

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division

SOUTHERN GROUTS & MORTARS, INC.,
a Florida corporation,

Plaintiff,

vs.

CASE NO.: 07-61388-Civ-COOKE/Brown

3M COMPANY, a foreign corporation,

Defendant.

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SECOND AMENDED COMPLAINT

Plaintiff Southern Grouts & Mortars, Inc., a Florida corporation, (hereinafter “Plaintiff” and/or “SGM”), by and through its undersigned counsel, sues the Defendant, 3M COMPANY, (hereinafter “Defendant” and/or “3M”), a foreign corporation, and states:

THE PARTIES

1. Plaintiff SGM is a Florida corporation since May 5, 1978 and has a corporate principal address of 1502 S.W. 2nd Place, Pompano, Florida 33069-3220.
2. Upon information and belief, Defendant, 3M, is and continues to be a Minnesota corporation organized and existing pursuant to the laws of the State of Minnesota with its principal place of business in Minnesota. Upon information and belief, 3M has its principal address of 3M Center, Tax, Bldg 224-5N-40, Saint Paul, Minnesota 55144-1000 and has a registered agent and address of CT Corporation System, 1200 S. Pine Island Road, Plantation, Florida 33324.

SUBJECT MATTER JURISDICTION

3. This is an action for unfair competition under 15 U.S.C. §1051, et seq. (“Lanham Act”), Dilution under 15 U.S.C. §1125, violation of Florida Statute §495.151 (Florida Dilution Act), and violation of the Anti-Cybersquatting Consumer Protection Act (“ACPA”) 15 U.S.C. §1125(d).

4. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§1331, 1338(a) and 1338(b), and 15 U.S.C. §§1121 and §1125(d). This Court has supplemental jurisdiction over SGM’s state law claim pursuant to 28 U.S.C. §1367 in that the state-law claim is integrally related to the federal claim and arises from a common nucleus of operative facts such that the administration of such claims herein is in the interest of judicial economy.

VENUE/PERSONAL JURISDICTION

5. Venue is proper under 28 U.S.C. §§1391(b) and 1391(c) in that a substantial part of the events giving rise to the claims asserted herein occurred in and are causing injury in Broward and/or Dade County, Florida.

6. At all times material hereto, Defendant engaged in and continues to engage in substantial business activity within the State of Florida.

STATEMENT OF FACTS

7. SGM is a Florida corporation with its principal place of business, in Broward County, Florida. SGM also has distribution and manufacturing facilities in Texas and California. SGM has adopted the trademark “**DIAMOND BRITE®**” for use in connection with exposed quartz aggregate finishes for swimming pools throughout the United States.

8. SGM holds a federal registration on the Principal Register, No. 1,758,362, for the word mark “**DIAMOND BRITE®**” (“SGM’s Mark”) for use in connection with exposed quartz aggregate finishes for swimming pools. See Exhibit “A”

9. SGM’s Mark has been used in commerce since December 1991. SGM’s Mark was federally registered on March 13, 1993. SGM’s Mark is alive and subsisting.

10. SGM’s Mark is incontestable pursuant to 15 U.S.C. §1065, and was renewed on May 17, 2003.

11. Registration on the Principal Register provides constructive notice of the registrant’s claim of ownership thereof. The registration of this Mark on the Principal Register is prima facie evidence of the validity of the registered Mark, and of SGM’s exclusive right to use the registered Mark in commerce. 15 U.S.C. §1115(a).

12. SGM maintains a website for promotion of its products and services. The website is located at www.sgm.cc. Informational brochures regarding SGM’s product “**DIAMOND BRITE®**” is located on that website. See Exhibit B.

13. SGM’s website receives a sizable number of “hits” or inquiries on a monthly basis.

14. SGM has expended a great deal of time, effort and money developing its intellectual property rights in connection with the word mark “**DIAMOND BRITE®**” through advertisements which have appeared through various media.

15. SGM regularly attends industry specific trade shows in Florida, Texas, California, Missouri, New Jersey, and Nevada.

16. As such, for many years prior to the acts of 3M, complained of herein, SGM has achieved wide-spread and substantial sales of its products and services designated by SGM's Mark.

