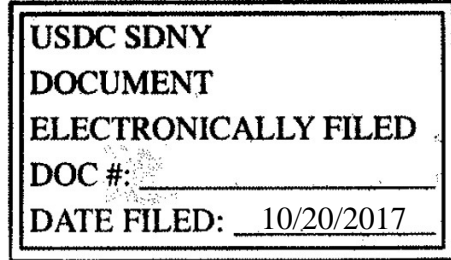


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



-----X

JENNY YOO COLLECTION, INC.,
Plaintiff,

-v-

WATTERS DESIGN INC., et al.,
Defendants.

-----X

JENNY YOO COLLECTION, INC.,
Plaintiff,

-v-

DAVID'S BRIDAL, INC., et al.
Defendants.

-----X

JENNY YOO COLLECTION, INC.,
Plaintiff,

-v-

ESSENCE OF AUSTRALIA, INC.,
Defendant.

-----X

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16-CV-2205 (VSB)

16-CV-2647 (VSB)

16-CV-3640 (VSB)

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VERNON S. BRODERICK, United States District Judge:

Plaintiff Jenny Yoo Collection, Inc. (“Yoo” or “Plaintiff”) asserts claims against defendants in three related actions it filed in this District: the first against Watters Design, Inc., d/b/a Watters & Watters, and Wtoo Partners, L.P. (“Watters”); the second against David’s Bridal, Inc. (“DBI”); and the third against Essense of Australia, Inc. (“Essense”) (collectively, “Defendants”). Before me are: (1) Watters’ partial motion to dismiss, (Docs. 44, 47);¹ (2) Essense’s motion to dismiss, (Essense Doc. 43); and (3) DBI’s partial motion to dismiss, (DBI Doc. 57). Essense and DBI join in Watters’ motion. Also before me are the motions of Essense and Watters to dismiss under Federal Rule of Civil Procedure 12(b)(3) for improper venue, which were submitted as letter supplements to the original motions to dismiss. (*See* Docs. 70,

¹ Watters appears to have filed two governing motions, including one on October 12, 2016, (Doc. 47), but because the motion filed on October 11, 2016, is the one referenced in Watters’ memorandum of law, it is to that motion that I refer in this decision. For ease of reference, I refer to documents filed in connection with the Watters action, the first filed action, simply by reference to the document number. For documents filed in connection with the DBI action, I refer to “DBI Doc. __,” and for documents filed in connection with the Essense action, I refer to “Essense Doc. __.”

79; Essense Docs. 63, 72.) Because I find, based on the Supreme Court’s decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), that venue is improper in this District with respect to Watters and Essense, Plaintiff’s amended complaints in the Watters and Essense actions are dismissed with leave to refile in the proper venue.

Additionally, for the reasons stated below, DBI’s partial motion to dismiss is granted.

I. Background²

Plaintiff designs and manufactures bridesmaid gowns, wedding gowns, and other wedding apparel, including the “wildly popular, convertible ‘Aidan’ and ‘Annabelle’ bridesmaid dress designs,” which were introduced in 2012 and are the subject of this litigation. (Am. Compl. ¶¶ 1–2, 17.)³ Plaintiff claims that “[r]eviewers, analysts and consumers immediately recognized the convertible dress as a ‘game changer’” as before Plaintiff’s convertible dress, convertible dresses “were bulky, awkward and utilitarian.” (*Id.* ¶ 2.) Yoo introduced both short and floor-length convertible dresses. (*Id.* ¶ 17.) The Yoo convertible dress design “was a radical departure from prior convertible bridesmaid dress designs,” (*id.* ¶ 22), in that “[i]t provided for use of lightweight material with two rear and two front convertible panels attached at the waist seam that blended seamlessly into the design of the bottom part of the dress, and could be easily raised by hand and rearranged for purposes of converting the dress into different neckline styles

² The following factual summary is drawn from the allegations of Plaintiff’s amended complaints filed in the captioned actions, which I assume to be true for purposes of Defendants’ motions to dismiss for failure to state a claim. *See Kassner v. 2nd Ave. Delicatessen Inc.*, 496 F.3d 229, 237 (2d Cir. 2007). My references to these allegations should not be construed as a finding as to their veracity, and I make no such findings.

³ “Am. Compl.” refers to the amended complaint filed in the Watters action on August 26, 2016 (“Amended Complaint”). (Doc. 39.) The amended complaints in the three related actions are substantially similar to one another. Therefore, unless otherwise indicated, the citations in this Memorandum & Opinion refer to the Amended Complaint filed in the Watters action. To the extent that any distinctions are relevant to the issues I address in this decision, I have included citations to the amended complaints filed in the DBI and Essense actions. “DBI Am. Compl.” refers to the amended complaint filed in the DBI action on August 26, 2016. (Doc. 48.) “Essense Am. Compl.” refers to the amended complaint filed in the Essense Action on August 26, 2016. (Doc. 34.)

and inherently attractive, elegant looks,” (*id.* ¶ 2; *see also id.* ¶ 17 (“[Yoo]’s convertible bridesmaid gowns were unique when [Yoo] introduced them into the market because they are constructed with two front and two rear convertible panels attached to the waist of the dresses which blend seamlessly into the bottom of the dress, creating an aesthetically pleasing look. These panels are easily reconfigured into many different ‘looks’, and their design and placement at the waist of the dresses allow the dresses to be made of lightweight material.”)). Plaintiff references this “unique” feature at various points in the Amended Complaint, also referring to the “revolutionary ornamental feature that has become famous—the two front and two rear panels attached [to] the wa[ist] in a manner that allows them to seamlessly blend into the bottom of the dress, regardless of the specific configuration in which the dress is worn and regardless of the length of the dress.” (*Id.* ¶ 17.) It is this feature, which Yoo also calls “non-functional,” that Yoo states is its trade dress. (*Id.*; *see also id.* ¶¶ 20 (referring to pictures and stating that “the [Yoo] Trade Dress [for the “Aidan” dress] is shown, because the flaps (other than flaps which are raised to form a specific configuration), blend seamlessly into the bottom portion of the dress”), 21 (stating that the “Annabelle” dress is “essentially the same . . . except that the band attached to the waist in the Aidan design is removed, and replaced with an attachable sash” and that the “Annabelle” contains the same Trade Dress, “namely that the flaps (other than flaps which are raised to form a specific configuration), blend seamlessly into the bottom portion of the dress”), 22, 32.)⁴ None of the alternative designs for convertible dresses “feature two front and two rear panels attached to the waist that permit [the] elegant, seamless integration of panels into the bottom of the dress.” (*Id.* ¶ 33.)

