

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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BOARDING SCHOOL REVIEW, LLC,

Plaintiff,

v.

11 Civ. 8921 (DAB)
MEMORANDUM & ORDER

DELTA CAREER EDUCATION CORPORATION,
WESTON EDUCATIONAL, INC., BERKS
TECHNICAL INSTITUTE, INC., MCCANN
EDUCATIONAL CENTERS, INC., MILLER-MOTTE
BUSINESS COLLEGE, INC., SOUTHWEST
BUSINESS COLLEGES, INC., and THE MIAMI-
JACOBS BUSINESS COLLEGE CO.

Defendants.

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DELTA CAREER EDUCATION CORPORATION, et al.

Counterclaim-Plaintiffs,

v.

BOARDING SCHOOL REVIEW, LLC,

Counterclaim-Defendant.

-----X

DEBORAH A. BATTIS, United States District Judge.

Plaintiff/Counterclaim-Defendant moves this Court pursuant to Fed. R. Civ. P. 12(b)(6) to dismiss Defendants/Counterclaim-Plaintiffs' counterclaims, which allege trademark infringement, unfair competition, deceptive trade practices, trademark dilution, and copyright infringement.

As set forth herein, Plaintiff's Motion to Dismiss is GRANTED as to Defendants' trademark infringement, unfair competition, deceptive trade practices, and trademark dilution counterclaims. The Court GRANTS Plaintiff's Motion to Dismiss as to Defendants' copyright infringement counterclaims for statutory damages and attorney's fees but DENIES the Motion as to Defendants' copyright infringement counterclaims seeking other relief.

I. BACKGROUND

The following facts are drawn from the Counterclaims, documents attached thereto as exhibits or incorporated by reference, and websites of which the Court takes judicial notice.¹ They are taken to be true for the purposes of this

¹ Defendants ask the Court to take judicial notice of five websites: the Miller-Motte College website home page, the Heritage website home page, the BSR webpages for Miller-Motte College - Cary and Heritage College - Oklahoma City, and a Google support page. (See Def. Req. for Judicial Notice.) The Court generally has the discretion to take judicial notice of internet material. Magnoni v. Smith & Laquercia, LLP, 701 F. Supp. 2d 497, 501 (S.D.N.Y. 2010); see also Patsy's Italian Restaurant, Inc. v. Banas, 575 F. Supp. 2d 427, 443 n.18 (E.D.N.Y. 2008) ("It is generally proper to take judicial notice of articles and Web sites published on the Internet."), aff'd, 658 F.3d 254 (2d Cir. 2011). In addition, the authenticity of the websites and the printouts of the websites which Defendants attach to their Request have not been challenged, and they are "not subject to reasonable dispute." Fed. Rule Evidence 201(b).

Memorandum and Order. Plaintiff / Counterclaim-Defendant Boarding School Review, LLC ("BSR" or "Plaintiff") operates an internet website called Community College Review (the "website"), accessible at <http://www.communitycollegereview.com>, which provides information on community colleges to prospective students. (Counterclaims ¶ 39.) BSR's website earns revenue by the sale of advertising on its website and, Defendants allege, Internet leads. (Id. ¶ 49.) The website contains subdomains of hundreds of schools, each of which contains information about the subject school. Each subdomain or profile contains a brief overview of the school, data and statistics comparing the school to community college averages, a map of the school's location, and a lead form² to acquire admissions information. (Am. Compl. Ex. A³ at 6-19; Def. Req. Judicial Notice Exs. C-D.)

However, the Court fails to see the relevance of the Google support page. Accordingly, the Court takes judicial notice of the four other webpages and the printouts of those webpages. (See Req. Judicial Notice Exs. A-D.)

² A lead form prompts site users to enter their contact information. Lead generation is a common form of Internet marketing.

³ Exhibits A and B of the Amended Complaint are incorporated by reference in the Counterclaims and may be considered by the Court. See Counterclaims ¶¶ 56, 61 (referencing Defendants' demand letters regarding trademarks and copyright material).

Defendants/Counterclaim-Plaintiffs Delta Career Education Corporation ("Delta")⁴ and Weston Educational, Inc. ("Heritage") (collectively "Defendants") operate postsecondary schools in various fields. (Id. ¶¶ 14, 29.) Delta operates over thirty-seven campuses providing associate degree and diploma programs (the "Delta Schools"). (Id. ¶¶ 16-17.) Delta provides its educational goods and services under a number of registered trademarks (the "Delta Marks").⁵ Heritage operates eight campuses offering associate degree and diploma programs in the healthcare field (the "Heritage Schools"). (Id. ¶ 29.) Heritage also provides its educational goods and services under a number of registered trademarks (the "Heritage Marks").⁶ The Delta and

⁴ Also party to this action are Delta's wholly-owned subsidiaries: Berks Technical Institute, Inc., Career Training Specialists, Inc., McCann Education Centers, Inc., Miller-Motte Business Colleges, Inc., Southwest Business Colleges, Inc., and the Miami-Jacobs Business College Co. (collectively "Delta"). (Counterclaims ¶ 15.)