17. SGM's Mark is, and has been, so widely used by SGM and others to identify SGM's "**DIAMOND BRITE®**" products and services that said products and services are now, and long prior to the acts of 3M complained of herein, widely known among the trade and the public.

18. SGM's Mark is strong, famous, and distinctive in the United States and abroad as indicator of SGM's high quality branded product bearing such Mark.

19. SGM's Mark has acquired Niche Fame in its respective industry.

20. There is a likelihood that SGM's Mark has been or will be diluted by 3M's actions complained of herein.

21. On November 29, 2000 American Electronic Sign Company executed an assignment of its trademark "**DIAMOND BRITE**" to 3M ("3M's Mark") to be used in connection with "electronically controlled display panels and signs" to 3M.

22. 3M's Mark is currently cancelled for failure to renew.

23. 3M has taken no step to renew or otherwise refile trademark applications for that trademark.

24. 3M has no common law trademark rights in "**DIAMOND BRITE**".

25. To the extent that 3M ever had common law trademark rights in "**DIAMOND BRITE**" such rights have been abandoned.

26. 3M is a company which, among other things, manufactures and sells a wide variety of products, some of which are in direct competition with SGM. See Exhibit C. As is

readily apparent from this website, 3M's "COLOR QUARTZ" and SGM's "DIAMOND BRITE®" products are regarded in the industry as the "finest quality pool plastering and aggregate finishes." Id. In fact, this website found it necessary to place links to 3M and SGM's websites directly next to each other to assist the consumer in selection of these competing products. Id.

27. In fact, 3M has a competing product known as "COLORQUARTZ" for "ceramic-coated aggregate used in flooring, wall systems, pools, roofs, counters, and other architectural surfaces. Id.

28. 3M acquired the domain name "www.diamondbrite.com" when it purchased the assets of American Electronic Sign Company. 3M is currently listed as the "Registrant" and owner of the infringing domain name www.diamondbrite.com. Upon information and belief, 3M has renewed the domain name (through subsequent new contracts with other registrars) at least twice on or after November 29, 1999 and continues to traffic in the domain name. For instance, as recent as December 21, 2007, 3M renewed this domain name, and therefore continues to traffic in this domain name. See Exhibit D.

29. While the domain name www.diamondbrite.com appears to be dormant at this time, upon information and belief the domain name was forwarding to other 3M owned domains to the benefit of 3M and therefore 3M was using the domain name in commerce or otherwise for a commercial benefit.

30. 3M's domain name "www.diamondbrite.com" contains SGM's Mark. Upon information and belief, 3M acquired this domain name to prevent SGM's use of the domain name and to prevent SGM's customers from using the website www.diamondbrite.com to efficiently find SGM's product (as is common for famous brands).

31. Upon information and belief, 3M enjoys a commercial benefit from its continued trafficking in this domain name since it is able to continually monitor and evaluate the Internet traffic that “hits” this domain name.

32. There are various methods used to measure web traffic, some of which may include: “Site Centric Measurement (both log-based measurement and browser-based measurement),” “User Centric Measurement,” and “ISP Centric Measurement”. New methods for measuring Internet traffic are developing everyday.

33. Upon information and belief, 3M actively monitors web traffic to all of the domain names owned by 3M whether 3M operates a website on the domain name or not.

34. Upon information and belief, 3M maintains records of its web traffic measurements for commercial reasons.

35. Information relating to Internet traffic is fast becoming one of the hottest commodities in the United States. As such, Internet traffic reports and the information contained therein have a substantial commercial value.

36. SGM relies on consumers’ knowledge of its famous trademark “**DIAMOND BRITE®**” when consumers are searching for SGM’s goods and services on the Internet.

37. Upon information and belief, 3M has registered and owns thousands of domain names which include names of its trademarks, and possibly also include the trademarks of others. See Exhibit E. A review of the Whois Record found at www.domaintools.com reveals that 3M as Registrant of www.diamondbrite.com also owns approximately 7,164 other domain names. Id. Based upon 3M’s ownership and registration of more than 7,000 domain names, it appears that 3M is well aware of the value of a domain name.

38. Plaintiff believes that a domain name that incorporates its famous trademark is a very valuable corporate asset, as it facilitates efficient communication with a customer base. Plaintiff is deprived of exploiting such a valuable corporate asset in this manner and believes that communication with its customer base via the Internet has been damaged.

