

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

3M COMPANY,

Plaintiff,

-against-

PERFORMANCE SUPPLY, LLC,

Defendant.

Case No.: 1:20-cv-02949 (JLR)(JW)

Jury Trial Demanded

**PLAINTIFF 3M COMPANY'S PROPOSED
FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT
OF ITS MOTION FOR DEFAULT JUDGMENT AND PERMANENT
INJUNCTION AGAINST DEFENDANT PERFORMANCE SUPPLY, LLC**

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PROPOSED FINDINGS OF FACT

I. Procedural History

1. Plaintiff 3M Company (“3M”) commenced this lawsuit against Defendant Performance Supply, LLC (“Defendant”) on April 10, 2020. *See* Dkt. No 1 (as re-filed as Dkt No. 9; hereinafter, the “Compl.”). 3M duly served the Defendant’s President, Mr. Ronald Romano, with the Summons and Complaint on April 14, 2020. *See* Dkt. No. 18.

2. In the Complaint, 3M alleges that Defendant is using the “3M” trademarks to perpetrate a false and deceptive price-gouging scheme on unwitting consumers, including agencies of government, in connection with the attempted sale of 3M-brand N95 respirators during the global COVID-19 pandemic. Compl., ¶1.

3. In the Complaint, 3M seeks relief for: (i) federal trademark infringement under Section 32 of the Lanham Act, 15 U.S.C. § 1114; (ii) federal unfair competition, false association, false endorsement, and false designation of origin under Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A); (iii) federal trademark dilution under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); (iv) federal false advertising under Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B); (v) deceptive acts and practices under NEW YORK GENERAL BUSINESS LAW (“GBL”) § 349; (vi) false advertising under GBL § 350; (vii) dilution and injury to business reputation under GBL § 360-*l*; (viii) trademark infringement under New York common law; and (ix) unfair competition under New York common law. *See generally* Compl.

4. On April 24, 2020, 3M duly filed an application (the “Application”) for a temporary restraining order and preliminary injunction against Defendant. *See* Dkt. No. 12. In support of 3M’s Application, it submitted: (i) a Memorandum of Law (Dkt. No. 13); (ii) the Declaration of Charles Stobbie (the “Stobbie Decl.”) (Dkt. No. 14); (iii) the Declaration of David A. Crist (the “Crist Decl.”) (Dkt. No. 15); and (iv) the Declaration of A. John P. Mancini, Esq. (the “Mancini

Decl.”) (Dkt. No. 16). *See* Dkt. Nos. 13-16. 3M also duly served all of the aforementioned documents on Mr. Romano on April 22, 2020 before filing them on April 24. *See* Dkt Nos. 13-16.

5. In the Application, 3M sought an Order, pursuant to FED. R. CIV. P. 65(a), that directed Defendant to show cause (the “Order to Show Cause”) as to why this Court should not preliminarily enjoin Defendant, its agents, servants, employees, officers, attorneys, and all persons and entities in active concert or participation with any of them, from engaging in any of the following acts and conduct during the pendency of this lawsuit:

a. using the “3M” trademarks (the “3M Marks,” as defined in the Application), the slogan “3M. Science Applied to Life” (the “3M Slogan”), and any other word, name, symbol, device, or combination thereof that is confusingly similar to the 3M Marks and/or the 3M Slogan, for, on, and/or in connection with the manufacture, distribution, advertising, promoting, offering for sale, and/or sale of any goods or services, including, without limitation, Plaintiff’s 3M-brand N95 respirators, during the pendency of this action, and

b. engaging in any false, misleading, and/or deceptive conduct in connection with 3M and its products, including, without limitation, representing itself as being an authorized distributor, vendor, agent, representative, retailer, and/or licensee of 3M and/or any of 3M’s products (including, without limitation, 3M-brand N95 respirators); falsely representing to have an association or affiliation with, sponsorship by, and/or connection with, 3M and/or any of 3M’s products; falsely representing that 3M has increased the price(s) of its 3M-brand N95 respirators; and offering to sell any of 3M’s products at a price and/or in a manner that would constitute a violation of GBL § 369-R.

See Dkt. No. 12, ¶ 1(a)-(b).

6. In the Application, 3M also sought an Order, pursuant to FED. R. CIV. P. 65(b), that temporarily restrained Defendant, its agents, servants, employees, officers and all persons and entities in active concert and participation with them from engaging in any of the acts and/or conduct described in Paragraph 5(a)-(b), *supra*, from the date of this Court’s granting of 3M’s Application, through and including the Date of the Show Cause Hearing. *See* Dkt. No. 12, ¶2.

7. On April 24, 2020, this Court granted 3M's Application for the Order to Show Cause in its entirety. *See* Dkt. No. 17. This Court did not require 3M to post a bond. *See id.*, ¶3.

8. In the Order to Show Cause, the Court ordered 3M to serve the Order, together with 3M's Memorandum of Law, and the Stobbie, Crist, and Mancini Decls., respectively, on Mr. Romano by overnight courier or mail and/or personal service by April 25, 2020 at 5 pm. *See* Dkt. No. 12, ¶4. Pursuant to the Order to Show Cause, 3M duly served Mr. Romano with the aforementioned documents via personal service on April 24, 2020 at 5:20 pm. *See* Dkt. No. 19.

9. In the Order to Show Cause, the Court ordered Defendant to file its opposition to 3M's Application by April 30, 2020 at Noon Eastern Daylight Time. *See* Dkt. No. 12, ¶6. The Court ordered 3M to file its reply papers, if any, by May 2, 2020 at Noon Eastern Daylight Time. *Id.* Defendant did not oppose 3M's Application. Accordingly, 3M did not file a reply in further support of its Application.

10. The Court scheduled a telephonic hearing on 3M's Application for May 4, 2020 at 11 am Eastern Daylight Time (the "Show Cause Hearing"). *See* Dkt. No. 12, ¶1.

11. On May 5, 2020, the Court entered its Findings of Fact and Conclusions of Law in connection with 3M's Application, and granted a preliminary injunction in favor of 3M. *See* Dkt. No. 23.

12. On June 24, 2020, counsel for 3M notified the court that on May 21, 2020, the United States Attorney's Office for the Southern District of New York ("USAO") initiated a three-count criminal Complaint against Defendant's principal in a proceeding stylized *U.S.A. v. Romano*, Case No. 1:20-cr-00585-ALC (S.D.N.Y. 2020) (the "Criminal Proceeding"). *See* Dkt. No. 28.

13. In the Criminal Proceeding, the USAO charged Defendant's principal, Mr. Ronald Romano, with, *inter alia*, conspiracy to violate the Defense Production Act, attempt and conspiracy to commit wire fraud, and fraud by wire, radio or television. *See* Criminal Proceeding Dkt. No. 9.

14. On December 17, 2021 the Court entered an order deferring this action until completion of the Criminal Proceeding before further prosecution of the civil claims in connection with this action. Dkt. No. 31.

