied Verbatim

There is no dispute that nine statements from Plaintiff's copyright-protected marketing materials were copied, verbatim, in Defendants' marketing brochure. There is also no dispute that both Plaintiff and Defendants used "bullet points" to offset a selection of these statements, and that both Plaintiff and Defendants included a picture of their respective point-of-sale terminals towards the top portion of the page that contained these identical statements. Plaintiff and Defendants marketing materials were so similar that it prompted Defendant Asad to fire the employee who he claimed was responsible for drafting the copied brochure. Ex. D at 62-63.

Despite this admission, under oath, Defendants now argue that the two marketing brochures are not similar by pointing to insignificant differences in format, font and capitalization. Even if there were substantial differences in format, font and capitalization – which there is not, the essence of Plaintiff's expression was copied, and this is not disputed.

⁷ As discussed below, at the time of the tradeshow, Radiant and iPrepay's point-of-sale divisions had merged and were marketing their point-of-sale products under iPrepay's brand. Ex. E; Ex. B at 011059.

⁸ Lack of intent is not a defense to copyright infringement.

⁹ Asad testified that "we had Amaury design the brochure." Ex. D at 67.

The cited *differences* between Plaintiff's and Defendants' materials are equally irrelevant. It is widely held that:

To constitute an invasion of copyright it is not necessary that the whole of a work should be copied, nor even a large portion of it in form or substance, but that, if so much is taken that the value of the original is sensibly diminished, or the labors of the original author are substantially, to an injurious extent, appropriated by another, that is sufficient to constitute an infringement."

Murray Hill Publ'ns., Inc. v. ABC Communs., Inc. 264 F.3d 622, 634 (6th Cir. 2001) (quoting, *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354, 361 (9th Cir. 1947). Here Defendants' misappropriation of substantial portions of Plaintiff's brochure, its look and feel, including trademarks and numerous statements, verbatim, warrants a finding of infringement and an order granting Plaintiff's motion for summary judgment.

Defendants' argument that only one page of their brochure contained copied elements from Plaintiff's materials is entirely misplaced. Defendants' attempt to bootstrap a fair use or transformative use theory of defense in this regard – but these defenses are waived for failure to plead. See Defendants' Answer and Affirmative Defenses. Even if they had pled fair use or transformative use as a defense, this too, would be unavailing. None of the relevant analysis in this regard is even attempted by Defendants. 17 U.S.C. § 107; *Greenberg v. Nat'l Geographic Society*, 244 F.3d 1267, 1275 (11th Cir. 2001). The relevant inquiry is whether Defendants copied a substantial portion of Plaintiff's materials. It matters not, that other pages in Defendants' brochure contain information that was not copied from Plaintiff. *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 565 (1985). Showing that one page in Defendants' brochure contains substantial portions of Plaintiff's materials is sufficient.

Defendants' argument is in direct contrast to the Supreme Court's ruling in *Harper & Row*, where it held, "'No plagiarist can excuse the wrong by showing how much of his work he did not pirate.'" *Harper & Row*, 471 U.S. at 565; see also, *Cable/Home Communication Corp. v. Network Productions, Inc.*, 902 F.2d 829, 845 (11th Cir. 1990). This same notion was affirmed by the Eleventh Circuit in *O'Reilly*:

Infringement may be found where the similarity relates to matter which constitutes a substantial portion of (the copyright holder's) work -- i.e., matter which is of value to (the copyright holder)." *Atari, Inc. v. North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 619 (7th Cir.), cert. denied, 459 U.S. 880, 103 S. Ct. 176, 74 L. Ed. 2d 145 (1982). "it is enough that substantial parts were lifted; no plagiarist can excuse the wrong by showing how much of his work he did not pirate." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2^d Cir.), cert. denied, 298 U.S. 669, 56 S. Ct. 835, 80 L. Ed. 1392 (1936).

United States v. O'Reilly, 794 F.2d 613, 615 (11th Cir. 1986).

c. The Copied Elements Are Entitled to Protection Under the Copyright Laws

Recognizing that Plaintiff's and Defendants' marketing materials are similar, which Defendants' concede,¹⁰ Defendants last effort to avoid liability for copyright infringement is to claim that the original statements in Plaintiff's marketing materials are not entitled to protection under the copyright laws.

As an initial matter, Plaintiff notes that as the owner of a copyright registration for the protected material, Plaintiff benefits from "a rebuttable presumption that the . . . copyright is valid." *Montgomery v. Noga*, 168 F.3d 1282, 1289 (11th Cir. 1999). Contrary to Defendants' arguments, the copied elements of Plaintiff's marketing materials were not simply "phrases" or "slogans" as such terms are used in 37 C.F.R. § 202.1. Rather, statements which were copied verbatim such as "Customers can search on screen for the best rate to the country they are calling" and "delivering prepaid with speed and convenience for people on the go" are original ideas fixed in a tangible medium of expression. 17 U.S.C. § 104.

Even if they were merely slogans or phrases, which they are not, because Defendants' copied each statement verbatim, they may not rely on 37 C.F.R. § 202.1 as a defense. *Gable-Leigh, Inc. v. North Am. Miss*, 2001 U.S. Dist. Lexis 25614 (C.D. Cal. 2001) ("Even if it is assumed that much of the expression in Gable-Leigh's handbook is indispensable or standard, it is nevertheless protected from verbatim or virtually verbatim copying"); citing *Johnson Controls, Inc. v. Phoenix Control Sys., Inc.* 886 F.2d 1173, 1175 (9th Cir. 1989). The "relevant question for the court is not merely whether a name, title or slogan contains some minimal number of words. Rather it is whether the phrase contains some appreciable level of creativity, however few words it may contain. *J. Racenstein & Co. v. Wallace*, 1999 U.S. Dist. Lexis 12675 (S.D.N.Y. 1999); *Heim v. Universal Pictures Co.*, 154 F.2d 480, 488 (2d Cir. 1946) (single brief phrase so idiosyncratic as to preclude coincidence might suffice to show copying).

Defendants' reliance on §202.1 to avoid liability for its verbatim copying has been expressly rejected by other courts. Considering similar facts, the Fifth Circuit held:

There are countless ways of expressing the content of each paragraph, so there was no need for the MPO screen text to copy exactly the language of K-T's materials. Even if each of the eight questions and five processes conveys unprotectable ideas, the specific words, phrases, and sentences selected to convey those ideas are protectable expression under any reasonable abstraction analysis. As LSI's [Managing Participation in Organization ("MPO")] program copied those words, phrases, and sentences verbatim,

¹⁰ See Defendants' brief at 23 ("certain facts, ideas and slogans contained within the Plaintiff's and Defendants' brochures are similar").

we conclude that -- far from being clearly erroneous -- the district court's finding that the MPO program infringed K-T's Licensed Materials was correct and must be affirmed."

Kepner-Tregoe, Inc. v. Leadership Software, Inc., 12 F.3d 527, 534 (5th Cir. 1994); *see also, Gable-Leigh, Inc. v. North Am. Miss.*, 2001 U.S. Dist., LEXIS 25614 (C.D. 2001). Plaintiff is also entitled to protection of the arrangement and look and feel of its work, which Defendants clearly copied. *See* Exs. J, K and I and Pl.'s Br. at 19.

Of all the possible available statements available to describe Plaintiff's product, Plaintiff conjured up, expressed and selected nine original statements and arranged such statements in a particular format including incorporating "bullet points" to off-set certain statements. Defendants without coincidence selected the identical nine statements to describe their own product, and incorporated similar "bullet points" to off-set certain of its statements. Plaintiff's original statements are more than just "ideas" as Defendants argue without support.

Clearly the idea of a customer browsing and comparing available long distance rates on Plaintiff's point-of-sale unit can be expressed in several different ways -- Plaintiff does not seek protection for this idea. Rather, Plaintiff chose to express this idea as "Customers can search on screen for the best rate to the country they are calling." It is this original selection of words, and Plaintiff's expression for which Plaintiff has obtained a copyright registration. Rather than create and select their own language to describe their product, Defendants adopted and published this identical statement that Plaintiff had created and copyrighted. And then repeated the process eight more times. And then arranged these statements in identical fashion in a brochure copying the look and feel of Plaintiff's work.

In addition to copying verbatim Plaintiff's original statements, Defendants also adopted and copied Plaintiff's format, style and layout, including depicting an image of the POS device on the top of the page, and using "bullet points" to offset some of the copied statements. Clearly these elements are protectable.

Given that Defendants copied verbatim substantial portions of Plaintiff's marketing materials, Plaintiff's motion for summary judgment on its claims of copyright infringement should be granted.

III. Trademark Infringement

There is an evident split among the courts with regard to "-N-", "N" and "-IN-" marks ("-N-marks"), such as the TOUCH-N-BUY mark at issue in this case. As set forth in the Parties' respective briefs, certain courts have found an enforceable trademark with respect to the following "-N- marks" *Vining Industries, Inc. v. M.B. Walton, Inc.* 1997 U.S. Dist. LEXIS 23763 (S.D. Ohio 1997) (TWIST-N-MOP); *Blendco, Co., Inc. v. Conagra Prod. Co.*, 132 Fed. Appx. 520 (5th Cir. 2005) (BETTER-N-

BUTTER); *Standard Int'l Corp. v. American Sponge and Chamois Co., Inc.* 157 U.S.P.Q. 630 (C.C.P.A. 1968) (DUST N' GLOW); *In re Application of Reynolds Metals Co.*, 480 F.2d 902 (C.C.P.A. 1973) (BROWN-IN-BAG); *In re Colgate-Palmolive Co.*, 406 F.2d 1385 (TTAB 1966) (CHEW 'N CLEAN); *Glamorene Prod. Cor. v. Boyle-Midway, Inc.* 188 U.S.P.Q. 145 (S.D.N.Y. 1975) (SPRAY 'N VAC); *Ex Parte Club Aluminum Prod. Co.*, 105 U.S.P.Q. 44 (Comr. 1955) (COOK-N-LOOK). While in other instances certain "-N- marks" were found not enforceable. *See, e.g. Park-N-Fly, Inc. v. Dollar Park and Fly, Inc.*, 718 F.2d 327 (9th Cir. 1983).

While the Eleventh Circuit has not rendered an opinion with regard to this split, the facts of this case clearly favor a finding of infringement. Magistrate Judge Klein's recent opinion in the *Tancogne* case addresses this very issue. *Tancogne v. Tomjai Enters. Corp.*, 2005 U.S. Dist. LEXIS 37603 (S.D. Fla. 2005). In *Tancogne* this Court found that the mark FAIR & WHITE was only suggestive of a skin cream designed to "make the skin fair and white" and because "Defendants are capitalizing on those words with identical products directed to the same market and bearing a similar mark . . . Plaintiffs are entitled to the protection of the trademark laws against this particular use." *Id.* A similar finding is appropriate in this case, where Defendants have adopted the identical mark on virtually identical goods through identical trade channels. Considering also that Defendants used Plaintiff's mark on the same page in which Defendants copied nine statements regarding Plaintiff's product, as well as original elements of design and layout created and selected by Plaintiff, a finding of infringement is appropriate.

Defendants' argument that they needed to use the words "Touch" and "Buy" to describe their own product is simply not credible. If that were the case Defendants had a wide selection of words they could have chosen from, including "Touch and Buy" or "Touch & Buy" or "Touch Then Buy" or even "Touch 'N Buy" or "Touch N Buy." But Defendants chose none of these available options. Instead, Defendants copied the exact "TOUCH-N-BUY" mark used by Plaintiff, in the same manner in which they copied copyright-protected elements of Plaintiff's marketing materials. Defendants improperly "palmed off" the work and good will of Plaintiff and Plaintiff's trademark in an effort to confuse consumers and benefit from Plaintiff's good will.

Defendants also improperly suggest that the Court should violate the anti-dissection rule. Under "the anti-dissection rule, the validity and distinctiveness of a composite trademark is determined by viewing the trademark as a whole, as it appears in the marketplace. *Tancogne v. Tomjai Enters. Corp.*, 2005 U.S. Dist. LEXIS 37603 (S.D. Fla. 2005); *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1392 (9th Cir. 1993). It is improper, as Defendants argue, to consider the individual components of the TOUCH-N-BUY mark apart from how the mark appears in its entirety. *Id.*

Defendants' efforts to avoid liability by arguing that Plaintiff is not the owner of the TOUCH-N-BUY mark is equally flawed. Pursuant to 15 U.S.C. § 1055 because the initial use of the mark TOUCH-N-BUY, from August through December 2003, was conducted by Blackstone, a related entity to Plaintiff¹¹ such use inured to the benefit of the Plaintiff. See, Pl. Opp. to MSJ, Ex. C. (Decl. of L. Arias dated Feb. 6, 2006). The forming of the actual corporation Touch-N-Buy, Inc. in December 2003 merely created a separate but related entity to market and sell the point-of-sale system under the TOUCH-N-BUY mark. Even if the Court were to find that Blackstone's earlier use of the mark did not inure to the benefit of the Plaintiff, Defendants' argument must still fail, because Plaintiff had used the mark, itself in commerce since the time of its incorporation and well prior to the August 2004 tradeshow - and more importantly, prior to Defendants' first use of the mark. In addition to the website (Ex. A1 at TNB 00018 "TOUCH-N-BUY is a trademark of Touch-N-Buy, Inc."), declaration of Luis Arias (Ex. A) and trademark applications filed with the United States Patent and Trademark Office (Ex. L) as well as the Secretary of State of Florida (Ex. M), all of which were attached to Plaintiff's opening brief, Plaintiff also attaches as Exhibit 1, further evidence of its ownership and use of mark. Exhibit 1 is a "sign-up kit" that Plaintiff provides to its potential customers and clearly shows how Plaintiff discloses its ownership of the TOUCH-N-BUY trademark to its customers. Page TNB 000275 of Ex. 1 expressly states: "TOUCH-N-BUY is a trademark of Touch-N-Buy, Inc."

Finally, Defendants' argument that the mark is not entitled to protection, loses all credibility when considered in light of the fact that Defendants claimed trademark protection in their own use of the very same mark and filed their own trademark application for the TOUCH-N-BUY mark with the Patent and Trademark Office, swearing in a declaration that the mark was entitled to registration.¹² See Ex. 2 ("The undersigned [Issa Asad] . . . declares that he believes applicant to be entitled to use such mark in commerce . . . [and] no other person . . . has the right to use the mark in commerce"). Thus, when convenient, Defendants swear that the mark is entitled to protection, and when less convenient, only a short while later, argue the opposite. Defendants' argument is made with unclean hands and should be excluded under the doctrine of estoppel, and the law of this Circuit. *McCormick*, 333 F.3d at 1240.

IV. Defendants Radiant, iPrepay, Asad and Rodriguez Are All Liable for the Infringing Acts

In an effort to avoid liability, Defendants attempt to shift the blame - in one instance claiming an employee, Amaury Pita was responsible for the copying, and in another saying only iPrepay and not

¹¹ Both entities are owned by Luis Arias.

¹² Argument submitted in support of an opposition to a motion for summary judgment that contradicts prior sworn statement is inadmissible. *McCormick v. City of Ft. Lauderdale*, 333 F.3d 1234, 1240 (11th Cir. 2003).

the other Defendants were involved in the distribution of the infringing materials at the tradeshow. There is no dispute that Defendants Asad and Rodriguez attended the trade show and actively promoted Defendants' point-of-sale terminal, by among other things distributing the infringing marketing materials. Def. Opp, Decl. Asad at ¶ 9; Ex. D at 68-69; Ex. 4 at 59, 88.

While Defendants admit that iPrepay attended the tradeshow, they argue that Defendant Radiant Telecom should not be liable. At the time of the trade show, however, Defendants made no distinction between Radiant and iPrepay. For example, in the brochure distributed by Defendants at the tradeshow, Defendants state that iPrepay has been maintaining its network of devices "since 1998" – this was Radiant – iPrepay did not exist until 2003. Exs. G and J at 3. In the marketing materials attached as Ex. B, Defendants repeat this statement and also state that iPrepay was formed in 1997 as Radiant Holdings (again blurring the distinction between Radiant and iPrepay).¹³ An iPrepay press release attached as Exhibit E, talks about the "consolidation" of Radiant and iPrepay as well as the "convergence of information technology and communications." Perhaps most compelling is iPrepay's own press release regarding the merger between iPrepay and Radiant which states that "[t]he acquisition is following a transition period during which the merged company will market its products under the iPrepay brand." Ex. E. This "transition period" includes the time of the tradeshow, which was clearly attended by the merged Radiant/iPrepay.

The corporate representative of iPrepay testified that this merger occurred approximately two months after the tradeshow. Ex. 2 at 19-21. Thus, there can be no dispute that during the period of time before the merger – i.e. the time of the Javits trade show, both Radiant and iPrepay were jointly marketing their POS products under the iPrepay name. Defendant Radiant's arguments that it was not responsible for the infringing activity at the tradeshow is simply not credible given the fact that the two companies' point-of-sale divisions merged, and both entities were actively marketing their point-of-sale products under the iPrepay name.¹⁴

V. Conclusion

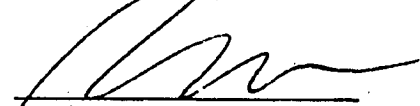
For the foregoing reasons, Plaintiff's Motion for Summary Judgment should be GRANTED against Defendants Radiant, iPrepay, Asad and Rodriguez, and Defendants' motion for summary judgment should be DENIED.

¹³ It is beyond dispute that iPrepay was formed and first conducted business in 2003. Ex. G. It is clear that the press materials are referring to Radiant Telecom, and that the company names are used interchangeably. See Ex. 3 10-11.

¹⁴ This fact is further supported by Defendant Rodriguez's testimony, where he repeatedly confirms that he was promoting the iPrepay product at the Radiant booth at the tradeshow. See, Ex. 4 at 59, 86-88, 93-94; see also Ex. 5 at 10-14, deposition of Priscilla Cheeseborough, an employee of Radiant/iPrepay for over 6 six years who identifies the blurred line between iPrepay and Radiant.

Respectfully submitted,
TOUCH-N-BUY, INC.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by United States mail, postage pre-paid this 28th day of February, 2006 on the following counsel of record:

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-22141-CIV-LENARD/KLEIN

TOUCH-N-BUY, INC..

Plaintiff.

v.

RADIANT TELECOM, INC.,
IPREPAY, INC.,
NTERA HOLDINGS, INC.,
WORLDQUEST NETWORKS, INC.,
ENGIN YESIL,
ISSA ASAD, and
JOHNNY RODRIGUEZ.

Defendants.

DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

Defendants, Radiant Telecom, Inc., iPrepay, Inc., Ntera Holdings, Inc., Engin Yesil and Issa Asad (collectively "Defendants") move for summary judgment against Plaintiff Touch-N-Buy, Inc. ("Plaintiff") on all claims, and state:

INTRODUCTION

Plaintiff asserts claims against Defendants for trademark infringement, false designation of origin and false advertising under the Lanham Act, common law unfair competition and copyright infringement arising out of a single instance of alleged infringement at a three-day trade show that could not have possibly created likelihood of confusion meriting monetary damages or injunctive relief. Defendants are entitled to summary judgment on all claims. Plaintiff's claims for trademark infringement, false designation of origin and false advertising under the Lanham Act, and common law unfair competition fail because Plaintiff has offered no evidence that Defendants infringed the "Touch-N-Buy" mark.