⁵ The Delta Marks include Academy of Court Reporting, Academy of Court Reporting Technology, ACRT, Berks Technical Institute, BTI, Miller-Motte, Miller-Motte College, Miller-Motte Technical College, Tucson College, Institute for Business and Technology, IBT, McCann School of Business and Technology, Lamson College, Lamson Institute, Miami-Jacobs Career College, National Career Education, and NCE. (Counterclaims ¶ 17.)

⁶ The Heritage Marks include Heritage Institute, Heritage College, and Heritage Education. (Counterclaims ¶ 30.)

Heritage schools are profiled on BSR's website. (Id. ¶¶ 41-45; Def. Opp. at 3-4.)

In April 2010 and November 2011, counsel to Delta sent a series of cease and desist letters (the "Letters") to BSR. (Counterclaims ¶¶ 56, 61.) In its Letters, Delta claimed that various trademarks owned or claimed by Delta and used in connection with its schools were being infringed on BSR's website. (Am. Compl. Exs. A-B.) Delta claimed BSR's website was a landing page using Delta's marks and logos to generate Internet leads for potential students. (Am. Compl. Ex. A at 1.) Delta further claimed BSR made unauthorized use of Delta's YouTube videos, included incorrect information about Delta's schools, and copied descriptions of Delta's schools from their websites. (Am. Compl. Exs. A-B.) Delta contended that these actions and others constitute trademark infringement, dilution, and unfair competition under the Lanham Act, common law infringement and unfair competition under state law, and false or deceptive trade practices. (Am. Compl. Exs. A-B.) Delta demanded that BSR cease any unauthorized uses of its marks including "all advertising and promotional efforts" such as "keywords, adwords or domain names that make any reference to the Delta Marks," and cease infringing on its copyrighted material. (Am. Compl. Ex. A at 2.)

Following receipt of the April 2010 letter, BSR indicated that it would remove some of its infringing use of Delta's Marks and copyrighted materials. (Counterclaims ¶ 57.) BSR refused, however, to remove all of Delta's Marks and copyrighted materials, claiming it had a right to make use of such materials without Delta's consent. (Id.) In 2011, BSR failed to cease its infringing use of the Delta Marks. (Id. ¶ 58.) Around this time, Delta learned that after prospective customers were led to the website, BSR, through an affiliate entity, collected information under the guise of sending the information to Delta or a Delta school, and instead sent the information to Delta's direct competitors. (Id. ¶ 60.)

Meanwhile, in November 2011, Heritage learned that BSR was using the Heritage Marks and copyrighted materials on BSR's website in an identically infringing manner. (Counterclaims ¶ 63.) Consequently, Heritage, represented by the same counsel as Delta, allege similar counterclaims against BSR. (Id. ¶¶ 63-70.)

In December 2011, BSR filed the above-captioned action seeking a declaratory judgment, inter alia, that (1) BSR's use of Defendants' Marks does not violate Defendants' trademark rights, (2) BSR's use of various works in which copyright is alleged to be owned by Defendants does not infringe on any

copyright held by Defendants; and (3) BSR's conduct does not constitute false or misleading advertising.

On July 5, 2012, Defendants counterclaimed seeking relief for trademark infringement, unfair competition, deceptive trade practices, trademark dilution, and copyright infringement. Subsequently, BSR moved this Court to dismiss Defendants' counterclaims for failure to state a claim pursuant to Fed. R. Civ. P. 12(b)(6).

II. DISCUSSION

A. Legal Standard for a Motion to Dismiss under Rule

12(b)(6)

For a complaint to survive a motion brought pursuant to Rule 12(b)(6), the Plaintiff must have pleaded "enough facts to state a claim to relief that is plausible on its face." Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007). "A claim has facial plausibility," the Supreme Court has explained,

when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. The plausibility standard is not akin to a "probability requirement," but it asks for more than a sheer possibility that a defendant has acted unlawfully. Where a complaint pleads facts that are "merely consistent with" a defendant's liability, it "stops short of the line between possibility and plausibility of entitlement to relief."

Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009) (quoting Twombly, 550 U.S. at 556-57). "[A] plaintiff's obligation to provide the

grounds of his entitlement to relief requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." Twombly, 550 U.S. at 555 (internal quotation marks omitted). "In keeping with these principles," the Supreme Court stated,

[A] court considering a motion to dismiss can choose to begin by identifying pleadings that, because they are no more than conclusions, are not entitled to the assumption of truth. While legal conclusions can provide the framework of a complaint, they must be supported by factual allegations. When there are well-pleaded factual allegations, a court should assume their veracity and then determine whether they plausibly give rise to an entitlement to relief.

Iqbal, 556 U.S. at 679.

In considering a motion under Rule 12(b)(6), the Court must accept as true all factual allegations set forth in the Complaint and draw all reasonable inferences in favor of the Plaintiff. See Swierkiewicz v. Sorema N.A., 534 U.S. 506, 508 n.1 (2002); Blue Tree Hotels Inv. (Canada) Ltd. v. Starwood Hotels & Resorts Worldwide, Inc., 369 F.3d 212, 217 (2d Cir. 2004). However, this principle is "inapplicable to legal conclusions," Iqbal, 556 U.S. at 678, which, like the Complaint's "labels and conclusions," Twombly, 550 U.S. at 555, are disregarded. Nor should a court "accept [as] true a legal conclusion couched as a factual allegation." Id. at 555.

"In considering a motion to dismiss for failure to state a claim pursuant to Rule 12(b)(6), a district court may consider the facts alleged in the complaint, documents attached to the complaint as exhibits, and documents incorporated by reference in the complaint." DiFolco v. MSNBC Cable L.L.C., 622 F.3d 104, 111 (2d Cir. 2010). Additionally, "[w]here a document is not incorporated by reference, the court may never[the]less consider it where the complaint relies heavily upon its terms and effect, thereby rendering the document integral to the complaint." Id. (internal quotation marks omitted). However, though such evidence may be considered when attached to or incorporated into the Complaint, the Court's function is "not to weigh the evidence that might be presented at a trial but merely to determine whether the complaint itself is legally sufficient." Holloway v. King, 161 F. App'x 122, 124 (2d Cir. 2005) (internal quotation marks omitted).

**B. Defendants/Counterclaim-Plaintiffs' Federal Trademark
Infringement and Unfair Competition Claims**

"To prevail on a trademark infringement and unfair competition claim under 15 U.S.C. §§ 1114(1), 1125(a), in addition to demonstrating that the plaintiff's mark is protected, the plaintiff must prove that the defendant's use of

the allegedly infringing mark would likely cause confusion as to the origin or sponsorship of the defendant's goods with plaintiff's goods." Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 114 (2d Cir. 2009). "In determining whether there is a likelihood of confusion," the Court must "apply the eight-factor balancing test introduced in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961)." The eight factors are:

(1) strength of the trademark; (2) similarity of the marks; (3) proximity of the products and their competitiveness with one another; (4) evidence that the senior user may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) respective quality of the products; and (8) sophistication of consumers in the relevant market.

Id. at 115. This balancing test "is not mechanical, but rather focuse[d] on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused." Id. (internal quotation marks omitted); see also Orient Express Trading Co. v. Federated Dep't Stores, Inc., 842 F.2d 650, 654 (2d Cir. 1998) ("[C]ourts are not required to slavishly recite the litany of all eight factors . . . [,] but need only consider sufficient factors to reach the ultimate conclusion as to whether or not there is a likelihood of confusion.")

Because the entitlement of Defendants' Marks to protection under §§ 1114(1) and 1125(a) of the Lanham Act is not in dispute, the Court turns to whether there is a likelihood of confusion. The Court first considers the trademark claim related to the following statements appearing on BSR's website: "Get info / application from Miami-Jacobs Career College"; "Get info / application from Miller-Motte Technical College"; "Get info / application from Miller-Motte College-Cary"; "Get info / application from Heritage College-Oklahoma City." (Am. Compl. Ex. A at 10, 16; Def. Req. Judicial Notice Ex. C at 4; Def. Req. Judicial Notice Ex. D at 4.) Defendants, without referring to these particular trademark uses, allege that BSR "collects information under the guise of sending the information to Delta and/or a Delta School, and instead, sends the information to schools BSR knows to be in direct competition with Delta and/or Delta Schools." (Counterclaims ¶ 60.) Defendants further allege that at BSR's website, "when a user searches for information about HERITAGE College, users were prompted to obtain admissions information through a computer prompt, which solicited user information." (Counterclaims ¶ 64.) Defendants then allege that "BSR obtains revenue from its sister company who lead [sic] Internet users away from Heritage to the services of schools it knows to be in competition with Heritage." (Counterclaims ¶ 65.)