15. On May 31, 2022, in connection with the Criminal Proceeding, Mr. Romano pled guilty to one count of Conspiracy to Violate the Defense Production Act. Criminal Proceeding Dkt. No. 63. During that hearing, after being sworn to state the truth, Mr. Romano admitted the following to the Hon. Andrew Carter:

THE COURT: What is it you did that makes you guilty of that crime?

THE DEFENDANT: In early 2020, at the outset of the COVID-19 pandemic and at a time when the city and state governments were in need of a reliable supply of masks, I and others agreed to attempt to procure and resell at a profit this important personal protective equipment, or PPE. One part of our agreement included an attempt to obtain large quantities of scarce resources, mainly face masks, to sell to New York City. I understood at the time that we were attempting to acquire resources that were in short supply and were needed by the city and its hospitals.

As president of the company on March 31, 2020, I submitted proposals for prices for respirators that were much higher than market rates. At that time I understood that I falsified references, and prices submitted were higher than 3M list prices. I knew this was unlawful.

Though I am grateful that the city of New York never purchased these masks, I deeply regret my actions and apologize to the Court and the United States government for this conduct.

Criminal Proceeding Dkt. No. 63, at Tr. 15:3-20.

16. On November 29, 2022, 3M filed a Proposed Certificate of Default. *See* Dkt. Nos. 36-38.

17. On November 29, 2022 the Clerk entered a Certificate of Default. Dkt. No. 39.

18. On December 12, 2022, the Court entered an order directing 3M to file with the Court: (1) Proposed Findings of Fact and Conclusions of Law; (2) an Inquest Memorandum of Law, accompanied by supporting Affidavits and Exhibits; and (3) a Permanent Injunction Memorandum of Law. Dkt. No. 42.

19. The following Proposed Findings of Fact (“FOF”) derive from 3M’s Application for a Temporary Restraining Order and Preliminary Injunction (including its supporting Memorandum of Law, and the Stobbie, Crist, and Mancini Decls.), the Court’s Findings of Fact and Conclusions of Law entered in connection with 3M’s Application (Dkt. No. 23),¹ the Criminal Proceeding, the record, and the proceedings held to date in this lawsuit.

II. COVID-19 and the Current National Emergency

20. Beginning in 2020, and continuing to date, the world has seen an outbreak of a highly contagious virus, known as COVID-19, creating an international state of emergency. *See* Dkt. No. 23, ¶12. According to the Center for Disease Control and Prevention, reported illnesses from COVID-19 “range[] from very mild (including some with no reported symptoms) to severe, including illness resulting in death.” *Id.*

21. The virus that causes COVID-19 (namely, the novel coronavirus) is believed to pass from person-to-person via airborne particles and liquids. Dkt. No. 23, ¶13. N95 respirators can prevent virus-carrying particles from reaching the wearer when appropriately selected, fitted, and worn over the mouth and nose. *Id.* Accordingly, at the time of Defendant’s infringement, guidelines recommended that healthcare personnel wear respiratory protection, including N95

¹ The Court’s May 4, 2020 Findings of Fact and Conclusions of Law are also published at *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

respirators, when interacting with infected patients in order to reduce the workers' risk of exposure to the virus. *See id.*

III. Plaintiff 3M

22. 3M began over 100 years ago as a small-scale mining venture in Northern Minnesota. Dkt. No. 23, ¶14. 3M has grown into an industry-leading provider of scientific, technical, and marketing innovations throughout the world. *Id.* 3M's portfolio includes more than 60,000 goods and services, ranging from household and school supplies, to medical devices and equipment. *See id.*

A. The 3M Brand

23. 3M provides goods and services throughout the world under numerous brands, including well-known brands such as: ACE; POST-IT; SCOTCH; NEXCARE; and more. Dkt. No. 23, ¶15.

24. However, 3M's most famous and widely recognized brand is its eponymous "3M" brand. Dkt. No. 23, ¶16. The 3M brand encompasses products and materials for a wide array of medical devices, supplies, and personal protective equipment ("PPE"), including, for example: stethoscopes; medical tapes; surgical gowns; blankets; bandages and other wound-care products; and respirators. *Id.* 3M-brand products are highly visible throughout numerous hospitals, nursing homes, and other care facilities where patients, care providers, and procurement officers value and rely on the high quality and integrity associated with the 3M brand. *Id.* 3M employs strict quality-control standards in manufacturing all of its products, including its products used in the fields of healthcare and worker safety. *Id.*

B. The 3M Marks

25. Over the past century, 3M has invested hundreds of millions of dollars in advertising and promoting its 3M-brand products to customers throughout the world (including its

3M-brand N95 respirators) under the standard-character mark “3M” and the inset 3M design mark (together, the “3M Marks”):



Dkt. No. 23, ¶17.

26. 3M also uses its famous “3M Science. Applied to Life” slogan (the “3M Slogan”) in connection with the promotion of its goods and services. *Id.*

27. During this period, 3M-brand goods and services offered under its 3M Marks, in particular, have been the subject of widespread, unsolicited media coverage and critical acclaim. Dkt. No. 23, ¶18. Products offered by 3M using its 3M Marks have also enjoyed enormous commercial success (including, without limitation, its range of 3M-brand N95 respirators). *Id.*

28. To strengthen 3M’s common-law rights in and to its 3M Marks and 3M Slogan, 3M has obtained numerous federal trademark registrations, including, without limitation: (i) U.S. Trademark Reg. No. 3,398,329, which covers the standard-character 3M mark in Int. Classes 9 and 10 for, *inter alia*, respirators (the “‘329 Registration”); (ii) U.S. Trademark Reg. No. 2,793,534, which covers the 3M design mark in Int. Classes 1, 5, and 10 for, *inter alia*, respirators (the “‘534 Registration”); and (iii) U.S. Trademark Reg. No. 5,469,903, which covers the “3M Science. Applied to Life” slogan in a number of Int. Classes, including Int. Class 9 for facial masks and respirators (the “‘903 Registration”). Dkt. No. 23, ¶19.

29. Pursuant to Section 15 of the Lanham Act, namely, 15 U.S.C. § 1065, on April 2 2014, the United States Patent and Trademark Office (the “PTO”) issued a Notice of Acknowledgement of 3M’s Declaration of Incontestability of the ‘329 Registration. *See* Dkt. No. 15-5. On December 21, 2009, the PTO issued a Notice of Acknowledgement of 3M’s Declaration of Incontestability of the ‘534 Registration. Dkt. No. 23, ¶20.