⁴ Plaintiff further describes, in some detail, the ways in which the various dress design configurations incorporated the alleged Trade Dress. (*See Am. Compl.* ¶¶ 36–48.)

“This innovative, elegant and visually distinct design was highly appealing to consumers, and it found almost immediate success and acclaim within the market for bridal dresses (and in particular, bridesmaid dresses).” (*Id.* ¶ 2; *see also id.* ¶ 18.) The dresses received “extensive press coverage” and “positive reviews both within industry circles and publications that focus on the consumer market.” (*Id.* ¶ 23.) The dresses were further “uniquely associated with Yoo as its source.” (*Id.* ¶ 18; *see also id.* ¶ 34.) Indeed, these dress designs are “among the best-selling bridesmaid designs nationwide” and Plaintiff alleges that “[i]t is fair to say that in the minds of most consumers, these famous designs, and the [Yoo] Trade Dress which they embody, have become synonymous with the designer Jenny Yoo and her company.” (*Id.* ¶ 25.)

In connection with its “Aidan” and “Annabelle” dresses, Yoo secured design patents—D 698,120 (the “120 Patent”) and D 744,123 (the “723 Patent”)—which “cover the ornamental features” of the dresses, “such as two rear and two front convertible panels attached at the waist which blend naturally and seamlessly into the dress.” (*Id.* ¶ 27.) Plaintiff also has pending utility patent applications, which cover: (1) “functional features of the convertible dresses, including the front and rear panels extending downward, attached to the front and rear panels of the gathered skirt with fastening means that allow for multiple adaptations and configuration” and (2) “unique methods for using a multi-use garment consisting of specified functional convertible and adoptable elements.” (*Id.* ¶ 28.)

According to Plaintiff, Watters’ bridesmaid dresses—Bridesmaid Dress 800, Bridesmaid Dress 852, Bridesmaid Dress Heath 1307, and Bridesmaid Dress 245 (collectively, the “Watters Infringing Products”)—“compete directly with [Yoo]’s patented convertible dresses” and infringe one or more of Plaintiff’s intellectual property rights. (*Id.* ¶¶ 4, 49, 55.) Plaintiff makes similar claims with regard to DBI’s bridesmaid dresses—Long Versa Convertible Mesh Dress

Style #F15782, Long Versa Convertible Mesh Dress (extra length) Style #4XLF15782, Long Versa Convertible Junior Bridesmaid Dress Style #JB9015, Short Versa Convertible Mesh Dress Style #F18092, Short Versa Convertible Mesh Dress Style #2XLF18092, and Long Tulle Convertible Versa Dress Style #F19114 (collectively, the “DBI Infringing Products”), (DBI Am. Compl. ¶¶ 4, 48)—and Essense’s bridesmaid dresses—Long Solid Chiffon, Style #8472, Short Solid Chiffon, Style #8471, Ombre Short Chiffon, Style #8471OM, Ombre Long Chiffon, Style #8472OM, Junior Short Chiffon Convertible Style #J4009, and Junior Chiffon Convertible Style #J40010 (collectively, the “Essense Infringing Products”), (Essense Am. Compl. ¶¶ 4, 47).

Plaintiff contends that the Watters Infringing Products, the DBI Infringing Products, and the Essense Infringing Products (collectively, the “Infringing Products”) “appear to be actual [Yoo] dresses—with the same ornamental, non-functional and functional features,” and that when worn in public, the Infringing Products would be viewed as Yoo products. (Am. Compl. ¶ 51; DBI Am. Compl. ¶ 50; Essense Am. Compl. ¶ 49.) As proof of the alleged infringements, Plaintiff includes side-by-side comparisons between Yoo’s dresses and the Infringing Products. (See Am. Compl. ¶ 54; DBI Am. Compl. ¶ 53; Essense Am. Compl. ¶ 52.) As a result, Plaintiff alleges that Defendants’ adoption of its trade dress “has caused, and is likely to cause, confusion or mistake, or to deceive consumers, purchasers, and others” into believing that the Infringing Products are Yoo’s designs or affiliated with them. (Am. Compl. ¶ 56; DBI Am. Compl. ¶ 55; Essense Am. Compl. ¶ 54.) Plaintiff further explains that its designs are “premium-priced products” whereas Defendants have a “more budget conscious client base,” and, as such, the alleged infringements threaten to diminish Yoo’s goodwill and ability to sell its products at premium price points. (Am. Compl. ¶ 57; DBI Am. Compl. ¶ 56; Essense Am. Compl. ¶ 55.)

II. Procedural History

Plaintiff filed its complaint against Watters on March 24, 2016, (Doc. 1), DBI on April 8, 2016, (DBI Doc. 1), and Essense on May 16, 2016, (Essense Doc. 1). DBI submitted a pre-motion letter with respect to its anticipated motion to dismiss on July 19, 2016, (DBI Doc. 35), and on July 22, 2016, Plaintiff filed its response, (DBI Doc. 37). On July 27, 2016, Watters also submitted a pre-motion letter with respect to its intended motion to dismiss, (Doc. 29), as did Essense on July 26, 2016, (Essense Doc. 20), to which Plaintiff replied on July 29, 2016, (Essense Doc. 23). On August 4, 2016, I held a pre-motion conference during which I addressed Defendants' anticipated motions. (Dkt. Entry Aug. 4, 2016.) Following that conference, on August 5, 2016, I entered an Order in all three actions, in which I directed the parties to file a joint letter proposing a discovery plan; directed Watters and Essense to file a letter detailing the status of their investigation into whether they would contest the validity of the patents at issue; and set a briefing schedule for Defendants' anticipated motions to dismiss. (Doc. 33; DBI Doc. 42; Essense Doc. 25.)

On August 26, 2016, Plaintiff filed its amended complaint in all three actions. (Doc. 39; DBI Doc. 48; Essense Doc. 34.) Watters thereafter filed its partial motion to dismiss on October 11, 2016, (Doc. 45), along with a memorandum of law attaching exhibits, (Doc. 46).⁵ DBI filed its own motion on November 2, 2016, (DBI Doc. 57),⁶ along with an accompanying memorandum of law, (DBI Doc. 58). DBI's motion joined, adopted, and incorporated by reference the arguments and authorities set forth by Watters in its motion. (*See* DBI Doc. 58 at 2.) Essense filed its motion to dismiss on September 16, 2016, (Doc. 43), along with an

⁵ Watters initially filed its partial motion to dismiss on September 16, 2016, but because of a filing error, refiled the motion on October 11.