To prove trademark infringement, Plaintiff must prove ownership of a protectable mark and that Defendants used the mark in a way that was likely to cause confusion. Here, Plaintiff's "Touch-N-Buy" mark does not rise to the level of a legally protectable mark. Even if "Touch-N-

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Buy" were a protectable mark. Plaintiff has offered no evidence that Defendants used the mark in a way that was likely to cause confusion among consumers.

With respect to Plaintiff's claim for copyright infringement, Defendants are entitled to summary judgment because Plaintiff has offered no evidence that Defendants infringed Plaintiff's copyright rights. To establish copyright infringement, Plaintiff must show a substantial similarity between its protected work and Defendants' allegedly infringing work. Here, the similarity between Plaintiff's work and the accused work is not substantial as a matter of law. In addition, Defendants are entitled to summary judgment on the issue of damages because Plaintiff cannot prove that it has suffered any legally recognizable damages as a result of the alleged infringement.

Accordingly, as set forth below, this Court should enter summary judgment for Defendants on all claims.

FACTS

Plaintiff and Defendant iPrepay, Inc. ("iPrepay") are direct competitors in the prepaid point of sale ("POS") industry. *See* Declaration of Christina D. DeAngelis, Exhibit 1 (48:14 to 49:19; 63:1-13). This dispute arose out of competition between Plaintiff and iPrepay at a prepaid products tradeshow in New York, NY. *See* DeAngelis Decl., Exhibit 1 (excerpt of Luis Arias Deposition, 61:5 to 63:13 and 64:23 to 65:2). The tradeshow was held August 4-6, 2004. It featured a number of prepaid products and electronic systems for distributing prepaid products. *See* DeAngelis Decl., Exhibit 1 (61:5 to 63:13; 64:23 to 65:2; and 155:1-8) and Exhibit 10. The trade show was open to the public for only two of the three days it was held. *See* DeAngelis Decl., Exhibit 12 (excerpt of iPrepay's Deposition, 65:25 to 66:7; 73:20 to 74:15; 77:1 to 78:17).

iPrepay had a booth at the tradeshow for showing its prepaid products. *Id.* Plaintiff also attended the tradeshow. *Id.* This entire litigation is focused on a marketing brochure that was distributed by iPrepay at the trade show. Amended Complaint, Exhibit B. It is undisputed that Defendants did not use or distribute the accused brochure before the trade show. DeAngelis Decl., Exhibit 1 (61:5 to 63:13; 64:23 to 65:2). Likewise, it is undisputed that none of the Defendants ever used or distributed the accused brochure - other than to persons that had already attended the tradeshow - at any point in time following the trade show. DeAngelis Decl., Exhibit 12 (66:8-12). Thus, Plaintiff brings this federal case over one marketing brochure that was

distributed in a limited area to a limited audience during the course of three days. DeAngelis Decl., Exhibit 12 (65:25 to 66:7, 73:20 to 74:15, 77:1 to 78:17).

With respect to the trademark infringement, Plaintiff's principal allegation is that Defendants infringed their "Touch-N-Buy" trademark at the New York trade show. DeAngelis Decl., Exhibit 1 (61:5 to 63:13; 64:23 to 65:2). Plaintiff is in the business of selling touch-screen point of sale devices. DeAngelis Decl., Exhibit 1 (48:14 to 49:19, 63:1-13; 88:21-24; 106:15-107:1). It is undisputed that Plaintiff has used the "Touch-N-Buy" mark in connection with the sale of these devices. The devices allow consumers to "touch" the screen and to "buy" the prepaid item depicted on the touch screen. DeAngelis Decl., Exhibit 1 (88:21-24; 106:15 to 107:1). Plaintiff claims that it first used "Touch-N-Buy" in connection with these devices as early as August 2003. DeAngelis Decl., Exhibit 1 (158:11 to 160:12). However, Plaintiff was not incorporated until nearly four months later, on December 30, 2003. DeAngelis Decl., Exhibit 11. Even if this Court accepts that Plaintiff was using the mark before it was even incorporated, the mark was in use for less than one year prior to the alleged infringement. It is also undisputed that at least one other company, Blackstone Corporation, has used the Touch-N-Buy mark. DeAngelis Decl., Exhibit 1 (161:25 to 166:2). In fact, the marketing brochure attached to Plaintiff's First Amended Complaint was created by Blackstone and references Blackstone. See First Amended Complaint, Exhibit A. Blackstone Corporation's name, address, telephone numbers, email address, website, and point of sale device appear in the marketing brochure. *Id.* Nowhere does the corporate name Touch-N-Buy, Inc. appear in the brochure. *Id.*

In addition, there is no genuine dispute that Plaintiff has no evidence showing actual customer confusion as to the source of the alleged mark "Touch-N-Buy." DeAngelis Decl., Exhibit 1 (97:8-17) and Exhibit 9. For example, Plaintiff has not received correspondence addressed to any of Defendants by mistake. DeAngelis Decl., Exhibit 1 (98:8-22). Likewise, Plaintiff has not conducted any consumer surveys regarding the alleged confusion. DeAngelis Decl., Exhibit 1 (97:8-17).

With respect to the alleged copyright infringement, Plaintiff claims that Defendants marketing brochures include certain phrases from the Blackstone brochure. See First Amended Complaint, Exhibits A & B. Plaintiff alleges that similarities between the Blackstone brochure and the iPrepay brochure constitute legally actionable copyright infringement. *Id.*, ¶¶ 43-56. However, the alleged similarities are limited to certain phrases, some of which do not even

constitute complete sentences. In addition, Plaintiff's alleged copyright was not registered until after the tradeshow. DeAngelis Decl., Exhibits 2 and 10

The only similarities that Plaintiff can point out between the accused work and the copyrighted work lie in nine phrases or slogans. Namely, the phrases or slogans common to both works are:

- (1) "the newest tool to sell prepaid products;"
- (2) "easy to use for the merchant and the consumer;"
- (3) "delivering prepaid with speed and convenience for people on the go;"
- (4) "Customers can search on screen for the best rate to the country they are calling;"
- (5) "never lose a sale;"
- (6) "small space saving design;"
- (7) "generate impulse purchase of prepaid purchases;"
- (8) "convert valuable counter space into a profit center;" and
- (9) "Touch-N-Buy."

See First Amended Complaint, Exhibits A & B. While the brochures share some of the same text, the format, font and capitalization of the text is not the same. *Id.* Further, the layout of the text is also different. *Id.* For example, while the text in the copyrighted work is split into two pages, all of the aforementioned phrases are on the same page in the accused work. *Id.* The entire accused brochure has no similarities to the copyrighted work beyond those aforementioned phrases. *Id.* Only one page in the accused brochure, out of the additional 13 pages comprising it, contain the few similar phrases or slogans. The designs, layout, logos, illustrations, and color intensity in the copyrighted work are vastly different from those in the accused work. *Id.*

ARGUMENT

This Court should grant summary judgment because there is no genuine issue of material fact that Defendants have not infringed Plaintiff's trademark or copyright rights. First, the "Touch-N-Buy" mark is not a protectable trademark. Second, there is no evidence to support Plaintiff's argument that Defendants' alleged use of the "Touch-N-Buy" mark was likely to create confusion. Thus, this Court should grant summary judgment in favor of Defendants on Plaintiff's claims for trademark infringement, false designation and false advertising under the Lanham Act and unfair competition. With respect to Plaintiff's copyright infringement claim, there is no evidence to support Plaintiff's argument that the brochures at issue are substantially similar. In addition, Plaintiff has not presented any evidence that it suffered legally recognized damages as a result of the alleged copyright infringement. Accordingly, as set forth below, Defendants are entitled to summary judgment on all claims.

A. The Summary Judgment Standard

Rule 56(c), Fed. R. Civ. P., mandates summary judgment against a party who fails to make a sufficient showing to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial. *Celotex Corporation v. Catrett*, 477 U.S. 317, 322-323 (1986). In such a case, there is no genuine issue of material fact because a failure of proof on any essential element of the nonmoving party's case necessarily renders all other facts immaterial. *Id.* at 323. The moving party is therefore entitled to judgment as a matter of law. *Id.* Affidavits consisting of conclusory allegations without supporting facts have no probative value. See *Leigh v. Warner Brothers, Inc.*, 212 F.3d 1210, 1218 (11th Cir. 2000).

If the nonmoving party has the burden of proof on an essential element of the claim, the moving party is not required to produce evidence negating the opponent's claim. *Celotex*, 477 U.S. at 324. The moving party may identify portions of the pleadings or other documents of record to inform the court of the basis upon which it believes there is no genuine issue of material fact. *Id.* at 323.

Materiality is defined by the substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Only disputes over facts which might affect the outcome of the suit under the governing law may preclude entry of summary judgment. *Id.* Factual issues which are neither relevant nor necessary to the court's inquiry are not material. *Id.* The applicable standard is:

whether a fair-minded jury could return a verdict for the plaintiff on the evidence presented. The mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient; there must be evidence on which the jury could reasonably find for the plaintiff. The judge's inquiry, therefore, unavoidably asks whether reasonable jurors could find by a preponderance of the evidence that the plaintiff is entitled to a verdict - whether there is [evidence] upon which a jury can properly proceed to find a verdict for the party producing it, upon which the onus of proof is imposed.

Anderson, 477 U.S. at 252. This inquiry necessarily requires assessment of the quantity and caliber of the affidavits and other information offered in opposition to a motion for summary judgment. *Id.* at 254. If the evidence submitted in response to a motion for summary judgment would not reasonably support a jury verdict for the non-moving party, then entry of summary judgment is required. *Id.* Furthermore, when the substantive law places a heightened evidentiary burden on the plaintiff, the additional burden must be factored into the evidence required to create a genuine issue of material fact. *Id.* at 255.

Finally, the summary judgment rule should be interpreted consistent with: (1) a principal purpose of isolating and disposing of factually unsupported claims and defenses; and (2) the overriding goal of the Federal Rules of Civil Procedure to "secure the just, speedy and inexpensive determination of every action." *Celotex*, 477 U.S. at 327.

B. Defendants Are Entitled To Summary Judgment On Plaintiff's Claims For Trademark Infringement, False Designation Of Origin And False Advertising Under The Lanham Act And Unfair Competition

This Court should grant summary judgment against Plaintiff on its claims for trademark infringement, false designation of origin and false advertising under the Lanham Act and common law unfair competition. To prevail on these claims, Plaintiff must prove trademark infringement, which requires proof of a valid trademark and that Defendants adopted an identical or similar mark that was likely to cause confusion between the marks. See 15 U.S.C. 1125(a); *Gift of Learning Foundation, Inc. v. TGC, Inc.*, 329 F.3d 792, 797 (11th Cir. 2003); *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 106 F.3d 355, 358 (11th Cir. 1997); *Investacorp, Inc. v. Arabian Investment Banking Corp. (Investcorp), E.C.*, 931 F.2d 1519, 1521-22 (11th Cir. 1991).

It is undisputed that ownership of a protectable mark is an indispensable element to Plaintiff's claims of trademark infringement, false designation of origin, and common law unfair competition. See *Gift of Learning*, 329 F.3d at 793. Defendants are entitled to summary judgment because the "Touch-N-Buy" mark is not legally protectable. The Court should find as a matter of law that "Touch-N-Buy" is not protectable because it is a descriptive mark and Plaintiff cannot show that the mark has acquired secondary meaning.

Even if "Touch-N-Buy" were a protectable mark, Plaintiff has offered no evidence that Defendants used the mark in a way that confused consumers. Accordingly, as detailed below, this Court should grant summary judgment in favor of Defendants.

1. Touch-N-Buy Is Not A Protectable Mark

Plaintiff does not own a federal trademark registration for the "Touch-N-Buy" mark.¹ Thus, Plaintiff must establish that it has a protectable interest in the alleged trademark. See *Gift of Learning*, 329 F.3d at 797; *Investacorp*, 931 F.2d at 1522. In order to prove that it has a

¹ Plaintiff filed for federal registration of the "Touch-N-Buy" mark on August 16, 2004, but Plaintiff's registration has not yet been granted.

protectable interest. Plaintiff must demonstrate that "Touch-N-Buy" is at least descriptive and has acquired secondary meaning. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

The four categories of trademarks are: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary. *See Frehling Enterprises, Inc.*, 192 F.3d 1330, 1335 (11th Cir. 1999); *Investacorp*, 931 F.2d at 1522. A plaintiff does not control the classification of its mark. Rather, the Court must conduct its own inquiry. *See Otokayama Co., LTD v. Wine Import of Japan*, 175 F.3d 266, 272 (2d Cir. 1999) (rejecting affidavit testimony that the company's mark was arbitrary). Therefore, the classification of a trademark is a question of law for the Court to decide. *Id.*

Generic marks are the weakest marks and are therefore not entitled to any protection. *See American Television and Communications Corp. v. American Communications & Television, Inc.*, 810 F.2d 1546, 1548-49 (11th Cir. 1987). Generic marks suggest the basic nature of the product or service, such as a "Liquor Store" used in connection with the sale of liquor. *See Frehling*, 192 F.3d at 1335. It is well-settled that a business may not acquire the exclusive right to use a generic term. *Otokayama*, 175 F.3d at 270 (evidence showed that the disputed trademark "otokayama" was generic in the Japanese language for sake). Generic marks are not legally protected because "mischievous monopolies" would result from the exclusive appropriation of generic, geographic or descriptive terms. *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542, 550 (2004). If any confusion results from the use of generic marks, that confusion is a risk inherent in using well-known descriptive phrases to market a product or service. *Id.* Thus, any marketplace competitor may use generic marks that refer to the goods or services they designate. *Otokayama*, 175 F.3d at 270.

The second weakest category of marks are descriptive marks. Descriptive marks depict a characteristic or quality of an article or service. *See Frehling*, 192 F.3d at 1335. For instance, "Vision Center" may be considered descriptive of a place where glasses are sold. *Id.* The difference between generic and descriptive terms is one of degree. *See American Television*, 810 F.2d at 1548-49; and *Gift of Learning*, 329 F.3d at 798. Descriptive marks merit trademark protection only in rare cases where the plaintiff can satisfy a heightened burden of showing that its mark has acquired secondary meaning. *American Television*, 810 F.2d at 1548-49. Under this heightened standard, the mark must denote to the consumer a single thing coming from a single source. *Id.*

Suggestive marks include terms that "suggest characteristics of the goods and services and require an effort of the imagination by the consumer in order to be understood as descriptive." See *Frehling Enterprises*, 192 F.3d at 1335. For instance, "Penguin" would be suggestive of refrigerators. *Id.* An arbitrary mark is a word or phrase that bears no relationship to the product. *Id.* For example, "Sun Bank" is an arbitrary mark when applied to a banking institution. *Id.*

This Court should determine as a matter of law that "Touch-N-Buy" is generic or, at best, descriptive. Plaintiff sells touch-screen point of sale devices whereby a customer "touches" a screen to select a particular product and then "buys" the selected item by paying the merchant. The mark "Touch-N-Buy" simply depicts the characteristics and qualities of Plaintiff's product. Indeed, Plaintiff has admitted that the "Touch-N-Buy" mark includes language that describes the necessary steps in the operation of its product. See DeAngelis Decl., Exhibit 1 (88:21-24; 106:15 to 107:1). Plaintiff cannot repudiate these admissions. Customers touch the screen to buy prepaid products and services. Significantly, a competing company could not market a similar touch-screen point of sale system without using the terms "touch" and "buy."

Since the "Touch-N-Buy" mark is at best descriptive, the mark is not protectable unless Plaintiff can prove that the mark had established secondary meaning at the time of the alleged infringement. Secondary meaning is the conscious connection in the consumer's mind between the mark and the product's producer. *Gift of Learning*, 329 F.3d at 800. Plaintiff has the burden of sustaining a high degree of proof in establishing a secondary meaning for a descriptive term. *Investacorp*, 931 F.2d at 1525. This burden must be taken into account when considering whether the mark is protectable. *Id.*

The factors for evaluating whether a particular mark has acquired secondary meaning are: (1) the length and manner of the use of the claimed trademark; (2) the nature and extent of advertising and promotion; (3) the efforts made by the plaintiff to promote a conscious connection in the public's mind between the name and the plaintiff's business; and (4) the extent to which the public actually identifies the name with plaintiff's goods and services. *Gift of Learning*, 329 F.3d at 800.

In order to meet its evidentiary burden, Plaintiff must present evidence that it had developed secondary meaning in the minds of consumers between the mark "Touch-N-Buy" and Touch-N-Buy, Inc. before August 4, 2004, the date of the tradeshow in which Defendants

distributed its allegedly infringing brochure. See *Gift of Learning*, 329 F.3d at 800; and J.T. McCarthy, McCarthy on Trademarks and Unfair Competition § 16:34 (4th ed. 1997) (“[T]he senior user must prove the existence of secondary meaning in its mark at the time and place the junior user first began use of that mark.”).

In *Gift of Learning*, the Eleventh Circuit considered the validity of a mark used to advertise a golf tournament. *Gift of Learning*, 329 F.3d at 792. The mark at issue in *Gift of Learning* described steps in hitting a golf ball, which was the thing being advertised. *Id.* at 799. Further, the Court sided with Defendant in holding that the length of use, among other factors, was not enough to establish secondary meaning. *Id.* at 801.

Here, Plaintiff has not presented any evidence sufficient to establish secondary meaning. Plaintiff claims that its first use of the “Touch-N-Buy” mark occurred in August 2003. See DeAngelis Decl., Exhibit 7. However, the Plaintiff corporation was not formed until December of 2003. Even if this Court accepted that Plaintiff could advertise the mark before Plaintiff was even formed, the mark was in use only one year when the alleged infringement occurred. As a matter of law, no secondary meaning for such a descriptive mark was acquired in only one year.

Moreover, Plaintiff cannot even prove its alleged date of first use in August 2003. Plaintiff’s only evidence of its use of the “Touch-N-Buy” mark from August 2003 to August 2004 is the brochure attached to the Amended Complaint. However, the brochure was created by another party, Blackstone Corporation. In fact, Blackstone’s name, address, telephone numbers, email address, website, and point of sale device appear in the marketing brochure. Nowhere does the corporate name Touch-N-Buy, Inc. appear in the brochure. Plaintiff has failed to provide any evidence that it conducted marketing or advertising efforts prior to the August 2004 tradeshow. The evidence therefore indicates that, if anyone was using the “Touch-N-Buy” mark at the time of Defendants’ alleged infringement, it was Blackstone Corporation – not Plaintiff. Consequently, the alleged use of the mark by Plaintiff cannot be said to have a meaning associated with a single source, as required by law.

According to Luis Arias, the owner and founder of Touch-N-Buy, Inc., there is no license between Plaintiff and Blackstone regarding use of the “Touch-N-Buy” mark. See DeAngelis Decl., Exhibit 1 (82:6-19; 161:25 to 166:2). Therefore, Plaintiff’s only established use of the “Touch-N-Buy” mark in connection with POS systems, prior to the alleged date of infringement,

was done by another company with no license to use the mark. Clearly, it is impossible for Plaintiff to demonstrate how a consumer could come to associate the "Touch-N-Buy" mark with the Plaintiff when the only evidence produced by Plaintiff of marketing and advertising efforts prior to the date of Defendants' alleged infringement were those of another company promoting its own product. Thus, Plaintiff cannot provide any evidence of established secondary meaning prior to the alleged infringement. Accordingly, this Court should find that the "Touch-N-Buy" mark is not protectable.