C. 3M-Brand N95 Respirators

30. 3M is a leading manufacturer of N95 respirators. Dkt. No. 23, ¶21. In fact, “3M’s N95 [respirators] are considered the gold standard by medical workers and public-health officials.” *Id.* 3M’s N95-rated filtering facepiece respirators have a filtration efficiency of at least 95% against non-oily particles when tested using the U.S. National Institute for Occupational Safety and Health criteria. *Id.*

31. 3M has sold N95 respirators in the United States under the 3M brand name and 3M Marks for decades. Dkt. No. 23, ¶22. Since the COVID-19 outbreak began, the public has become even more familiar with 3M as a manufacturer of N95 respirators and other equipment essential to protecting healthcare personnel and workers from exposure to airborne particles. *Id.* For example, in early March 2020, then-Vice President Pence and Dr. Deborah Birx, made a highly publicized visit to 3M’s corporate headquarters in Minnesota, during which they discussed and “praise[d]” 3M and its N95 respirators. *Id.*

D. 3M’s Production and Sale of N95 Respirators During COVID-19

32. Among the PPE that 3M provided to the heroic individuals on the front lines of the battle against COVID-19 are 3M-brand N95 respirators. Dkt. No. 23, ¶23.

33. Since the outbreak of COVID-19 in early 2020, 3M has doubled its global output rate of filtering facepiece respirators, such as 3M-brand N95 respirators, to 1.1 billion per year, to seek to ensure that adequate supply is available to governments and healthcare personnel, as well as to workers in other critical industries, including food, energy and pharmaceutical. *See* Dkt. No. 23, ¶24.

E. 3M’s Efforts to Help Curtail Unlawful Conduct During COVID-19

34. Opportunistic third parties in the United States sought to exploit the increased demand for 3M-brand N95 respirators by offering to sell them for exorbitant prices, associating

3M with those exorbitant prices, falsely claiming that their exorbitant prices are a result of 3M price increases, selling counterfeit versions of 3M-brand N95 respirators, and seeking and accepting money for purported quantities of 3M-brand N95 respirators that they do not possess or are not authorized to sell. Dkt. No. 23, ¶26.

35. 3M worked with law enforcement, retail partners, and others to help thwart third-party price-gouging, counterfeiting, and fraud in relation to 3M-brand N95 respirators during COVID-19. Dkt. No. 23, ¶27. For example, on March 24, 2020, 3M’s Chief Executive Officer, Mike Roman, sent a letter to U.S. Attorney General William Barr, and the President of the National Governors’ Association, Larry Hogan of Maryland, to offer 3M’s partnership in combatting price-gouging. *Id.* Additional examples of 3M’s efforts to thwart price-gouging, counterfeiting, and fraud during COVID-19 include:

- a. 3M posted the single-case U.S. list price for several of its 3M-brand N95 respirators on its website so that customers can more readily identify and avoid inflated prices (*id.*, ¶27a.);
- b. 3M created a form on its website through which customers can report suspected incidents of price-gouging and counterfeiting (*id.*, ¶27b); and
- c. 3M established a fraud “hotline” that customers can call to verify the authenticity of purported 3M authorized distributors and to report suspect incidents of price-gouging and counterfeiting. *Id.*, ¶27c.

36. 3M also actively investigates and acts on complaints in order to protect the goodwill and reputation of the 3M brand, as well as to protect customers and healthcare workers who rely upon the availability and proven quality of authentic 3M-brand N95 respirators. Dkt. No. 23, ¶28.

37. Additionally, 3M initiated and successfully resolved legal actions against third parties who use the 3M Marks and/or 3M Slogan to confuse and deceive consumers into believing

that they are authorized 3M distributors, vendors, or representatives, as well as third parties who offer to sell purported 3M-brand N95 respirators for exorbitant prices. Dkt. No. 23, ¶29. Examples of successfully resolved legal actions include:

- a. *3M Company v. Rx2Live, LLC*, Case No. 1:20-cv-00523, in the United States District Court for the Eastern District of California (*see* Dkt. No. 16-7), terminated August 3, 2021;
- b. *3M Company v. John Doe, claiming to be the “3M Company Trust Account,”* Cause No. DC-20-05549, in Dallas County, Texas District Court (Dkt. No. 16-8);
- c. *3M Company v. Geftiko, LLC*, Case No. 6:20-cv-00648, in the United States District Court for the Middle District of Florida, Orlando Division, (Dkt. No. 16-9) terminated May 15, 2020;
- d. *3M Company v. King Law Center, Chartered*, Case No. 6:20-cv-00760, in the United States District Court for the Middle District of Florida, Orlando Division, terminated May 15, 2020;
- e. *3M Company v. TAC2 Global LLC*, Case No. 8:20-cv-01003, in the United States District Court for the Middle District of Florida, Tampa Division, terminated June 16, 2020;
- f. *3M Company v. I Ignite Capital, LLC, et al.*, Case No. 4:20-cv-00225, in the United States District Court for the Northern District of Florida, Tallahassee Division, terminated May 18, 2020;
- g. *3M Company v. Zachary Puznak, et al*, Case No. 1:20-cv-01287, in the United States District Court for the Southern District of Indiana, Indianapolis Division, terminated February 8, 2021; and
- h. *3M Company v. Hulomil LLC*, Case No. 3:20-cv-00394, in the United States District Court for the Western District of Wisconsin, terminated December 9, 2020.

IV. Defendant Performance Supply, LLC

38. Defendant purportedly operates out of Englishtown, New Jersey. Dkt. No. 23, ¶30. Defendant does not appear to have any website or social media. *Id.* Defendant's president, Mr. Ronald Romano, appears to sell vehicles as his primary business. *Id.*

39. Defendant is not, and has never been, a licensed or authorized distributor, agent, or representative of 3M-brand N95 respirators. Dkt. No. 23, ¶31. Yet, on or about March 30, 2020, Defendant sent Ms. Ebony P. Roberson, a Purchasing Agent at New York City's Office of Citywide Procurement, a detailed Formal Quote, offering to sell seven million 3M-brand N95 respirators. *Id.* Defendant stated that it would sell the respirators for \$6.05 per mask for 2 million 3M 8210 masks and for \$6.35 per mask for 5 million 3M 1860 masks. *Id.* As shown in the table below, Defendant's mark-up over 3M's listed single-case prices is more than five times as much:

3M Model	3M's Per-Respirator List Price	Defendant's Per-Respirator Price	Markup
1860	\$1.27	\$6.35	500%
8210	\$1.02-\$1.31	\$6.05	460-590%

40. In its one-page Formal Quote, Defendant reproduced 3M's marks *nine times* and referenced 3M's headquarters in St. Paul, Minnesota, seeking to imply a connection with 3M that does not exist. Dkt. No. 23, ¶32. Defendant also attached to the Formal Quote a 3M Technical Specification Sheet for both Models of 3M-brand N95 respirators that Defendant offered for sale. *Id.* The 3M design mark and 3M Slogan prominently appeared on both Technical Specification Sheets. *Id.* The 3M design mark also appeared on both Technical Specification Sheets. *Id.* The standard-character 3M mark also appeared in the Technical Specification Sheets. *Id.*

41. Based on Defendant's Formal Quote, Ms. Roberson prepared an "Evaluation Request – Bid Document Review" as part of the City's quality-assurance measures. Dkt. No. 23, ¶33. In the Evaluation Request, New York City officials twice identified Defendant as a "vendor" of 3M-brand, N95 Model 8210 and 1860 respirators. *Id.* However, the New York City officials were mistaken. As stated, *supra*, Defendant is not, and never has been, an authorized distributor, vendor, or representative of 3M's products. Defendant also does not have, and has never had, an association or affiliation with 3M. *Id.*

42. In the Formal Quote, Defendant also stated:

Due to the national emergency, ***acceptance of the purchase order is at the full discretion of 3M*** and supplies are based upon availability. The N95 masks 3M can begin shipping in 2-4 weeks CIF at any of 3M [sic] plants in the USA or 3M Plants Overseas according to their manufacturing schedule. ***3M chooses the plant.*** Order may be shipped in whole or in part.

