

David Brafman  
Mark D. Passler (*pro hac vice*)  
Patricia M. Carlson (*pro hac vice*)  
AKERMAN LLP  
777 South Flagler Drive  
Suite 1100, West Tower  
West Palm Beach, FL 33401  
Tel.: (561) 653-5000  
Fax: (561) 659-6313  
Email: david.brafman@akerman.com  
Email: mark.passler@akerman.com  
Email: patti.carlson@akerman.com

-and-

Ira S. Sacks  
AKERMAN LLP  
666 Fifth Avenue, 20<sup>th</sup> Floor  
New York, NY, 10103  
Tel.: (212) 880-3800  
Fax: (212) 880-8965  
Email: ira.sacks@akerman.com

*Counsel for Plaintiff CafeX Communications, Inc.*

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

CAFEX COMMUNICATIONS, INC.

Plaintiff,

-against-

AMAZON WEB SERVICES, INC.,

Defendant.

Case No. 1:17-cv-01349-VM

**PLAINTIFF CAFEX  
COMMUNICATIONS, INC.'S  
REPLY IN SUPPORT OF ORDER  
TO SHOW CAUSE FOR  
PRELIMINARY INJUNCTION**

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## **I. Introduction**

Defendant's AWS opposition brief is full of smoke and mirror arguments such as regarding a non-final office action in a pending CaféX trademark application and reliance on a consumer survey that uses an inappropriate design to test for forward confusion and that wholly ignores reverse confusion. AWS cannot escape the fact that it has just begun marketing a video conferencing service for businesses under the mark AMAZON CHIME despite CaféX's preexisting CHIME mark for the identical services for the identical target group of business customers.

## **II. Argument**

### **A. The Heightened Substantial Likelihood Standard Does Not Apply Here**

AWS argues (Dkt. No. 28 at 7) that a "heightened 'substantial likelihood' [of success on the merits] standard" applies here because "the requested injunction (1) would provide [CaféX] with 'all the relief that is sought' and (2) could not be undone by a judgment favorable to [Amazon] on the merits at trial." *Mastrovincenzo v. City of New York*, 435 F.3d 78, 90 (2d Cir. 2006). Both of AWS's factual premises are wrong.

In *Mastrovincenzo* itself, the Second Circuit rejected the application of the heightened standard because the injunction requested did not effect an irreversible change in the *status quo*. Instead, the Court found that the "question of whether New York City may impose its licensing requirements ... remains ripe for resolution on the merits, and the injunction did not irreversibly affect the rights of the parties." *Id.*

The same result was also reached in *Doe v. Smith*, No. 5:06-cv-121, 2006 WL 383514, at \*1, n.2 (N.D.N.Y. Feb. 16, 2006). Plaintiff Doe there sought to preliminarily enjoin defendants from forcing him to comply with two of the conditions of his probation. Despite finding that

granting the preliminary injunction would provide him all the relief being sought on the merits, the Court rejected the heightened “substantial likelihood” standard because the injunction could be undone. If defendants prevailed at the end of the case, they “could, at that time, enforce those conditions of Plaintiff John Doe’s probation.” *Id.*

The same is true here. If AWS is preliminarily enjoined from using CHIME in its brand name but later prevails at trial, it will be free at that time to resume using CHIME. The preliminary injunction being sought is reversible. Furthermore, CaféX seeks more relief in the Complaint than is being sought on this motion, including an order of destruction, corrective advertising, recapture of AWS’s profits, damages, attorneys’ fees and costs. *See* Dkt. No. 1 at 11-13. Thus, neither of the two prerequisites for the heightened standard is met here.

**B. CaféX Has Protectable Common Law Trademark Rights**

**1. Use In Commerce**

CaféX is asserting here its common law CHIME and CAFÉX CHIME trademarks. AWS argues that CaféX does not have those rights, claiming that although CaféX has advertised goods and services, it did not actually sell goods or offer services under those marks in commerce before AWS’s own launch in February 2017. AWS is incorrect.

As set forth in the Declaration of Daniel Solito (Dkt. No. 9 ¶¶ 6-16) and further detailed in his Supplemental Declaration (“Supp. Solito Decl.”), CaféX began marketing *and* providing its CHIME-branded software to customers *and* rendering its CHIME-branded services to the public in commerce in 2016, indisputably prior to AWS’s February 13, 2017 launch.