39. 3M's cybersquatting of a domain name that includes Plaintiff's trademark saps and dilutes Plaintiff's brand strength, sullies Plaintiff's trademark, fosters consumer fraud and incites consumer confusion.

40. SGM never permitted nor licensed 3M to use SGM's Mark in this manner.

41. 3M's ownership, registration, maintenance, and trafficking of the domain name www.diamondbrite.com is not fair use that is protected by the First Amendment.

42. 3M intentionally registered and continues to traffic in the domain name www.diamondbrite.com to divert Internet traffic from Plaintiff SGM. Through this action, SGM seeks to stop 3M's intentional exploitation of SGM's good will in and to the mark "**DIAMOND BRITE®**" in violation of Federal and state law.¹ SGM seeks the transfer of the domain name www.diamondbrite.com to SGM pursuant to 15 U.S.C. §1125(d)(1)(C).

¹ While the Panel ultimately did not take 3M's position, in Minnesota Mining and Manufacturing Company v. Mark Overbey, WIPO Case No. D2001-0727, the Registrant (referred to as "Respondent" in the case) Overbey, had reserved a series of domains that were found by the Panel to be confusingly similar to and therefore likely infringements of a number of trademarks owned by 3M. These included 3mtapes.com, 3mabrasives.com and 3madhesives.com.

3M's position in regard to the "passive holding" issue was stated by the Panel thusly:

The Complainant further contends that the Respondent registered and is using the disputed domain names in bad faith. The Respondent's registration of the domain names has been made with the purpose of preventing the Complainant from reflecting the mark in corresponding domain names [emphasis added]— in order to force 3M into transfer-for-price negotiations. The Respondent is alleged to have engaged in a "pattern of such conduct" and the Complainant draws attention to two Decisions by Panels under the Policy which allegedly held that prevention of reflecting the mark of the Complainant in a domain name is evidence of bad faith, even if there is no evidence that the Respondent has engaged in a "pattern of such conduct." [Pharmacia & Upjohn Company v. Moreonline, D2000-0134 (WIPO April 19, 2000); Banco do Brasil S.A. v. Sync Technology, D2000-0727 (WIPO September 1, 2000)]. The Complainant contends that these

43. Upon information and belief, 3M's aforesaid acts have caused and will continue to cause consumers to be diverted away from SGM's website, resulting in a loss of an undeterminable amount of business. At the same time, 3M will gain valuable information about consumer interest in Plaintiff's products. Namely, highly technical and detailed information about a consumer's geographic location can be gained by analyzing the consumer's IP address when it enters the domain name www.diamondbrite.com into an Internet web browser. Thus, 3M could evaluate a consumer's interest in Plaintiff's DIAMOND BRITE® product by geographic location merely by analyzing "hits" to the domain name www.diamondbrite.com. Thereafter, 3M can increase its marketing/distribution efforts of its own "COLOR QUARTZ" product, which is a competitor of Plaintiff's product, in those specific geographic locations. See Exhibit C.

44. 3M has no intellectual property rights in the trademark "DIAMOND BRITE" or any trademark that is confusingly similar thereto.

45. 3M's aforesaid acts have caused and will continue to cause great irreparable injury to SGM and, unless said acts are restrained by this Court, they will be continued.

Count I – Unfair Competition

46. SGM, re-alleges and re-avers paragraphs 1 through 45 above, as if fully set forth herein.

decisions state that the passive holding of a confusingly similar domain name by a party without any legitimate interest is evidence of bad faith. In this case, the Respondent has acted more egregiously than required by the above decisions, because he engaged in a "pattern of such conduct" as is evidenced by the fact that he registered not only one confusingly similar domain name, but three and that this type of abusive registrations is referred to as vertically abusive registrations. The Complainant goes on to allege that vertically abusive registrations indicate a "pattern" of preventing the Complainant from reflecting the mark in corresponding domain names, evidencing bad faith....

47. SGM's trademark "**DIAMOND BRITE®**" for use in connection with exposed quartz aggregate finishes for swimming pools has acquired secondary meaning, and is famous, among the consuming public.

48. SGM's federal trademark Registration No. 1,758,362, for "**DIAMOND BRITE®**" has become incontestable pursuant to 15 U.S.C. §1065.