⁶ On September 16, 2016, DBI attempted to file its motion but it was rejected due to a filing error.

accompanying memorandum of law stating that it was joining in the Watters motion, (Doc. 44 at 1). Plaintiff filed its oppositions in each of the actions on October 18, 2016, (Doc. 49; DBI Doc. 54; Essense Doc. 46), and on November 1, 2016, Defendants filed their replies, (Doc. 50; DBI Doc. 59; Essense Doc. 47).⁷

On February 22, 2017, Plaintiff submitted a letter motion for discovery, requesting, among other things, that I entertain oral argument on the pending motions to dismiss and the impact of the opinion of the Patent Trial and Appeals Board of the United States Patent and Trademark Office (the “PTAB”) on those motions, and order the parties to submit supplemental briefing, or letter briefs, on the impact of the PTAB’s opinion on the pending motions to dismiss. (Doc. 58; DBI Doc. 68; Essense Doc. 53.) Defendants all responded to Plaintiff’s letter, (Docs. 60, 61; DBI Doc. 69; Essense Doc. 54), and Plaintiff replied, (Doc. 62; DBI Doc. 70; Essense Doc. 55). On May 16, 2017, I entered an Order directing the parties to, among other things, file supplemental letter briefs, one week after the PTAB issued its decision, on the impact of the PTAB opinion and the anticipated decision on rehearing, on the motions to dismiss. (Doc. 65; DBI Doc. 73; Essense Doc. 58.) The parties filed these letters on June 22, 2017. (*See* Docs. 71, 72; DBI Docs. 79, 80; Essense Docs. 64, 65.)

On June 20, 2017, Watters and Essense submitted letters in anticipation of filing supplemental motions to dismiss for improper venue, (Doc. 70; Essense Doc. 63), to which Plaintiff responded on June 23, 2017, (Doc. 73; Essense Doc. 66). I held a pre-motion conference on July 12, 2017, after which I ordered the parties to submit supplemental letters addressing, in part, additional case law impacting the parties’ venue arguments, as well as any supplemental arguments regarding the impact of the PTAB’s opinion on the pending motions to

⁷ Again, because of a filing error, DBI’s ultimate reply was submitted on November 2, 2016. (Doc. 59.)

dismiss. (Doc. 77; DBI Doc. 84; Essense Doc. 70.) The parties submitted letters addressing the venue arguments on July 26, 2017, (Docs. 78, 79; DBI Docs. 85, 86; Essense Docs. 71, 72), and letters addressing the PTAB's decision on August 11, 2017, (Docs. 81, 82; DBI Docs. 88, 89; Essense Docs. 74, 75). Plaintiff submitted letters on August 15, 2017, arguing that Watters and Essense improperly discussed the issue of venue in their August 11 submissions. (Doc. 85; DBI Doc. 90; Essense Doc. 76.) To the extent new arguments were raised by Watters and Essense in those submissions, I do not consider them in this decision.

Finally, Plaintiff submitted a letter motion for discovery on September 20, 2017, which also requested a status update on the pending motions. (Doc. 86; DBI Doc. 91; Essense Doc. 77.) Defendants filed responses on September 25, 2017, requesting that I deny Plaintiff's requests. (Doc. 87; DBI Doc. 92; Essense Doc. 78.)

III. Applicable Law

A. *Federal Rule of Civil Procedure 12(b)(3)*

Courts apply the same standard of review to a motion to dismiss for improper venue as they apply to a motion to dismiss for lack of personal jurisdiction brought under Rule 12(b)(2). *See Assa Realty LLC v. Solution Grp. Corp.*, No. 17-cv-0177 (KBF), 2017 WL 2241524, at *1 (S.D.N.Y. May 22, 2017) (citing *Gulf Ins. Co. v. Glasbrenner*, 417 F.3d 353, 355 (2d Cir. 2005)). “In the absence of discovery or an evidentiary hearing, a plaintiff seeking to defeat a motion to dismiss . . . pursuant to Rule 12(b)(3) for improper venue need only make a *prima facie* showing that jurisdiction exists and venue is proper.” *BMW of N. Am. LLC v. M/V Courage*, No. 16-CV-4063 (JMF), 2017 WL 2223052, at *2 (S.D.N.Y. May 19, 2017). “Such a showing ‘entails making legally sufficient allegations, including an averment of facts that, if credited, would suffice’ to establish that jurisdiction exists and venue is proper.” *Id.* (quoting

Penguin Grp. (USA) Inc. v. Am. Buddha, 609 F.3d 30, 35 (2d Cir. 2010)). A court must view “all facts in the light most favorable to the non-moving party.” *TradeComet.com LLC v. Google, Inc.*, 647 F.3d 472, 475 (2d Cir. 2011).

B. Federal Rule of Civil Procedure 12(b)(6)

To survive a motion to dismiss under Rule 12(b)(6), “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim will have “facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* This standard demands “more than a sheer possibility that a defendant has acted unlawfully.” *Id.* “Plausibility . . . depends on a host of considerations: the full factual picture presented by the complaint, the particular cause of action and its elements, and the existence of alternative explanations so obvious that they render plaintiff’s inferences unreasonable.” *L-7 Designs, Inc. v. Old Navy, LLC*, 647 F.3d 419, 430 (2d Cir. 2011).

In considering a motion to dismiss, a court must accept as true all well-pleaded facts alleged in the complaint and must draw all reasonable inferences in the plaintiff’s favor. *Kassner v. 2nd Ave. Delicatessen Inc.*, 496 F.3d 229, 237 (2d Cir. 2007). A complaint need not make “detailed factual allegations,” but it must contain more than mere “labels and conclusions” or “a formulaic recitation of the elements of a cause of action.” *Iqbal*, 556 U.S. at 678 (internal quotation marks omitted). A “court ‘may also consider matters of which judicial notice may be taken.’” *Staehr v. Hartford Fin. Servs. Grp., Inc.*, 547 F.3d 406, 425 (2d Cir. 2008) (quoting *Kramer v. Time Warner Inc.*, 937 F.2d 767, 773 (2d Cir. 1991)). Although all allegations contained in the complaint are assumed to be true, this tenet is “inapplicable to legal

conclusions.” *Id.*

IV. Discussion

Plaintiff’s amended complaints in the three actions allege claims for trade dress infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), common law trade dress infringement and unfair competition, infringement of the ‘120 Patent and the ‘723 Patent, unfair business practices in violation of Section 349 of the New York General Business Law (“GBL”), and unjust enrichment. (*See generally* Doc. 39; DBI Doc. 48; Essense Doc. 34.) Watters’ partial motion to dismiss seeks dismissal of all claims except Plaintiff’s third claim for relief, infringement of the ‘723 Patent. (*See* Watters Mem.)⁸ DBI and Essense both join in the motion filed by Watters, except that Essense also moves to dismiss Plaintiff’s claim for infringement of the ‘723 Patent. (*See* Essense Mem.; DBI Mem.)⁹ Watters and Essense further sought to supplement their motions to dismiss to add an argument that venue is improper in light of the Supreme Court’s decision in *TC Heartland*, and as noted above, I permitted the parties to submit letters addressing the venue issue.