It is possible that users who clicked on the links labeled "Get info / application from" Defendants' schools were brought to an educational competitor's website, or were prompted to enter user information that was sent to an educational competitor. Were this the case, a likelihood of confusion might result from the "Get info / application from" links. See FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545, 550 (E.D.N.Y. 2007) (suggesting that a trademark violation might result if Defendant "substitut[ed] its website in response to a request for plaintiff's website."). However, the facts alleged in the Counterclaims are "merely consistent with" the theory that the "Get info / application from" links brought users to Defendants' competitors; they make the theory no more than a "sheer possibility." Iqbal, 556 U.S. at 678. The Counterclaims therefore "stop short of the line between possibility and plausibility of entitlement to relief." Id. (internal quotation marks omitted).

Defendants' Counterclaims regarding all other uses of their Marks on BSR's website fail under the Polaroid test. The likelihood that actual or potential consumers would be confused about the source of BSR's subdomain pages profiling Defendants' schools is remote. The stylized title "Community College Review" is featured prominently at the top of BSR's domain and subdomain

pages. (Def. Req. Judicial Notice Ex. C at 1; Def. Req. Judicial Notice Ex. D at 1.) Directly below that title is a navigation menu directing site visitors to "Find Schools," "Compare Colleges," or to read "Articles." (Id.) This header and navigational menu clearly and quickly communicate to site visitors that BSR's website is an omnibus review site profiling community colleges, not a website affiliated with or sponsored by the schools profiled. Moreover, consumers who desire to earn post-secondary degrees or prepare for careers in the healthcare field are likely sophisticated internet users familiar with the distinction between an official school page and a omnibus review site. (Counterclaims ¶¶ 22, 32.) In addition, Parties operate in distinct industries. Defendants operate a large number of educational institutions whereas BSR operates a review site profiling community colleges. While both Parties attempt to generate leads for prospective students, this hardly renders their services proximate to one another. Defendants offer prospective clients an education; BSR offers site visitors, inter alia, assistance with the educational decision-making process. It is unlikely that Defendants will bridge the gap by developing their own community college review site. Accordingly, the Court finds that Defendants have failed to allege plausibly a likelihood of confusion.

Because Defendants have failed to allege sufficient facts to raise their entitlement to relief above the speculative level, BSR's Motion to Dismiss Defendants' trademark infringement claims is hereby GRANTED.

C. Defendants/Counterclaim-Plaintiffs' Common Law Unfair Competition Claims

"The elements necessary to prevail on common law causes of action for . . . unfair competition mirror Lanham Act claims." Information Superhighway, Inc. v. Talk Am., Inc., 395 F. Supp. 2d 44, 56 (S.D.N.Y. 2005). "In addition, to succeed on the merits of a common law claim of unfair competition, a plaintiff must couple its evidence supporting liability under the Lanham Act with additional evidence demonstrating the defendant's bad faith." Id. (internal quotation marks and brackets omitted); see also Gameologist Group, LLC v. Scientific Games Int'l, Inc., 838 F. Supp. 2d 141, 165 (S.D.N.Y. 2011) ("Under New York law, '[t]he essence of unfair competition . . . is the bad faith misappropriation of the labors and expenditures of another, likely to cause confusion or to deceive purchasers as to the origin of the goods.'" (quoting Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27, 34 (2d Cir. 1995))).

The Court must dismiss Defendants' claims for common law unfair competition for the same reason it dismisses their Lanham Act claims: Defendants have failed to allege plausibly that BSR's use of their Marks creates a likelihood of confusion.

D. Defendants/Counter-Plaintiffs' Deceptive Trade Practices
Claim Under N.Y. General Business Law § 349

"To state a claim under § 349 a plaintiff must allege that '(1) the defendant's deceptive acts were directed at consumers, (2) the acts are misleading in a material way, and (3) the plaintiff has been injured as a result.'" Eliya, Inc. v. Kohl's Dep't Stores, No. 06 Civ. 195 (GEL), 2006 WL 2645196, at *7 (S.D.N.Y. Sept. 13, 2006) (quoting Maurizio v. Goldsmith, 230 F.3d 518, 521 (2d Cir. 2000)). "However, § 349 'is, at its core, a consumer protection device,' Securitron Magnalock Corp. v. Schnabolk, 65 F.3d 256, 264 (2d Cir. 1995), not a tool to resolve disputes between competitors." Id. "Courts in this district have repeatedly rejected attempts to use section 349 where the Complaint essentially alleges harm to a corporate competitor, not the public at large." LBB Corp. v. Lucas Distribution, Inc., No. 08 Civ. 4320 (SAS), 2008 WL 2743751, at *3 (S.D.N.Y. July 14, 2008). "[F]or the statute to apply, a plaintiff must establish a 'direct harm to consumers' that is

