



Mayer Brown LLP
1221 Avenue of the Americas
New York, New York 10020
United States of America

T: +1 212 506 2500
www.mayerbrown.com

Jonathan W. Thomas
T: +1 212 506 2226
jwthomas@mayerbrown.com

December 8, 2022

Via ECF

The Honorable Jennifer E. Willis
United States Magistrate Judge
United States District Court, S.D.N.Y.
40 Foley Square
New York, New York 10007

**Re: *3M Company v. Performance Supply, LLC*; Case No. 1:20-cv-02949-JLR-JW
3M's Pre-Motion Letter re Default Judgment, Permanent Injunction**

Dear Judge Willis:

We represent Plaintiff 3M Company ("3M") in the above-referenced civil action. Further to our December 1, 2022 status letter (Dkt. 40), and pursuant to Rules I.B and II.A of this Court's Individual Practices for Civil Cases, 3M requests a pre-motion conference regarding its anticipated motion for a default judgment under FED. R. CIV. P. 55(b)(2), and permanent injunction under 15 U.S.C. § 1116(a) (the "Motion"), against Defendant Performance Supply, LLC ("Defendant").

I. Background

Defendant is not—and never has been—a licensed or authorized distributor, agent, or representative of any of Plaintiff's products, and has no right to use Plaintiff's famous 3M trademarks for any purpose (the "3M Marks"). *See 3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181, 190 (S.D.N.Y. 2020). Yet in March 2020—when healthcare workers were risking their lives to treat COVID-19 patients at the beginning of the pandemic in the United States—Defendant reproduced the famous 3M marks *nine* times on a written quote sent to New York City's Office of Citywide Procurement, wherein Defendant offered to sell millions of Plaintiff's 3M-branded N95 respirator masks at a grossly inflated aggregate price of approximately \$45 million. *See id.* at 190, 197. The quote also listed 3M's corporate headquarters in St. Paul, Minnesota, and falsely claimed the offer's acceptance was at 3M's discretion. *See id.* at 190-91. Defendant's conduct caused New York City officials to prepare a Bid Evaluation Request, wherein they mistakenly identified Defendant as a "vendor" of 3M-branded N95 respirators—twice. *See id.* at 190. A New York City official also mistakenly contacted 3M the *same* day they received Defendant's aforementioned quote. *See id.* at 191.

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Based on the foregoing, as well as supporting affidavits from 3M officials, Judge Preska “granted 3M’s Application for [an] Order to Show Cause in its entirety” on April 24, 2020 (the “TRO”). *See 3M Co.*, 458 F. Supp. 3d at 186. Judge Preska converted the TRO into a preliminary injunction on May 4, 2020 (the “PI”). *See id.* at 198-99. Defendant’s deadline to respond to the Complaint was the following day, but it failed to respond. *See* Doc. No. 18 (Summons Returned Executed; setting “answer due 5/5/2020”). To date, Defendant has not responded to the Complaint or appeared in this lawsuit.¹ Accordingly, on November 29, 2022, the Clerk issued a Certificate of Default against Defendant. *See* Dkt. 39. As a final step in this lawsuit, 3M seeks the entry of a default judgment, and a permanent injunction. 3M previews its arguments for each remedy in turn.

II. Default Judgment

“In determining whether to grant a motion for default judgment, a court within this district considers three factors: (1) whether the defendant’s default was willful; (2) whether defendant has a meritorious defense to plaintiff’s claims; and (3) the level of prejudice the non-defaulting party would suffer as a result of the denial of the motion for default judgment.” *Nespresso USA, Inc. v. Africa America Coffee Trading Co. LLC*, 2016 WL 3162118, at *2, *7 (S.D.N.Y. June 2, 2016) (entering default judgment in trademark case). Each factor favors 3M. Defendant’s failure to appear in this case and respond to the Complaint or any other notice it received from 3M (i) “indicates willful conduct,” and (ii) prevents this Court from determining whether Defendant “might be able to present any meritorious defense to [3M’s] claims.” *Id.* at *2 n.3. 3M also would suffer prejudice in the absence of a default judgment in the form of “impaired reputation, brand dilution, goodwill lost, and the destruction of the inherent value of the [3M] Marks.” *Off-White LLC v. anogar-32*, 2022 WL 846755, at *2 (S.D.N.Y. Mar. 22, 2022) (entering default judgment, permanent injunction in trademark case).

“Once the [C]ourt finds that these factors favor the plaintiff” (*Nespresso USA, Inc.*, 2016 WL 3162118, at *2), as they do here, the “Court must follow a two-step procedure for the entry of judgment against a party who fails to defend: (1) the entry of default, and (2) the entry of a default judgment.” *Mattel, Inc. v. www.fisher-price.online*, 2022 WL 2801022, at *2 (S.D.N.Y. July 18, 2022) (entering default judgment, permanent injunction in trademark case). The first step “simply ‘formalizes a judicial recognition that a defendant has, through its failure to defend the action, admitted liability to the plaintiff.’” *Mattel, Inc.*, 2022 WL 2801022, at *2. Under the second step, “the Court must determine whether allegations against the defaulting party are well-pleaded” under the familiar standards of *Iqbal* and *Twombly*. *Id.* Given that 3M’s allegations satisfied the *higher* burden of obtaining a PI, 3M’s allegations pass muster under *Iqbal*, and *Twombly*. *See New Hope Family Services, Inc. v. Poole*, 966 F.3d 145, 165 (2d Cir. 2020) (establishing a “likelihood of