A. Venue

Watters and Essense argue that venue is improper based on the Supreme Court’s recent decision in *TC Heartland*. (*See* Docs. 70, 79; Essense Docs. 63, 72.) Plaintiff, relying on numerous out-of-Circuit decisions deciding that *TC Heartland* did not constitute an intervening change in law such that an exception to the waiver doctrine would apply, contends that Watters and Essense have both waived the improper venue defense. (*See* Docs. 73, 78.)

⁸ “Watters Mem.” refers to Watters’ Memorandum of Law in Support of its Partial Motion to Dismiss Plaintiff’s Amended Complaint. (Doc. 46.)

⁹ “Essense Mem.” refers to Essense’s Memorandum of Law in Support of its Motion to Dismiss. (Essense Doc. 44.) “DBI Mem.” refers to DBI’s Memorandum of Law in Support of its Partial Motion to Dismiss Plaintiff’s Amended Complaint. (DBI Doc. 58.)

1. Waiver

Under Federal Rule of Civil Procedure 12(h)(1), “[a] party waives any defense listed in Rule 12(b)(2)–(5) by: . . . [among other ways,] omitting it from a motion in the circumstances described in Rule 12(g)(2)” which provides that “a party that makes a motion under [Rule 12] must not make another motion under this rule raising a defense or objection that was available to the party but omitted from its earlier motion.” In other words, a party is generally held to have waived a defense of improper venue if that party fails to raise that defense in a Rule 12 motion or in a responsive pleading. *See Tri-State Emp’t Servs., Inc. v. Mountbatten Sur. Co.*, 295 F.3d 256, 261 n.2 (2d Cir. 2002) (a defendant who “fail[s] to raise [a] venue challenge in a pre-answer motion or responsive pleading . . . is deemed to have waived any objection to venue”). However, if the defense or objection a party is seeking to raise was not “available to the party” at that earlier time then the defense or objection is not waived. *See Fed. R. Civ. P. 12(g)(2)*. Courts have uniformly held that a change in applicable law is sufficient to demonstrate that an objection or defense was unavailable to a party. *See Hawknet, Ltd. v. Overseas Shipping Agencies*, 590 F.3d 87, 92 (2d Cir. 2009) (“[A] party cannot be deemed to have waived objections or defenses which were not known to be available at the time they could first have been made.” (quoting *Holzager v. Valley Hosp.*, 646 F.2d 792, 796 (2d Cir. 1981))).

The district courts that have considered whether the Supreme Court’s decision in *TC Heartland* was an intervening change of law in the law of venue in patent cases have come to different conclusions. *See, e.g., OptoLum, Inc. v. Cree, Inc.*, No. CV-16-3828-PHX-DLR, 2017 WL 3130642, at *2–3 & n.1 (D. Ariz. July 24, 2017) (citing case law). I agree with those courts that have found that *TC Heartland* did affect a “sea change” in patent venue law.

In *TC Heartland*, a unanimous Supreme Court affirmed its holding in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957)—which found that for purposes of the patent venue statute, 28 U.S.C. § 1400(b), a domestic corporation “resides” only in its State of incorporation, and rejected the argument that § 1400(b) incorporates the broader definition of corporate “residence” contained in the general venue statute, 28 U.S.C. § 1391(c). In doing so, the Supreme Court overruled the Federal Circuit’s decision below that had reaffirmed its holding in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), which had held that in light of an amendment to § 1391 establishing a definition that applied to venue statutes under the same “chapter,” § 1400(b) now incorporated the more general definition contained in § 1391. *TC Heartland*, 137 S. Ct. at 1517, 1519. The Supreme Court concluded that the “amendments to § 1391 did not modify the meaning of § 1400(b) as interpreted by *Fourco*” and, therefore, “that a domestic corporation ‘resides’ only in its State of incorporation for purposes of the patent venue state.” *Id.* at 1517.

In determining that *TC Heartland* did not constitute an intervening change in law, many district courts have relied on the notion that the Federal Circuit cannot overrule the Supreme Court and, therefore, that *Fourco* remained the governing law for the last sixty years. *See, e.g., Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, No. 2:15CV21, 2017 WL 2556679, at *3 (E.D. Va. June 7, 2017). However, I agree with the courts that have, in light of the history of *VE Holding* and its subsequent consistent application in the federal courts, interpreted *VE Holding* not as attempting to overrule *Fourco*, but as analyzing the patent venue statute in light of the then-recent congressional amendment that seemed to implicate that statute. In any event, it can hardly be disputed that lower courts had uniformly followed *VE Holding* since its issuance, *see OptoLum*, 2017 WL 3130642, at *3, such that *TC Heartland* dramatically altered the patent

venue landscape, *see, e.g., Cutsforth, Inc. v. LEMM Liquidating Co.*, No. 12-cv-1200 (SRN/LIB), 2017 WL 3381816, at *2–4 (D. Minn. Aug. 4, 2017); *The Valspar Corp. v. PPG Indus., Inc.*, No. 16-cv-1429 (SRN/SER), 2017 WL 3382063, at *3–4 (D. Minn. Aug. 4, 2017); *Ironburg Inventions Ltd. v. Valve Corp.*, No. 15-CV-4219-TWT, 2017 WL 3307657, a *2–3 (N.D. Ga. Aug. 3, 2017); *CG Tech. Dev., LLC v. Fanduel, Inc.*, No. 16-cv-00801 (RCF)(VCF), 2017 WL 3207233, at *2 (D. Nev. July 27, 2017); *OptoLum*, 2017 WL 3130642, at *1; *Westech Aerosol Corp. v. 3M Co.*, No. C17-5067-RBL, 2017 WL 2671297 (W.D. Wash. June 21, 2017). Therefore, I find that Watters and Essense did not waive the improper venue defense.