2. **Plaintiff Has No Evidence That Defendants' Use Of The Touch-N-Buy Mark Was Likely To Create Confusion**

In addition to the absence of a protectable interest in the "Touch-N-Buy" mark,² Plaintiffs' claims are subject to summary judgment because Plaintiff has not offered any evidence demonstrating the likelihood of customer confusion. *Frehling Enterprises*, 192 F.3d at 1335. Determination of likelihood of confusion is a factual issue for which there is no genuine issue in this case. *Dieter v. B & H Industries of Southwest Florida, Inc.*, 880 F.2d 322, 325 (11th Cir. 1989). The seven factors for assessing likelihood of consumer confusion are: (1) type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties' retail outlets (trade channels) and customers; (5) similarity of advertising media; (6) Defendant's intent; and (7) actual confusion. *Id.* The most important of these seven are the type of mark and the evidence of actual confusion. *Id.*

The classification of Plaintiff's mark determines whether it is strong or weak. *Frehling Enterprises*, 192 F.3d at 1335. The stronger the mark, the greater the scope of protection. *Id.* The weaker the mark, the less trade protection is available. *Id.* Absent evidence of a strong mark and actual confusion, summary judgment is appropriate, even where there is a reasonable showing as to one or more likelihood of confusion elements. *Sterling Acceptance Corp. v. Tonmark, Inc.*, 227 F. Supp. 2d 454, 457-458 (D. Md. 2002), *aff'd* 2004 WL 614614 (4th Cir.).

The absence of evidence on the most significant likelihood of confusion factors (the type of mark and actual confusion) is fatal to Plaintiff's claims. In *Sterling Acceptance Corp.*, plaintiff brought claims for: (1) trademark infringement under 15 U.S.C. § 1114; (2) false designation of origin under 15 U.S.C. § 1125(a); and (3) common law unfair competition. The mark was

² The determination that there is no protectable interest in a mark obviates an analysis of the likelihood of customer confusion. See *Leigh*, 212 F.3d at 1218.

deemed suggestive and weak because it was widely used by third parties and, consequently, devoid of secondary meaning. 227 F. Supp. 2d at 462. The court also found insufficient evidence of actual confusion or improper intent to sustain the claims notwithstanding similarity of goods and services, facilities that the parties used for business, and advertising mediums. *Id.* The court granted summary judgment because no reasonable jury could find likelihood of confusion based upon evidence on only these three of the seven factors. *Id.* at 461.

The type of mark is a primary factor for determining likelihood of confusion. *Frehling Enterprises*, 192 F.3d at 1335. As previously explained, the "Touch-N-Buy" phrase is at best descriptive, because the phrase directly describes the qualities of the product. Further, the mark had no secondary meaning at the time of the alleged infringement. Consequently, the "Touch-N-Buy" mark is too weak to sustain a finding of likelihood of confusion. *El Chico, Inc. v. El Chico Café*, 214 F.2d 721, 725 (5th Cir. 1954); *HBP, Inc. v. American Marine Holdings, Inc.*, 290 F. Supp. 2d 1320, 1329 (M.D. Fla. 2003); *Frehling Enterprises*, 192 F.3d at 1336.

Plaintiff has not produced any evidence of actual customer confusion, the other primary factor required to enforce any trademark. *Frehling Enterprises*, 192 F.3d at 1335. The mere possibility of confusion is compatible with fair use and is not actionable. *KP Permanent Make-Up*, 125 S. Ct. at 550. Plaintiff must show "at least probable injury" to its business to prevail. *See El Chico*, 214 F.2d at 725.

Relevant confusion is that which affects the purchasing and selling of the goods and services in question to customers because trademark infringement and unfair competition laws protect only against mistaken purchasing decisions and not against confusion generally. *Sterling Acceptance Corp.*, 227 F. Supp. 2d at 464. Hence, instances of misdirected mail or confusion which are not directly related to customer purchasing decisions cannot create a genuine factual issue. *Id.* Still, there are no facts here that indicate there are any instances of misdirected mail, calls made to Plaintiff inquiring about iPrepay's products or any other evidence of actual confusion. *See DeAngelis Decl., Exhibit I (98:8-22)*.

Hearsay assertions, or references to documents not before the court, should similarly be rejected. *Id.* at 459-460. The speculative possibility of consumer confusion, or an isolated occurrence, is not sufficient. *Sterling Acceptance Corp.*, 227 F. Supp. 2d at 465 (reasoning that a few instances of actual confusion would be inadequate). Notwithstanding the paramount significance of the "actual customer confusion" factor, Plaintiff did not produce any evidence of

actual customer confusion during discovery. Plaintiff cannot show "actual customer confusion" because there is none.

Finally, Plaintiffs assumed the risk of some possibility of confusion by choosing a highly descriptive phrase which is fairly used by a multitude of third parties.³ See *Great Southern Bank v. First Southern Bank*, 625 So. 2d 463, 466 (Fla. 1993); *KP Permanent Make-Up*, 125 S. Ct. at 550. The absence of actual confusion, given the weakness of Plaintiff's "Touch-N-Buy" mark, requires summary dismissal of Plaintiff's First Amended Complaint on likelihood of confusion grounds, even if there was any actual proof that there were any instances of misdirected mail and calls (not even present in the case at bar). *Frehling Enterprises*, 192 F.3d at 1335; *Sterling Acceptance Corp.*, 227 F. Supp. 2d at 464; *Japan Telecom, Inc. v. Japan Telcom America, Inc.*, 287 F.3d 866, 873 (9th Cir. 2002) (handful of misdirected mail and phone calls did not satisfy actual confusion requirement).

B. Defendants Are Entitled To Summary Judgment On Plaintiff's Claim For Copyright Infringement

"To prevail on a claim for copyright infringement, the plaintiff must prove ownership of a valid copyright, as well as copying of constituent elements of the work that are original." *Portionpac Chemical Corp. v. Sanitech Systems, Inc.*, 217 F. Supp. 2d 1238, 1244 (M.D. Fla. 2002) (citing *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991)). "Courts have been willing to grant summary judgment in [copyright] infringement cases when it is clear that the moving party is entitled to judgment as a matter of law." See *Beal v. Paramount Pictures Corp.*, 20 F.3d 454, 459 (11th Cir. 1994).

This Court should grant summary judgment as a matter of law for Defendants on the issue of copyright infringement because Plaintiff has not provided sufficient evidence of: (i) substantial similarity between the Plaintiff's work and Defendants' allegedly infringing work; or (ii) actual damages attributable to Defendants' alleged infringement.

Alternatively, in the event the Court does not dismiss Plaintiff's copyright infringement claim for the foregoing reasons, at a minimum the Court should enter partial summary judgment dismissing Plaintiff's claims for statutory damages and attorneys' fees because the claimed

³ A simple search on the Internet produces at least 300 hits that involve use of the terms "touch" and "buy" together in connection with commercial activities, services, or products. See DeAngelis Decl., ¶14.

copyrighted materials was not registered with the U.S. Copyright Office within the requisite time period to qualify for such relief.

1. **As A Matter Of Law There Is No Substantial Similarity Between Plaintiff's Work And Defendants' Work**

To prove copyright infringement with respect to the copyrighted marketing material, Plaintiff bears the burden of proving that Defendants copied constituent elements of the work that are original. *See Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1247 (11th Cir. 1999). Copying can be established by demonstrating that the alleged infringer had access to the copyrighted work and that the works are "substantially similar." *See Beal*, 20 F.3d at 459.

The undisputed evidence proves that the works are not substantially similar. To establish substantial similarity, Plaintiff must satisfy a two-pronged test: an extrinsic or objective test and an intrinsic or subjective test. *See Beal v. Paramount Pictures*, 806 F. Supp. 963, 967 (N.D. Ga. 1992), *aff'd.*, 20 F.3d 454 (11th Cir. 1994). "Under the extrinsic test, a court will inquire into whether, as an objective matter, the works are substantially similar in protected expression." *See Herzog*, 193 F.3d at 1257. "Numerous differences tend to undercut substantial similarity." *Warner Bros., Inc. v. ABD, Inc.*, 720 F.2d 231, 239 (2d Cir. 1983); *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 913 (2d Cir. 1980) (holding that "[t]he more numerous the differences between the two works the less likely it is that they will create the same aesthetic impact so that one will appear to have been appropriated from the other"). As a part of the extrinsic test, "a court will inquire into whether a [party] seeks to protect only uncopyrightable elements: if so, the court will grant summary judgment for the defendant." *Id.*

Under the intrinsic test, "a court will determine whether, upon proper instruction, a reasonable jury would find that the works are substantially similar." *Id.* "A court may grant summary judgment for defendant as a matter of law if the similarity between the two works concern only non-copyrightable elements of the plaintiff's work or if no reasonable jury would find that the two works are substantially similar." *Id.* That is, in the case at bar summary judgment must be granted in favor of Defendants if (1) the alleged copying consists of non-copyrightable elements; or (2) the works are not substantially similar.

Plaintiff states that the protectable elements from a copyright standpoint are the text, images, design, and layout in its brochure. *See DeAngelis Decl., Exhibit 3 (Plaintiff's Supplemental Response to Defendants' Interrogatories)*. Thus under Plaintiff's expansive

interpretation of its rights, even a single line of the layout of its brochure is copyrightable. The law, however, tells us just the opposite. An example of a non-copyrightable, and therefore non-protectable element, is a name, title, phrase or slogan. *See* 37 C.F.R. 202.1.

Even a cursory review of the evidence shows that the only thing in common with the two brochures at issue is the use of a few phrases, which are not protectable elements under copyright law. For example, the phrase "Never lose a sale" is not entitled to copyright protection because it is not a complete sentence that combined with other similarly short phrases would form the kind of artistic expression protected under copyright law. Therefore, under the extrinsic test, which is an issue of law, the only allegedly copied elements in iPrepay's brochure concern only non-copyrightable phrases or slogans and summary judgment of non-infringement is appropriate.

The intrinsic test is an issue of fact. If no reasonable jury could find that the two works being compared are substantially similar, the accused work does not infringe the copyright. Plaintiff has failed to show substantial similarities between Defendant iPrepay's brochure and the brochure attached as Exhibit A to Plaintiff's Amended Complaint. Although Plaintiff and iPrepay both sell similar POS devices with similar features, they are clearly advertising different products, as illustrated in the respective brochures. Not only is the device pictured on the front of Plaintiff's brochure noticeably different than iPrepay's device, but the entire layout, length, and color of the two brochures are different. Plaintiff and Defendant sell similar devices that have similar features – but they are still visually different – and Plaintiff cannot allege that the device depicted in iPrepay's brochure is a copy of Plaintiff's device. Fonts, lines, organization of text, and overall layout are only some of the substantial differences between the two works. The only similarities between the two brochures lie in the few phrases describing features or advantages present in the advertised devices. These phrases are not copyrightable elements. Competing companies cannot sue for copyright infringement and monopolize common verbiage that is shared with the industry as a whole.

Plaintiff cannot sustain its burden either using the extrinsic test or the intrinsic test for copyright infringement. No reasonable juror could find that the two works are substantially similar. Indeed, the only similar elements that exist between the two are uncopyrightable terms used to describe features common to both the Plaintiff's and Defendants' devices. The minor and insubstantial nature of the alleged use alone may warrant summary judgment. *See Gordon v. Nextel Communications*, 345 F.3d 922, 924 (6th Cir. 2003) (affirming summary judgment that

background use of plaintiff's illustrations in defendant's television program was *de minimis*); *Newton v. Diamond*, 388 F.3d 1189 (9th Cir. 2004) (affirming summary judgment that use of short, six-second sample was *de minimis*); *Sandoval v. New Line Cinema Corp.*, 147 F.3d 215, 217 (2d Cir. 1998) (summary judgment that use of ten photographs in film was *de minimis*). Any similarities between the Plaintiff's marketing materials and the Defendants marketing materials are *de minimis* at best and Plaintiff has failed to prove another essential element of its copyright infringement claim.

2. **Plaintiff Did Not Suffer Any Legally Recognized Damages As A Result Of The Alleged Copyright Infringement**

This Court should also grant summary judgment that Plaintiff is not entitled to damages for the alleged infringement. First, Plaintiff cannot establish lost profits as a result of the alleged infringement. Nor can Plaintiff establish that its copyrighted work lost market value as a result of the alleged infringement. Significantly, Plaintiff has no right to statutory damages because the copyright registration was not filed until after the alleged infringement.

The law is clear that, in addition to actual damages suffered as a result of the infringement, the copyright owner is entitled to recover "any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages." *See* 17 U.S.C. § 504(b).

This is a case where the alleged copyright infringement generated no profits on its own. Defendants' brochures were given to potential investors at a three-day trade show free of charge. Consequently, the allegedly infringing work itself did not generate profit.

Plaintiff will argue that profits, if any, made by Defendant iPrepay from its point of sale devices are attributable to the alleged copyright infringement. Plaintiff will attempt to provide a figure of lost profits based on its own expert report which takes into account all sales of iPrepay's device depicted in the accused work. That argument is without merit. It is settled law that in copyright cases, lost profits are measured based on the sale or licensing of the accused work. *Taylor v. Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983). Plaintiff's measure of lost profits is not supported by the case law. The figures relevant for the lost profits inquiry must be derived solely from the sale of the infringing work. *Id.* ("[i]f General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motors' corporate income tax return in the record and rest your case for an award of the infringer's

profits.”). Plaintiff has failed to, and cannot establish that Defendants have made any profit from sales or licensing of the accused work.

Actual damages refer to the extent that the market value of a copyrighted work has been injured or destroyed by an infringement. *Frank Music v. Metro Goldwyn Mayer, Inc.*, 772 F.2d 505, 512 (9th Cir. 1985). Here, actual damages would be the loss in market value of the copyrighted work. Plaintiff did not suffer any actual damages as a result of the alleged infringement because Plaintiff’s copyrighted work is distributed free of charge and Plaintiff’s copyrighted brochure has not produced revenue. Further, even if Plaintiff’s brochure had an established market value, Plaintiff cannot show that the copyrighted work has lost market value as a result of the alleged infringement.

This Court should also grant summary judgment that Plaintiff is not entitled to statutory damages. Section 412 of the Copyright Act provides:

In any action under this title, ...no award of statutory damages or of attorney’s fees, as provided by sections 504 and 505, shall be made for –

(1) any infringement of copyright in an unpublished work commenced before the effective date of registration; or

(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

17 U.S.C. § 412.

It is undisputed that Blackstone did not register the accused marketing material until August 16, 2004. *See* Exhibit A to Plaintiff’s First Amended Complaint. Plaintiff fails to allege in its complaint the date Defendants allegedly infringed its “so called” copyright. Plaintiff merely attaches iPrepay’s marketing brochure developed exclusively for use at a trade show prior to Blackstone’s August 16, 2004 date of registration. *See* Exhibit B to Plaintiff’s First Amended Complaint. “Vague generalities and conclusory assertions are insufficient to make the required showing of an essential element of a party’s case.” *U.S. v. Rodriguez-Aguirre*, 108 F.3d 1228, 1237 (10th Cir. 1986). Even after extensive discovery and numerous depositions, Plaintiff has failed to produce any evidence of alleged infringement occurring after Blackstone’s date of registration.⁴

⁴ Deposition testimony of Luis Arias corroborates that what led to the present lawsuit were the events that took place at the trade show of August 4-6, 2004.

CONCLUSION

For the foregoing reasons, this Court should grant summary judgment in favor of Defendants on all claims.

Dated: February 28, 2006

Respectfully submitted.



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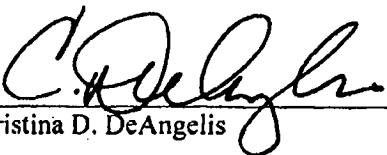
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by United States Mail on this 28 day of February, 2006 to:

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Christina D. DeAngelis

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

TOUCH-N-BUY, INC.,)

Plaintiff,)

v.)

RADIANT TELECOM, INC.,)

IPREPAY, INC.,)

NTERA HOLDINGS, INC.,)

WORLDQUEST NETWORKS, INC.,)

ENGIN YESIL (an individual),)

ISSA ASAD (an individual),)

JOHNNY RODRIGUEZ, (an individual))

Defendants.)

Case No.: 04-CV-22141

Judge: Lenard (Klein)

PLAINTIFF'S OPPOSITION TO DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT

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Plaintiff, Touch-N-Buy, Inc. ("Plaintiff") hereby files this Opposition to Defendants'¹ Motion for Summary Judgment.

I. INTRODUCTION

In their motion for summary judgment, Defendants admit to copying Plaintiff's copyright-protected marketing brochure and to using a trademark identical to Plaintiff's. Defendants also admit that Plaintiff is a direct competitor, and that the acts of infringement occurred during a major industry trade show. (Defs. brief at 2.) Remarkably, Defendants' position seems to be: *Yes, we have infringed, but the infringement was not that bad.* The above admissions demonstrate why Defendants' motion for summary judgment must be denied, and instead, why judgment as a matter of law should be found in accordance with Plaintiff's motion for summary judgment.

Even if the Court sets aside Defendants' various concessions, Defendants' motion for summary judgment must be denied because it is not supported by admissible evidence. Defendants' Local Rule 7.5C(1) Statement of Undisputed Facts is drastically deficient. The evidence cited therein simply does not support the Defendants' so-called undisputed facts. Pursuant to Local Rule 7.5C(2), Plaintiff has attached its statement of disputed facts which addresses the misrepresentations and fallacies contained within Defendants' papers.²

Even if Defendants' statement of facts was supported by admissible evidence, which it is not, and even accepting as true each of the movant's twelve paragraphs stated therein, which would be inappropriate on a motion for summary judgment, Defendants have still not addressed the essential elements of Plaintiff's claims. Defendants have not submitted (or even alleged) facts related to any of the likelihood of confusion factors- the cornerstone of any trademark

¹ The motion for summary judgment was filed on behalf of Radiant Telecom, Inc., iPrepay, Inc., Ntera Holdings Inc., Engin Yesil, and Issa Asad on January 9, 2006. Defendant Johnny Rodriguez served a notice of joining the motion for summary judgment on January 9, 2006, which should be stricken because the certificate of service for the notice states that it was served of December 9, 2005—one month before co-Defendants' motion was filed—and the notice itself is not dated. Defendant Johnny Rodriguez did not file a statement of undisputed facts in accordance with S.D. Fla. L.R. 7.5C and the statement filed by the remaining Defendants does not mention Johnny Rodriguez at all. Accordingly, there is no evidence in the record that could remotely support entry of summary judgment concerning Johnny Rodriguez. Moreover, Johnny Rodriguez, as well as all Defendants, are not permitted to raise new arguments or facts in their Reply Brief. *See, Carbino v. West*, 168 F.3d 32, 34 (Fed. Cir. 1999) (issues initially raised in a reply brief should not be entertained); *U.S. v. Wright*, 215 F.3d 1020 (9th Cir. 2000); *U.S. v. Boyce*, 148 F.Supp.2d 1069, 1085 (S.D. Cal. 2001) *Fitzhugh v. Topetzes*, 2006 U.S. Dist. LEXIS 1023 (N.D. Ga. 2006).