¹ Defendant’s principal, Mr. Ronald Romano, was involved in criminal proceedings regarding an alleged “multi-faceted scheme” to sell 3M-branded N95 respirators to government agencies at grossly inflated prices during the COVID-19 global pandemic. *See generally United States v. Ronald Romano*, 20 Cr. 585 (ALC) (the “Criminal Proceeding”). Mr. Romano was arrested on May 26, 2020. *See id.* at Doc. No. 68, p. 12. Two years later, on May 31, 2022, Mr. Romano pled guilty to one Count of conspiracy to violate the Defense Production Act, in violation of 18 U.S.C. § 371 and 50 U.S.C. § 4512. *See id.* at pgs. 12-13. On September 15, 2022, Judge Carter sentenced Mr. Romano to five years probation, thus bringing the Criminal Proceeding to a close. *See id.* at Doc. No. 70.

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success” on the merits for purposes of a preliminary injunction is a “heavier burden” than establishing plausibility under *Iqbal* and *Twombly*). But even in the absence of the PI, 3M’s allegations plausibly establish Defendant’s liability. 3M’s federal and state trademark infringement and unfair competition claims have two elements, namely, that: “(i) [the] 3M Marks [...] are valid and entitled to protection, and (ii) Defendant is using the famous 3M Marks [...] in a manner that is likely to create consumer confusion.” *3M Co.*, 458 F. Supp. 3d at 192. Because 3M’s federal trademark registrations are either incontestable and/or on the Principal Trademark Register, the 3M Marks are valid. *See id.* at 193. As Judge Preska detailed, all of the *Polaroid* factors (which assess likelihood of confusion) tip decidedly in 3M’s favor given that Defendant jeopardized the reputation of the 3M brand and caused actual confusion by reproducing the 3M Marks *in toto* to create the false impression that it had the authorization to sell products widely associated with the 3M brand and Marks. *See id.* at 193-96. 3M established its claim for false advertising under the Lanham Act given that Defendant made false representations, which caused actual deception. *See id.* at 196-97. 3M also established its claims under NY G.B.L. §§ 349 and 350 because Defendant’s conduct “presents a substantial threat to public health and safety.” *Id.*

III. Permanent Injunction

It “is well-established that a court may grant a permanent injunction as part of a default judgment.” *Idealville Prods. Corp. v. OhMyGod 1*, 2020 WL 6747033, at *4 (S.D.N.Y. Nov. 17, 2020) (entering default judgment, permanent injunction in trademark case). The decision to grant a permanent injunction turns “on (1) the likelihood that plaintiff will suffer irreparable harm if an injunction is not granted; (2) whether remedies at law such as monetary damages are inadequate to compensate plaintiff for that harm; (3) the balance of hardships; and (4) whether the public interest would not be disserved by a permanent injunction.” *Id.* at *4. 3M’s success on the merits² establishes a presumption of irreparable harm under the Trademark Modernization Act, to wit, 15 U.S.C. § 1116(a). 3M also has proven irreparable harm insofar as it “cannot control whether the products that Defendant [offered] for sale and/or [sold] outside of its authorized trade channels adhere[d] to 3M’s rigorous quality-control standards.” *3M Co.*, 458 F. Supp. 3d at 192 (collecting cases). Moreover, “[n]o amount of money could repair the damage to 3M’s brand and reputation [from being] associated with the crime of price-gouging at the expense of healthcare workers and first responders in the midst of the COVID-19 crisis,” which is ongoing. *Id.*³ Also “[i]t would not be a ‘hardship’ for Defendant to refrain from engaging in unlawful activities related to 3M’s brand [...]” Finally, “the public has an interest ... in being assured that the mark it associated with a product is not attached to goods of unknown origin and quality.” *Mattel, Inc.*, 2022 WL 2801022, at *12.

² 3M has achieved actual success on the merits via Defendant’s default. *See, e.g., Pitbull Productions, Inc. v. Universal Netmedia, Inc.*, 2007 WL 3287368, at *6 (S.D.N.Y. Nov. 7, 2007) (entering default judgment, permanent injunction in trademark case; “[b]ecause the defendants’ default constitutes an admission of liability, Pitbull has established success on the merits”).

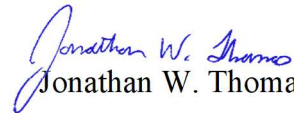
³ As alleged in the Complaint, 3M will donate any monetary damages that it receives to charity. *See* Dkt. 1 at p. 25.

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IV. Conclusion

Based on the foregoing, 3M respectfully requests that the Court schedule a conference to discuss 3M's Motion for a default judgment, and permanent injunction, against Defendant. In the meantime, we thank the Court for its time and consideration.

Respectfully submitted,


Jonathan W. Thomas

cc (via USPS):
Performance Supply, LLC
c/o Ronald Romano
3 Westbrook Way
Manalapan, New Jersey 07726