greater than the 'general consumer confusion' commonly found in trademark actions." Eliya, Inc., 2006 WL 2645196, at *7. "The 'gravamen' of the claim must be an alleged injury to consumers or the general public." Id. (citing Schnabolk, 65 F.3d at 264). "[C]ourts have interpreted the statute's scope as limited to the types of offenses to the public interest that would trigger Federal Trade Commission intervention under 15 U.S.C. § 45, such as potential danger to the public health or safety." DO Denim, LLC v. Fried Denim, Inc., 634 F. Supp. 2d 403, 409 (S.D.N.Y. 2009) (internal quotation marks omitted). "The conduct need not be repetitive or recurring but defendants' acts or practices must have a broad impact on consumers at large." LBB Corp., 2008 WL 2743751, at *2 (quoting N.Y. Univ. v. Continental Ins. Co., 87 N.Y.2d 308, 320 (1995)). "Where the only alleged harm is that which is generally associated with violations of intellectual property law, courts in this district have found that plaintiffs cannot state a claim under § 349." Eliya, Inc., 2006 WL 2645196, at *8.

Nothing in Defendants' Counterclaims approaches a plausible allegation of the type of direct and broad harm to consumers or the general public that would trigger Federal Trade Commission intervention. Instead, the Counterclaims essentially allege harm

to Defendants rather than the public at large. Accordingly, Defendants' § 349 claim is DISMISSED.

E. Defendants/Counterclaim-Plaintiffs' Federal Trademark Dilution Claims

To prevail on a federal trademark dilution claim, a plaintiff must prove that (1) its mark is famous and distinctive, (2) its mark is used in commerce by the defendant, and (3) the defendant's use is likely to cause dilution through either "blurring" or "tarnishment." 15 U.S.C. § 1125(c)(1). A mark is famous if it is "widely recognized by the general consuming public of the United States" as a designation indicating a single source of goods or services. Id. § 1125(c)(2)(A). The Lanham Act identifies a non-exhaustive set of factors courts may consider when determining whether a mark possesses the requisite degree of recognition:

(1) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties; (2) the amount, volume, and geographic extent of sales of goods or services offered under the mark; (3) the extent of actual recognition of the mark; (4) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905 or on the principal register.

15 U.S.C. § 1125(c)(2)(A)(i)-(iv).

Courts applying these criteria have generally limited famous marks to those that are "almost universally recognized by the general public." Heller Inc. v. Design Within Reach, Inc., No. 09 Civ. 1909 (JGK), 2009 WL 2486054, at *3 (S.D.N.Y. Aug. 14, 2009). The Second Circuit, for example, has explained that marks such as Dupont, Buick, and Kodak exemplify famous marks entitled to anti-dilution protection. TCPIP Holding Co. v. Haar Commc'ns., Inc., 244 F.3d 88, 99 (2d Cir. 2001). Similarly, district courts within the Second Circuit have explained that § 1125(c) "limits federal dilution claims to truly famous marks like Budweiser beer, Camel cigarettes, Barbie Dolls, and the like." Luv N' Care Ltd. v. Regent Baby Prods. Corp., 841 F. Supp. 2d 753, 758 (S.D.N.Y. 2012). Moreover, "[t]he degree of fame required for protection under § 1125(c) must exist in the general marketplace, not in a niche market." Kuklachev v. Gelfman, 600 F. Supp. 2d 437, 472 (E.D.N.Y. 2009)(dismissing dilution claim on a 12(b)(6) motion because plaintiff's mark was not "truly famous") (internal quotation marks omitted); see also Luv N' Care Ltd., 841 F. Supp. 2d at 757 (dismissing dilution claim on a 12(b)(6) motion because plaintiff's marks were only famous within a niche, not among the general consuming public); Heller Inc., 2009 WL 2486054, at *4 (same).