Notwithstanding, Plaintiff hereby submits this brief in opposition to summary judgment as to all Defendants.
² Plaintiff incorporates by reference its entire motion for summary judgment, its L.R. 7.5(C)(1) Statement of Undisputed Facts and the exhibits annexed thereto. Rather than duplicate the record, Plaintiff will herein cite to specific portions of its summary judgment record (i.e. "Pl. L.R. 7.5(C)(1) filed 1/9/2006 ¶ __, Ex. __").

infringement claim- and a count upon which Defendants have moved for summary judgment. Indeed, to support their motion, Defendants have improperly ignored undisputed facts that support a likelihood of confusion and the remainder of Plaintiff's claims. *See generally, United States v. Entin*, 750 F. Supp. 512, 518 (S.D. Fla. 1990); *Robinson v. Jacksonville Shipyards*, 760 F. Supp. 1486, 1530 (M.D. Fla. 1991). Plaintiff hereby incorporates by reference its entire Local Rule 7.5(C)(1) Statement of Facts in support of its cross motion for summary judgment filed on January 9, 2006, which addresses the likelihood of confusion factors and elements related to its causes of action.

II. STATEMENT OF FACTS

Plaintiff and Defendants sell point-of-sale terminals which facilitate multiple functions including the ability to browse and compare rates of long distance calling cards, as well as the ability to purchase phone cards or to make bill payments. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 3, 7, Ex. E, Ex. B, Ex. T.) In and around August 2004, Plaintiff expended significant resources and expense in preparation for one of the largest industry tradeshows, the 2004 Prepaid Expo at the Jacob Javits Center in New York City (the "Javits Tradeshow"). (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 8, 9.) In addition to expending significant effort to promote its newest point-of-sale terminal, Plaintiff also invested a considerable amount of time in pitching and inviting numerous potential investors to visit Plaintiff's booth at the tradeshow. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 8, 9, Ex. O.)

A mere few days before the Javits Tradeshow was to commence, Defendants iPrepay, Radiant, Issa Asad and Johnny Rodriguez decided to participate in the show and showcase what they claimed to be their latest point-of-sale device. Defendants invested approximately REDACTED and purchased the largest booth at the tradeshow. Defendants also arranged for the delivery of two HUMMER® sport utility vehicles to the Javits Tradeshow to further advertise their point-of-sale product and to draw potential consumers and investors to their booth. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 68-69.)

In Defendants' haste to prepare for the Javits Tradeshow, Defendants deliberately copied substantial portions of the Plaintiff's copyrighted marketing materials. Defendants used the copied materials as part of their own promotional materials to advertise and promote their own

point-of-sale terminal. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 66-67.) Defendants prepared 2,000 copies of a brochure that contained Plaintiff's copyrighted materials, and distributed hundreds of copies of the brochure to potential purchasers and investors in the pre-paid industry both during, and after the Javits Tradeshow. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 66-67, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 13).

Defendants' readily admit that their brochure had material copied directly from Plaintiff's marketing materials, testifying that "some of the words were almost identical" and that iPrepay employees "must have copied some text." (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 62-63)

In addition to copying substantial portions of Plaintiff's copyrighted marketing materials, Defendants also misappropriated Plaintiff's trademark TOUCH-N-BUY. Defendants used Plaintiff's TOUCH-N-BUY trademark in connection with the advertising of their own point-of-sale device. Immediately following the Javits Tradeshow, Defendants filed an application for the trademark TOUCH-N-BUY with the United States Patent and Trademark Office, in connection with a "point of sale distribution touch screen terminal." (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. N) Defendant iPrepay's corporate representative, testified that iPrepay filed the application "because every product that we develop or sell we register as a trademark." (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 56.)

During the Javits Tradeshow, Defendants Issa Asad and Johnny Rodriguez also made certain misrepresentations that their device was fully operational and was better and less expensive than Plaintiffs. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 15, Ex. F, Deposition of Sean Sztern. at 186, Ex. D, Deposition of iPrepay, Inc.. 70-72.) REDACTED

Defendants' marketing materials also misrepresented that Defendants' point-of-sale device distributed certain pre-paid long distance products, including cards manufactured by IDT and the "GREEN Florida" card – which it did not. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 37, 38, 39, Ex. J, Ex. D, Deposition of iPrepay, Inc. at 108-9, Ex. F, Deposition of Sean Sztern at 139-40.) This misrepresentation is important, because as Defendants' own marketing materials explain "the more products a POS

terminal is able to sell the higher its value proposition to agents, retailers and end consumers.” (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. I at 10.) Defendants clearly attempted to capitalize on misleading consumers into believing that they can offer popular pre-paid calling cards which were exclusively available from Plaintiff.

As a result of Defendants’ misappropriation of Plaintiff’s trademark and substantial portions of Plaintiff’s copyrighted marketing materials, as well as their false advertising and misrepresentations during the Javits Tradeshow and thereafter, REDACTED (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 44, Ex. V, Ex. W at 192-96.) REDACTED

III. DISCUSSION OF THE LAW

Summary judgment is appropriate “if the record shows no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law.” *Guideone Elite Ins. Co. v. Old Cutler Presbyterian Church, Inc.*, 420 F.3d 1317, 1326 (11th Cir. 2005). The moving party “bears the initial burden of showing that there is an absence of a genuine issue of material fact and that it is therefore entitled to judgment as a matter of law.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). Only if the moving party meets this burden, must the non-moving party show the existence of a genuine issue of material fact that remains to be resolved at trial. *Adkins v. Cagle Foods JV, L.L.C.*, 411 F.3d 1320, 1324 (11th Cir. 2005); *Fitzpatrick v. City of Atlanta*, 2 F.3d 1112, 1115 (11th Cir. 1993). The Court must review the facts and all reasonable inferences in the light most favorable to the non-moving party. *Dippin’ Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197, 1202 (11th Cir. 2004) (citing *Pennington v. City of Huntsville*, 261 F.3d 1262, 1265 (11th Cir.2001)).

A. Because There is a Likelihood of Confusion Between the Parties’ Uses of the TOUCH-N-BUY Marks, Defendants’ Motion for Summary Judgment on Plaintiff’s Lanham Act Claims Must Fail.

To prove infringement under the Lanham Act, a plaintiff must prove (1) that the defendant used a term in commerce (2) in connection with its services (3) which is likely to be confused with the term (4) in which the plaintiff possesses the right to designate its services. *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1521-22 (11th Cir. 1991).

To determine likelihood of confusion, courts in this Circuit look to seven factors: "(1) the strength of the plaintiff's mark; (2) the similarity between the plaintiff's mark and the allegedly infringing mark; (3) the similarity between the products and services offered by the plaintiff and defendant; (4) the similarity of the sales method; (5) the similarity of advertising methods; (6) the defendant's intent, e.g., does the defendant hope to gain competitive advantage by associating his product with the plaintiff's established mark; and (7) actual confusion." *Cumulus Media, Inc. v. Clear Channel Communs., Inc.*, 304 F.3d 1167, 1172 (11th Cir. 2002); *Alliance Metals, Inc. v. Hinely Indus., Inc.*, 222 F.3d 895, 907 (11th Cir. 2000). No single factor is determinative, *Tancogne v. Tomjai Enters. Corp.*, 2005 U.S. Dist. LEXIS 37603 (S. D. Fla. 2005), and "the plaintiff need not prevail on all seven factors to support a claim of trademark infringement." *E.R. Squibb & Sons, Inc. v. Princeton Pharm., Inc.*, 17 U.S.P.Q.2d (BNA) 1447, 1451, 1990 U.S. Dist. LEXIS 18598 (S.D. Fla. 1990).

Defendants all but ignored any analysis of these factors in their motion for summary judgment³. Defendants' argument, which as discussed below is legally flawed, focuses solely on the lack of actual confusion and the strength of the TOUCH-N-BUY mark. However, a proper consideration and balancing of *all* these factors, including a proper analysis of "strength of the mark" and "actual confusion," dictates that there is a likelihood of confusion between the parties' respective marks and that Defendants' motion for summary judgment must fail.

1. Strength of Plaintiff's Mark

a. The TOUCH-N-BUY Mark is Suggestive and Inherently Distinctive

As an initial matter, Defendants' position that the TOUCH-N-BUY mark is not entitled to protection is completely inconsistent with their own actions. Defendants have filed their own trademark application for the identical TOUCH-N-BUY trademark, swearing in a declaration that Defendants' have the right to use the mark and obtain a registration for the mark. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. N.) Thus, Defendants clearly believe the mark TOUCH-

³ Defendants have also misinterpreted the law by relying on *Two Pesos, Inc., v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) for the proposition that "Plaintiff must demonstrate that "Touch-N-Buy" is at least descriptive and has acquired secondary meaning." Def. Br. at 7. Plaintiff must demonstrate secondary meaning only if the Touch-N-Buy mark is merely descriptive. Plaintiff is not required to demonstrate secondary meaning if the mark is suggestive. Indeed, the final statement of the majority opinion in *Two Pesos* states, "proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where [the mark] at issue is inherently distinctive, and accordingly the judgment of that court is affirmed." *Id.* at 776.

N-BUY is entitled to trademark protection. Any argument made to the contrary by Defendants would be disingenuous, and must fail because it could only be made with unclean hands.

Nonetheless, an important consideration in determining the strength of a trademark is whether the mark is "arbitrary" or "fanciful," "suggestive," or merely "descriptive." An arbitrary or fanciful mark has no inherent relationship to the product or service with which it is associated, and is thus entitled to the greatest scope of protection. A suggestive mark suggests some characteristic of the product or service to which it is applied, but requires the consumer to use his imagination to determine the nature of the product or service. A descriptive mark merely describes a characteristic or quality of the product or service. *See Sun Banks v. Sun Federal Savings & Loan Ass'n*, 651 F.2d 311, 315-16 (5th Cir. 1981) (discussing classification of service marks and trademarks); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183-84 (5th Cir. 1980) (discussing categories of trademarks), *cert. denied*, 450 U.S. 981, 101 S. Ct. 1516, 67 L. Ed. 2d 816 (1981).

It is undisputed that Plaintiff uses the TOUCH-N-BUY trademark in connection with "point of sale transaction processing terminals for pre-paid gift cards and telephone calling cards." None of the formative terms of Plaintiff's trademark describes these goods. However, because the terms may suggest possible features of Plaintiff's products, Plaintiff's TOUCH-N-BUY mark is suggestive, and therefore, inherently distinctive. While Plaintiff recognizes that suggestive marks, such as TOUCH-N-BUY, are entitled to a more restricted scope of protection than arbitrary marks, the mark is certainly entitled to the limited protection sought in this case where Plaintiff's direct competitor has adopted the exact same mark on almost identical goods, through identical trade channels, at the industry's most important tradeshow.

This case is highly similar to *Vining Industries, Inc. v. M.B. Walton, Inc.*, 1997 U.S. Dist. LEXIS 23763 (S.D. Ohio 1997). In that case, the court found that the mark TWIST 'N MOP was suggestive for a certain type of floor mop. Although, the court concluded the term "MOP" was generic for the associated goods, the combination of the other terms in the mark suggested features of the product rather than describing it: "The purchaser must first decide what is to be twisted and, then, determine what is to be accomplished by performing that act. The purchaser must employ at least as much imagination to deduce that the word TWIST signifies that the plaintiff's mop has such a feature, as the user of pencils would have to apply in order to determine that a 'Goliath; pencil is a large one.'" *Id.* at * 14 (citing *Champion Golf Club, Inc., v.*

Champions Golf Club, 78 F.3d 111 (6th Cir. 1996); see also, *Blendco, Co., Inc. v. Conagra Grocery Prod. Co.*, 132 Fed. Appx. 520 (5th Cir. 2005) (finding trademark BETTER-N-BUTTER suggestive for butter flavored oil)⁴; *Standard International Corp. v. American Sponge and Chamois Co., Inc.* 157 U.S.P.Q. 630 (C.C.P.A. 1968) (finding “DUST ‘N’” part of trademark DUST N’ GLOW not entirely without certain distinctiveness for use with a cleaning and polishing cloth impregnated with a polish); *In re Application of Reynolds Metals Co.*, 480 F.2d 902 (C.C.P.A. 1973) (finding the trademark BROWN-IN-BAG suggestive for bags used to brown meat in an oven).

Here the connection between TOUCH-N-BUY for point of sale transaction terminals is even more obscure than the connection between TWIST ‘N MOP for floor mops. A consumer cannot determine the nature of Plaintiff’s point of sale transaction processing systems by virtue of Plaintiff’s TOUCH-N-BUY trademark alone. Because Plaintiff’s mark requires some exercise of imagination to connect the mark with Plaintiff’s point of sale products, the TOUCH-N-BUY mark is suggestive. See *Coach House Restaurant v. Coach and Six Restaurants*, 934 F.2d 1551, 1560 (11th Cir. 1990).

Defendants do not cite to any cases or evidence, which mandates the conclusion that the TOUCH-N-BUY mark is descriptive. Defendants’ submissions are devoid of an affidavit or declaration that TOUCH-N-BUY connotes a particular good or service. Indeed, the relevant industry does not use the terms TOUCH or BUY to describe Plaintiff’s products. A leading independent publication in the Parties’ industry is Intelecard News (“ICN”). ICN is the definitive resource within the thriving prepaid communications and burgeoning smart card industries. See, www.intelecard.com. ICN publishes a glossary of prepaid industry terms at its website. ICN provides the following definition of Plaintiff’s goods: “Point -of -sale (POS) terminal - an electronic device used by a merchant to conduct credit card, debit card, smart card or check transactions. Point-of-sale activation (POSA) equipment - computer terminals that connect with a central computer for activation of a prepaid phone card or stored value card at the point of sale.” (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. Y.) The Plaintiff’s mark is not “POINT OF SALE” or “CARD PURCHASE CENTER” or “POS ACTIVIAATE.”

Moreover, except for Defendants’ infringing use, none of Plaintiff’s competitors use the phrase TOUCH-N-BUY to describe related goods or services. Indeed, a Google[®] Internet

⁴ This is an unpublished decision.

database search for TOUCH-N-BUY reveals only the Plaintiff's websites (including Plaintiff's affiliated companies) and the media attention directed toward Plaintiff's goods. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. Z.) A search for the mark TOUCH-N-BUY at the United States Trademark Office only reveals the Parties' respective trademark applications. There are no other pending trademark registrations or applications for the TOUCH-N-BUY trademark. Similarly, searches of Google's[®] Internet database for TOUCH AND BUY and TOUCH & BUY reveal only unrelated results or results related to Plaintiff. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. X) Thus, considering the lack of use by Plaintiff's competitors of the TOUCH-N-BUY mark, this test also confirms that Plaintiff's TOUCH-N-BUY mark is suggestive.

Defendants' references to use of the TOUCH-N-BUY trademark by a third party, Blackstone Corporation, are simply ridiculous. Defendants portray Blackstone as an unrelated third party competitor who uses the TOUCH-N-BUY mark (Def. brief at 9.), when in fact Plaintiff and Blackstone are related entities. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. U; see also Declaration of Luis Arias in Opposition to Defendants' Motion for Summary Judgment, attached as Exhibit C to Plaintiff's L.R. 7.5(C)(2) Statement of Disputed Facts). Defendants are well aware of this fact. In the Parties' parallel patent infringement action, *Exigent Technology v. Radiant Telecom et al*, 04-22140 (S.D. Fla. 2004), Defendants have even alleged counterclaims against several Blackstone Corporations, and their principle Luis Arias, on the basis of corporate alter-ego. The Lanham Act specifically recognizes that trademarks will be used, not only by the official owners of the mark, but also by related companies. 15 U.S.C. § 1055 provides:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

Any uses of the TOUCH-N-BUY mark by Plaintiff and its related entities such as Blackstone, inure to the benefit of the Plaintiff. *Id.*

Defendants also improperly argue that the Court should split apart the individual components within the Parties' TOUCH-N-BUY marks in determining whether the mark is descriptive or suggestive. The United States Patent and Trademark Office's Trademark Manual

of Examining Procedure states unequivocally that when two potentially descriptive terms are combined, "the determination of whether the composite mark also has a descriptive significance turns upon the question of whether the combination of terms evokes a new and unique commercial impression... a mark comprising a combination of merely descriptive components is registrable if the combination of terms creates a unitary mark with a unique, nondescriptive meaning, or if the composite has a bizarre or incongruous meaning as applied to the goods." TMEP § 1203(d) citing *In re Colonial Stores Inc.*, 394 F.2d 549, 157 USPQ 382 (C.C.P.A. 1968) (SUGAR & SPICE held not merely descriptive of bakery products); *In re Shutts*, 217 USPQ 363 (TTAB 1983) (SNO-RAKE held not merely descriptive of a snow removal hand tool). Thus, it is improper to dissect potentially different components of Plaintiff's mark as Defendants have attempted to do to support their motion.

b. Plaintiff's Investment and Widespread Use of Its TOUCH-N-BUY Mark Adds to Its Strength

Since Plaintiff's adoption of the TOUCH-N-BUY mark, Plaintiff has widely promoted and used the brand name. Plaintiff maintains the domain name www.touchnbuy.com, where it operates an interactive website and promotes the TOUCH-N-BUY brand. (See www.touchnbuy.com; Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. X) Plaintiff has invested significantly in promoting and developing its website.

Moreover, Plaintiff has engaged in other forms of advertising to promote its TOUCH-N-BUY brand. Plaintiff regularly advertises in leading industry journals such as Intelecard News and the Prepaid Press. Plaintiff has spent hundreds of thousands of dollars in advertising its mark over the past 2 and ½ years. Plaintiff has also sold thousands of units to customers in 34 states, Washington D.C. and almost every major metropolitan area in the United States. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 2.) Each day thousands of consumers process commercial transactions via TOUCH-N-BUY brand systems in convenience stores, groceries, and malls throughout the nation. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 3.) This widespread use of the TOUCH-N-BUY mark within a particular industry is further evidence of the strength of Plaintiff's mark.

In any event, whether Plaintiff's mark is descriptive is a question of fact, *See, Investacorp, Inc. v. Arabian Inv. Banking Corp.*, 931 F.2d 1519, 1523 (11th Cir. 1991). As the

moving party, Defendants have simply not met their requisite burden of demonstrating no genuine issue of material fact. Plaintiff is entitled to the reasonable inference that the TOUCH-N-BUY trademark has a unique commercial impression, and Defendants' motion in this regard must fail.

2. Defendants' Reliance on the Lack of Actual Confusion or a Consumer Survey is Misplaced

Many elements of Plaintiff's brochure, including Plaintiff's TOUCH-N-BUY mark, were restated verbatim in Defendants' advertisement, which was sufficient to lead Defendants to the inevitable conclusion that they must have intentionally copied it from Plaintiff. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. D, Deposition of iPrepay, Inc. at 62-3). Defendants' "intent to copy in itself creates a rebuttable presumption of likelihood of confusion." *Bauer Lamp Co., Inc. v. Shaffer*, 941 F.2d 1165, 1172 (11th Cir.1991), citing, *Ambrit [AmBrit], Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1542 (11th Cir.1986).

Defendants' almost exclusive reliance on the lack of actual confusion is misplaced because while evidence of actual confusion may be the best evidence of a likelihood of confusion, *E. Remy Martin & Co., S.A. v. Shaw-Ross International Imports, Inc.*, 756 F.2d 1525, 1529 (11th Cir. 1985), the inverse of that statement is not true. There is no case which holds that the absence of actual confusion is the best evidence that a likelihood of confusion does not exist. Defendants' error is fatal. *Montgomery v. Noga*, 168 F.3d 1282, 1302 (11th Cir. 1999) (internal citations omitted). ("The defendants do not contend that any of the other factors point to the conclusion that users of their [goods] were unlikely to be confused. We therefore cannot say, based merely on the absence of evidence of actual confusion, that the jury clearly erred in finding a likelihood of confusion.")