Contrary to all the authority relied upon by AWS regarding “hypothetical” commodities and marketing services to be rendered in the future, CaféX’s CHIME software was ready for use to provide CHIME-branded video conferencing and collaboration services to the public on or

about April 12, 2016. As of that date, CaféX has been ready, willing, and able to provide CHIME-branded video conferencing and collaboration services to the public. Furthermore, it actually began providing that software and those services in commerce to third parties in 2016, and has been offering the software and rendering the services in commerce continuously since then. Supp. Solito Decl. ¶¶ 2-6, 9-11.

For example, on April 27, 2016, CaféX provided CHIME-branded video conferencing services to an independent potential corporate customer. The potential customer participated in a CHIME-branded video conference on that day. Two months later, on June 30, 2016, CaféX licensed the third party to run CHIME video conferencing and collaboration software for its own internal use as well as to resell CHIME video conferencing and collaboration software or services to customers in a territory outside the United States. CaféX provided a copy of the CHIME software to this customer for its own use (that is, to provide its own employees with CHIME video conferencing and collaboration services) under this agreement in November 2016. The software was downloaded at that time by the customer from CaféX's U.S. servers. Supp. Solito Decl. ¶ 3.

In addition, CaféX began providing CHIME-branded video conferencing services to third parties via its justchimein.com website on May 28, 2016.<sup>1</sup> CaféX actually provided CHIME-branded video conferencing services to a third party via the justchimein.com website on that day. From that date forward, CaféX has offered its CHIME-branded video conferencing services to the public across the United States via that website. Furthermore, CaféX actually provided those

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<sup>1</sup> AWS cites to a Twitter posting stating “justchimein.com – running perfectly 2day on AWS! (Other solutions ...not so much)” made on February 28, 2017, as support for its speculation that the justchimein.com was only two days old on that date. See Dkt. No. 28-4 at Page 10; Dkt. No. 28 at 6. As noted above, CaféX launched justchimein.com in May 2016 and it has been used by members of the public ever since then. The Twitter post was referencing the fact that AWS, which provides website hosting services for its customers, suffered a major server outage that day, causing many of its customer's websites and cloud-hosted services to fail. CaféX's post was stating that its website and service on justchimein.com was “running perfectly [to]day” despite the AWS failure taking down competitor services. Supp. Solito Decl. ¶ 7.

services via that website to numerous third party companies located in various states considering whether to purchase the CHIME software or the paid-version of the CHIME services throughout the remainder of 2016 and continuing until today. Supp. Solito Decl. ¶ 6; see *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193-99 (11<sup>th</sup> Cir. 2001) (royalty-free distribution of software intended to obtain feedback to enable improvement of the product was commercial activity giving trademark rights).

CaféX also provides CHIME-branded “browser extension” software to members of the public that allows someone participating in a CHIME video conference to share what is being seen on the person’s computer screen with others in the conference. CaféX began offering this software to the public through Google’s Chrome browser extension store beginning in November 2016. The first download of this software occurred in December 2016. Supp. Solito Decl. ¶ 9.

Thus, it is beyond question that CaféX’s CHIME mark has priority over AWS’s AMAZON CHIME mark.

AWS also cites to a non-final office action in CaféX’s pending application to register the CAFÉX CHIME product trademark in class 9 (the class for certain types of software) to argue CaféX’s marks have not been used in commerce. This is a red herring. First, the application only concerns the two-word mark CAFÉX CHIME and only concerns use of that phrase in connection with providing software – not services. Second, the trademark examiner has merely rejected the specific specimen that CaféX had submitted to show use of that phrase as a trademark for software because the specimen was only an example of advertising. CaféX filed a response to the office action and expects that filing to resolve the issue, resulting in the registration of the trademark that will be entitled to a priority date of April 5, 2016, the date when the application was filed. See 15 U.S.C. § 1057; TMEP § 201.02.



**2. CHIME Is A Suggestive Mark For Video Conferencing And Collaboration Software And Services**

AWS argues that CHIME is a descriptive trademark for video conferencing and collaboration services and software. That is plainly incorrect.

