

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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3M Company,

Plaintiff,

-against-

MEMORANDUM & ORDER

21-CV-01644 (DG) (JRC)

CovCare, Inc. and Wooter Apparel, Inc.,

Defendants.

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DIANE GUJARATI, United States District Judge:

On March 26, 2021, Plaintiff 3M Company (“3M”) filed this action against Defendants CovCare, Inc. and Wooter Apparel, Inc. (collectively, “Defendants”), alleging trademark counterfeiting in violation of the Lanham Act, 15 U.S.C. §§ 1114(1), 1116(a); trademark infringement under Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1); unfair competition, false endorsement, false association, and false designation of origin under Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A); trademark dilution under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); false advertising under Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B); trademark infringement under New York common law; false advertising under New York General Business Law § 350; unfair competition and passing off under New York common law; and dilution and injury to business reputation under New York General Business Law § 360-l. Complaint ¶¶ 85-172, ECF No. 1.

On March 31, 2021, 3M filed an Emergency Motion for Temporary Restraining Order and Preliminary Injunctive Relief (the “Motion”), ECF No. 8, pursuant to Rule 65 of the Federal Rules of Civil Procedure (“Rule 65”), the Lanham Act, 15 U.S.C. § 1116(a), the New York Consolidated Laws, and New York common law, together with supporting documents, including Declarations of Christine L. McCool, Ph.D. (“First McCool Decl.”), ECF No. 8-2, and Kara M.

Mundy (“First Mundy Decl.”), ECF No. 8-20.¹ Defendants responded by Memorandum of Law in Opposition filed on April 5, 2021 (“Defs.’ First Br.”), ECF No. 14, together with Declarations of Aaron Arroyo (“First Arroyo Decl.”), ECF No. 15, Alex Kagan (“First Kagan Decl.”), ECF No. 16, and Robert Garson (“First Garson Decl.”), ECF No. 17.

On April 5, 2021, the Court held a conference on the Motion. ECF No. 18. On April 6, 2021, the parties submitted additional briefing, together with supporting documents. 3M submitted a supplemental brief (“3M’s Second Br.”), ECF No. 22, an additional Declaration of Kara M. Mundy (“Second Mundy Decl.”), ECF No. 22-1, and a Declaration of Cassie Jacobson (“Jacobson Decl.”), ECF No. 22-2. Defendants submitted a supplemental Memorandum of Law (“Defs.’ Second Br.”), ECF No. 21, and supporting documents, including additional Declarations of Alex Kagan (“Second Kagan Decl.”), ECF No. 19, and Aaron Arroyo (“Second Arroyo Decl.”), ECF No. 20. In its supplemental brief, 3M, *inter alia*, described the relief sought. Specifically, 3M “request[ed] that this Court grant an order restraining and enjoining Defendants from:

- Selling or offering for sale any 3M-brand N95 respirator products;
- using the 3M Marks in connection with the manufacture, distribution, advertising, promoting, offering for sale, and/or sale of any purported 3M-brand N95 respirator products;
- falsely representing themselves as being a distributor, authorized retailer, and/or licensee of 3M and/or otherwise falsely representing to have an association or affiliation with, sponsorship by, and/or connection to 3M and its products; and
- offering to sell any of 3M’s products at a price and/or in a manner that would constitute a violation of New York General Business Law [§] 369-R.”

¹ On April 1, 2021, the Court ordered 3M to either provide notice of the Motion to Defendants or, pursuant to Rule 65(b)(1)(B), certify in writing any efforts made to give notice to Defendants and the reasons why notice should not be required. By certificate of service filed April 2, 2021, 3M indicated that it provided notice to Defendants on April 1, 2021. *See* ECF No. 9.

3M's Second Br. at 20-21; *see also id.* at 17.

By order dated April 7, 2021, the Court, based on the record before it at that time, issued a temporary restraining order ("TRO") in accordance with the terms set forth above; reserved decision on 3M's Motion insofar as it sought a preliminary injunction; and set a briefing schedule and date for argument on the requested preliminary injunction. *See* ECF No. 24.²

The parties thereafter submitted further briefing, together with additional supporting documents. On April 14, 2021, Defendants submitted a Memorandum of Law in Opposition to 3M's Motion for Preliminary Injunctive Relief ("Defs.' Third Br."), ECF No. 26, together with an additional Declaration of Alex Kagan ("Third Kagan Decl."), ECF No. 25. On April 19, 2021, 3M filed a Reply in Support of its Motion ("3M's Third Br."), ECF No. 29, together with an additional Declaration of Christine L. McCool, Ph.D. ("Second McCool Decl."), ECF No. 29-1. In response, Defendants, on April 19, 2021, filed a letter requesting to correct the record with respect to a factual issue raised in 3M's briefing. ECF No. 31.