In addition, the Eleventh Circuit has warned that evidence concerning the absence of actual confusion can only be considered in light of the totality of the circumstances to determine how likely instances of actual confusion would be reported. *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 844 (11th Cir. 1983) citing 3 R. Callman, *The Law of Unfair Competition, Trademarks and Monopolies* § 80.6 (3rd ed. 1969) ("when equitable relief [from the defendant's use of a confusingly similar service mark] is sought with due promptitude, the use of defendant's mark will have been of such duration that, even if actual confusion has occurred, proof thereof is virtually unattainable.") Defendants have repeatedly argued that their

misappropriation of Plaintiff's trademark and copyright was limited to a brief period of time. Thus their argument that there is no likelihood of confusion based on a perceived lack of actual confusion is completely misguided.

3. The Defendants Ignore a Crucial Confusion Factor in This Circuit: The Marks are Identical – TOUCH-N-BUY

It is undisputed that the Parties' adopted marks, TOUCH-N-BUY, are identical. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 30, Ex. I, Ex. J, Ex. J(1), Ex. K.) There can be no dispute that both parties' marks are spelled and pronounced in an identical fashion. The marks, likewise, have an identical meaning. The marks even have identical punctuation. This factor strongly supports a likelihood of confusion and a finding of infringement. *Turner Greenberg Assocs. v. C & C Imps.*, 320 F. Supp. 2d 1317, 1332 (S.D. Fla. 2004) ("The likelihood of confusion is greater when an infringer uses the exact trademark").

4. Plaintiff's and Defendants' Products are Virtually Identical

Adding to the potential confusion, Plaintiff and Defendants are using the TOUCH-N-BUY mark in connection with nearly identical point of sale terminals. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 2, 7, 29, Ex. D, Deposition of iPrepay, Inc. at 18, 36, Ex. I, Ex. J, Ex. N, Ex. Q.) Further, the Parties' respective trademark applications for the TOUCH-N-BUY mark conclusively demonstrate that the products sold under the TOUCH-N-BUY mark are virtually identical, Plaintiff's trademark application reads: "Point-of-sale terminal for pre-paid gift cards and telephone calling cards"; Defendants' have described their own product as: "Point of Sale distribution Touch Screen Terminal." (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. L, Ex. N.) Defendants admit that the "Parties are direct competitors in the prepaid point of sale industry." (Defs. L.R. 7.5(C)(1) Statement filed 1/9/2006 ¶ 1.)

Not only are the Parties' point of sale terminals extremely similar to each other, but both Parties' point of sale terminals are used to complete similar transactions. It is undisputed that both Parties' goods are used for bill payment services or the purchase of prepaid calling cards and other products. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006, Ex. B., Ex. E, Ex. T.) Because the Parties are selling identical products, this factor strongly favors a finding of infringement. *Turner Greenberg Assocs.*, 320 F. Supp. 2d

at 1332 (“The greater the similarity between the products, the greater the likelihood of confusion”).

5. Plaintiff and Defendants Sell Their Products Through Identical Sales Methods

It is undisputed that the Parties use identical sales methods. REDACTED This factor further compels a finding of a likelihood of confusion and infringement.

6. Plaintiff and Defendants Use Identical Advertising Methods

Plaintiff and Defendants use identical advertising methods. Their advertisements appear in the same magazines. For example, in the September 2004 issue of Intele-Card News, one of the leading magazines in the prepaid industry, both Plaintiff and Defendants Radiant and Ntera have advertisements. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. P at 39, 44-45, 86-87, 95 and 113.) Additionally, the Parties both use similar posters and brochures to advertise their respective goods and services.

The Parties have marketed their products at the same trade shows, including the Prepaid Market Expo at the Jacob Javits Center in New York City on August 4-6, 2004 as well as at other leading trade shows in Las Vegas and Miami. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 8-9, 11-17, Ex. O.)

Because the Parties use identical advertising methods, this factor strongly favors a finding of infringement. *Turner Greenberg Assocs.*, 320 F. Supp. 2d at 1332 (“If a plaintiff and a defendant both use the same advertising media, a finding of likelihood of confusion is more probable”).

7. The Record Clearly Demonstrates that Defendants Misappropriated Plaintiff's Mark in Bad Faith

There is no dispute and Defendants concede that Plaintiff and Defendants are competitors in the pre-paid and point-of-sale industry, both selling multi-function point of sale devices. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 7; Def. L.R. 7.5(C)(1) Statement filed 1/9/2006 at 1.) In a desperate eleventh hour effort to compete with Plaintiff at the largest tradeshow of the year, Defendants deliberately copied substantial portions of Plaintiff's copyrighted marketing materials. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. I, Ex. J) To gain further advantage, Defendants then chose to misappropriate

Plaintiff's TOUCH-N-BUY trademark in order to deceive consumers into believing Defendants' products were associated with Plaintiff.

Defendants made further efforts to unfairly appropriate rights in Plaintiff's TOUCH-N-BUY trademark when it filed its own application for the TOUCH-N-BUY mark, even after fully knowing Plaintiff had been using the mark for approximately one year, and even after Plaintiff filed its own application for registration of the trademark.

Defendants continued to distribute their infringing brochure to potential customers and investors at the Javits Tradeshaw, despite Plaintiff placing them on notice of the infringing material. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 11-13, Ex. D, Deposition of iPrepay, Inc. at 117-9.) Defendants ignored Plaintiff's demands that they cease distributing the brochure that contained Plaintiff's TOUCH-N-BUY trademark and copyright protected marketing materials. *Id.* Defendants' bad faith is further compounded by the fact that Defendants' brochure also advertised calling card products that were only available for purchase by Plaintiff.

A reasonable juror could not possibly conclude that the foregoing acts were done in anything other than bad faith. "If a defendant's intent to derive benefit from a plaintiff's distinctive mark is clear and unrebutted by evidence to the contrary, intent alone, without consideration of the other facts, may support a finding of trademark infringement." *Sigma Chi Fraternity v. Sethscot Collection*, 2000 U.S. Dist. LEXIS 6332, at *24 (S.D. Fla. April 7, 2000).

B. Defendants Failed to Brief Plaintiff's Claims for False Advertising, False Designation of Origin and Unfair Competition

Although Defendants state that they are moving for summary judgment on Plaintiff's claims for false designation of origin, unfair competition and false advertising, Defendants have completely failed to even brief those counts. More importantly, Defendants failed to identify any evidence in support of their motion for judgment on such claims. Indeed, Defendants failed to even recite the four elements of false advertising. More importantly, Defendants did not even cite to undisputed facts related to these issues in their Local Rule 7.5(C) Statement. For these reasons alone, Defendants' motion for summary judgment for false advertising must fail. Defendants are barred from raising arguments regarding false advertising, unfair competition or false

designation or origin, or any facts in support thereof, for the first time in their Reply Brief.⁵ *Carbino v. West*, 168 F.3d 32, 34 (Fed. Cir. 1999) (issues initially raised in a reply brief should not be entertained); *U.S. v. Wright*, 215 F.3d 1020 (9th Cir. 2000); *U.S. v. Boyce*, 148 F.Supp.2d 1069, 1085 (S.D. Cal. 2001) *Fitzhugh v. Topetzes*, 2006 U.S. Dist. LEXIS 1023 (N.D. Ga. 2006)

C. Defendants' Motion for Summary Judgment on Plaintiff's Claim for Copyright Infringement Must Fail

To prevail on a claim for copyright infringement, a claimant must prove its ownership of the asserted copyrights and Defendant's "copying" of the original or a "copy" of the copyrighted work. *Playboy Enters. v. Starware Publishing Corp.*, 900 F. Supp. 433, 436 (S.D. Fla. 1995); *Southern Bell Tel. & Tel. v. Assoc. Telephone Directory Publishers*, 756 F.2d 801, 810 (11th Cir. 1988). The copyright owner need not prove any knowledge or intent on the part of the Defendant to establish liability for copyright infringement. See, e.g., *Playboy Enterprises, Inc. v. Frena*, 839 F. Supp. 1552, 1559 (M.D. Fla. 1993) ("Intent or knowledge is not an element of infringement.")

Copyright registrations are prima facie evidence of the validity of the copyrights and the facts stated in the certificates, including ownership. 17 U.S.C. § 410(c); *Dive N' Surf, Inc. v. Anselowitz*, 834 F. Supp. 379, 382 (M.D. Fla. 1993); *Quartet Music v. Kissimmee Broadcasting, Inc.*, 795 F. Supp. 1100, 1102 (M.D. Fla. 1992). This presumption shifts the burden to the Defendants to disprove the validity of any of the certificates of registration, or of any of the facts recited therein. See 17 U.S.C. § 410(c); *Playboy Enterprises*, 839 F. Supp. at 1536; 3 M. Nimmer & D. Nimmer, *Nimmer on Copyrights* § 13.01[A], at 13-7 (1994).

It is undisputed that Plaintiff owns a valid copyright for its work, U.S. Copyright Registration No. TX-5-987-458. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 31, Ex. U.) Having shown that Plaintiff is the owner of the valid copyrighted work at issue, the inquiry turns to the issue of whether the works were copied by Defendants. *Playboy Enters. v. Starware Publishing Corp.*, 900 F. Supp. 433, 437 (S.D. Fla. 1995).

To infringe, the accused work must be a "copy" of the copyrighted work. An accused work is not a "copy" if it was independently created, without reference, directly or indirectly, to

⁵ For the reasons set forth in Plaintiff's motion for summary judgment, it is clear that Plaintiff is entitled to summary judgment on these issues. To the extent the Court finds that Defendants have properly moved for summary judgment on these claims, Plaintiff incorporates the arguments and facts set forth in its own motion for summary judgment, in opposition to such arguments.

the copyrighted work. *Id.* Even though “proof that the accused work was created by copying is rarely available to a copyright owner,” see *Playboy Enters. v. Starware Publishing Corp.*, 900 F. Supp. at 437, the Defendants in this case have actually admitted that “some of the words were almost identical” and that iPrepay employees “must have copied some text.” Thus, the one form of evidence which typically eludes copyright owners—proof of actual copying—is present in this case.

In addition to the direct evidence of Defendants’ glaring admission, Plaintiff has also demonstrated copying circumstantially by proving: (1) Defendants’ access to the copyrighted work; and (2) substantial similarity between the copyrighted work and the accused work. *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982).

It is undisputed that Defendants had access to Plaintiff’s copyright works—they admitted copying it and there is no dispute that the text within the accused brochure was “copied” from Plaintiff’s copyrighted work. Defendants have not even taken the position that they did not have access to Plaintiff’s copyrighted works.

If there were any doubt that Defendants’ accused brochure are copies of Plaintiff’s copyrights, those doubts would have to be resolved by shifting the burden to Defendants to prove that the accused brochures were independently created. *Playboy Enters. v. Starware Publishing Corp.*, 900 F. Supp. at 437, citing *Kamar International, Inc. v. Russ Berrie and Co.*, 657 F.2d 1059, 1062 (9th Cir. 1981). In their defense, Defendants did not submit a single declaration or affidavit addressing the facts and allegations of deliberate copying- because they cannot. By failing to deny willful copying, the Court may infer that Defendants willfully copied Plaintiff’s copyrighted brochure. *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144, 147 (2d Cir. 1956) (“The careful omission from these affidavits of any denial that copying took place strongly suggests that there was copying and provides additional support for the inference which naturally follows from the substantial similarities in the two catalogs”); accord *Habersham Plantation Corp. v. Country Concepts*, 1980 U.S. Dist. LEXIS 16759 (N.D. Ga. 1980).

Likewise there is no genuine dispute that the accused work and Plaintiff’s copyright works are substantially similar. Contrary to Defendants’ arguments, “the question in each case is whether the similarity relates to matter that constitutes a substantial portion of plaintiff’s work -- not whether such material constitutes a substantial portion of defendant’s work.” 4-13 Nimmer on Copyright § 13.03. “Infringement may be found where the similarity relates to matter which

constitutes a substantial portion of (the copyright holder's) work -- i.e., matter which is of value to (the copyright holder)." *United States v. O'Reilly*, 794 F.2d 613, 615 (11th Cir. 1986) quoting *Atari, Inc. v. North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 619 (7th Cir. 1982).

Defendants misappropriated the most important features of Plaintiff's work. Plaintiff's work is two pages in length. (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶¶ 31-32.) It contains original expressions related to Plaintiff's goods and services. On the first page of the work, the largest phrase on the entire brochure is "Touch-n-Buy." (Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. A, Declaration of Luis Arias dated 1/9/2006 ¶ 31-32) There is only one complete paragraph on the page, which states "The newest tool to sell prepaid products and process ATM/Debit and credit card transactions. Easy to use for the merchant and consumer." *Id.* Defendants copied these two crucial features of Plaintiff's work. The second page of Plaintiff's work contains images of Plaintiff's device. Above the images is a page header, which reads "Delivering prepaid and processing with speed and convenience for people on the go." Defendants also misappropriated this expression, verbatim.

Beneath the image of Plaintiff's product on the second page of the brochure is a list of bullet-point expressions which describe various benefits of Plaintiff's goods. These bullet points are featured in large bold font. These expressions are the focal point of the second page. Again, Defendants' accused brochure contains each the following crucial statements from Plaintiff's work:

- "Delivering prepaid with speed and convenience for people on the go"
- "Customers can search on-screen for the best cad(sic) with the best rate to the country they are calling"
- "Never lose a sale"
- "Small space saving design"
- "Generate impulse purchase of prepaid products"
- "Convert valuable counter space into a profit center"

(Pl. L.R. 7.5(C)(1) Statement filed 1/9/2006, Ex. J, Ex. K, Ex. D, Deposition of iPrepay, Inc. at 66.) There is no dispute that Defendants' copied these statements directly from Plaintiff's protected work. These elements constitute a substantial portion of Plaintiff's work.

Defendants attempt to downplay the severity of their actions in three ways. First, Defendants suggest that the misappropriation was limited to copying only nine statements from Plaintiff's brochure. Indeed, Defendants state, "the only similarities between the accused work and the copyrighted work lie in the nine phrases or slogans..." (Defs. brief at 14.) Thus, Defendants admit copying Plaintiff's brochure, but seem to argue that such copying was *simply not that bad*. Courts in this circuit have found copyright infringement where eight sentences from a book were copied. *Martin Luther King, Jr. Ctr. for Social Change v. American Heritage Prods.*, 508 F. Supp. 854, 861, FN3 (N.D. Ga. 1981) (rev'd on other grounds); 4-13 Nimmer on Copyright § 13.03. Here the infringement is more egregious because the copied text comprises at least 50% of Plaintiff's protected work. Indeed, the leading commentator has noted that Defendants' position lacks any merit whatsoever: "a defendant may not claim immunity on the grounds that the infringement 'is such a little one.'" 4-13 Nimmer on Copyright § 13.03. In addition, Defendants claim that the copied materials were only found on one page of a fourteen-page brochure. Defendants' argument is misplaced. The Eleventh Circuit firmly holds that "no plagiarist can excuse the wrong by showing how much of his work he did not pirate." *United States v. O'Reilly*, 794 F.2d 613, 615 (11th Cir. 1986) quoting *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir.), cert. denied, 298 U.S. 669, 56 S. Ct. 835, 80 L. Ed. 1392 (1936); accord 4-13 Nimmer on Copyright § 13.03. The relevant inquiry concerns how much of Plaintiff's work was pirated and not how much of Defendants' work is not pirated. *Id.* Defendants' infringing conduct cannot be defended by merely pointing to expression that was not copied from Plaintiff. *Id.*

Defendants also defend their infringing activities by stating that they only copied nine phrases which they argue are each, individually, not entitled to copyright protection. Def. Br. at 13-14. First, Defendants cannot defeat the presumption of validity of Plaintiff's copyright by selecting mere segments of Plaintiff's work and arguing that those features are not entitled to protection. More importantly, Defendants theory has been expressly rejected by courts in this Circuit. The court in *Glades* specifically rejected Defendants' position and denied the accused infringer's motion for summary judgment. *Glades Pharms., LLC v. Murphy*, 2005 U.S. Dist. LEXIS 36198, 11-12 (D. Ga. 2005) ("The Court is unpersuaded, however, by the Defendants' attempts to parse the presentation into a series of supposedly uncopyrightable facts and ideas... Even if it is assumed that the presentation is nothing more than a compilation of uncopyrightable

material, the Plaintiff still has a copyright in its selection and arrangement. Although the Defendants can copy the underlying facts used in the Plaintiff's presentation, they cannot copy the exact words used to present them.")

Finally, Defendants point to certain superficial differences between the copyrighted work and the accused brochure, such as "illustrations and color intensity." These minor stylistic differences actually evidence attempts to conceal Defendants' misappropriation. Such a defense has been defined as "deliberate non-copying." 4-13 Nimmer on Copyright § 13.03 citing *Concord Fabrics, Inc. v. Marcus Bros. Textile Corp.*, 409 F.2d 1315, 1316 (2d Cir. 1969) ("a comparison of the samples strongly suggests that defendant copied plaintiff's basic design, making only minor changes in an effort to avoid the appearance of infringement.") Thus, where the language used in two works is the same, but for the inversion of certain words, or the substitution of one word for another, it has been held that "this crude effort to give the appearance of dissimilarity is itself evidence of copying." *Id.*

D. Defendants' Motion for Summary Judgment Regarding the Alleged Lack of Damages Caused by Defendants' Copyright Infringement Must be Denied.

Defendants' allegation that Plaintiff is not entitled to damages ignores the fact that proof of damages is not required to establish liability for copyright infringement. *Playboy Enters. v. Starware Publishing Corp.*, 900 F. Supp. 433, 436 (S.D. Fla. 1995) (To prevail on a claim for copyright infringement, a claimant must prove its ownership of the asserted copyrights and Defendant's "copying" of the original or a "copy" of the copyrighted work.) Plaintiff has established its claim for copyright infringement. Plaintiff is therefore entitled to a finding of liability, a permanent injunction and attorneys fees and costs. Thus, even if there were no right to damages, Plaintiff would still be entitled to a finding of liability, equitable relief, and a substantial award of costs and fees.

If the Court chooses to consider whether damages actually exist in this case, Plaintiff directs the Court to the expert report of Dr. Jesse David, attached to Plaintiff's 7.5(C)(2) statement as Exhibit A.

In support of its measure of damages, Plaintiff has retained Dr. David as an expert witness on damages. In their motion for summary judgment on damages, an issue which Defendants allege there is no genuine issue of material fact, Defendants failed to discuss the expert report of Dr. David. Even more egregious is that Defendants' own rebuttal expert, Mr.

Nicholas D'Ambrosio, opined that Plaintiff suffered actual damages. A true and correct copy of Mr. D'Ambrosio's report is attached to Plaintiff's L.R. 7.5(C)(2) Statement of Disputed Facts as Exhibit B. Thus, even if the Parties disagree as to the amount of Plaintiff's damages, both Parties' experts on the issue that Plaintiff has suffered actual damages and that such damages are at least REDACTED (Compare Pl. LR. 7.5(C)(2) Statement Exs. A and B.) It is simply incredible, therefore, that Defendants represent to the Court that there is no genuine issue of material fact related to the existence of damages, when Defendants' own expert believes that such damages exist.