“Both descriptive and suggestive marks convey information about, and thus are associated with, the product to which they are attached. The difference between them lies in the immediacy of association—how quickly and easily consumers grasp the nature of the product from the information conveyed.” *Cross Commerce Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 162 (2d Cir. 2016). To determine the immediacy of association between a mark and a product, the Second Circuit “generally consider[s] how specifically and exclusively the mark describes the product. A descriptive mark, we have said, is one that ‘conjure[s] up the image’ of the precise good with which it is associated. A suggestive mark, by contrast, is ordinarily one that ‘describes an attribute of the product’ but ‘could plausibly describe a wide variety of [other] products’ as well. In other words, the meaning of a descriptive mark is narrowly tailored to its associated product, such that it calls that product immediately to mind. The meaning of a suggestive mark typically evokes an array of goods, which means that consumers must make an additional mental effort to identify the associated product in particular.” *Id.* at 163 (internal citations omitted).

The word CHIME simply does not conjure up the image of video conferencing and collaboration software and services. If anything, it conjures up the image of a doorbell, or perhaps a digital watch with an hourly chime, or wind chimes, or a musical instrument. CHIME does not “specifically and exclusively describe” video conferencing and collaboration software or services. Consumers will not quickly and easily determine the nature of CaféX’s product and services from the mark CHIME. *E.g., Miss Universe, LP v. Villegas*, 672 F. Supp. 2d 575, 584

(S.D.N.Y. 2009) (finding MISS USA not descriptive of beauty pageant services even though it at least conveys the idea of a female representing the United States because it takes imagination to grasp the nature of the product 'Miss USA' offers; “Without more, 'Miss USA' could easily be mistaken for a superhero or film rather than the victor of a national beauty pageant”). Thus, the mark is suggestive and fully protectable without evidence of secondary meaning.<sup>2</sup>

### **C. AWS’s Use Of AMAZON CHIME Is Causing A Likelihood Of Confusion**

#### **1. AWS’s Faulty Survey Supports The Likelihood Of Reverse Confusion**

The Declaration of Dr. Stephen M. Nowlis (“Nowlis Decl.”) – which uses a so-called *Eveready* survey<sup>3</sup> in which the CaféX name, mark, product, and service is never mentioned or shown to any survey participant – fails to show a lack of confusion, and indeed supports the likelihood of reverse confusion.

First, Dr. Nowlis’s survey did not try to test for reverse confusion, and his analysis ignores it. *See* Rapoport Decl. (filed herewith) ¶¶ 8-9, 20. Reverse confusion occurs when there is a “misimpression that the junior user [Amazon] is the source of the senior user’s goods [CaféX].” *Banff, Ltd. v. Federated Department Stores, Inc.*, 841 F.2d 486, 490 (2d Cir. 1988) (citing 2 T. McCarthy, *Trademarks and Unfair Competition*, § 23:1(E) (2d ed. 1984)); *see also Kargo Global, Inc. v. Advance Magazine Publ’rs, Inc.*, No. 06-cv-550, 2007 WL 2258688 (S.D.N.Y. Aug. 6, 2007) (rejecting improper reverse confusion survey). Here, both forward and reverse confusion are at issue. *See* Dkt No. 8 at 3, 22. The survey questions and the Nowlis Decl. focus *solely* on whether consumers believe that the Amazon Chime service is associated with CaféX – that is, forward confusion.

<sup>2</sup> None of CaféX’s trademark applications have had an office action rejection on the basis of the trademark being descriptive.

<sup>3</sup> The “Eveready” format takes its name from the case *Union Carbide Corp. v. Ever-ready, Inc.*, 531 F.2d 366, 381-82 (7th Cir. 1976).

Second, as mentioned above, the Nowlis Decl. proffers survey results using a methodology which never mentioned or showed CaféX's CHIME or CAFÉX CHIME marks to the survey respondents. The Nowlis Decl. at ¶ 25 claims that such an approach is warranted because the parties' products are not sold side-by-side. That is not correct. Both CaféX's Chime and AWS's Amazon Chime services are marketed online, and AWS concedes that both CaféX Chime and Amazon Chime are about to be offered at the same trade show.