In any event, given that Defendants Watters and Essense had not filed an answer, no decision had been rendered on their pending motions to dismiss, and they were merely supplementing their initial motions to dismiss by raising the venue argument, not filing another Rule 12 motion, Rule 12(h)(1) does not apply, and it is within my discretion to decide whether to permit Watters and Essense to “expand the grounds of [the] motion.” *MacNeil v. Whittemore*, 254 F.2d 820, 821 (2d Cir. 1958) (per curiam). Although there have been few courts in this district that appear to have addressed this issue, the factors I may consider in deciding whether to permit Watters and Essense to supplement their motions include (1) whether the application was made in advance of the hearing on the motion; (2) the time interval between the omission and attempted correction; (3) the likelihood that the omission of the defense was inadvertent; and (4) the defendant’s good or bad faith. *See Nycal Corp. v. Inoco PLC*, 949 F. Supp. 1115, 1119 (S.D.N.Y. 1997) (“[I]n the absence of a contrary indication from the Court of Appeals, [a district court] has the power in an appropriate case to permit supplementation of a motion to avoid a Rule 12(h)(1) waiver.”). Here, there was no hearing scheduled on the motions. Moreover, considering the impact of the Supreme Court’s recent decision in *TC Heartland*, as well as the

arguments made by Defendants Watters and Essense in seeking permission to supplement their motions, I find that there is no indication that their failure to make the venue argument was intentional and that there is no evidence of bad faith. Therefore, permitting Watters and Essense to supplement their motions to dismiss is justified.

2. Venue is Improper

Under the patent venue statute, “[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.” 28 U.S.C. § 1400(b). As stated above, in *TC Heartland*, the Supreme Court affirmed its position that for purposes of the patent venue statute, “a domestic corporation ‘resides’ only in its State of incorporation.” *TC Heartland*, 137 S. Ct. at 1517.

In the amended complaints filed in the Watters and Essense actions, Plaintiff asserts that venue is proper

under 28 U.S.C. §§ 1391(b) and (c) because Watters [and Essense] transact[] business within this district and offer[] for sale in this district products that infringe the [Yoo] patents, trade dress, and trademarks. In addition, venue is proper because [Yoo]’s principal place of business is in this district and [Yoo] suffered harm in this district. Moreover, a substantial part of the events giving rise to the claim occurred in this district.

(Am. Compl. ¶ 16.) At no point does Plaintiff reference the patent venue statute, nor does Plaintiff dispute in its letters that venue over the patent infringement claims would be improper under § 1400(b). Indeed, Plaintiff acknowledges that both of the Watters defendants are Texas companies with their principal places of business in Texas, (Am. Compl. ¶¶ 7–8), and that Essense is a Kansas Corporation with its principal place of business in Kansas, (Essense Am. Compl. ¶ 7). Moreover, I note that Plaintiff does not argue in its letters that, absent waiver,

venue is proper in this District after *TC Heartland*. As a result, Plaintiff has not satisfied its burden in demonstrating that venue is proper in this District in the Watters and Essense actions.

Alternatively, Plaintiff argues that I should still deny Watters' and Essense's motions under the doctrine of pendent venue. (*See* Doc. 73 at 2–3.) Under the pendent venue doctrine, “a federal court may in its discretion hear pendent claims which arise out of the same nucleus of operative fact as a properly venued federal claim, even if venue of the pendent claim otherwise would not lie.” *Hsin Ten Enter. USA, Inc. v. Clark Enters.*, 138 F. Supp. 2d 449, 462 (S.D.N.Y. 2000) (quoting *Banfield v. UHS Home Attendants, Inc.*, No. 96 Civ. 4850, 1997 WL 342422, at *2 (S.D.N.Y. June 23, 1997)). However, in deciding to apply the pendent venue doctrine to a patent infringement claim in *Hsin*, the district court specifically noted that because of *VE Holding*, § 1400(b) was “a much broader statute today than it was when most courts held that pendent venue cannot be exercised over a patent infringement claim.” *Id.* at 464. In light of the holding in *TC Heartland*, I do not find the *Hsin* court's determination compelling. Therefore, I refuse to apply the pendent venue doctrine to find that venue is proper over Plaintiff's patent infringement claim.

Accordingly, I grant Watters' and Essense's motions to dismiss for improper venue, and terminate the Watters and Essense actions with leave to Plaintiff to refile its claims against Watters and Essense in the proper venue.

B. DBI's Partial Motion to Dismiss

1. Trade Dress Infringement Under the Lanham Act, and Common Law Trade Dress Infringement and Unfair Competition (Counts 1 & 2)

“It is well-established that the elements necessary to prevail on causes of action for trademark infringement and unfair competition under New York common law mirror the

Lanham Act claims.” *Allied Interstate LLC v. Kimmel & Silverman P.C.*, No. 12 Civ. 4204 (LTS) (SN), 2013 WL 4245987, at *5 (S.D.N.Y. Aug. 12, 2013) (quoting *Lorillard Tobacco Co. v. Jamelis Grocery, Inc.*, 378 F. Supp. 2d 448, 456 (S.D.N.Y. 2005)). Section 43(a) of the Lanham Act “protects trade dress,” which “encompasses the overall design and appearance that make the product identifiable to consumers.” *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 269 F.3d 114, 118 (2d Cir. 2001). A product’s trade dress is protectable “if it is not functional and if it is either inherently distinctive or has acquired secondary meaning in the marketplace.” *Id.* However, “design, like color, is not inherently distinctive.” *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 212 (2000). Even if a trade dress is protectable, to prevail “a plaintiff must also prove that the allegedly infringing product is likely to confuse consumers as to its source or sponsorship.” *Nora Beverages, Inc.*, 269 F.3d at 118–19.

Therefore, in order “[t]o plead a claim of trade dress infringement involving the appearance of a product, [a plaintiff] must allege that (1) the claimed trade dress is non-functional; (2) the claimed trade dress has secondary meaning; and (3) there is a likelihood of confusion between the plaintiff’s good and the defendant’s.” *Ward v. Andrews McMeel Publ’g, LLC*, 963 F. Supp. 2d 222, 235 (S.D.N.Y. 2013) (quoting *Sherwood 48 Assocs. v. Sony Corp. of Am.*, 76 F. App’x 389, 391 (2d Cir. 2003) (summary order)). “A plaintiff must also offer ‘a precise expression of the character and scope of the claimed trade dress.’” *Sherwood*, 76 F. App’x at 391 (quoting *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 381 (2d Cir. 1997)). This requires that the plaintiff articulate precisely which of the trade dress elements “are distinctive and how they are distinctive.” *Sara Designs, Inc. v. A Classic Time Watch Co.*, No. 16CV03638-LTS, 2017 WL 627461, at *3 (S.D.N.Y. Feb. 15, 2017) (citing *Nat’l Lighting Co. v. Bridge Metal Indus., LLC*, 601 F. Supp. 2d 556, 562 (S.D.N.Y. 2009)). Generally, “courts

have been reluctant to extend trade dress protection to a product's design (as opposed to its packaging)." *Nat'l Lighting Co.*, 601 F. Supp. 2d at 561; *see also Landscape Forms, Inc.*, 113 F.3d at 380 ("[G]ranted trade dress protection to an ordinary product design would create a monopoly in the goods themselves. For this reason, courts have exercised particular 'caution' when extending protection to product designs."). Indeed, the Supreme Court has cautioned "against misuse or overextension of trade dress." *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) (citing *Wal-Mart Stores, Inc.*, 529 U.S. at 213).