With regard to statutory damages, Defendants likewise fail to carry their burden. Plaintiff admits that it did not register its copyright until August 16, 2004, which was after the date of the alleged infringement at the Javits Tradeshow. However, Defendants failed to produce any evidence that Defendants did not distribute the infringing brochure after Plaintiff's date of registration, because they cannot. Instead, Defendants state, "Plaintiff has failed to produce any evidence of alleged infringement occurring after the [date of registration]. Def. Br. at 16. While it is ultimately Plaintiff's burden to prove infringement and damages at trial, it is Defendants' burden to prove the absence of this element for the purposes of summary judgment. Defendants cannot rely on mere attorney argument that such infringement did not occur after the registration date.

In addition to the substantive flaws of the present motion, none of the twelve paragraphs of Defendants' Local Rule 7.5(c) statement contain event remotely refer to the issue of damages. As a result, Defendants cannot possibly succeed on this portion of their motion for summary judgment because it is procedurally deficient. Defendants' motion for summary judgment must be denied in its entirety.

IV. CONCLUSION

For the foregoing reasons, Defendants' motion for summary judgment should be DENIED. The record before the Court reveals that Plaintiff is entitled to summary judgment on its claims, and respectfully requests that Judgment be entered in its favor.

Respectfully submitted,

Dated February 6, 2006

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-22141-CIV-LENARD/KLEIN

TOUCH-N-BUY, INC.,

Plaintiff,

v.

RADIANT TELECOM, INC.,
IPREPAY, INC.,
NTERA HOLDINGS, INC.,
WORLDQUEST NETWORKS, INC.,
ENGIN YESIL, ISSA ASAD,
and JOHNNY RODRIGUEZ,

Defendants.

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CLERK, USDC / SDFL / MIA

**DEFENDANTS' REPLY BRIEF IN SUPPORT OF THEIR
MOTION FOR SUMMARY JUDGMENT**

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Defendants Radiant Telecom, Inc., iPrepay, Inc., Ntera Holdings, Inc., Engin Yesil, Issa Asad and Johnny Rodriguez submit this reply in support of their motion for summary judgment:

Facts

This Court should note that many of the arguments asserted in Plaintiff's opposition are not supported by the evidence. First, the allegedly infringing marketing materials clearly do not belong to all Defendants. There is not a scintilla of evidence that anyone other than iPrepay created the allegedly infringing materials. See Defendants' Opposition to Plaintiff's Rule 7.5 Statement, ¶¶ 18-23. The marketing materials themselves only promote the iPrepay touch screen system. See First Amended Complaint, Exhibit B. The first page of the materials also show the iPrepay touch screen system is marked with the iPrepay trademark and not with the "Touch-N-Buy" mark. *Id.* Moreover, iPrepay is the only point of contact listed in the materials. *Id.* It is undisputed that the marketing materials were created by a single iPrepay employee who no longer works for the company and was not named as a Defendant in this action. See Defendants' Opposition to Plaintiff's Rule 7.5 Statement, ¶¶ 24-25. There is no evidence to the contrary.

Further, all of the alleged wrongdoing that occurred was limited to the first two weeks of August 2004. See Defendants' Rule 7.5 Statement in Support of their Motion for Summary Judgment, ¶¶ 2-6 and Defendants' Rule 7.5 Statement in Opposition to Plaintiff's Motion for Summary Judgment, ¶¶ 40-43, 47, 56 and 67. Again, there is absolutely no evidence to the contrary. Moreover, the alleged infringement was limited to a single page of a marketing brochure distributed by Defendant iPrepay. See First Amended Complaint, Exhibit B. Stated again, other than the first two weeks of August 2004, there is no allegation or evidence that any of the Defendants used Plaintiff's trademark or copyrighted materials.

Plaintiff also incorrectly alleges that iPrepay's use of the words "Touch-N-Buy" is identical to the mark adopted by Plaintiff, including identical spelling and punctuation. See Plaintiff's Opposition at 11. This allegation is easily refuted. The Court need only compare Exhibits A and B to the First Amended Complaint to see that the marks are not identical. On the fourth page of the iPrepay materials is the only alleged use of the words "Touch-N-Buy." See First Amended Complaint, Exhibit B. This use does not include any graphics or a pointing finger. *Id.* It is abundantly clear, however, that Plaintiff's alleged use of the mark includes a finger pointing at a button with reverberations. See First Amended Complaint, Exhibit A. Additionally, this alleged use by Plaintiff does not capitalize the "N." *Id.* And, the use of the

mark includes a "TM" signifying it to be Plaintiff's alleged trademark. In fact, this graphical hand, finger and button form of the mark was the one originally sought by Plaintiff in its trademark application filed with the United States Patent and Trademark Office. It was not until September 22, 2004, well after the alleged infringement, that Plaintiff amended its trademark application to include the "Touch-N-Buy" text without the hand, finger, button and reverberations. *See* Defendants' Opposition to Plaintiff's Rule 7.5 Statement, Exhibit 16. Moreover, on the last page of Exhibit B to the First Amended Complaint, the mark is depicted as "Touch & Buy" rather than "Touch-N-Buy." *Id.* Remarkably, this use also includes the "TM" designation. *Id.* And, as clearly set forth in Defendants' opposition to Plaintiff's Motion for Summary Judgment, the prior use alluded to by Plaintiff actually pertains to a totally separate entity's use of a different mark, "Touch & Go." *See* Defendants' Opposition to Plaintiff's Rule 7.5 Statement, ¶ 34. Plaintiff has thus far failed to produce any document other than a self-serving declaration showing that it actually used the Touch-N-Buy mark asserted in this case at any point prior to the alleged infringement.¹

This Court should also note as a matter of fact that there are significant differences between page 4 of the iPrepay marketing materials and the materials allegedly copied. *Compare* Exhibits A & B of the First Amended Complaint. Significantly, the font, style, design and layout of the allegedly copied text is different. *Id.* Moreover, to the extent that Plaintiff claims that iPrepay copied "50%" of the marketing materials, the Court should note that the copyright registration was filed on August 16, 2004, which is after the alleged infringement occurred. *See* Plaintiff's Rule 7.5 Statement, Exhibit A2. This is significant because the entity that filed the copyright application was able to "cherry-pick" two select pages so that Plaintiff could make exaggerated claims regarding the percentage of its materials that were allegedly copied. *Compare* Plaintiff's Rule 7.5 Statement, Exhibit A2 *with* Defendants' Opposition to Plaintiff's Rule 7.5 Statement, Exhibit 15. However, this maneuvering and gamesmanship actually caused Luis Arias to seek copyright protection for materials that were not the original.

This case involves the use of six different marks by Plaintiff and its related entities: (i) Touch & Go; (ii) Touch & Go (with finger); (iii) Touch & Buy (with finger); (iv) Touch &

¹ Magistrate Klein recently ordered Plaintiff to produce the earliest electronic document reflecting any rendition of the Touch-N-Buy mark. Plaintiff thus far has been unable to corroborate any of its allegations that it used the "Touch-N-Buy" mark in commerce prior to the alleged infringement.

Buy (no finger); and (v) Touch-n-buy (with finger); and (vi) Touch-N-Buy (no finger). It's no wonder that Mr. Arias was confused when he filed the copyright application. Blackstone Corporation originally created the marketing materials using the Touch & Go logo well before Luis Arias decided to begin using the "Touch-N-Buy" mark. See Defendants' Opposition to Plaintiff's Rule 7.5 Statement, ¶ 34. The Blackstone web site, www.blackstoneonline.com, reveals that a "Touch & Go" link (no finger) first appeared on the front page on December 16, 2003. See Exhibit A1 hereto. This newly added "Touch & Go" link directs the browser to a prior version of the Blackstone marketing materials at issue in this case. See Exhibit A2 hereto. However, this first version of the materials uses the "Touch & Go" mark (with finger) rather than the "Touch-N-Buy" mark. *Id.* The same web page also links to a multimedia flash presentation, which uses two Touch & Go marks (finger and no finger) to promote the touch screen system. *Id.* There is no evidence that any materials were ever posted or created using the "Touch-N-Buy" mark. See Exhibit A hereto, ¶ 5. Thus, the Blackstone "Touch-N-Buy" marketing materials registered with the Copyright Office were not original. Rather, the "Touch-N-Buy" materials registered with the Copyright Office were derived from the "Touch & Go" materials.

Luis Arias testified in his deposition that Blackstone used the Touch & Go mark for two or three weeks before beginning to use the "Touch-N-Buy" mark. See Exhibit B hereto, Deposition of Luis Arias at 157:3-13. Plaintiff Touch-N-Buy, Inc. was not even formed until December 30, 2003. See Defendants' Opposition to Plaintiff's Rule 7.5 Statement, Exhibit 11. On February 5, 2004, five weeks after Plaintiff Touch-N-Buy, Inc. was formed, the Blackstone web site first used the "Touch & Buy" mark (with finger). See Exhibit A3 hereto. On March 22, 2004, Blackstone created the website www.touch-n-buy.com. See Exhibit A4 hereto. The front page alone of this new site used three versions of the mark: Touch & Buy with moving finger, Touch & Buy online now and Touch-N-Buy. *Id.* On April 1, 2004, Blackstone changed the Touch & Go page on www.blackstoneonline.com in one place to reference "Touch-N-Buy." See Exhibit A5 hereto. However, while Blackstone changed the heading "Touch-N-Buy," the marketing materials still used the "Touch & Go" mark. *Id.* On April 4, 2004, Blackstone removed the "Touch & Go" materials from this page, but the link to multimedia flash presentation and the actual image of the touch screen device still depicted the "Touch & Go" mark. See Exhibit A6 hereto. Blackstone has now removed the flash multimedia presentation

entirely from its web site. *See* Exhibit A hereto, ¶ 9. The Touch-N-Buy link on the Blackstone web site now directs users to www.touch-n-buy.com. *Id.*, ¶ 10.

Notably, Plaintiff not produced these web pages in response to Defendants' many document requests. *Id.*, ¶ 11. If Plaintiff had produced these pages, including the multimedia flash presentation, Defendants could have set forth in their opening motion that the work attached to the copyright registration at issue in this case was not the original, and was, at best, a derivative work.

Argument

Plaintiff argues in its opposition that Defendants concede that they committed trademark infringement and copyright infringement "but the infringement was not that bad." *See* Plaintiff's Opposition at 1. Nothing could be further from the truth. Trademark infringement cannot occur unless there is proof of a valid trademark. Likewise, copyright infringement cannot occur unless there is a work protected by copyright law. In this case, there is neither.

Here, the Court should enter summary judgment on all claims related to the use of the "Touch-N-Buy" mark because the mark is descriptive and there is no way that the mark could have acquired secondary meaning.² The United States Patent and Trademark Office has twice rejected Plaintiff's trademark application for the "Touch-N-Buy" mark and twice determined that "Touch-N-Buy" merely describes the operation of Plaintiff's touch screen point of sale system.³ As the USPTO has held, Plaintiff has no right to monopolize words that describe the functionality of a touch screen point of sale system. Since Plaintiff has no protectible rights in the Touch-N-Buy mark, Defendants cannot be found to have infringed the mark. Similarly, this Court should also find that all claims related to the alleged copying fail as a matter of law because the phrases allegedly copied are not protectible by copyright law.⁴

² Plaintiff asserts a claim for trademark infringement based on the use of the words "Touch-N-Buy" in Defendant iPrepay's marketing materials. Plaintiff also alleges that the same use gives rise to claims for unfair competition and false advertising. *See* First Amended Complaint, ¶¶ 16-39 and 57-65.

³ The USPTO flatly rejected Plaintiff's application and held that the mark is too descriptive to be valid. Plaintiff appealed arguing that the mark is suggestive and the USPTO denied the appeal citing numerous authorities regarding the descriptiveness of the trademark. *See* Defendants' Rule 7.5 Statement in Opposition to Plaintiff's Motion for Summary Judgment, Exhibits 9-10.

⁴ In addition to its claim for copyright infringement, Plaintiff asserts that the alleged copying of certain phrases from the Blackstone marketing materials gives rise to claims for unfair competition and false advertising. *See* First Amended Complaint, ¶¶ 40-65.

1. Touch-N-Buy Is Not A Valid Trademark

When a trade mark is not registered with the United States Patent and Trademark Office, the burden is on the Plaintiff to establish trademark protection. *Neopost Industrie B.V. v. PFE Int'l, Inc.*, 403 F. Supp. 2d 669, 685 (N.D. Ill. 2005) (citing *Platinum Home Mtg. Corp. v. Platinum Financial Group, Inc.* 149 F.3d 722, 727 (7th Cir. 1998)).

Here, Plaintiff's mark is descriptive because it describes the purpose, function or use of the product, a desirable characteristic of the product, and the nature of the product. See *Frehling Enterprises, Inc. v. Int'l Select Group*, 192 F.2d 1330, 1335 (11th Cir. 1999); *J&J Snack Foods Corp. v. Nestle USA, Inc.*, 149 F. Supp. 2d 136, 147 (D.N.J. 2001); *In re Gyulay*, 820 F.2d 1216, 1217 (Fed. Cir. 1987); *In re Bed & Breakfast Registry*, 791 F.2d 157 (Fed. Cir. 1986). "Whenever a word or phrase naturally directs attention to the qualities, characteristics, effect, or purpose of the product or service, it is descriptive and cannot be claimed as an exclusive trade name." *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 116 (5th Cir. 1979).

Courts have frequently held that marks similar to Plaintiff's are not suggestive. See *Neopost Industrie, B.V. v. PFE Int'l, Inc.*, 403 F. Supp. 2d 669, 685-86 (N.D. Ill. 2005) ("Load 'N Go" mark was merely descriptive when used in connection with automated mail assembly machines); *J&J Snack Foods Corp. v. Nestle USA, Inc.*, 149 F. Supp. 2d 136, 141-47 (D.N.J. 2001) ("Break & Bake" mark was descriptive of selling frozen cookie dough); *In re Serv-A-Portion, Inc.*, 1 U.S.P.Q. 2d 1915, 1917 (Trademark Tr. & App. Bd. 1986) ("Squeeze-N-Serv" mark was merely descriptive when used in connection with selling ketchup packages); *Park-N-Fly, Inc. v. Dollar Park and Fly, Inc.*, 718 F.2d 327, 331 (9th Cir. 1983) ("Park-N-Fly" mark was merely descriptive when used in connection with selling airport parking); *Nupla Corp. v. IXL Mfg. Co., Inc.*, 114 F.3d 191, 196 (3d Cir. 1997) ("Cush-N-Grip" mark was generic when used with a soft grip for tool handles).

Here, the Court should find that "Touch-N-Buy" is merely descriptive of the function and operation of a touch screen point of sale terminal.⁵ There is no dispute that the words "touch"

⁵ Marks such as "Touch-N-Buy" are virtually always found to be descriptive. See, e.g., *In re Keebler Co.*, 479 F.2d 1405 (CCPA 1973) ("Rich-N-Chips" descriptive for chocolate chip cookies); *beef & brew, inc. v. Beef & Brew, Inc.*, 389 F. Supp. 179 (D. Ore. 1970) ("Beef & Brew" descriptive for restaurant services); *Norsan Products, Inc. v. R.F. Schuele Corp.*, 286 F. Supp. 12 (E.D. Wisc. 1968) ("Kuff 'N Kollar" descriptive for cuff and collar laundry service); *In re Hask Toiletries, Inc.*, 223 U.S.P.Q. 1254 (Trademark Tr. & App. Bd. 1984) ("Henna 'N Placenta" descriptive for hair conditioner); *In re Custom Trim Products, Inc.*, 182 U.S.P.Q. 236 (Trademark Tr. & App. Bd. 1974) ("Door 'N Panel" descriptive for self-adhering moldings for automobiles).

and “buy” describe the use of Plaintiff’s touch screen system as well as the iPrepay touch screen system. Defendants’ Opposition to Plaintiff’s Rule 7.5 Statement, ¶ 34 and Ex. 9.

Plaintiff should not be surprised by the law. When Plaintiff applied to the United States Patent and Trademark Office to register the Touch-N-Buy mark, the mark was rejected by the USPTO as “merely descriptive.” *Id.*, ¶ 34 and Ex. 9. Plaintiff appealed the rejection and argued that the mark was suggestive. *Id.*, ¶ 34 and Ex. 10. In that appeal, Plaintiff argued to the Patent and Trademark Office that the mark was suggestive, which is the same argument set forth in Plaintiff’s opposition to this motion for summary judgment. However, on September 23, 2005, the Patent and Trademark Office again found that the Touch-N-Buy mark was descriptive and issued a final rejection of the Touch-N-Buy trademark application. *Id.*, ¶ 36 and Ex. 10. In particular, the United States Patent and Trademark Office found that:

The refusal of registration under Section 2(e)(1) of the Trademark Act is made FINAL. Applicant seeks to register TOUCH-N-BUY for point of sale terminals for pre-paid gift cards and telephone calling cards. The mark merely describes how the user accesses the terminal (by touching it) and the activity performed thereby (buying, in this instance, pre-paid cards). As shown by the attached on-line dictionary definition and copies of third party registrations, the wording “touch screen” has become a generic part of everyday vocabulary.

Id. This Court should follow the expert determination of the PTO on this same issue and find that the Plaintiff’s alleged mark is descriptive and therefore not protectable. It is undisputed that customers “touch” Plaintiff’s touch screen system to “buy” products. These terms clearly describe the function and use of Plaintiff’s product. No imagination is required to understand that the “Touch-N-Buy” phrase describes the function of the relevant product. Accordingly, the mark is descriptive.

Additionally, as set forth in section 2 of Defendants’ opposition to Plaintiff’s Motion for Summary Judgment, Plaintiff has failed to establish secondary meaning, and given the paucity of time, *inter alia*, between the adoption of the mark and the alleged infringement, not to mention to absence of credible evidence of consumer recognition, Plaintiff cannot establish secondary meaning as a matter of law in this case. Thus, the Touch-N-Buy mark is not valid or enforceable. Moreover, as detailed in section 3 of Defendants’ opposition to Plaintiff’s Motion for Summary Judgment, Plaintiff cannot prove likelihood of confusion. Indeed, Plaintiff admits that no one is likely to confuse Plaintiff’s product with iPrepay’s product. See Defendants’ Opposition to Plaintiff’s Rule 7.5 Statement, ¶ 51. Accordingly, this Court should enter

summary judgment in Defendants' favor on all claims related to use of the Touch-N-Buy mark.

2. iPrepay's Marketing Materials Do Not Copy Any Protected Work

Like the plaintiff in *Narell v. Freeman*, 872 F.2d 907 (9th Cir. 1989), the plaintiff here argues that "this is the rare case where direct evidence of copying exists." *Id.* at 911. The Plaintiff's claim here, however, suffers from the same defect as the plaintiff in *Narell*, i.e., what it alleges was copied is not protected by copyright law. "The underlying question is whether *protected* elements of [plaintiff's work] were copied." *Id.* (Emphasis in original). Accordingly, like the plaintiff in *Narell*, who had nothing entitled to copyright protection, and whose claim was therefore dismissed on summary judgment and affirmed on appeal, Plaintiff's claim here likewise fails. *See also Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1542 (11th Cir. 1996) ("while there may be evidence of copying, not all copying is legally actionable").