Moreover, Nowlis's survey methodology has a more fundamental flaw. A defining feature of an *Eveready* survey is that respondents are shown the allegedly infringing mark and asked open-ended questions to see if the infringing mark "cognitively cues" the senior mark. Thus, the results in an *Eveready* survey depends on whether the senior mark is "top of mind" – that is, on whether the respondents have significant familiarity with it. Thus, *Eveready* surveys typically find no likelihood of confusion where the senior user does not have some considerable fame. That approach has been criticized and severely limited by courts and commentators where, as here, the respondents "do not know the name (or products) of the company that puts out the senior mark." See Itamar Simonson, *The Effect of Survey Method on Likelihood of Confusion Estimates: Conceptual Analysis and Empirical Test*, 83 Trademark Rep. 364, 369 (1993); Rappeport Decl. ¶¶ 12-14.

As one commentator has explained, the *Eveready* format "has become the gold standard in cases involving strong marks, i.e., in cases where the senior mark is highly accessible . . . in memory, enhancing the likelihood that it will be cognitively cued by a junior user's mark." Jerre B. Swann, *Likelihood of Confusion Studies and the Straitened Scope of Squirt*, 98 Trademark Rep. 739, 739 (2008) (footnotes omitted). However, using an *Eveready* format does not work with the "general run of marks. For weak marks, an *Eveready* format will consistently produce

negligible estimates of likelihood of confusion.” *Id.* at 748. *See Simon & Schuster, Inc. v. Dove Audio, Inc.* 970 F. Supp. 279, 291, 298-99 (S.D.N.Y. 1997) (giving Eveready survey very limited weight because the methodology “may significantly underestimate the likelihood of confusion in cases where the survey respondents are not familiar with the senior users’ product”); *Akiro LLC v. House of Cheatham, Inc.*, 946 F. Supp. 2d 324, 339 (S.D.N.Y. 2013) (discounting Eveready survey because such surveys consistently underestimate confusion where the senior mark is not “iconically strong”). CaféX is simply too small and has been using CHIME for too short a time to be top-of-mind, making the *Eveready* model inappropriate.

What Nowlis’s survey does show, however, is that Amazon is so well known that consumers strongly identified even the fictitious mark AMAZON RING as being associated with Amazon. This supports the likelihood of reverse confusion here. By being exposed to AWS’s marketing for AMAZON CHIME in connection with video conferencing services, consumers will come to strongly associate the phrase with Amazon. When they later come across CHIME-branded video conferencing services that happen to be from CaféX, they will likely believe there is at least an association with Amazon, if not an infringement of Amazon’s mark instead of the other way around. *See* Rappeport Decl. ¶¶ 14-20.

It should also be noted that the Nowlis Decl. is not executed under penalty of perjury under 28 U.S.C. §1746 or otherwise.

## **2. There Is No Extensive Third Party Use Of Chime**

AWS argues that CaféX’s CHIME mark is weak because “extensive third party use of ‘Chime’ for video conferencing and collaboration services—*Chime.in*, *Jive Chime*, etc.—make this case the perfect example of a [c]rowded trademark market.” Dkt. No. 28 at 13 (emphases added). However, Chime.in is not a third party use. Rather, it is an internet address owned by

Defendant AWS that redirects visitors to its Chime.aws website. For its part, Jive Chime is a mark that (1) does not appear to have ever been used for video conferencing services, and (2) was apparently abandoned in mid-2016 and is no longer be in use. *See* <https://community.jivesoftware.com/community/products/platform/mobile/jive-chime/blog/2016/06/24/jive-chime-update>. Rather than establishing a crowded market, AWS does not appear to have submitted evidence of even one third-party CHIME mark currently in use with competing video conferencing services.

**3. The Parties Are Using Essentially Identical Marks For Identical Services Being Marketed At The Same Trade Show To The Same Target Customers**

AWS dissects the parties' marks and technology in various ways in an attempt to argue that they are not similar. However, AWS's desire to focus on only a few trees does not eliminate the forest. The parties are respectively using the marks CHIME and AMAZON CHIME on directly competing video conferencing and collaboration services aimed at the identical enterprise / corporate / institution market. Even the stylized logo form of their trademarks look similar. *See* Dkt. No. 8 at 15. And they will be promoting their competing services under those essentially identical marks at the same upcoming business communications and collaboration trade show. *See* Dkt. No. 28 at 4-5.

AWS argues that its inclusion of the AMAZON house mark saves the day. CaféX explained why that is not so in its opening memorandum. *See* Dkt. 8 at 14-15.