49. 3M has infringed and continues to infringe on SGM's Mark through its use of an identical domain name www.diamondbrite.com.

50. 3M's commercial use of the infringing domain name is causing confusion in the marketplace.

51. Defendant's, 3M, domain name "www.diamondbrite.com" is identical to SGM's trademark "**DIAMOND BRITE®**".

52. Defendant, 3M, through its unlawful acquisition of Plaintiffs' Mark for their website domain name, "www.diamondbrite.com," is intentionally using and will continue to use in commerce the Mark, which constitutes false designation or origin, false or misleading description of fact or false or misleading representation of fact, all of which are likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection or association with Plaintiff, or as to origin, sponsorship or approval of Defendant's use of Plaintiff's Mark.

53. Defendant's, 3M, aforesaid acts constitute false designation of origin, false or misleading description of fact or false or misleading representation of fact in violation of 15 U.S.C. §1125(a).

54. Plaintiff has no adequate remedy at law.

Count II – Dilution of Famous Trademark – Tarnishment

55. SGM, re-alleges and re-avers paragraphs 1 through 45 above, as if fully set forth herein.

56. The currently inactive status of a domain name that incorporates Plaintiff's registered "DIAMOND BRITE" trademark, as maintained by 3M, portrays Plaintiff's famous trademark in a unwholesome manner. Namely, given the reality of today's Internet savvy consumers, should a consumer seeking a famous trademark product find an inactive website they will be led to believe that the company is either out of business, is insufficiently sophisticated to maintain a domain name and offer its products via the Internet, or that the company is otherwise not a serious competitor in the market.

57. Upon information and belief, Defendant's use of the domain name www.diamondbrite.com has been commercial in nature. Simply registering a domain name as a "spoiler" which prevents Plaintiff from doing business on the Internet under its trademarked name is commercial use. See Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).

58. A commercial advantage has been obtained by Defendant by strangling a competitor from fully exploiting the viability of its famous trademark for competing goods through the world's largest and most efficient marketing venue, the Internet.

59. Thus, the distinctive quality of Plaintiff's famous trademark has been tarnished.

Count III – Dilution of Famous Trademark – Blurring

60. SGM, re-alleges and re-avers paragraphs 1 through 45 above, as if fully set forth herein.

61. The unauthorized use of the domain name www.diamondbrite.com has severely diminished the Plaintiff's registered mark's selling power and value, particularly in this day and age of the Internet.

62. 3M's aforesaid acts have caused the unique and distinctive significance and ability of SGM's registered Mark to identify and distinguish one source for the goods and services offered under that mark to be diminished, diluted, and weakened.

63. SGM has no adequate remedy at law.

Count IV– Violation of Florida Statute §495.151

64. SGM, re-alleges and re-avers paragraphs 1 through 32 above, as if fully set forth herein.

65. By virtue of extensive and substantial promotion and wide spread sales of its goods and services under its aforementioned registered Mark, and its maintenance of high quality standards relating to such goods and services, SGM's Mark possesses a high degree of distinctiveness that is capable of dilution or injury to business reputation. Said mark identifies to the public that SGM is the source of SGM's goods and services which enjoy an outstanding reputation for quality and distinctiveness.

66. 3M's aforesaid acts have diluted and are likely to continue diluting the distinctive quality of SGM's registered mark, constituting dilution and injury to business and reputation in violation of SGM's rights under the Florida Injury to Business Reputation and Anti-Dilution Act, Fla. Stat. §495.151.

67. 3M's use creates a likelihood of injury to business reputation or of dilution of the distinctive quality of the SGM's trademark notwithstanding the absence of competition (if any) between the Plaintiff and Defendants or of confusion in the marketplace as to the source of goods and services.

68. 3M's acts have harmed SGM's reputation, severely damaged SGM's goodwill, and upon information and belief, have diverted sales from SGM.

69. 3M's aforesaid acts have caused and will continue to cause great and irreparable injury to SGM, and unless said acts are restrained by this Court, they will be continued and SGM will continue to suffer great and irreparable injury.