In evaluating Plaintiff's claim, "a comparison of the copyright holder's work with that of the alleged infringer must distinguish similarities attributable to ideas, which are unprotected *per se*, or to expression not owned by the copyright holder, from those similarities resulting from the copying of the compiler's original elements." *BellSouth Advertising & Publishing Corp. v. Donnelly Information Publishing, Inc.*, 999 F.3d 1436, 1445 (11th Cir. 1993). Accordingly, the most important question is whether Plaintiff has created any original elements entitled to copyright protection. In its opposition brief, Plaintiff specifies that Defendants (notably, which Defendant is not specified) allegedly copied four (4) elements of Plaintiff's asserted work. (Opp. at 16). First, Plaintiff alleges that the phrase "Touch-n-Buy" was copied. Second, Plaintiff alleges that the following statement was copied: "The newest tool to sell prepaid products and process ATM/Debit and credit card transactions. Easy to use for the merchant and consumer." Third, Plaintiff alleges that the statement, "Delivering prepaid and processing with speed and convenience for people on the go" was copied. Finally, Plaintiff alleges that a "bullet-point list" which "describe various benefits of Plaintiff's goods" was copied. (Opp. at 16).

As the Court will readily see, none of these asserted "phrases" or "statements" is protected by copyright law. "It is axiomatic that copyright law denies protection to 'fragmentary words and phrases' and to 'forms of expression dictated solely at functional considerations' on the grounds that these materials do not exhibit the minimal level of creativity necessary to warrant copyright protection." *CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc.*, 97 F.3d 1504, 1519 (1st Cir. 1996) (citations omitted). Taking first the asserted "Touch-n-Buy" phrase,

the Court will readily note that the very same phrase is the Plaintiff's asserted trademark and the trade name of the Plaintiff corporation. It is black letter copyright law that trademarks and trade names are not copyrightable subject matter. 37 C.F.R. § 202.10(b). Additionally, titles, names, short phrases and slogans are not copyrightable. 37 C.F.R. § 202.1(a). *See also Kitchens of Sara Lee, Inc. v. Nifty Foods Corp.*, 541, 544 (2d Cir. 1951) ("Brand names, trade names, slogans, and other short phrases or expressions cannot be copyrighted, even if they are distinctively arranged or printed."); *Magic Marketing, Inc. v. Mailing Services of Pittsburgh, Inc.*, 634 F. Supp. 769, 771 (W.D. Pa. 1986) (noting that even "colorful descriptions, such as advertising slogans, are not accorded copyright protection"). Accordingly, Plaintiff has no interest protected by copyright law in the name or phrase "Touch-n-Buy."⁶

The other "statements" that Plaintiff asserts for its copyright claim fare no better in attempting to merit copyright protection. As discussed above, expressions regarding the functionality of a plaintiff's product are simply not copyrightable. *CMM Cable Rep*, 97 F.3d at 1519. In *CMM Cable Rep*, for example, the plaintiff alleged copyright interests in phrases such as "if you're still 'on the clock' at quitting time," "clock in and make \$50 an hour," and "call in, clock in, and win." *Id.* at 1520. In affirming the district court's grant of summary judgment in favor of the defendant, who admitted borrowing the phrases, the First Circuit held that such phrases did not constitute protectible expression because they clearly expressed "the aims or nature of an enterprise...[and/or] a catch phrase used in advertising or promotion." *Id.* Plaintiff's asserted "statements" in this case are even less worthy of copyright protection.

Likewise, in the leading case of *Alberto-Culver Co. v. Andrea Dumon, Inc.*, 466 F.2d 705 (7th Cir. 1972), although the defendant had paraphrased the language used to describe the product, the Seventh Circuit held that a series of merely descriptive short phrases do not possess an "ingenuity and creativity" sufficiently distinct from that "reflected in the product itself." *Id.* at 710-11 (holding that a description of a feminine hygiene spray as "the deodorant of the most personal kind" was not copyrightable). *See also S.A.M. Electronics, Inc. v. Osaraprasop*, 39 F. Supp. 2d 1074, 1082-83 (N.D. Ill. 1999) ("the bulleted list of potential uses [of plaintiff's

⁶ Even if there were a protected interest, there is no substantial similarity because the "Touch-n-Buy" used in Plaintiff's work is drastically different than that appearing in the accused brochure. In the accused brochure, there is no picture of a human hand, no button, and no semi-circle lines as are contained in Plaintiff's work. *See CMM Cable Rep*, 97 F.3d at 1523 (comparing differences in clock images appearing in brochures and finding no issue warranting trial).

product] on the [plaintiff's asserted work] is not protectable expression and cannot provide the basis for a claim of copyright infringement"); *Sassafras Enterprises, Inc. v. Roshco, Inc.*, 889 F. Supp. 343, 346-47 (N.D. Ill. 1995) ("To the extent that Sassafras' book and pamphlet concern the use and care of [Sassafras' product], they lack originality in both respects and are therefore noncopyrightable.

By comparison to the above cases, Plaintiff's asserted statements are also clearly functional in nature and do nothing but promote and describe how to use Plaintiff's product (e.g., "Easy to use for the merchant or consumer," "Customers can search on screen"), or constitute mere slogans (e.g., "Delivering prepaid with speed and convenience for people on the go," "Never lose a sale," "Small space saving design."). Accordingly, Plaintiff has asserted absolutely nothing that warrants protection under federal copyright law. As in the cases above such as *S.A.M. Electronics*, 39 F. Supp. 2d at 1082-83, where the Court granted summary judgment against a plaintiff's asserted copyrights in a "bullet-point list" of potential uses of plaintiff's product on the grounds that such short promotional phrases were not copyrightable, Plaintiff's copyright claim here should be dismissed as a matter of law.⁷

Plaintiff's claim of copyright infringement also fails for the separate reason that Plaintiff's asserted work, including the particular elements alleged to be copyrightable, are not original. Rather, Plaintiff copied the very same "statements" that it asserts against Defendants here from a different brochure distributed by non-party Blackstone promoting a product called "Touch & Go." See generally Exhibit A hereto. Even where a plaintiff attempts to rely on the rebuttable presumption of originality afforded by a registration certificate, "[u]pon defendant's proof of lack of originality by plaintiff through evidence that plaintiff copied from prior works, the burden shifts back to the plaintiff to prove originality." *CMM Cable Rep*, 97 F.3d at 1513 (citing cases). Here, Plaintiff cannot possibly prove originality because the Touch & Go materials were created before the Touch-N-Buy materials. Indeed, Luis Arias testified that Blackstone used the Touch-N-Go before using the Touch-N-Buy mark. See Exhibit B hereto.

⁷ Additionally, even if there were protectable expressions, which there are not, Plaintiff would still have to prove that "the copying of the copyrighted material was so extensive that it rendered the offending and copyrighted works substantially similar." *Bateman*, 79 F.3d at 1542. Plaintiff cannot meet that burden as a matter of law here because the two works are substantially different in appearance. See *Ad Associates, Inc. v. Coast to Coast Classifieds, Inc.*, 2005 WL 3372968, *4 (D. Minn. Dec. 12, 2005) (rejecting copyright claim involving marketing brochures because "the works contain many differences, including artwork, colors, fonts, graphics, and contents").

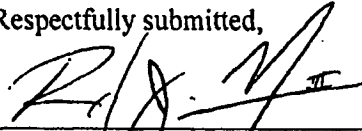
To establish copyright infringement, a plaintiff must prove (i) ownership of a valid copyright, and (ii) copying of constituent elements of the work that are original. *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). Thus, because originality of the constituent elements is demonstrably absent here, Plaintiff's claim of copyright infringement fails as a matter of law.⁸

CONCLUSION

For the foregoing reasons, this Court should grant summary judgment on all claims to the extent the claims allege use of the Touch-N-Buy mark or copying of the Blackstone marketing materials.

Dated: February 28, 2006

Respectfully submitted,



John C. Carey (Fla. Bar No. 78379)
Richard J. Mockler (Fla. Bar No. 0563986)
Rafael Perez-Pineiro (Fla. Bar No. 0543101)
Christina DeAngelis (Fla. Bar No. 0664456)
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Miami, FL 33131-5323
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⁸ Recognizing the weakness of its claim, Plaintiff argues in opposition that it may have protectible rights in the "selection, coordination and arrangement" of elements that may not themselves be copyrightable. The selection, coordination and arrangement of noncopyrightable elements can only give rise to protection when the selection, coordination and arrangement are themselves original. See *BellSouth Advertising*, 999 F.2d at 1441-44 (rejecting as noncopyrightable the selection, coordination and arrangement of information that was not sufficiently original). Here, there is nothing original about listing descriptive features of a product in bullet-point fashion. Moreover, even if the selection and arrangement were copyrightable, which they are not, the claim would still fail because the selection and arrangement of the asserted elements in Plaintiff's brochure are not substantially similar to Defendant iPrePay's brochure. In defendant's brochure, the "Touch-N-Buy" phrase contains no graphics, the "N" is capitalized, and the words read from left to right, not top to bottom. The other "statements" asserted by Plaintiff are arranged in different places in iPrepay's brochure and in a different order. Accordingly, in addition to the fact that there is nothing original about Plaintiff's "selection and arrangement," there is no substantial similarity in the "selection and arrangement" of the two works.

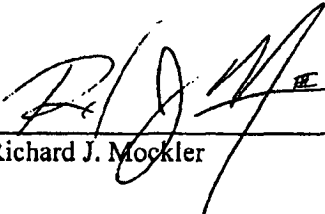
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by United States Mail on this ____ day of February, 2006 on the following:

Frank Herrera
FRANK HERRERA, P.A.
Lawyers Plaza, Fifth Floor
2250 S.W. Third Avenue
Miami, FL 33129

Matthew C. Wagner
Jeffrey Lindenbaum
COLLEN IP
The Holyoke-Manhattan Building
80 South Highland Avenue
Town of Ossining
Westchester County, NY 10562

Juan J. Rodriguez, Esq.
J. RODRIGUEZ & ASSOCIATES
2333 Ponce de Leon Blvd.
Suite 303
Coral Gables, FL 33134



Richard J. Mockler

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-22141-CIV-LENARD/KLEIN

TOUCH-N-BUY, INC.,

Plaintiff,

v.

RADIANT TELECOM, INC.,
IPREPAY, INC.,
NTERA HOLDINGS, INC.,
WORLDQUEST NETWORKS, INC.,
ENGIN YESIL, ISSA ASAD, and
JOHNNY RODRIGUEZ,

Defendants.

**DECLARATION OF RICHARD MOCKLER IN SUPPORT OF DEFENDANTS' REPLY
BRIEF IN SUPPORT OF THEIR MOTION FOR SUMMARY JUDGMENT**

I, Richard J. Mockler, declare:

1. I am an attorney at law duly authorized and admitted to practice law before this Court. I am an associate with the law firm of Stroock & Stroock & Lavan LLP, counsel for Defendants Radiant Telecom, Inc., iPrepay, Inc., Ntera Holdings, Inc., Engin Yesil and Issa Asad (collectively, "Defendants"). I have knowledge of the facts set forth in this declaration and, if called as a witness, could completely testify to these facts.

2. On February 28, 2006, I performed a search on www.archive.org to find archived versions of web pages maintained by Plaintiff and other entities controlled by Luis Arias. The web site www.archive.org is an online database, which stores, catalogs and makes available pages from public web sites as those pages existed in the past.

Exhibit A1 attached hereto are true and correct copies of pages printed from the Blackstone web site at different dates in the past as it is stored on internetarchive.org. On the top right hand corner, the archive dates of the web site are displayed. For example, the first page of Exhibit A1 indicates that it is Blackstone's web page as it appeared on July 17, 2003.

[http://web.archive.org/web/20030717224143/http://www.blackstoneonline.com.]
A search view of the Blackstone web site using archive.org database reveals that the Blackstone replaced a Touch & Go link on the front page of the website on December 16, 2003. (See Exhibit A1 on page 3 of Exhibit A1).

Exhibit A2 attached hereto is a true and correct copy of Touch & Go marketing materials that could be accessed by clicking on the Touch & Go link on the front page of the Blackstone web site. These marketing materials use the "Touch & Go" mark rather than the "Touch & Buy" mark and include a link to a multimedia flash presentation, which also uses the "Touch & Go" mark to promote the touch screen system.

Exhibit A3 attached hereto is a true and correct copy of Blackstone's web site as it appears on archive.org dated February 5, 2004. To my knowledge and based on my search of the Blackstone web site, February 5, 2004 is the first time the mark "Touch-N-Buy" was used in connection with the touch screen system. See arrow indicating use of the mark "Touch & Buy." The Blackstone web site also shows that at this time Blackstone was using both the Touch & Buy" and the "Touch & Go" mark.

Page 1 of Exhibit A4 attached hereto is a true and correct copy of search results from archive.org from January 1, 1996 through February 28, 2006 indicating that the web site Blackstone.com was first created on March 22, 2004. Page 2 of Exhibit A4 is a true and correct

copy of a page from Whois.net indicating that the Touch-N-Buy web site was owned by Blackstone Calling Card, not Plaintiff.

7. Exhibit A5 attached hereto is a true and correct copy of an Internet Archive printout of the Plaintiff's web site dated April 1, 2004, which reflects that Blackstone changed the heading at the top of its web page from "Touch & Go" to "Touch-N-Buy" while still using the "Touch & Go" finger mark on its marketing materials.

8. Exhibit A6 attached hereto is a true and correct copy of an Internet Archive printout dated April 4, 2004, which reflects the time period that Blackstone removed the "Touch & Go" finger mark. However, the "Touch & Go" mark is still visible on the multimedia flash presentation link and the image of the touch screen device.

9. Blackstone has now removed the flash multimedia presentation from its web site.

10. The Touch-N-Buy link on the Blackstone web site now directs users to www.touch-n-buy.com.

11. I have reviewed the Plaintiff's document production in this litigation. Neither the web pages attached hereto nor the multimedia flash presentation were produced by Plaintiff in response to Defendants' discovery requests.

I declare under penalty of perjury and pursuant to the laws of the United States of America that the foregoing is true and correct.

Executed this 28th day of February, 2006 in Miami, Florida.


Richard J. Mockler

BLACKSTONE

About Us | Contact Us | Join The Team

Site Map

Innovative Products

Other Prepaid Products

Calling Cards

DRS

Global TRACS

POS Gold Services

POS Merchant Services

Blackstone Portal

Welcome

Blackstone Calling Card distributes approximately 100 different prepaid calling cards, from international phone cards, to national and regional phone cards.

CALLING FROM THE UNITED STATES TO:

UNITED STATES

* 800 TOLL FREE ACCESS OR LOCAL ACCESS FROM:



Monday, June 30, 2003
BLACKSTONE NOW OFFERS PREPAID (Rx) PRESCRIPTION DISCOUNT CARDS
Nationwide Card Saves Consumers Up To 40% On All Prescriptions

Monday, June 16, 2003
NAVARRO DISCOUNT PHARMACIES DEPLOY BLACKSTONE'S PREPAID ONE STOP PORTAL THROUGHOUT CHAIN
Interactive Kiosk Offers The Complete Category of Prepaid Products and Services

SAVE!

INDIA 51 No Connection Fee rates on \$10 card

VIETNAM 27 No Connection Fee rates on \$10 card

TOCFONE **WIRELESS**

KEEP IN CONTACT **X cingular**

Wireless Recharge Cards

Prepaid Calling Cards

click here to **BUY**

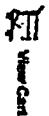
POS

This site is protected by copyright and trademark laws under U.S. and international law. Review our privacy policy. All rights reserved. © 2002 Blackstone Calling Cards, Inc.

Quick Go! >> Blackstone Quick Navigation <<



My



EXHIBIT

A1

BLACKSTONE

- About Us
- Contact Us
- Join The Team
- Site Map
- Innovative Products
- Other Prepaid Products
- Calling Cards
- DRS
- Global TRACS
- POS Gold Services
- POS Merchant Services
- Blackstone Portal

State where you are calling from

City/location where you will call to

State where you are calling from

City where you are calling from

Search All Calling Cards By Name

Choose...

Thursday, October 09, 2003
BLACKSTONE TO EXHIBIT AT CONVENIENCE STORE INDUSTRY NATIONAL MEETING IN CHICAGO
 The Latest & Greatest! At NACS Includes The Blackstone Touch & Go

Tuesday, September 02, 2003
NACS SHOW 2003 SPOTLIGHTS THE BLACKSTONE PREPAID STOP™
 Self-Service, Interactive Kiosk Selected For 'Cool New Products Workshop' In Chicago

User/Email

Password

LOG IN

- JOIN THE BLACKSTONE TEAM**
- Become a Blackstone Calling Card Distributor
 - Become a POS Merchant
 - Become a Web Affiliate

SAVE!

INDIA 51 No Correction Fee
Vietnam 27 No Correction Fee

rates on \$10 card

Keep in contact with X cingular

Wireless Recharge Cards

Prepaid Calling Cards

click here to BUY

POS



Quick Go! >> Blackstone Quick Navigation <<

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- Home
- My Account
- View Cart
- Online Order

BLACKSTONE

About Us Contact Us Join The Team Site Map Innovative Products Other Prepaid Products National Prepaid Internet Buy Your Phone Cards Here! POS Gold Services POS Merchant Services Blackstone Portal Touch & Go

Welcome

UNITED STATES

City/location where you will call to

State where you are calling from

City where you are calling from

SEARCH BY NAME

SEARCH BY NAME

Choose...

Thursday, December 04, 2003

PATENT AWARDED FOR REAL TIME ELECTRONIC PIN DELIVERY SYSTEM BY U.S. PATENT AND TRADEMARK OFFICE

Blackstone's Pioneering Real Time Electronic PIN Delivery System Predates All Other Claims On Paper and In Practice

Wednesday, November 26, 2003

BLACKSTONE NAMED TO THE ANNUAL LIST OF TOP 100 HISPANIC BUSINESSES

SAVE!

INDIA 51 No Connection Fee **rates on \$10 card**

Vietnam 27 No Connection Fee **rates on \$10 card**

TOUCH & GO

KEEP IN CONTACT X cingular

Wireless Recharge Cards

PORTAL

The NEW way to sell the Prepaid Category!

A self service e-PIN distribution center for instant delivery of prepaid products.

Learn more!

JOIN THE BLACKSTONE TEAM

Become a Blackstone Calling Card Distributor

Become a POS Merchant

Become a Web Affiliate

Quick Go! >> Blackstone Quick Navigation <<

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- Home
- My Account
- Your Card
- Online Order

BLACKSTONE

About Us Contact Us Join The Team Site Map Innovative Products Other Prepaid Products National Prepaid Internet Calling Cards POS Merchant Services Blackstone Portal Touch & Go Patents and Trademarks

Welcome

Buy Your Phone Cards Here!

CALLING TO
 UNITED STATES
 City/location where you will call
 to

State where you are calling
 from

CALLING FROM
 City where you are calling
 from

Area code:

Search All Calling Cards
 Search By Name

Choose...

SAVE!

