

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

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BLOCKCHAIN LUXEMBOURG S.A. and :
BLOCKCHAIN (US), INC., :
: :
Plaintiff, :
: :
-against- :
: :
PAYMIUM, SAS and PIERRE NOIZAT, :
: :
Defendants. :
----- X

MEMORANDUM DECISION
AND ORDER
18 Civ. 8612 (GBD)

GEORGE B. DANIELS, United States District Judge:


Plaintiffs Blockchain Luxembourg S.A. and Blockchain (US), Inc. (collectively, “BLK”) bring this action against Defendants Paymium, SAS (“Paymium”) and Pierre Noizat for trademark infringement, unfair competition, and false advertising under the Lanham Act, 15 U.S.C. §§ 1114, 1125(a)(1)(A), and 1125(a)(1)(B), respectively. (Am. Compl. (“AC”), ECF No. 27, ¶¶ 106–127.) Plaintiffs also raise New York state law claims for deceptive acts and practices, false advertising, injury to business reputation, and dilution, N.Y. Gen. Bus. Law Sections 349, 350, and 360-L, respectively. (*See id.* ¶¶ 128–143.) Finally, Plaintiffs raise New York state common law claims for unfair competition and misappropriation. (*Id.* ¶¶ 144–153.)

On February 15, 2019, Defendants moved to dismiss the amended complaint for failure to state a claim upon which relief can be granted pursuant to Federal Rule of Civil Procedure 12(b)(6) and for lack of personal jurisdiction over Defendant Noizat pursuant to Rule 12(b)(2). (Defs.’ Notice of Mot. to Dismiss Pls.’ Am. Compl., ECF No. 28.) Defendants’ motion to dismiss Plaintiffs’ trademark infringement and unfair competition claims under the Lanham Act, 15 U.S.C. §§ 1114 and 1125(a)(1)(A), New York state law claims for deceptive acts or practices and injury to business reputation and dilution, N.Y. Gen. Bus. Law Sections 349 and 360-L, and common

law claims for unfair competition and misappropriation, is DENIED. Defendants' motion to dismiss Plaintiffs' false advertising claims under the Lanham Act, 15 U.S.C. § 1125(a)(1)(B), and N.Y. Gen. Bus. Law Section 350, is DENIED as to BLK's statements regarding its hack-free status and atomic swaps, and GRANTED as to BLK's statements regarding the Securities and Exchange Commission ("SEC"). Defendants' motion to dismiss all claims against Defendant Pierre Noizat for lack of personal jurisdiction is GRANTED.

I. FACTUAL BACKGROUND¹

1. BLK's Trademarks.

BLK purports to be "one of the world's leading providers of digital currency services." (AC ¶ 16.) It claims ownership of all rights, title, and interest in five (5) common law word marks, including (1) BLOCKCHAIN, (2) BLOCKCHAIN.INFO, (3) BLOCKCHAIN.COM, (4) BLOCKCHAIN MERCHANT, and (5) BLOCKCHAIN PRINCIPAL STRATEGIES (the "BLOCKCHAIN Word Marks"). (*Id.* ¶ 26.) BLK also owns a federal trademark registration for the design mark  **BLOCKCHAIN** (U.S. Registration No. 5,512,148) with the United States Patent and Trademark Office ("USPTO") (the "BLOCKCHAIN Design Mark"). (*Id.* ¶¶ 27–28.)² Importantly, BLK's registration for the BLOCHCKAIN Design Mark contains a disclaimer of the word "BLOCKCHAIN." (*Id.*, Ex. A (Trademark Status & Doc. Retrieval Database Page), ECF No. 27-1.)

In August 2018, BLK filed applications with the USPTO to register the word marks BLOCKCHAIN COMPASS FUND (App. Serial No. 87/936,299), and BLOCKCHAIN ASCENT

¹ The following factual allegations are taken from the amended complaint (as well as documents attached to it or incorporated by reference) and are deemed to be true for purposes of Defendants' motion to dismiss. *See Chambers v. Time Warner, Inc.*, 282 F.3d 147, 152–54 (2d Cir. 2002).

² This Court will refer to BLK's six (6) trademarks, collectively, as the "BLOCKCHAIN Marks."

FUND (App. Serial No. 87/936,304). (Decl. of Martin Schwimmer in Support of Defs.’ Mot. to Dismiss Pls.’ Am. Compl. (“Schwimmer Decl.”), Exs. 15–18, ECF Nos. 30-15–30-18.) Both applications received office actions requiring BLK to “disclaim the wording ‘BLOCKCHAIN’ . . . because it merely describes an ingredient, quality, characteristic, function, feature, purpose, or use of [BLK’s] goods and/or services, and thus is an unregistrable component of the mark.” (*Id.* Exs. 15, 17.) BLK responded to the office actions asserting that “[n]o claim is made to the exclusive right to use ‘BLOCKCHAIN’ . . . apart from the mark as shown.” (*Id.* Exs. 16, 18.)