The Court finds that Defendants have failed to plead sufficient facts making it plausible that their Marks are famous and thereby entitled to anti-dilution protection under § 1125(c). Defendants' general allegations that their Marks have "fostered wide renown [sic] with the trade and public" and have "great value and secondary meaning among the consuming public" (see Counterclaims ¶¶ 22, 28, 32) are labels and conclusions not entitled to a presumption of truth. Iqbal, 556 U.S. at 678. Defendants' other allegations, at best, make it plausible that their Marks are recognized within the niche market of for-profit, post-secondary schools. Allegations that Defendants own at least fourteen educational institutions, provide educational services to at least 16,000 people, have one subsidiary that has operated for more than 100 years, have invested "enormous" sums of money in marketing, provide services that are "highly sought after," and have experienced "extraordinary and longstanding sales success" do not make it plausible that Defendants' Marks are truly famous to the general consuming public of the United States. (Counterclaims ¶¶ 17, 18, 21, 22, 29, 31, 32.) Accordingly, BSR's 12(b)(6) Motion to Dismiss Defendants' federal trademark dilution claims is hereby GRANTED.

F. Defendants/Counter-Plaintiffs' Claims for Injury to
Business Reputation and Dilution under N.Y. General
Business Law § 360-1

New York General Business Law § 360-1 provides that
“[l]ikelihood of injury to business reputation or of dilution of
the distinctive quality of a mark or trade name shall be a
ground for injunctive relief . . . notwithstanding the absence
of competition between the parties or the absence of confusion
as to the source of goods or services.” N.Y. Gen. Bus. Law §
360-1. “Unlike federal trademark dilution law . . . , New York's
trademark dilution law does not require a mark to be ‘famous’
for protection against dilution to apply.” Starbucks Corp. v.
Wolfe's Borough Coffee, Inc., 588 F.3d 97, 114 (2d Cir. 2009).
State law, unlike federal law, “requires a showing of a mere
likelihood of dilution.” Louis Vuitton Malletier v. Dooney &
Bourke, Inc., 454 F.3d 108, 119 (2d Cir. 2006) (internal
quotation marks and ellipsis omitted). In addition, “New York
law does not permit a dilution claim unless the marks are
‘substantially’ similar.” Starbucks Corp., 588 F.3d at 114.

“Similar to federal trademark dilution law under 15 U.S.C.
§ 1125(c), section 360-1 has been interpreted to provide for
protection against both dilution by blurring and tarnishment.”
Id. “[D]ilution by blurring may occur where the defendant uses

or modifies the plaintiff's trademark to identify the defendant's goods and services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product." Hormel Foods Corp. v. Jim Henson Productions, Inc., 73 F.3d 497, 506 (2d Cir. 1996) (quoting Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994)). Therefore, blurring does not occur where a defendant's use of a plaintiff's mark "tends to increase public identification of a plaintiff's mark with the plaintiff." Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC, 221 F. Supp. 2d 410, 422 (S.D.N.Y. 2002); see also Hormel Foods Corp., 73 F.3d at 506 (finding no blurring where the parody "tend[ed] to increase public identification" of the mark with the senior mark holder); N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, LLC, 69 F. Supp. 2d 479, 490 (S.D.N.Y. 1999) (rejecting blurring claim because "the challenged marks explicitly refer to the [senior user], and their success depends on a customer making a connection with the original marks"), aff'd in part, rev'd on other grounds, 293 F.3d 550 (2d Cir. 2002).

Here, Defendants have failed to allege plausibly that BSR's use of Defendants' Marks raises the possibility that the Marks will lose their ability to serve as a unique identifier of Defendants' educational institutions. BSR's website catalogues,

describes, and compares community colleges. (Def. Opp. Exs. C-D.) Its use of Defendants' Marks "causes no loss of distinctiveness, since the success of the use depends upon the continued association of the mark with" Defendants' educational institutions. Tommy Hilfiger Licensing, Inc., 221 F. Supp. 2d at 422; see also N.Y. Stock Exch., Inc., 69 F. Supp. 2d at 490. Indeed, BSR's website tends to increase public identification of Defendants' Marks with the educational institutions they represent, by describing the educational institutions in detail. (Def. Opp. Exs. C-D.) This is the very opposite of blurring.

"Tarnishment occurs where a trademark is 'linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context,' with the result that 'the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods.'" N.Y. Stock Exchange, Inc. v. N.Y., N.Y. Hotel LLC, 293 F.3d 550, 558 (2d Cir. 2002) (quoting Deere & Co., 41 F.3d at 43). Although "tarnishment is not limited to seamy conduct," id. at 558 (internal quotation marks omitted), courts are "careful not to broaden section [160-1] to prohibit all uses of a distinctive mark that the owner prefers not be made." Deere & Co., 41 F.3d at 44. Here, Defendants have failed to allege plausibly that BSR has linked Defendants' Marks to products of shoddy quality or

are portrayed in an unwholesome or unsavory context.