Dkt. No. 23, ¶34.

43. However, Defendant is not authorized to solicit purchase orders from customers for submission to 3M for approval. Dkt. No. 23, ¶35. Nor is Defendant authorized to state how, where, or in what quantity such orders would be filled. *Id.*

44. Defendant's Formal Quote also does not accurately describe how 3M fills N95 orders. Dkt. No. 23, ¶36. 3M fills orders for its N95 respirators by accepting purchase orders from 3M's authorized distributors and wholesalers, or directly from the government. *Id.* 3M does not accept purchase orders from unauthorized resellers, like Defendant. *Id.*

45. The same day that Ms. Roberson received the Formal Quote, she contacted Eileen Simmons, a 3M Business Development Manager for government markets, for verification of Defendant's claim. Dkt. No. 23, ¶37. Ms. Simmons informed Ms. Roberson that Defendant is not associated with 3M, and so that potential sale was averted. *Id.* Absent injunctive relief, however,

there is nothing to prevent Defendant from making similar offers to other government or healthcare entities around the United States. *Id.*

PROPOSED CONCLUSIONS OF LAW

1. “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 (S.D.N.Y. June 2, 2016) (entering default judgment in trademark case).

2. Defendant’s failure to appear in this case and respond to the Complaint or any other notice it received from 3M (i) “indicates willful default,” and (ii) prevents this Court from determining whether Defendant “might be able to present any meritorious defense to [3M’s] claims.” *Nespresso USA, Inc.*, 2016 WL 3162118, 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).

3. “Once the Court finds that these factors favor the plaintiff” (*Nespresso USA, Inc.*, 2016 WL 3162118, at *2), 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).

4. The first procedural step, which requires the entry of default and “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, was met on November 29, 2022 when the Clerk of the United States District Court for the Southern District of New York entered a Clerk’s Certificate of Default against Defendant. *See* Dkt. No. 39.

5. 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*. *Mattel, Inc.*, 2022 WL 2801022, at *3.

6. Under the second procedural step, the Court already “determine[d] whether allegations against the defaulting party are well-pleaded” under the familiar standards of *Iqbal* and *Twombly*. *Mattel, Inc.*, 2022 WL 2801022, at *3. To wit, 3M met its burden to demonstrate that the allegations against Defendant are well-pleaded on May 5, 2020 when the Court entered its Findings of Fact and Conclusions of Law in connection with 3M’s Application for a Temporary Restraining Order and Preliminary Injunction, and entered a preliminary injunction against Defendant. *See* Dkt. No. 23. Given that 3M’s allegations satisfied the *higher* burden of obtaining its preliminary injunction, 3M’s allegations necessarily 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 success” on the merits for purposes of a preliminary injunction is a “heavier burden” than establishing plausibility under *Iqbal* and *Twombly*).

7. Even in the absence of the preliminary injunction, 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 (S.D.N.Y. 2020). 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, and as further set forth *infra* in connection with the Conclusions of Law relevant to the permanent injunction, 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 Defendant 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.*

8. Therefore, Defendant’s repeated failure to participate in or respond to this Action over more than two years constitutes a failure to “plead or otherwise defend” its conduct in this action. *See* FED. R. CIV. P. 55(a). Further, 3M’s allegations, when taken as true, are sufficient to establish Defendant’s liability as a matter of law, entitling 3M to default judgment. *See Constellation Newenergy, Inc. v. Om Vegetable, Inc.*, 2022 WL 3334707, at *2-3 (S.D.N.Y. Aug. 12, 2022) (entering default judgment based on the allegations in the well-pleaded complaint and defendant’s failure to appear).

9. Under the Lanham Act, a district court has authority to grant injunctive relief to prevent further violations of a plaintiff’s trademarks. *See* 15 U.S.C. § 1116. A district court also has the authority to grant a permanent injunction on a motion for default judgment. *See, e.g., Kelly Toys Holdings, LLC v. alialialiLL Store*, 2022 WL 1948311, at *12 (S.D.N.Y. May 19, 2022) (entering permanent injunction against defaulting defendant in trademark case); *Moonbug Entertainment Limited v. A20688*, 2022 WL 1239586, at *2 (S.D.N.Y. Apr. 26, 2022) (granting

permanent injunction after default by counterfeiters of plaintiff's trademarks). The court should issue an injunction "when a plaintiff has succeeded on the merits and has demonstrated that (1) it suffered irreparable harm; (2) that remedies available at law are inadequate to compensate for that injury; (3) that the balance of hardships between the parties warrants such a remedy; and (4) that the public interest would not be disserved by the issuance of an injunction." *Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd.*, 2022 WL 4093752, at *10 (S.D.N.Y. Sept. 7, 2022) (citing *Moonbug Ent. Ltd.*, 2022 WL 1239586, at *2); see *U.S. Polo Ass'n v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 539 (S.D.N.Y. 2011), *aff'd*, 511 F. App'x 81 (2d Cir. 2013); *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006) (the "eBay factors").

10. 3M is entitled to a permanent injunction because: (i) 3M demonstrated actual success on the merits based on Defendant's default; (ii) 3M is entitled to a presumption of irreparable harm under the TMA, which Defendant has not rebutted, and because 3M has demonstrated actual irreparable harm in the form of damage to the quality of its goods and its reputation/goodwill; (iii) 3M has no adequate remedy at law; (iv) the balance of equities favors issuing a permanent injunction; and (v) entering a permanent injunction against Defendant would serve the public's interest in avoiding confusion about the source and quality of goods and services, particularly during the COVID-19 global pandemic.

V. 3M Has Established Actual Success on the Merits of its Claims

11. Owing to the Defendant's default, 3M succeeded on the merits of all of its claims. 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"). 3M also has produced sufficient evidence to succeed on the merits of all of its claims.

12. To prevail on 3M’s federal and state claims for trademark infringement and unfair competition, 3M satisfied two elements, namely: (i) that its 3M Marks and 3M Slogan are valid and entitled to protection, and (ii) Defendant is using the famous 3M Marks and/or 3M Slogan in a manner that is likely to create consumer confusion. *See Lexington Mgmt. Corp. v. Lexington Capital Partners*, 10 F. Supp. 2d 271, 277 (S.D.N.Y. 1998) (holding that the same standard governs Section 32 and 43(a)(1)(A) claims); *Avela, Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 209 (S.D.N.Y. 2015).