The Court held argument on 3M's Motion insofar as it sought a preliminary injunction on April 21, 2021, after which the Court directed the parties to submit supplemental briefing on certain limited issues raised at argument and extended the duration of the TRO until the Court ruled on the preliminary injunction request. *See* ECF No. 33.

In keeping with the Court's April 21, 2021 order, the parties submitted additional briefing on April 23, 2021. 3M submitted another supplemental brief ("3M's Fourth Br."), ECF No. 34, and Defendants submitted a Further Evidentiary Brief in Opposition to 3M's Motion ("Defs.'

² In issuing the TRO, the Court did not require 3M to post a bond. *See* ECF No. 24 at 5.

Fourth Br.”), ECF No. 35, together with additional Declarations of Aaron Arroyo (“Third Arroyo Decl.”), ECF No. 36, and Robert Garson (“Second Garson Decl.”), ECF No. 37.

Having heard from the parties at both the April 5, 2021 conference and the April 21, 2021 argument and having considered all of the above filings and supporting documents, including the sworn declarations, as well as the record and proceedings to date, including the Complaint, the Court grants in part and denies in part 3M’s request for a preliminary injunction for the reasons set forth below.

Additionally, the Court denies without prejudice to renewal before the appropriate Magistrate Judge Defendants’ requests that this Court unseal case 21-MJ-00465 (E.D.N.Y.) and order that certain seized goods that were previously in Defendants’ possession “be preserved until further order of this Court.” *See* Defs.’ Fourth Br. at 7.

BACKGROUND

I. Factual Background

The following facts are drawn from the supporting declarations and other evidence submitted in connection with the instant Motion and are undisputed, unless otherwise noted.³ Citations to the parties’ supporting declarations incorporate by reference the documents cited therein.

3M is a leading manufacturer of N95 respirators (hereinafter, “masks”) and has sold N95 masks in the United States under the 3M brand name for decades. First McCool Decl. ¶ 4. Since the beginning of the COVID-19 pandemic, the public has become familiar with 3M as a

³ The facts upon which the Court’s analysis herein relies are undisputed in that they are either conceded or not contradicted by record evidence.

manufacturer of N95 masks and other equipment essential to protecting healthcare personnel and workers from exposure to airborne particles, including viruses like COVID-19. *Id.* ¶ 6.

3M has invested hundreds of millions of dollars in advertising, promoting, offering for sale, and selling its vast array of goods and services under its standard-character mark “3M” and 3M design mark (together, the “3M Marks”). *Id.* ¶ 7. 3M has obtained numerous federal trademark registrations in connection with the 3M Marks and 3M’s associated logo. *Id.* ¶¶ 8-14.

3M has established a system by which the public can, either via telephone or via 3M’s website, report suspected fraud, including the sale of potentially counterfeit 3M-branded products (3M’s “Fraud Hotline”). *See* Jacobson Decl. ¶¶ 2, 4; *see also* Motion at 7. 3M periodically publishes “counterfeit alerts” aimed at raising awareness of potentially counterfeit products being sold under particular “lot codes.” *See* First Kagan Decl. ¶¶ 4-5; *see also* ECF No. 16-1 (3M “Counterfeit Alert” listing certain lot codes determined to be associated with counterfeit products).

When 3M receives a report concerning a 3M-branded mask, 3M confirms if the flagged mask is “authentic or counterfeit based on lot number and visual inspection.” Jacobson Decl. ¶ 5. 3M at least sometimes works with United States Customs and Border Protection (“CBP”) “to inspect certain sellers of goods for counterfeit items” based on reports submitted to the 3M Fraud Hotline. *See* Third Kagan Decl. ¶ 7; *see also* First McCool Decl. ¶ 26 (describing 3M’s coordination with “federal agents” in conducting an inspection of products located in Defendants’ warehouse in Monroe Township, New Jersey). If 3M determines that a reported product is counterfeit, 3M informs the reporting purchaser that the masks in the purchaser’s possession are counterfeit and do not come with 3M’s efficacy guarantees. Jacobson Decl. ¶ 6.

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