Accordingly, Defendants' Counterclaims pursuant to N.Y. General Business Law § 360-1 are DISMISSED.

G. Defendants/Counter-Plaintiffs' Copyright Infringement
Claims

"In order to demonstrate copyright infringement, a plaintiff must show ownership of a valid copyright and copying of the protectable elements of the copyrighted work." Scholz Design, Inc. v. Sard Custom Homes, LLC, 691 F.3d 182, 186 (2d Cir. 2012). "[T]he Copyright Act grants the copyright holder 'exclusive' rights to use and to authorize the use of his work" in the specific ways enumerated in the statute, "including reproduction of the copyrighted work in copies." Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 432-33 (1984). "To prove infringement, a plaintiff must show that: (1) the defendant actually copied the plaintiff's work; and (2) the copying is illegal because a 'substantial similarity' exists between the defendant's work and the protectible elements of the plaintiff's work." Streetwise Maps, Inc. v. VanDam, Inc., 159 F.3d 739, 747 (2d Cir. 1998).

BSR argues that Defendants contractually waived their right to sue for copyright infringement of the videos Series 2 TV

Spot: 2 For 1 and Heritage Graduate Chris S. when it placed those videos on YouTube. (Pl. Mem. in Supp. 23-24.)⁷ In support of this claim, BSR cites to YouTube's Terms of Service. The YouTube Terms of Service, however, were not alleged in, attached to, or incorporated by reference in the Counterclaims; nor do the Counterclaims rely heavily upon their terms and effect. The Court also declines to take judicial notice of the YouTube Terms of Service. Although the Court generally has the discretion to take judicial notice of internet material, see Magnoni v. Smith & Laqueria, LLP, 701 F. Supp. 2d 497, 501 (S.D.N.Y. 2010), BSR offers nothing to authenticate the online contract as the contract governing Defendants' relationship with YouTube. Accordingly, the Court cannot and does not find at this stage in the proceedings that Defendants waived their right to sue for copyright infringement of the videos they placed on YouTube. See Fed. R. Evid. 201(b) ("The court may judicially notice a fact that is not subject to reasonable dispute because it . . . can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.").

⁷ In BSR's Reply brief, it makes new claims regarding whether the works are entitled to copyright protection and whether BSR copied the works in their entirety. (Reply Mem. 8.) However, the Court need not consider claims first raised in a reply brief, see Cantor Fitzgerald Inc. v. Lutnick, 313 F.3d 704, 710 n.3 (2d Cir. 2002), and declines to do so here.

Under the Copyright Act, "the fair use of a copyrighted work, including such use by reproduction in copies . . . for purposes such as criticism, comment . . . or research, is not an infringement of copyright." 17 U.S.C. § 107. "Whether such 'fair use' exists involves a case-by-case determination using four non-exclusive, statutorily provided factors in light of the purposes of copyright." Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 608 (2d Cir. 2006). These factors are:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. "At bottom, however, whether a particular use of a copyrighted work constitutes fair use depends on 'whether the copyright law's goal of promoting the Progress of Science and useful Arts would be better served by allowing the use than by preventing it.'" Swatch Group Mgmt. Servs. Ltd. v. Bloomberg L.P., 808 F. Supp. 2d 634, 641 (S.D.N.Y. 2011) (quoting Bill Graham Archives, 448 F.3d at 608).

The Court cannot address the fact-intensive issue of fair use after reviewing only the pleadings. Accordingly, the Court declines to determine whether BSR's use of Defendants'

copyrighted works was a fair use before the Parties have completed discovery. See, e.g., Swatch Group Mgmt. Servs., 808 F. Supp. 2d at 641 (declining to address the issue of fair use before Parties had opportunity for discovery); Browne v. McCain, 611 F. Supp. 2d 1073 (C.D. Cal. 2009) (“[I]n light of a court’s narrow inquiry at this stage and limited access to all potentially relevant and material facts needed to undertake the analysis, courts rarely analyze fair use on a 12(b)(6) motion.”)