A. 3M Established the Validity of its 3M Marks and 3M Slogan

11. The ’329 and ’534 Registrations for the 3M Marks are “incontestable” within the meaning of 15 U.S.C. § 1065. FOF, ¶¶27-28. Accordingly, the 3M Marks are conclusively valid and entitled to protection. *See* 15 U.S.C. § 1115(b); *accord Lexington Mgmt. Corp.*, 10 F. Supp. 2d at 277-78. The ’903 Registration for the 3M Slogan is on the Principal Trademark Register. FOF, ¶¶27-28. Accordingly, the 3M Slogan is *prima facie* valid and entitled to protection. *See* 15 U.S.C. § 1115(a).

12. Based on the uncontested nature of 3M’s registered 3M Slogan and its incontestable 3M Marks, 3M established the validity and protectability of its 3M Marks and 3M Slogan.

B. 3M Established That Defendant’s Use of the 3M Marks and 3M Slogan is Likely to Cause Confusion as to Source and/or Quality

13. “The likelihood-of-confusion prong turns on whether ordinary consumers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of [the junior user’s] mark.” *Guthrie Healthcare System v. ContextMedia, Inc.*, 826 F.3d 27, 37 (2d Cir. 2016).

14. To determine whether a likelihood of confusion exists, courts in this Circuit consider the eight “*Polaroid*” factors, namely: “1) the strength of the plaintiff’s mark; 2) the degree

of similarity between marks; 3) the proximity of the products or services; 4) the likelihood that the senior user will ‘bridge the gap’ into the junior user’s product or service line; 5) evidence of actual confusion between the marks; 6) whether the defendant adopted the mark in good faith; 7) the quality of defendant’s products or services; and 8) the sophistication of the parties’ customers.” *Lexington Mgmt. Corp.*, 10 F. Supp. 2d at 278 (referencing *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961)).

15. Here, 3M established that the balance of relevant *Polaroid* factors weighs overwhelmingly in its favor.

i. The First *Polaroid* Factor: the 3M Marks and 3M Slogan are Strong

16. “The strength of a mark refers to its distinctiveness, that is to say, the mark’s ability to identify goods sold under it as coming from one particular source.” *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 743 (2d Cir. 1998). Courts measure a mark’s distinctiveness in two ways, namely: (i) conceptual strength (*i.e.*, “inherent distinctiveness”), and (ii) commercial strength (*i.e.*, “acquired distinctiveness”). *See id.* at 743-44.

a. The 3M Marks are Conceptually Strong

17. To determine a mark’s conceptual strength, courts use “Judge Friendly’s familiar test for the inherent distinctiveness of trademarks in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976).” *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377 (2d Cir. 1997). “The *Abercrombie* test classifies verbal marks into four categories which run in a continuum: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.” *Id.*

18. Here, “3M” is not a word and, as such, the term “3M” has no inherent relationship to the goods or services for which the marks are used, namely, N95 respirators. Accordingly, the 3M Marks are fanciful and, thus, inherently distinctive when used for respirators. *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 344 (2d Cir. 1999) (“[A] fanciful mark is

not a real word at all, but is invented for its use as a mark.”); *Landscape Forms, Inc.*, 113 F.3d at 377 (“[F]anciful trademarks are inherently distinctive [...]”).

b. The 3M Marks are Commercially Strong and Famous

19. A mark is commercially strong if it has acquired “secondary meaning,” *i.e.*: “in the minds of the public, the primary significance of [the mark] [...] is to identify the source of the product rather than the product itself.” *Christian Louboutin, S.A. v. Yves Saint Laurent America Holdings, Inc.*, 696 F.3d 206, 216 (2d Cir. 2012).

20. The 3M Marks are incontestable. FOF, ¶¶27-28. Accordingly, the 3M Marks have acquired secondary meaning as a matter of law. *See Times Mirror Magazines, Inc. v. Field & Stream Licenses Co.*, 294 F.3d 383, 391 (2d Cir. 2002) (“Because FSLC continually maintained its registration of the mark, FSLC’s mark is incontestable and, as a matter of law, it has acquired secondary meaning.”).

21. Even in the absence of 3M’s incontestable registrations, it established that its 3M Marks and 3M Slogan have acquired secondary meaning. 3M has invested hundreds of millions of dollars in advertising, marketing, and promoting goods and services under the 3M Marks and 3M Slogan; goods sold under the 3M Marks and 3M Slogan, including 3M’s N95 respirators, enjoy enormous commercial success; the 3M Marks and 3M Slogan are recognized and well-known in households around the U.S.; and 3M has been the exclusive source of goods and services offered under the 3M Marks and 3M Slogan for several decades. FOF, ¶¶22-25; *accord 3M Co. v. Christian Investments LLC*, 2012 WL 6561732, at *8 (E.D. Va. July 12, 2012) (holding 3M Marks were distinctive and famous; “Plaintiff has used the 3M mark since 1906, it offers more than 50,000 products and services in a wide variety of fields and markets under the 3M mark, the 3M mark is distinctive and distinguishes the source of plaintiff’s products and services [...]”).

22. Based on the foregoing, the first *Polaroid* factor favors 3M.

ii. The Second *Polaroid* Factor: Defendant Reproduced the 3M Marks and 3M Slogan in Their Entirety

23. Defendant reproduced the 3M Marks and 3M Slogan in their entirety in the Formal Quote and Technical Specification Sheets. FOF, ¶¶39-40. Accordingly, the second *Polaroid* factor favors 3M. *See Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 480 (2d Cir. 1996) (“For the purpose of considering the question of the similarity of the marks, the district court correctly determined that as a matter of law these marks [*i.e.*, “COTT” v. “COTT”] are identical.”).

iii. The Third *Polaroid* Factor: Defendant Purported to Sell the Same Products that 3M is Widely Known for Selling

24. It has become commonplace knowledge that 3M manufactures and sells N95 respirators under its 3M Marks. FOF, ¶¶29-30. Accordingly, Defendant’s offering of N95 respirators under the 3M Marks heightens the likelihood of consumers confusing the source of products from Defendant as originating from 3M. *See Guthrie Healthcare Sys.*, 826 F.3d at 39 (under the third *Polaroid* factor, courts consider “the subject matter of the commerce in which the two parties engage [...]”; finding a likelihood of confusion because, among other things, both parties provides healthcare-related goods and services); *Virgin Enterprises Ltd. v. Nawab*, 335 F.3d 141, 150 (2d Cir. 2005) (“[T]he closer the secondary user’s goods are to those the consumer has seen marketed under the prior user’s brand, the more likely that the consumer will mistakenly assume a common source.”). Accordingly, the third *Polaroid* factor favors 3M.