INDIA 51 No Connection Fee No Correlation Fee
 rates on \$10 card

VIETNAM 27 No Connection Fee No Correlation Fee
 rates on \$10 card

Thursday, December 04, 2003
PATENT AWARDED FOR REAL TIME ELECTRONIC PIN DELIVERY SYSTEM BY U.S. PATENT AND TRADEMARK OFFICE
 Blackstone's Pioneering Real Time Electronic PIN Delivery System Predates All Other Claims On Paper and In Practice
 Wednesday, November 26, 2003
BLACKSTONE NAMED TO THE ANNUAL LIST OF TOP 100 HISPANIC BUSINESSES

Thursday, December 04, 2003

User/Email

Password

JOIN THE TEAM

Become a Blackstone Calling Card Distributor

Become a POS Merchant

Become a Web Affiliate

TOUCH&GO

Keep in contact with your wireless phone.

x-cingular wireless

Wireless Recharge Cards

PORTAL

The NEW way to sell the Prepaid Category!

A self service e-PIN distribution center for instant delivery of prepaid products.

Learn more!

POS

POS

Blackstone e-PIN distribution is protected by U.S. Patent 6,651,895 | This site is protected by copyright and trademark laws under U.S. and international law. Review our privacy policy.

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Home My Account View Cart Online Order

BLACKSTONE

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[Other Prepaid Products](#)
[Calling Cards](#)
[POS Gold Services](#)
[POS Merchant Services](#)
[Blackstone Portal](#)
[Touch & Go](#)

Blackstone Touch & Go

- [Get Started](#)
- [Introduction](#)
- [Key Features](#)



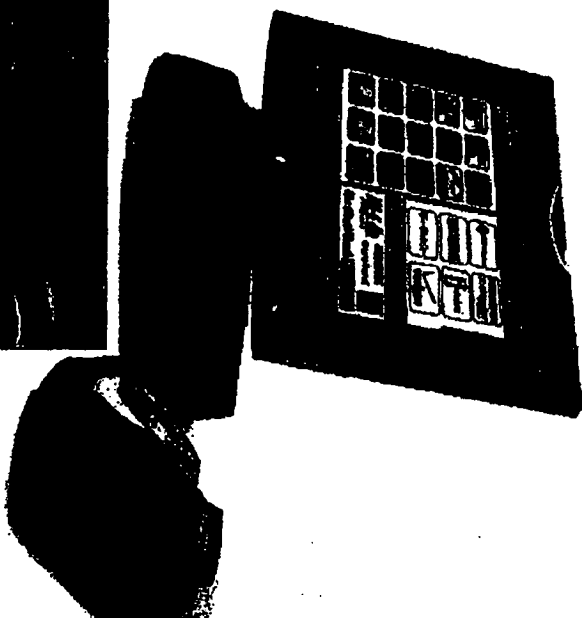
Launch Flash Presentation



Introducing Your Low Cost Prepaid Center



The newest tool to sell prepaid products. Easy to use for the merchant and the consumer.



For more information contact: jsandno@blackstoneonline.com

Touch & Go - Delivering prepaid with speed and convenience for people on the go

Customers can search on-screen for the best card with the best rate to the country they are calling. Plus,

- **NEVER LOSE A SALE!**
- Generate impulse purchases of prepaid products
- Become a destination for prepaid purchases
- Convert valuable counter space into a profit center
- Small space saving design

Features

- ▶ Touch screen interactive audio/visual interface
- ▶ Sells prepaid long distance products
- ▶ Sells wireless recharge cards
- ▶ Sells stored value / gift cards
- ▶ Customer chooses the product
- ▶ e-PIVs are printed at the time of sale, virtually eliminating theft and vandalism
- ▶ e-PIV sales are tracked by Blackstone's secure server technologies
- ▶ Allows for extensive reporting capabilities such as:
 - Sales Reports by machine, product, denomination, time of day, etc.
 - Thermal Paper Usage Reports and Replenishment Projections
 - Scheduled maintenance tracking system, Reports available online using secure user name and password

System

Specifications

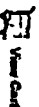
©2002 & ©2001 SALESMARK OF BLACKSTONE INC., BLACKSTONE'S MARKETING TRADEMARK OF BLACKSTONE INC. USA AND FOREIGN PATENTS PENDING.

- Intel Pentium 4 1.8Ghz
- 256MB DDR Memory
- 20GB Hard Drive
- 15" Active Matrix TFT LCD Touch Screen
- Built-in Speakers
- Serial Ports: 2 USB Ports, 1 Parallel Port
- System Monitor: 2000 Professional

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Welcome

Buy Your Phone Cards Here!

CALLING TO UNITED STATES

City/location where you will call to

State where you are calling from

City where you are calling from

SEARCH BY NAME

SEARCH ALL CALLING CARDS BY NAME

Choose...

Tuesday, December 23, 2003
UNIVERSAL EXPRESS ANNOUNCES STRATEGIC PARTNERSHIP AGREEMENT WITH BLACKSTONE
 Thursday, December 04, 2003
PATENT AWARDED FOR REAL TIME ELECTRONIC PIN DELIVERY SYSTEM BY U.S. PATENT AND TRADEMARK OFFICE
 Blackstone's Pioneering Real Time Electronic PIN Delivery System Predates All Other Claims On Paper and In Practice

JOIN THE BLACKSTONE TEAM

Developers
 Business Development
 John O'Connell
 Buy Blackstone Products

User/Email Password



BLACKSTONE TOUCH & BUY

The newest tool to sell prepaid products. Easy to use for the merchant and the consumer.

Sign-up Today!

Distributor Programs Available Now!

PORTAL

The NEW way to sell the Prepaid Category!

A self service e-PIN distribution center for instant delivery of prepaid products.

Learn more!

Calling Cards

Learn more!

Wireless

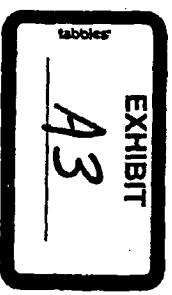
Available on all wireless devices

Blackstone X-tingular

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Enter Web Address:

All

Back

Adv. Search Compare Archive Pages

Searched for <http://www.touch-n-buy.com>

16 Results

Note some duplicates are not shown. See all.
* denotes when site was updated.

Search Results for Jan 01, 1996 - Feb 28, 2006

Year	Pages	Year	Pages	Year	Pages	Year	Pages
1996	0 pages	1997	0 pages	1998	0 pages	1999	0 pages
2000	0 pages	2001	0 pages	2002	0 pages	2003	0 pages
2004	8 pages	2004	8 pages	2004	8 pages	2004	8 pages
2005	7 pages	2005	7 pages	2005	7 pages	2005	7 pages
2006	0 pages	2006	0 pages	2006	0 pages	2006	0 pages

[Mar 22, 2004](#) *
[Mar 27, 2004](#)
[Jun 04, 2004](#) *
[Jun 13, 2004](#)
[Jun 14, 2004](#)
[Sep 24, 2004](#)
[Sep 25, 2004](#) *
[Oct 13, 2004](#)

[Jan 23, 2005](#)
[Feb 04, 2005](#)
[Feb 06, 2005](#)
[Mar 14, 2005](#) *
[Mar 15, 2005](#)
[Mar 16, 2005](#)
[Mar 17, 2005](#)

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WHOIS information for touch-n-buy.com:

[whois.wildwestdomains.com]

The data contained in this Registrar's Whois database, while believed by the company to be reliable, is provided "as is" with no guarantee or warranties regarding its accuracy. This information is provided for the sole purpose of assisting you in obtaining information about domain name registration records. Any use of this data for any other purpose is expressly forbidden without the prior written permission of the Registrar. By submitting an inquiry, you agree to these terms of usage and limitations of warranty. In particular, you agree not to use this data to allow, enable, or otherwise make possible, dissemination or collection of this data, in part or in its entirety, for any purpose, such as the transmission of unsolicited advertising and solicitations of any kind, including spam. You further agree not to use this data to enable high volume, automated or robotic electronic processes designed to collect or compile this data for any purpose, including mining this data for your own personal or commercial purposes.

Please note: the owner of the domain name is specified in the "registrant" field. In most cases, the Registrar is not the owner of domain names listed in this database

Registrant:

Blackstone Calling Card

Registered through: CheapestDomainsOnline.com
Domain Name: TOUCH-N-BUY.COM

Domain servers in listed order:
NS1.TOUCH-N-BUY.COM
NS2.TOUCH-N-BUY.COM

For complete domain details go to:
http://www.secureserver.net/whois.asp?prog_id=hostloop

Search WHOIS records:

Domain Registration

[Domain Pricing](#), [Suggest-A-Name](#)
[Search by Keyword](#), [Search Deleted Domains](#)

Hosting Resources

[Web Plans](#), [E-Commerce](#), [Custom Websites](#)
[VPS](#), [Managed Hosting](#), [Reseller Programs](#)

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NTT/VERIO



MEMBERS AREA

LOGIN

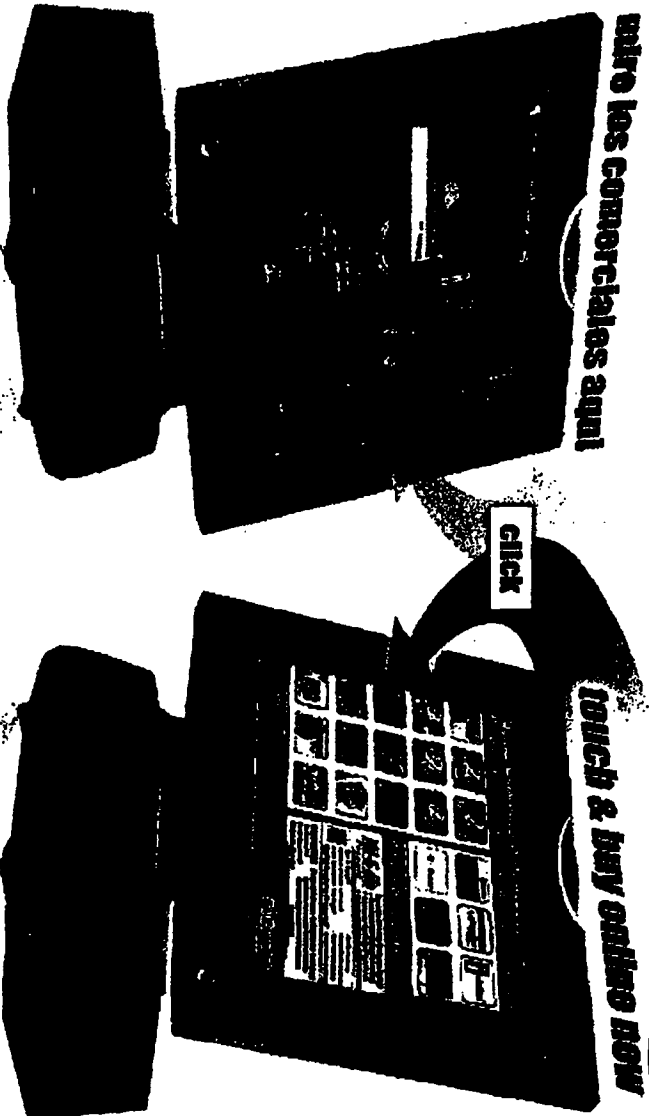
PASSWORD



- buy online
- about
- features & benefits
- sign up
- contact & support
- comercials

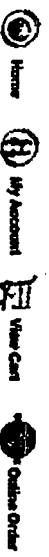
Shopping made **EASY**

entre los comerciales aqui



BLACKSTONE

- About Us
- Contact Us
- Join Our Team
- Site Map
- Innovative Products
- Other Prepaid Products
- National Prepaid Internet
- Calling Cards
- POS Merchant Services
- Blackstone Portal
- Touch-n-Buy
- Patents and Trademarks



Blackstone Touch-n-Buy

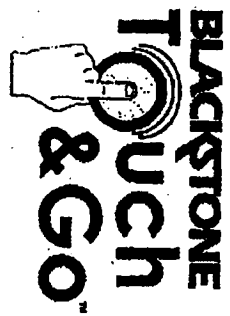
Distributor Signup

Introduction

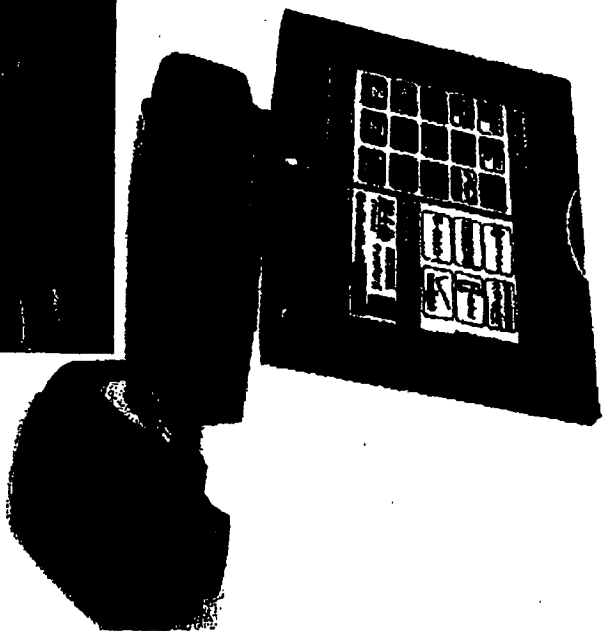
Key Features

For more information contact: jsandho@blackstoneonline.com

Introducing Your Low Cost Prepaid Center



The newest tool to sell prepaid products. Easy to use for the merchant and the consumer.



Touch & Go - Delivering prepaid with speed and convenience for people on the go

Customers can search on-screen for the best card with the best rate to the country they are calling. Plus,

- **NEVER LOSE A SALE!**
- Generate impulse purchases of prepaid products
- Become a destination for prepaid purchases
- Convert valuable counter space into a profit center
- Small space saving design

Features

- ▶ Touch screen interactive audio/visual interface
- ▶ Sells prepaid long distance products
- ▶ Sells wireless recharge cards
- ▶ Sells stored value / gift cards
- ▶ Customer chooses the product
- ▶ e-PINs are printed at the time of sale, virtually eliminating theft and vandalism
- ▶ e-PIN sales are tracked by Blackstone's secure server technologies
- ▶ Allows for extensive reporting capabilities such as:
 - Sales Reports by machine, product, denomination, time of day, etc.
 - Thermal Paper Usage Reports and Replenishment Projections
 - Scheduled maintenance tracking system, Reports available online using secure user name and password

System Specifications

- Intel Pentium 4 1.8GHz
- 256MB DDR Memory
- 20GB Hard Drive
- 15" Active Matrix TFT LCD Touch Screen
- Built-In Speakers
- 3 Serial Ports / USB Ports / Local Area Network
- System Windows 2000 Professional

TOUCH & GO IS A TRADEMARK OF BLACKSTONE INC., BLACKSTONE IS A REGISTERED TRADEMARK OF BLACKSTONE INC. US AND FOREIGN PATENTS PENDING

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BLACKSTONE

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 Calling Cards POS Merchant Services Blackstone Portal Touch-n-Buy Patents and Trademarks

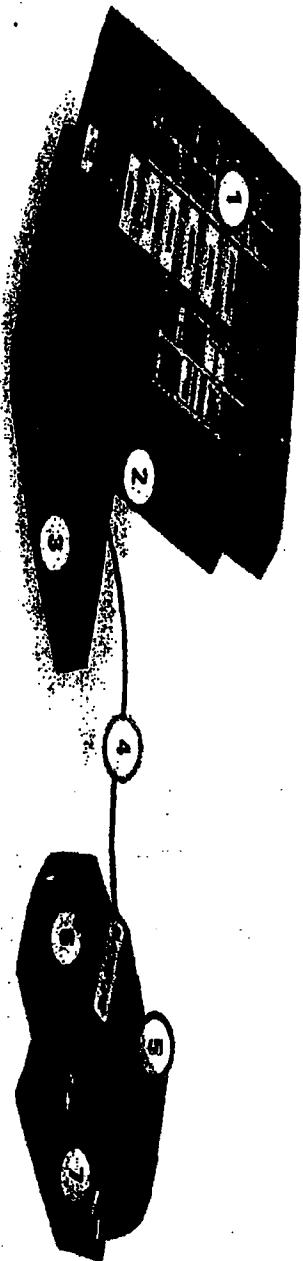
Blackstone Touch-N-Buy

Distributor Signup

Introduction

Key Features

→ **Launch Flash Presentation**



- 1 TOUCHSCREEN LCD FULL COLOR DISPLAY
- 2 STORED VALUE / GIFT CARD READER
- 3 AUDIO SYSTEM
- 4 10" CABLE
- 5 NUMERIC KEY PAD WITH DISPLAY
- 6 THERMAL CAUD PRINTER
- 7 THERMAL CARD HOLDER

For more information contact:
jsandho@blackstoneonline.com

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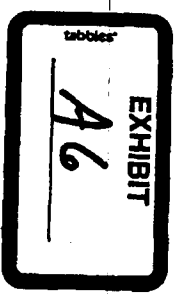
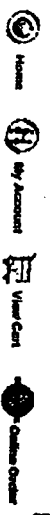


Exhibit B

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
CASE NO. 04-22141-Civ-LENARD/Simonton

TOUCH-N-BUY,

Plaintiff,

VS.

RADIANT TELECOM, INC.,
IPREPAY, INC., NTERA
HOLDINGS, INC., WORLDQUEST
NETWORKS, INC., ENGIN YESIL,
ISSA ASAD, and JOHNNY
RODRIGUEZ,

Defendants.

DEPOSITION OF LUIS ARIAS

Taken before Jennifer Lewis, Court

Reporter and Notary Public in and for the State of
Florida at Large, pursuant to Notice of Taking
Deposition filed in the above cause.

200 South Biscayne Blvd.,
Suite 3160
Miami, FL 33131-5323
Thursday, November 10, 2005
a.m. - 5:09 p.m.

9:00

1 screen?

2 A Yeah.

3 Q Okay. I'm gonna introduce what has been
4 labeled as Exhibit 14 A. You can keep that page if you
5 want because I'm gonna refer back to Exhibit 13. This
6 -- you mentioned that the mark Touch And Go was used
7 for about three weeks and then you changed it to the
8 mark to Touch-N-Buy; is that correct?

9 (Exhibit No. 14A was marked for
10 identification.)

11 A Correct.

12 Q That's what you testified to, correct?

13 A A couple of weeks. Two or three weeks.

14 Q Two or three weeks. All right. So these
15 press release -- actually, referring back to Exhibit 13
16 A, do you see where it says, "There for immediate
17 release"?

18 A Mm-hmm.

19 Q So would it be fair to say that the mark
20 Touch-N-Buy, based on your prior testimony, was then
21 first introduced in September 2003?

22 MR. LINDENBAUM: Objection.

23 MR. ARIAS: It's more or less when, you
24 know -- the same was taken out sometime -- if it says
25 here August of 2003, then that's when the first use was

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Touch-N-Buy, Inc.
Serial No.: 76/607,687
Mark: TOUCH-N-BUY

Law Office 111
Hannah Fisher, Examiner

2800 S.W. Third Avenue
Historic Coral Way
Miami, Florida 33129

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

Dear Sir:

CERTIFICATE OF MAILING

I HEREBY CERTIFY that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner for Trademarks, P.O. Box 1451 Alexandria, VA 22313-1451, this 15th day of May, 2006.

Respectfully submitted,

MALLOY & MALLOY, P.A.
2800 S.W. Third Avenue
Historic Coral Way
Miami, Florida 33129
Telephone: (305) 858-8000
Facsimile: (305) 858-0008
E-mail: dgast@malloylaw.com

By: 
David A. Gast

Date: May 15, 2006