“Under 17 U.S.C. § 412, a plaintiff may not recover statutory damages or attorney’s fees for any infringement ‘commenced’ before the effective date of a copyright’s registration.” Troll Co. v. Uneeda Doll Co., 483 F.3d 150, 158 (2d Cir. 2007). “The courts have held, based on the provision’s text, legislative history, and purpose, that a plaintiff may not recover statutory damages and attorney’s fees for infringement occurring after registration if that infringement is part of an ongoing series of infringing acts and the first act occurred before registration.” Id.; see also Inst. for Dev. of Earth Awareness v. People for Ethical Treatment of Animals, No. 08 Civ. 6195 (PKC), 2009 WL 2850230, at *3 (S.D.N.Y. Aug. 28, 2009) (same).

Here, Defendants may not recover statutory damages or attorney’s fees because all alleged copyright infringement

commenced before the effective dates of the relevant copyright registrations. The effective dates of all specific copyright registrations alleged by Defendants are on or after May 17, 2012 (Counterclaims ¶¶ 25-26, 35-36; Counterclaims Exs. 2, 3, 5.) The alleged copyright infringement regarding the MMTC website commenced, at the latest, in April 2010. (Am. Compl. Ex. A.) The alleged copyright infringement regarding the Series 2 TV Spot: 2 for 1, the Heritage website, and Heritage Graduate Chris S. commenced, at the latest, in November 2011. (Am. Compl. Ex. B; Counterclaims ¶¶ 37, 63.)

Defendants, in their Opposition brief, attempt to assert a claim for statutory damages and attorney's fees for "any works that were registered before the infringement was discovered." (Def. Opp. 16.) They argue that the pleadings "raise a reasonable expectation that discovery will reveal" that BSR infringed copyrighted works other than the four works specifically referenced in the Counterclaims. (Id. 17.) However, Defendants have failed to plead facts that allow the Court to draw the reasonable inference that BSR's infringement commenced after the effective date of a copyright's registration. See Iqbal, 556 U.S. at 678. They plead that their copyrighted material "includes, but is not limited to," four particular works which Defendants have registered with the U.S. Copyright

Office. (Counterclaims ¶¶ 25-27, 35-37.) Merely stating that Defendants' copyrighted material "is not limited to" these four works does not constitute factual content making it plausible that BSR infringed additional copyrighted works. Accordingly, the Court DISMISSES Defendants' counterclaims for statutory damages and attorney's fees pursuant to the Copyright Act. However, the Court DENIES BSR's Motion to Dismiss Defendants' counterclaims seeking relief other than statutory damages and attorney's fees pursuant to the Copyright Act.

III. CONCLUSION

For the foregoing reasons, BSR's Motion to Dismiss Defendants' Counterclaims pursuant to Fed. R. Civ. P. 12(b)(6) is GRANTED as to Defendants' counterclaims for trademark infringement, unfair competition, deceptive trade practices, and trademark dilution, as well as to Defendants' copyright infringement counterclaims for statutory damages and attorney's fees. BSR's Motion is DENIED as to Defendants' remaining copyright infringement counterclaims.

When a complaint has been dismissed, permission to amend it shall be freely given when justice so requires. Fed. R. Civ. P. 15(a)(2). However, a court may dismiss without leave to amend when amendment would be futile, or would not survive a motion to

dismiss. Oneida Indian Nation of New York v. City of Sherrill, 337 F.3d 139, 168 (2d Cir. 2003), rev'd on other grounds, 544 U.S. 197 (2005). "Where the plaintiff is unable to demonstrate that he would be able to amend his complaint in a manner which would survive dismissal, opportunity to replead is rightfully denied." Beachum v. AWISCO New York Corp., 459 F. App'x 58, 59 (2d Cir. 2012) (quoting Hayden v. Cnty. of Nassau, 180 F.3d 42, 53 (2d Cir. 1999)) (internal quotation marks omitted).


The Court GRANTS Defendants leave to amend their federal and state trademark infringement, federal and state unfair competition, and state trademark dilution counterclaims regarding the "Get info / application from" hyperlinks featured on the printouts of BSR's webpages. (See Am. Compl. Ex. A at 10, 16; Am. Compl. Ex. C at 12; Def. Req. Judicial Notice Ex. C at 4; Def. Req. Judicial Notice Ex. D at 4.) All other trademark infringement, unfair competition, deceptive trade practices, and trademark dilution claims are DISMISSED WITH PREJUDICE, as are Defendants' copyright infringement claims for statutory damages and attorney's fees. Amendment of these claims would be futile or would not survive a motion to dismiss.

Any amended counterclaims shall be filed within forty-five days of the date of this Order. Failure to do so shall result in dismissal with prejudice of all claims except for the Copyright

Act counterclaims for relief other than statutory damages and attorney's fees.

SO ORDERED.

DATED: March 29, 2013
New York, New York



Deborah A. Batts
United States District Judge