iv. The Fourth *Polaroid* Factor: There is No “Gap” to Bridge

25. The fourth *Polaroid* “factor addresses the question of whether the two companies are likely to compete directly in the same market.” *Gucci America, Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 239-40 (S.D.N.Y. 2012). When, as here, the parties’ goods are the same, this *Polaroid* factor is irrelevant because there is no gap to bridge. *See, e.g., Lexington Furniture Indus., Inc. v. Lexington Co., AB*, 2022 WL 13848274, at *3 (S.D.N.Y. Oct. 24, 2022) (granting

permanent injunction, noting that both parties sold “home textiles, bedding, towels, pillows, and pillowcases, which directly compete”).

v. The Fifth *Polaroid* Factor: Defendant Actually Confused New York City Officials into Identifying Him as a 3M “Vendor”

26. Here, evidence of actual confusion is demonstrated by Ms. Roberson’s March 30 Evaluation Request, wherein New York City officials mistakenly identified Defendant as a “vendor”—*twice*—of 3M-brand N95 respirators. FOF, ¶41. Accordingly, the fifth *Polaroid* factor favors 3M. *See Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987) (“The existence of some evidence of actual confusion, the fifth *Polaroid* factor, further buttresses the finding of a likelihood of confusion.”).

vi. The Sixth *Polaroid* Factor: Defendant Used the 3M Marks in Bad Faith

27. “A defendant’s good faith—or lack thereof—in adopting its mark is highly consequential among the *Polaroid* factors.” *Louis Vuitton Malletier v. Sunny Merchandise*, 97 F. Supp. 3d 485, 496 (S.D.N.Y. 2015). To be sure, “where the second-comer has adopted its mark in bad faith, the equitable balance is tipped significantly in favor of a finding of infringement. Courts have found a presumption of likelihood of confusion in such circumstances.” *Id.*

28. Prior to the rise of COVID-19, 3M’s federal trademark registrations placed Defendant on constructive notice of 3M’s superior rights in and to, among other things, the 3M Marks. *See* 15 U.S.C. § 1072 (“Registration of a mark on the principal register [...] [constitutes] constructive notice of the registrant’s claim of ownership thereof.”). Subsequent to COVID-19, 3M’s manufacture and sale of N95 respirators became common, household knowledge.. *See* FOF, ¶¶29-33; Dkt. No. 14, ¶13 & Dkt. No. 14-4.

29. Accordingly, there is no question that Defendant adopted the 3M Marks with actual knowledge of 3M’s rights therein. There is likewise no question that Defendant uses the 3M Marks

to exploit the Marks' widespread fame and goodwill. Indeed, Defendant's primary line of business is selling vans and other vehicles, and it did not begin attempting to sell purported 3M-brand N95 respirators until after the COVID-19 global pandemic began. FOF, ¶38. This is textbook bad faith. *See Louis Vuitton Malletier v. Sunny Merchandise*, 97 F. Supp. 3d 485, 496 (S.D.N.Y. 2015) (explaining that the sixth *Polaroid* factor "is an equitable inquiry which seeks to answer the overarching question of whether defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill").

30. Based on the foregoing, the sixth *Polaroid* factor favors 3M. *See Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577, 586-87 (2d Cir. 1993) (when actual or constructive knowledge "is accompanied by similarities so strong that it seems plain that deliberate copying has occurred, we have upheld findings of bad faith").

vii. The Seventh *Polaroid* Factor: Defendant's Use of the 3M Marks Jeopardizes – Irreparably – the Reputation of the 3M Brand and Marks

31. The seventh *Polaroid* factor concerns "whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality." *Louis Vuitton Malletier*, 97 F. Supp. 3d at 497-98. As discussed, *supra*, that is precisely what will happen to the carefully curated 3M brand if Defendant continues using the 3M Marks to create the false impression that it is an authorized representative of 3M products and/or in connection with unlawful price-gouging. Accordingly, the seventh *Polaroid* factor favors 3M. *See Henegan Const. Co., Inc. v. Heneghan Contracting Corp.*, 2002 WL 1300252, at *8 (S.D.N.Y. June 12, 2002) ("The fact that the plaintiff has maintained high-quality services for so many years makes it more likely that it would be damaged if its reputation were placed beyond its control").

viii. The Eighth *Polaroid* Factor: In the Height of COVID-19, Normally Prudent Purchasers Made Rash Purchasing Decisions

32. The eighth and final *Polaroid* factor concerns “the sophistication of the consumers and the degree of care likely to [be] exercised in purchasing the product.” *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 456 (S.D.N.Y. 2017). In the current pandemic, purchasers of N95 respirators include government entities and hospitals and healthcare providers. *See, e.g.*, Dkt. No. 14, ¶25. These customers are generally sophisticated and prone to exercise high degrees of care; however, the state of emergency at the time of Defendant’s conduct stymied the ability of customers to take the time and conduct the diligence necessary to show extensive care. And Defendant preyed on those circumstances to cause actual confusion. As another example, around the same time period, to obtain purported 3M-brand N95 respirators as quickly as possible, one New York City procurement official offered to drive an unknown distance, late at night, to inspect the respirators. *See* Dkt. No. 14, ¶25. Accordingly, in this unique environment, the eighth *Polaroid* factor favors 3M.

ix. All of the *Polaroid* Factors Strongly Favor 3M

33. In sum, each of the relevant *Polaroid* factors strongly favor 3M. This “powerful showing of a likelihood of confusion” (*Guthrie Healthcare Sys.*, 826 F.3d at 46), combined with the overwhelming strength and validity of the 3M Marks, Defendant’s bad faith, and Defendant’s default, establish that 3M succeeded on the merits of its Claims.

C. 3M Succeeded on the Merits of its Claim Under Section 43(a)(1)(B) of the Lanham Act for False Advertising

34. “To prevail on a Lanham Act false advertising claim, a plaintiff must establish that the challenged message is (1) either literally or impliedly false, (2) material, (3) placed in interstate commerce, and (4) the cause of actual or likely injury to the plaintiff.” *Church & Dwight v. SPD*

Swiss Precision Diagnostics, 843 F.3d 48, 65 (2d Cir. 2016) (entering permanent injunction) (citation omitted).

35. In the Formal Quote, Defendant made detailed factual representations concerning the nature of 3M’s business operations. *See* FOF, ¶39. For example, Defendant represented that, “[d]ue to the national emergency, acceptance of the purchase order is at the full discretion of 3M.” *Id.* Defendant further represented in the Formal Quote that 3M allegedly ships its products CIF, and that 3M will determine the production site for the order. FOF, ¶42. However, these representations are false on their face. *See* FOF, ¶¶43-44; *see also Church & Dwight Co., Inc.*, 843 F.3d at 65 (“A plaintiff may establish falsity in two different ways. To establish literal falsity, a plaintiff must show that the advertisement either makes an express statement that is false [...]”).