70. SGM has no adequate remedy at law.

Count V – Violation of the Anti-Cybersquatting Consumer Protection Act (“ACPA”)

71. SGM re-alleges and re-avers paragraphs 1 through 45 above, as if fully set forth herein.

72. SGM is the owner of statutory rights, in addition to common law rights, for the registered mark “**DIAMOND BRITE®**”, which is a registered federal trademark, namely, Registration No. 1,758,362.

73. “**DIAMOND BRITE®**” is a recognized and known name throughout the pool installation and repair industry and among consumers seeking high-end pool installation, finish, and repair.

74. 3M is the current registered owner of the domain name and website known as “www.diamondbrite.com.”

75. 3M's domain name “www.diamondbrite.com” is identical to SGM's trademark “**DIAMOND BRITE®**”.

76. 3M knew or must have known of SGM's Mark “**DIAMOND BRITE®**” prior to 3M's adoption and continued trafficking of www.diamondbrite.com.

77. Presently, the domain name “www.diamondbrite.com” does not lead to a website or other on-line presence. However, upon information and belief, 3M previously had the domain name settings set to forward to competing websites offering competing goods or other goods. The end result would be, therefore, that damage has occurred to Plaintiff.

78. Unless enjoined, it is anticipated that 3M will continue to hold the domain name and that the website will thereafter be activated so as to unfairly compete with SGM.

79. Upon information and belief, 3M's unfair competition includes damage to SGM, through 3M's past or future rerouting of Internet traffic and customers away from SGM's website and products to 3M's website or other websites to its benefit and SGM's detriment.

80. 3M is SGM's direct competitor and manufactures and offers for sale the same type of products as are manufactured and sold by SGM.

81. 3M obtained and maintains the domain name www.diamondbrite.com with full knowledge of SGM's superior use and ownership of that trademark.

82. 3M's domain name registration of SGM's trademark is for the apparent purpose of preventing SGM's use of the name as its domain name in promotion of its product.

83. 3M has already damaged SGM by usurping SGM's trademark in the form of a domain name; thereby, preventing SGM of the ability to utilize the domain name www.diamondbrite.com.

84. 3M obtained and maintained the domain name "www.diamondbrite.com" without the authorization of SGM.

85. 3M continues to traffic in this domain name in so much as it renewed the domain name after the initiation of this action, namely, on December 21, 2007.

86. 3M's actions constitute Cybersquatting pursuant to the Anti-Cybersquatting Consumer Protection Act of 1999, which has been incorporated into the Lanham Act as 15 U.S.C. §1125(d).

87. In registering, using, or continuing to traffic in this domain name, 3M has acted in bad faith and with the intent to either profit from the use of SGM's mark and/or to deprive SGM of the use of its trademark to its detriment.

WHEREFORE, Plaintiff respectfully requests:

- (a) A preliminary injunction, enjoining and restraining Defendant, and all those acting on their behalf, from the present use of, or further registration of, the domain name "www.diamondbrite.com;"
- (b) A permanent injunction, enjoining and restraining Defendant, and all those acting on their behalf, from the present use of, or further registration of, the domain name "www.diamondbrite.com;"
- (c) An Order transferring the rights in the domain name www.diamondbrite.com as well as all relevant traffic reports from Defendant to Plaintiff;
- (d) An Order awarding Plaintiff all damages suffered as a result of Defendant's illegal activities;
- (e) An Order awarding statutory damages for the domain name Defendant has unlawfully registered and trafficked in pursuant to 15 U.S.C. §1117(d);
- (f) An Order awarding Plaintiff its attorneys' fees and costs pursuant to 15 U.S.C. §1117(a);
- (g) An Order mandating that Defendant be required to immediately account for and pay over to Plaintiff, all gains and profits acquired by Defendant by reason of Defendant's diversion of Internet traffic and customers using Plaintiff's trademarked name;

(h) An Order awarding such other and further relief as this Court deems just and proper.

JURY DEMAND

Plaintiff demands trial by jury on all issues so triable as of right by jury.

Dated this 8 day of January, 2008.

Respectfully submitted,

By: s/FRANK HERRERA
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Counsel for Plaintiff

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on January 8, 2008, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing is being served this day upon:

Mark A. Romance, Esq.
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either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

s/FRANK HERRERA
Scott W. Rothstein
Frank Herrera
Gustavo Sardiña