DBI argues that the amended complaint fails to plausibly allege the first (non-functionality), second (secondary meaning), and fourth (scope and character) elements required to establish trade dress infringement. I find that Plaintiff has failed to allege sufficient facts to support a plausible inference that its alleged trade dress has secondary meaning and, therefore, dismiss Plaintiff's claim for trade dress infringement under the Lanham Act as well as its claims for trade dress infringement and unfair competition under New York common law.

"A product has acquired secondary meaning when, '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.'" *Sara Designs, Inc.*, 2017 WL 627461, at *3 (quoting *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 114 (2d Cir. 2001)). "When determining whether a trade dress has secondary meaning, courts consider several factors, including: (1) plaintiff's advertising expenditures; (2) consumer surveys linking the trade dress to a particular source; (3) sales success; (4) unsolicited media coverage; (5) attempts to plagiarize the trade dress; and (6) the length and exclusivity of the use." *Heptagon Creations, Ltd. v. Core Grp. Mktg. LLC*, No. 11 Civ. 01794 (LTS) (AJP), 2011 WL 6600267, at *8 (S.D.N.Y. Dec. 22, 2011), *aff'd*, 507 F. App'x 74 (2d Cir. 2013).

Here, Plaintiff’s alleged trade dress consists of “a convertible dress featuring two front and two rear panels attached to the waist in a manner that allows them to seamlessly blend into the bottom of the dress, regardless of the specific configuration of the convertible dress,” with “the seamless blending . . . [being] the distinctive feature.” (Pl.’s Opp. 14.)¹⁰ In support of its claim that its dresses have acquired secondary meaning, Plaintiff explains that the trade dress has a “‘radically different’ appearance when compared to the bulky wedding dress designs previously available” and that the seamless blending created “an instantly recognizable, unique, and elegant look.” (*Id.* at 21.) Plaintiff argues that both the trade dress and the dress products “became famous and distinctive” because they were vastly improved from the “bulky, awkward and unattractive configurations of prior convertible dress designs.” (*Id.* at 22.)

However, although Plaintiff contends that the “dress products embodying the Trade Dress became an ‘instant success,’” and received “praise from reviewers and analysis for their ‘game changing’ features,” (*id.* at 21), Plaintiff does not specifically allege that the praise resulted from the alleged trade dress itself. Moreover, although Plaintiff alleges that the dress products were “featured nationwide” and “had strong sales,” (*id.* at 22)—thus alleging facts related to sales success and media coverage (without indicating whether the coverage was solicited or unsolicited)—the DBI amended complaint does not contain any allegations with respect to its advertising expenditures (but merely references “consistent advertising,” (DBI Am. Compl. ¶ 61)), consumer surveys linking its trade dress to a particular source, or the length and exclusivity of use. Additionally, aside from its claims against defendants, Plaintiff does not allege any prior attempts to plagiarize its trade dress. (*See generally id.*) As a result, Plaintiff has failed to plead

¹⁰ “Pl.’s Opp.” refers to Plaintiff’s Memorandum in Opposition to Defendants’ Partial Motion to Dismiss Plaintiff’s Amended Complaint. (Doc. 49.)

that the alleged trade dress acquired secondary meaning, and DBI's partial motion to dismiss Plaintiff's claims for trade dress infringement under the Lanham Act, and trade dress infringement and unfair competition under New York common law, is granted. *See, e.g., Sara Designs, Inc.*, 2017 WL 627461, at *3 (trade dress infringement claim dismissed where, other than conclusory assertions as to brand recognition and widely recognized association of the trade dress with the plaintiff, plaintiff had not pled any facts related to the advertising expenditures, consumer surveys, marketing coverage, or prior attempts to plagiarize its trade dress); *Heptagon Creations Ltd.*, 2011 WL 6600267, at *8 (trade dress infringement claim dismissed where complaint contained allegations regarding purchases by celebrities and magazine features, but did not include allegations as to the advertising expenditures or consumer surveys); *but see Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 226 (2d Cir. 2012) (explaining that "[w]hether a mark has acquired distinctiveness is 'an inherently factual inquiry'").

2. Infringement of the '120 Patent (Count 4)

DBI asserts that prosecution history estoppel bars Plaintiff's claim that DBI infringed the '120 Patent. "Infringement can be established in either of two ways: through direct infringement (which is also known as literal infringement), or through the doctrine of equivalents." *Baseball Quick, LLC v. MLB Advanced Media L.P.*, No. 11-cv-1735 (KBF), 2014 WL 6850965, at *4 (S.D.N.Y. Dec. 4, 2014), *aff'd*, 623 F. App'x 1012 (Fed. Cir. 2015). "For design patents, the concepts of literal infringement and equivalents infringement are intertwined," as the "statutory provision on design patent infringement does not require literal identity." *Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 701 (Fed. Cir. 2014).

The prosecution history estoppel doctrine thus equally applies to alleged infringement of a design patent. *Id.* at 698, 702. Prosecution history estoppel may bar a plaintiff from arguing infringement in cases such as this one if, during the patent prosecution process before the PTO, the applicant “narrows a claim ‘to avoid the prior art, or otherwise to address a specific concern . . . that arguably would have rendered the claimed subject matter unpatentable.’” *EMD Millipore Corp. v. AllPure Techs., Inc.*, 768 F.3d 1196, 1203 (Fed. Cir. 2014) (quoting *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 30–31(1997)). In this fashion, prosecution history estoppel “bars the applicant from later invoking the doctrine of equivalents to recapture the surrendered ground.” *Id.* (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 734 (2002)). “Whether prosecution history estoppel applies, and thus whether the doctrine of equivalents is available for a particular claim limitation, is a question of law.” *Anchor Sales & Mktg., Inc. v. Richloom Fabrics Grp., Inc.*, No. 15-CV-4442 (RA), 2016 WL 4224069, at *4 (S.D.N.Y. Aug. 9, 2016) (quoting *Spectrum Pharm., Inc. v. Sandoz Inc.*, 802 F.3d 1326, 1337 (Fed. Cir. 2015)). Although examination of the prosecution history is typically handled during the summary judgment stage, whether prosecution history estoppel applies may be determined on a motion to dismiss. *See id.*

Whether prosecution history estoppel bars a patent infringement claim rests on the answers to three questions: “(1) whether there was a surrender; (2) whether it was for reasons of patentability; and (3) whether the accused design is within the scope of the surrender.” *Pac. Coast*, 739 F.3d at 702. Upon examining the prosecution history, it is apparent that Plaintiff surrendered the scope of the claimed dresses—namely, the long dress designs—in the ‘120 Patent.