36. Given the level of specificity in these representations, they also are likely to – and, in fact, *did* – deceive a reasonable consumer into believing that Defendant is an authorized distributor of 3M products and/or has an association or affiliation with 3M. Sadly, in this case, Defendant’s Formal Quote actually misled and deceived experienced buyers in the Procurement Office of one of the world’s largest cities into believing that Defendant was an authorized “vendor” of approximately \$45 million-worth of 3M-brand N95 respirators. *See* FOF, ¶¶ 39-45. This deception and reliance, combined with the literally false nature of Defendant’s representations in the Formal Quote, establish the materiality of those representations and the injury they caused to 3M’s reputation. *See Church & Dwight Co., Inc.*, 843 F.3d at 70-72; *see also Merck Eprova AG vv. Gnosis S.p.A.*, 760 F.3d 247, 259 (2d Cir. 2014).

37. Based on the foregoing, 3M also succeeded on its claim under Section 43(a)(1)(B) of the Lanham Act for false advertising.

D. 3M Succeeded on the Merits of its Claims for Deceptive Acts and Practices, and False Advertising, Under GBL §§ 349, 350

38. For similar reasons, 3M prevailed on its New York claims for deceptive acts and practices, and false advertising. GBL § 349 makes unlawful “deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service” in New York. GBL § 350 prohibits “[f]alse advertising in the conduct of any business.” To prevail on a claim under either of these sections, a plaintiff must establish (1) that the defendant engaged in an act or practice that is deceptive or misleading in a material respect and (ii) that the plaintiff suffered injury as a result thereof. *See Ortho Pharmaceutical Corporation v. Cosprophar, Inc.*, 32 F.3d 690, 697 (2d Cir. 1994); *Oswego Laborers’ Local 214 Pension Fund v. Marine Midland Bank*, 85 N.Y.2d 20, 25 623 N.Y.S. 2d 529, 647 N.E. 2d 741 (1995).

39. In addition to creating confusion about the source and quality of the purported 3M-brand N95 respirators that Defendant attempted to sell, Defendant’s conduct diverted critical public resources, which places lives at risk. *See* FOF, ¶¶ 41, 45 & Dkt. No. 15, ¶29. These resources include the time spent by public officials to pursue false/fraudulent leads and the money spent to purchase products at inflated prices. *Id.* This waste of resources further diminishes the ability of public officials and procurement officers to investigate and identify other counterfeit and inferior quality supplies as buyers are pressured to place large orders swiftly for essential PPE. *Id.*

40. Accordingly, because Defendant’s trademark infringement, unfair competition, and false advertising presents a substantial threat to public health and safety, 3M also prevailed on the merits of claims for deceptive acts and practices, and false advertising, under GBL §§ 349, 350. *See Securitron Magnalock Corp. v. Schnabolk*, 65 F.3d 256, 265 (2d Cir. 1995) (GBL § 349 claim stated where defendant provided false information to regulatory agency tasked with protecting public health and safety and defendant’s dissemination of false information “was detrimental to

the public interest”); *In re Houbigant Inc.*, 914 F. Supp. 964, 983-84 (S.D.N.Y. 1995) (GBL §§ 349, 350 claims stated where defendants were part “of an unlawful scheme” to, *inter alia*, “deceive customers as to the source and origin of the products” at issue).

VI. 3M Will Suffer Irreparable Harm in the Absence of a Permanent Injunction

41. Following a finding of trademark infringement, under the Trademark Modernization Act (“TMA”), a plaintiff seeking a permanent injunction “shall be entitled to a rebuttable presumption of irreparable harm[.]” 15 U.S.C. § 1116(a). Regardless, courts have issued permanent injunctions “where intellectual property rights holders have shown a potential loss of goodwill and control over their trademarks.” *Kelly Toys Holdings*, 2022 WL 1948311, at *11; *see also U.S. Polo Ass’n*, 800 F. Supp. 2d at 515 (granting request for permanent injunction and finding irreparable harm where likelihood of confusion as to source and likelihood of injury to reputation and goodwill were shown); *Really Good Stuff, LLC v. BAP Investors, L.C.*, 813 F. App’x 39, 44 (2d Cir. 2020) (“The loss of reputation and goodwill constitutes irreparable harm.”).

42. Here, in addition to the TMA’s un rebutted statutory presumption affording 3M a presumption of irreparable harm, Defendant’s conduct has irreparably harmed 3M in two respects, namely: (i) quality and (ii) reputation. Given such injury to 3M’s goodwill and reputation, monetary damages alone are inadequate to compensate 3M for the damage it has incurred and will continue to incur if an injunction is not entered.

43. The 3M brand and Marks are synonymous with superior quality. This is not a coincidence. For more than a century, 3M has invested hundreds of millions of dollars in advertising and marketing products under its 3M Marks and 3M Slogan. FOF, ¶¶22, 25. 3M also implements rigorous quality-control standards to ensure that all products offered under its famous 3M Marks and 3M Slogan are consistent and of the highest quality. *Id.* ¶24.

44. However, 3M cannot control whether the products that Defendant is offering for sale and/or selling outside of its authorized trade channels adhere to 3M’s rigorous quality-control standards. *See* FOF ¶¶24, 36 & Dkt. No. 15, ¶¶28-29. This constitutes irreparable harm. *See El Greco Leather Prods. Co., Inc. v. Shoe World*, 806 F.2d 392, 395 (2d Cir. 1986) (“One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder’s trademark.”); *Mister Softee, Inc. v. Tsirkos*, 2015 WL 7458619, *5 (S.D.N.Y. Nov. 23, 2015) (finding irreparable harm because “[p]laintiffs have no actual control over the quality of Defendant’s products or services”).

45. Defendant also used the 3M Marks to create the false impression that it is authorized to solicit large orders for N95 respirators at inflated prices on 3M’s behalf during the COVID-19 global pandemic. No amount of money could repair the damage to 3M’s brand and reputation if it is associated with the crime of price-gouging at the expense of healthcare workers and other first responders in the midst of the COVID-19 crisis. *See* Dkt. No. 15, ¶¶25-27. This too constitutes irreparable harm. *Kelly Toys Holdings*, 2022 WL 1948311, at *11.

46. In short, 3M should not have its carefully curated brand and reputation left to the devices of Defendant’s scheme to profit from a pandemic. Yet, that is precisely what will happen in the absence of a permanent injunction. Accordingly, 3M has established irreparable harm.

VII. Remedies at Law are Inadequate to Compensate 3M for the Damage to its Goodwill and Reputation

47. “The first and second factors in the *eBay* test often blend together, and in each case, ‘the court must actually consider the injury the plaintiff [has] suffere[ed] . . . , paying particular attention to whether the “remedies available at law, such as monetary damages, are inadequate to compensate for that injury.” ’ ” *Lexington Furniture Indus., Inc. v. Lexington Co., AB*, 2022 WL 13848274, at *11 (S.D.N.Y. Oct. 24, 2022). 3M’s careful efforts to curate its branding are undercut

by the confusion caused by Defendant's actions. FOF, ¶¶23-28; 39-45. Accordingly, 3M is likely to be irreparably injured in the absence of a permanent injunction because 3M would lose control over its reputation and goodwill, and such reputation harm cannot be easily quantified or remedied through money damages alone. *See U.S. Polo Ass'n*, 800 F. Supp. 2d at 541-42.