Likewise, AWS argues that the parties' competing services have some feature differences. However, AWS feature analysis is flawed (*see* Supp. Solito Decl. ¶ 13). Moreover, practically all competing goods and competing services have differences in their details. Despite some differences in their detailed features, both parties' services allows members of business

teams located in disparate locations to meet, communicate, and share content by video and voice conferencing from PCs, smartphones, iPads, and similar devices. A customer of one is unlikely to also become a customer of the other. Supp. Solito Decl. ¶ 12.

**4. AWS Effectively Admits To Actual Knowledge Of At Least CaféX's CAFÉX CHIME Trademark Application For Business Video Conferencing Software Before Launching Its AMAZON CHIME Brand For The Same Services**

AWS admits that sometime after June 10, 2016, but before launching the AMAZON CHIME mark it conducted a trademark search “for marks containing ‘Chime.’” Dkt. No. 28-1 ¶¶ 6-8. AWS also admits that CaféX’s application to register CAFÉX CHIME for “Business communication software for electronically exchanging voice, data, video and graphics accessible via computer, mobile, wireless, and telecommunication networks..., namely, video and audio conferencing software” was on file at the PTO as of April 5, 2016. Dkt. 28 at 20; Dkt 28-3 at Page 36. AWS does not explicitly state that the CAFÉX CHIME mark was therefore found in the search, but that is the implication and AWS does not claim otherwise. AWS fails to explain whether it received an opinion of counsel on the issue, what any such opinion stated, what further investigation of CaféX CHIME was made, or otherwise on what basis it decided to move forward notwithstanding CaféX’s priority on essentially the same mark for voice conferencing software for businesses. This is bad faith.

**D. Irreparable Harm**

Although it tries to minimize its significance, AWS admits that at the Enterprise Connect trade show *beginning next Monday* where CaféX will be promoting its CHIME product and service AWS will be promoting AMAZON CHIME. It also admits that two business partners (Vonage for Business and Level 3 Communications) will soon be offering the AMAZON CHIME service under that mark to their many customers. AWS further admits that despite

launching AMAZON CHIME only last month, it already has “thousands” of users of its AMAZON CHIME service. Dkt. 28 at 24. In addition, since AWS’s launch last month, the first page of results from a Google search for “chime video conferencing” has already become populated almost exclusively by links about AWS’s AMAZON CHIME service. *See* Ex. 1 to Brafman Decl. (filed herewith). If AWS and its business partners are not enjoined from continuing to market its competing service under the AMAZON CHIME mark, CaféX’s senior CHIME mark will never survive their marketing juggernaut. Potential customers will quickly come to associate AMAZON CHIME with AWS’s service, and when they come across CaféX’s CHIME service, they will associate it with Amazon or believe that CaféX is the copycat infringer. This harm cannot be calculated and compensated by monetary damages. It is irreparable. *See* Supp. Solito Decl. ¶ 14.

### III. Conclusion

For the foregoing reasons and those set forth in CaféX’s opening memorandum, Plaintiff CaféX respectfully requests the Court to preliminarily enjoin Defendant AWS and its licensees from using the AMAZON CHIME mark or any other mark including the word CHIME for video conferencing or collaboration products or services.

Dated: March 22, 2017

Respectfully submitted

/s/ David Brafman

David Brafman

Mark D. Passler (*pro hac vice*)

Patricia M. Carlson (*pro hac vice*)

AKERMAN LLP

777 South Flagler Drive

Suite 1100, West Tower

West Palm Beach, FL 33401

Tel.: (561) 653-5000

Fax: (561) 659-6313

Email: david.brafman@akerman.com

Email: mark.passler@akerman.com

Email: patti.carlson@akerman.com

Ira S. Sacks  
AKERMAN LLP  
666 Fifth Avenue, 20<sup>th</sup> Floor  
New York, NY, 10103  
Tel.: (212) 880-3800  
Fax: (212) 880-8965  
Email: ira.sacks@akerman.com

*Counsel for Plaintiff  
CafeX Communications, Inc.*



**CERTIFICATE OF SERVICE**

I HEREBY certify that on March 22, 2017, I electronically filed the foregoing with the Clerk of Court by using the CM/ECF system, which will send a notice of electronic filing to all attorneys of record.

*/s/ David Brafman*

David Brafman