“[I]n determining the scope of the claimed design, ‘it is the drawings of the design patent that provide the description of the invention.’” *Id.* (quoting *In re Daniels*, 144 F.3d 1452, 1456 (Fed Cir. 1998)). Here, the patent examiner’s restriction requirement separated the application into two “patentably distinct groups of designs”: Group I, Embodiment 1—grouped together “because all these figures show the same in appearance short-length dress”—and Group II, Embodiment 2—grouped together “because the length of the flaps which are converted into a halter dress . . . appears to be only made by a longer length dress.” (Doc. 46-2 at B61.)¹¹ In so doing, the examiner noted that “[e]mbodiments that are patentably distinct from one another do not constitute a single inventive concept and thus may not be included in the same design application.” (*Id.*) The examiner found that the difference in dress length was a significant difference in “overall ornamental appearance,” such that the two embodiments were patentably distinct. (*Id.* at B62.) Restriction to one embodiment was thus required under 35 U.S.C. § 121, and the examiner stated that a reply “must include an election of a single group for prosecution on the merits.” (*Id.*) In response to the restriction requirement, Plaintiff specifically selected “Group I, Embodiment I shown in Figs. 1-4, 6, 7 and 11, without traverse,” and cancelled “Group II, Embodiment II shown in Figs. 5 and 8-10 without prejudice to filing a continuing application.” (*Id.* at B47.) By electing Embodiment I without traverse and cancelling Embodiment II, Plaintiff surrendered the designs in Embodiment II and conceded that any claims related to the ‘120 Patent would be limited to those figures in Embodiment I—namely, the short-

¹¹ I “may take judicial notice of official records of the PTO.” *Anchor Sales*, 2016 WL 4224069, at *2 n.1 (quoting *Kaplan, Inc. v. Yun*, 16 F. Supp. 3d 341, 345 (S.D.N.Y. 2014)). Plaintiff does not contend that the documents attached to Watters’ memorandum of law are invalid copies, nor does Plaintiff object to their use; rather, Plaintiff references the same documents in his opposition. Therefore, I will take judicial notice of these documents and “consider them without converting Defendant’s motion to dismiss into one for summary judgment.” *Id.*

length dresses.¹² *See Pac. Coast*, 739 F.3d at 703 (further explaining that prosecution history estoppel extends to claim surrender, or the “cancellation of claims”).

Additionally, it is clear from the prosecution history that surrender was made because of a restriction requirement under 35 U.S.C. § 121, and thus to secure the patent. *See id.* Indeed, the examiner explicitly stated as much, and noted that any response that did not elect a single embodiment would be deemed non-responsive. (Doc. 46-2 at B62.) Where, as here, the surrender resulting from a restriction requirement was necessary “to secure the patent,” prosecution history estoppel applies. *See Pac. Coast*, 739 F.3d at 704 (quoting *Festo*, 535 U.S. at 736).

Finally, I must determine whether DBI’s design “fell within the scope of the surrendered subject matter.” *Id.* Here, the alleged DBI Infringing Products comprised of six accused designs, four of which are specifically described as long dresses: Long Versa Convertible Mesh Dress Style #F15782, Long Versa Convertible Mesh Dress (extra length) Style #4XLF15782, Long Versa Convertible Junior Bridesmaid Dress Style #JB9015, and Long Tulle Convertible Versa Dress Style #F19114. (DBI Am. Compl. ¶ 48.) Of these four, Plaintiff’s articulated claim for infringement of the ‘120 Patent displays images of #F15782, #4XLF15782, and #F19114, but not #JB9015. (*Id.* ¶ 90.) In any event, DBI’s four long-dress designs fall within the scope of the surrendered subject matter. Of the alleged short-length styles—Short Versa Convertible Mesh Dress Style #F18092 and Short Versa Convertible Mesh Dress Style #2XLF18092—Plaintiff’s

¹² Although Plaintiff repeatedly argues that its decision to cancel Embodiment II “without prejudice to filing a continuing application” means that those designs were not surrendered under the doctrine of prosecution history estoppel, (*see* Pl.’s Opp. 8–11; DBI Doc. 88), the inclusion of such language in Plaintiff’s acceptance of the restriction requirement is what allowed Plaintiff to claim the earlier priority date of the original application upon later seeking to patent the cancelled designs, and this language cannot be considered a catchall ensuring that the designs would not be surrendered for purposes of the ‘120 Patent. In fact, in deciding that the ‘723 Patent was entitled to the earlier filing date of the ‘120 Patent, the PTAB specifically cited case law noting that the impact of a continuing application is its entitlement to the benefit of the filing date of an earlier application as to common subject matter. (*See* Doc. 71-2 at 11.)

articulated claim for infringement of the '120 Patent only displays images of #F18092. (*Id.*) With respect to #F18092, notwithstanding the fact that the floor-length panels, when converted, would create a shorter dress, the panels that are a part of DBI's dress design are floor-length, unlike the designs protected by the '120 Patent. (*See id.*) It is in this respect that the accused design falls within the scope of the surrendered subject matter. In fact, during the prosecution history, even though Figures 8-10 were represented as being different views of Figure 3, a short dress, the examiner still excluded those as patentably distinct from the short dress designs because of the length of the flaps, which were found to "be only made by a longer length dress." (Doc. 46-2 at B61, B80, B91.) Although Plaintiff does not include an image of #2XLF18092 as part of its '120 Patent Claim, (*see* DBI Am. Compl. ¶ 90), that design falls within the scope of the surrendered subject matter for identical reasons, (*see id.* ¶ 48), and Plaintiff has not provided a rationale to exclude it.

For these reasons, I find that prosecution history estoppel bars Plaintiff from claiming that the DBI Infringing Products infringe the '120 Patent.