48. A showing that there is no adequate remedy at law "is satisfied where the record contains no assurance against defendant's continued violation of plaintiff's rights." *Montblanc-Simplo GmbH v. Colibri Corp.*, 692 F. Supp. 2d 245, 259 (E.D.N.Y. 2010). In intellectual property actions permanent injunctions are typically granted when there is "a threat of continuing violations." *Tiffany (NJ) LLC v. Dong*, 2013 WL 4046380, at *7 (S.D.N.Y. Aug. 9, 2013). "Where, as here, the defendant defaults, a court may infer that the defendant is willing to, or may continue its infringement." *Kelly Toys Holdings*, 2022 WL 2072567, at *12 (quoting *Mister Softee, Inc. v. Diaz*, 2020 WL 5665240, at *8 (E.D.N.Y. July 2, 2020 (cleaned up)); *see also William Mark Corp. v. I & CC*, 2019 WL 4195365, at *11 (S.D.N.Y. May 20, 2019) ("The Defaulting Defendants' past infringing behavior and potential for further activity across multiple marketplace platforms amply suggest that the Defaulting Defendants might continue to engage in infringing activities . . . unless enjoined by the Court, demonstrating the danger that monetary damages will fail to fully provide Plaintiffs with relief.") (internal quotation marks and citations omitted). Such an inference is warranted here.

49. Owing to Defendant's default, the record contains no assurance against Defendant's continued violation of 3M's intellectual property rights. 3M has demonstrated there is no adequate remedy at law.

VIII. The Balance of Hardships Tips Decidedly in 3M's Favor

50. It would not be a "hardship" for Defendant to continue to refrain from engaging in unlawful activities related to 3M's brand (which constitute, *inter alia*, trademark infringement,

false association, and price-gouging). This is especially true given that Defendant sells products unrelated to 3M's brand (*e.g.*, vehicles and automobiles), and could continue doing so under a permanent injunction. FOF, ¶38. *See WpIX, Inc. v. lvi, Inc.*, 691 F.3d 275, 287 (2d Cir. 2012) (“[I]t is axiomatic that an infringer [...] cannot complain about the loss of ability to offer its infringing products”; “[t]he balance of hardships, therefore, clearly tips in plaintiffs’ favor.”); *see also Kelly Toys Holdings*, 2022 WL 1948311, at *8 (“[T]he balance of hardships overwhelmingly favors Plaintiff since it has suffered and will continue to suffer irreparable harm to its business, profits, goodwill and reputation as a result of Defendants’ willful infringement of the” plaintiff’s trademarks); *accord Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmbH*, 843 F.3d 48, 72 (2d Cir. 2016) (“Especially in view of the district court’s findings that Defendant was intentionally deceptive in its advertising, we cannot say that the relief ordered by the district court [granting a permanent injunction] went beyond curing the effects of the harm caused by Defendant’s falsity.”).

51. Unlike Defendant, 3M would suffer substantial hardship in the absence of a permanent injunction. Defendant’s unlawful conduct, if not permanently enjoined, would continue to irreparably harm the 3M brand, 3M Marks and 3M Slogan. Accordingly, the balance of hardships tips decidedly in 3M’s favor. *See New York City Triathlon Club, LLC*, 704 F. Supp. 2d at 345 (“The balance of hardships in this case clearly favors Plaintiff. As explained above, Plaintiff faces the threat of irreparable harm absent injunctive relief.”).

IX. Issuing a Permanent Injunction Would Serve the Public Interest of Avoiding Confusion and Protecting Healthcare Workers, First Responders, and Critical Infrastructure Operations from the Risk of Receiving Protective Equipment of Unknown Quality and at Inflated Prices

52. During the height of the COVID-19 pandemic, consumers and government officials, including those in New York City, understandably lacked the time and resources they

would have had in normal purchasing environments to ensure that sellers are who they purport to be (*e.g.*, authorized distributors of 3M-brand products), and that products are what sellers claim they are (*e.g.*, genuine 3M-brand products). Accordingly, when the public saw purported 3M-brand N95 respirators available for sale, they relied on the 3M Marks and 3M Slogan and standards associated with the 3M brand more than ever, to indicate that the respirators offered for sale are, in fact, genuine and adhere to the 3M brand's rigorous standards.

53. Granting a permanent injunction would serve the public interest by guarding it against ongoing confusion by Defendant. “[T]he public has an interest in not being deceived—in being assured that the mark it associates with a product is not attached to good of unknown origin and quality.” *Mattel, Inc. v. 1622758984*, 2020 WL 2832812, at *5 (S.D.N.Y. May 31, 2020) (entering permanent injunction) (quoting *N.Y.C. Triathlon, LLC v. Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 344 (S.D.N.Y. 2010)).

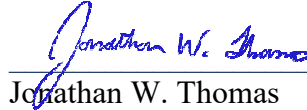
54. Sellers, such as Defendant, sought to exploit the fact that consumers were making rapid purchasing decisions during COVID-19 by falsely representing themselves as authorized distributors of 3M-brand products, as well as offering to sell those products at exorbitantly high prices. *See* FOF, ¶¶ 39-45. Not only is this unlawful conduct likely to confuse and deceive the public about the source and quality of purported 3M-brand products offered under the 3M Marks and 3M Slogan, but also it creates an overall purchasing environment that is materially different from, and irreparably harms, the carefully curated 3M brand and customer experience.

Accordingly, unless this Court permanently enjoins Defendant from repeating such unlawful conduct, the public will continue suffering harm in the form of confusion and deception about the source and quality of the purported 3M-brand N95 respirators that Defendant offered to sell for exorbitantly high prices. *See NYP Holdings v. New York Post Pub. Inc.*, 63 F. Supp. 3d

328, 342 (S.D.N.Y. 2014) (consumers have a “protectable interest in being free from confusion, deception and mistake”).

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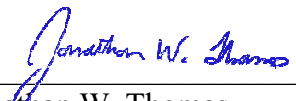
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CERTIFICATE OF SERVICE

I, Jonathan W. Thomas, hereby certify that, on January 13, 2023, I filed a true and correct copy of the foregoing document, titled *Plaintiff 3M Company's Proposed Findings of Fact and Conclusions of Law in Support of its Motion for Default Judgment and Permanent Injunction Against Defendant Performance Supply, LLC*, using this Court's ECF Filing System. I also certify that, on January 13, 2023, I arranged for service of a true and correct copy of the foregoing document on Defendant Performance Supply, LLC via personal service and First Class Mail at:

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