3. GBL § 349 (Count 5)

Section 349 prohibits "[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state." N.Y. Gen. Bus. Law § 349(a). To state a section 349 claim, a plaintiff must allege that "(1) the act or practice was consumer-oriented; (2) the act or practice was misleading in a material respect; and (3) the plaintiff was injured as a result." *Spagnola v. Chubb Corp.*, 574 F.3d 64, 74 (2d Cir. 2009); *see also Maurizio v. Goldsmith*, 230 F.3d 518, 521 (2d Cir. 2000) (per curium). Corporate competitors may bring a claim under this statute "so long as some harm to the public at large is at issue." *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 277 F. Supp. 2d 269, 273 (S.D.N.Y. 2003) (quoting

Securitron Magnalock Corp. v. Schnabolk, 65 F.3d 256, 264 (2d Cir. 1995)). “[I]t is clear that the gravamen of the complaint must be consumer injury or harm to the public interest.” *Id.* (quoting *Securitron*, 65 F.3d at 264). Thus, “[c]ommercial claimants under § 349 must allege conduct that has ‘significant ramifications for the public at large’ in order to properly state a claim.” *Id.*

Even if Plaintiff’s cause of action is, as Plaintiff maintains, “separate and distinct from its design patent and trade dress claims,” (Pl.’s Opp. 23), Plaintiff has failed to allege the requisite public harm necessary for its section 349 claim to survive. Rather, Plaintiff points only to the likelihood of confusing or deceiving consumers or the general public, including by DBI continuing to “promote its products by wrongfully trading on the goodwill of the [Yoo] Trade Dress.” (DBI Am. Compl. ¶¶ 97–98, 100.) Indeed, although Plaintiff requests leave to amend the complaint, if necessary, to specify how “slavishly copying” designs and “selling them at a lower cost” causes “substantial harm to the fashion industry within New York City and the economy as a whole,” (Pl.’s Opp. 23–24), such amendment would be futile, as not only are such circumstances present in nearly every trade dress case involving the fashion industry, but also because these are the types of circumstances that courts in this Circuit have found “too insubstantial” of a public harm. *See, e.g., Gucci*, 277 F. Supp. 2d at 274 (rejecting defendants’ argument in their section 349 counterclaim that public harm was shown by making consumers purchase the same product for more money from Gucci and finding instead that the gravamen of the counterclaim was harm to defendants’ business in the form of lost profits and general loss of good will); *Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, No. 96 Civ. 5150 (JFK), 1997 WL 137443, at *3 (S.D.N.Y. Mar. 24, 1997) (consumer confusion insufficient to allege required injury under section 349); *cf. RCA Trademark Mgmt. S.A.S. v. VOXX Int’l Corp.*, No.

14CV6294-LTS-HBP, 2015 WL 5008762, at *4 (S.D.N.Y. Aug. 24, 2015) (“Courts have generally held that the type of injury needed to sustain a trademark violation under [section 349] is limited to one ‘that would trigger Federal Trade Commission intervention . . . such as potential danger to the public health or safety.’” (quotation omitted)). As it is clear here that the gravamen of Plaintiff’s claim is harm to its own business interests, and I find that any amendment would be futile, DBI’s motion to dismiss Plaintiff’s Section 349 claim is granted with prejudice.

4. Unjust Enrichment (Count 6)

Finally, DBI moves to dismiss Plaintiff’s claim for unjust enrichment. “To state a claim of unjust enrichment under New York law, the plaintiff must allege: ‘(1) that the defendant was enriched; (2) that the enrichment was at the plaintiff’s expense; and (3) that the circumstances are such that in equity and good conscience the defendant should return the money or benefit to the plaintiff.’” *Merced Irrigation Dist. v. Barclays Bank PLC*, 165 F. Supp. 3d 122, 145 (S.D.N.Y. 2016) (quoting *Golden Pac. Bancorp v. Fed. Deposit Ins. Corp.*, 273 F.3d 509, 519 (2d Cir. 2001)). Although there is no privity requirement under New York law, an unjust enrichment claim requires “some type of direct dealing or actual, substantive relationship.” *Reading Int’l, Inc. v. Oaktree Capital Mgmt.*, 317 F. Supp. 2d 301, 334 (S.D.N.Y. 2003).

Plaintiff has “not alleged that [it] had a contractual or quasi-contractual relationship with [DBI], and in fact [has] alleged no prior course of business dealings with [DBI] whatsoever.” *Id.* Indeed, in support of its argument that there was a direct relationship, Plaintiff states only that DBI was a “direct competitor[.]” (Pl.’s Opp. 24; *see also* DBI Am. Compl. ¶¶ 104, 105.) This argument is insufficient to support the “actual, substantive relationship” required to allege an unjust enrichment claim. *See Miller v. Walters*, 997 N.Y.S.2d 237, 245 (N.Y. Sup. Ct. 2014) (allegations insufficient where parties merely rival sports management firms and “business


competitors”). Therefore, DBI’s motion to dismiss Plaintiff’s unjust enrichment claim is granted.¹³

V. Conclusion

For the foregoing reasons, Watters’ and Essense’s motions to dismiss, (Docs. 44, 47; Essense Doc. 43), as supplemented by their letters arguing improper venue, are GRANTED with leave to Plaintiff to refile its claims against Watters and Essense in the proper venue. Additionally, DBI’s partial motion to dismiss, (DBI Doc. 57), is GRANTED. In connection with Plaintiff’s letter motion for discovery filed in the DBI action, (DBI Doc. 91), the parties are directed to meet and confer, and submit a proposed amended case management plan and scheduling order, on or before November 3, 2017. The Clerk of Court is directed to terminate the open motions and close the Watters and Essense actions.

SO ORDERED.

Dated: October 20, 2017
New York, New York


Vernon S. Broderick
United States District Judge

¹³ I note that neither party has addressed the issue of whether Plaintiff’s unjust enrichment claim is preempted by patent law. See *Medtech Prod. Inc. v. Ranir, LLC*, 596 F. Supp. 2d 778, 817 (S.D.N.Y. 2008) (preemption is determined by application of a two-prong test, which asks: “(1) if ‘the particular work to which the claim is being applied falls within the type of works protected by the federal copyright or patent law,’ and (2) if ‘the claim seeks to vindicate legal or equitable rights that are equivalent to one of the bundle of exclusive rights already protected by federal copyright or patent law.’” (quoting *Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc.*, 373 F.3d 296, 305 (2d Cir. 2004))). Therefore, I do not address preemption here.