2. BLK’s Services.

BLK allegedly uses the BLOKCHAIN Marks in connection with its (a) digital wallet services,³ (b) mobile application services,⁴ (c) website services,⁵ and (d) suite services⁶ (collectively, the “BLK Products”). (*Id.* ¶¶ 18–19.) Specifically, BLK alleges use in the United States of the BLOCKCHAIN and BLOCKCHAIN.INFO word marks in connection with its digital wallet and website services since 2011, the BLOCKCHAIN and BLOCKCHAIN MERCHANT word marks in connection with its mobile app services since 2012, the BLOCKCHAIN.COM word mark in connection with its digital wallet, mobile app, and website services since 2013, the BLOCKCHAIN Design Mark in connection with its digital wallet, mobile app, and website services since 2017, and the BLOCKCHAIN, BLOCKCHAIN.COM, and BLOCKCHAIN

³ BLK describes these services as “a web-based digital wallet that, much like a physical wallet, can be used to store, safeguard, send and receive digital funds, as well as to request funds, to buy and sell digital currencies to fund the wallets and take advantage of exchange rates, and to exchange a user’s funds among different digital assets (for example, exchange between bitcoin, ether and bitcoin cash).” (AC ¶ 18.)

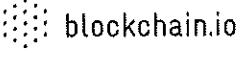
⁴ BLK describes these services as “iOS and Android mobile applications that provide Digital Wallet Services and information on the market prices of cryptocurrencies and that permit businesses to accept digital funds as payment at point of sale locations (for example, at a restaurant or retail store).” (AC ¶ 18.)

⁵ BLK describes these services as “a website that provides information on digital currencies, provides the latest data on worldwide digital currency transactions, allows users to search and verify digital currency transactions, and provides developers with APIs for building bitcoin applications.” (AC ¶ 18.)

⁶ BLK describes these services as “digital product suites to high-net-worth individuals.” (AC ¶ 19.)

PRINCIPAL STRATEGIES word marks in connection with its suite services since 2018. (*Id.* ¶¶ 20–25.) According to BLK, it has derived “tens of millions of dollars in revenue . . . from its advertising, marketing and offering of the [BLK Products] in connection with the BLOCKCHAIN Marks.” (*Id.* ¶ 34.) BLK therefore claims to be “the most popular digital wallet in the world and the United States” with “more than 32 million BLOCKCHAIN-branded wallets in 140 countries around the globe, including more than 4.5 million wallets in the United States alone.” (*Id.* ¶ 35.)

3. Paymium’s Alleged Infringement.

In February 2018, Paymium announced that “it would launch www.blockchain.io as a new platform for its digital currency services and that it would provide those services not under its prior brands, but under the [word] mark BLOCKCHAIN.IO” (the “BLOCKCHAIN.IO Word Mark”) and the design mark  (the “BLOCKCHAIN.IO Design Mark”) (collectively, the “BLOCKCHAIN.IO Marks”). (*Id.* ¶¶ 53, 55.) On September 27, 2018, Paymium launched an initial coin offering (“ICO”), also known as “token sale,” under its BLOCKCHAIN.IO Marks. (*Id.* ¶¶ 62–65.) Plaintiff alleges, on information and belief, that Defendants “knew of [BLK’s] existing rights in and to the BLOCKCHAIN Marks for the [BLK] Products before announcing their intention to use the [BLOCKCHAIN.IO Marks] for products closely related to the [BLK] Products.” (*Id.* ¶ 101.)

BLK therefore alleges that Paymium’s use of the BLOCKCHAIN.IO Marks infringes BLK’s rights in its BLOCKCHAIN Marks. This is because, according to the amended complaint, “Paymium’s [BLOCKCHAIN.IO] Marks are virtually identical or closely similar to [BLK’s] BLOCKCHAIN Marks and are used in connection with products identical or closely related to the BLK Products.” (*Id.* ¶ 83.) Therefore, “Paymium’s use of the [BLOCKCHAIN.IO] Marks is likely to cause consumers mistakenly to believe that the Paymium’s products emanate from or are otherwise associated with [BLK].” (*Id.* ¶ 82.) For example, “consumers are investing in

Paymium’s ICO, assuming their investment is backed by or affiliated with [BLK], when it is not.” (*Id.* ¶ 78.)

BLK also alleges that Paymium makes three (3) “false claims in its advertising, hoping to gain additional purchasers,” namely that (1) “*it has been operating hack-free since 2013*” (the “Hack-Free Statement”), that (2) “[a]t *Blockchain.io*, we are using a combination of centralized and decentralized features to make atomic swaps simpler, easier, and more efficient to use” (the “Atomic Swaps Statement”), and that (3) “[it is] pleased to announce [its] filing has been accepted and [it is] now registered with the SEC!” (the “SEC Registration Statement”). (*Id.* ¶¶ 67–76.) According to BLK, these allegedly “false and misleading statements . . . are all commercial advertisements that are likely to deceive consumers into purchasing Paymium’s BLOCKCHAIN.IO-branded products and/or participating in its ICO when they otherwise would not.” (*Id.* ¶ 75.)

Finally, BLK alleges that “Paymium’s acts described herein represent a serious threat to consumers in the United States” because “Paymium has a history of being negligent with consumer information and security protocols. As a result, its services have been subject to major hackings and thefts.” (*Id.* ¶¶ 77, 47.)

4. Pierre Noizat’s Alleged Infringement.

Plaintiff alleges that Pierre Noizat, the founder, Chief Executive Officer, and a Director of Paymium, is liable in this action because he “has personally directed Paymium to make false and misleading statements designed to persuade consumers that Paymium is associated with [BLK]. He has also directed Paymium to make false statements about the security and regulation of its products, including to consumers and prospective consumers in the U.S.” (*Id.* ¶ 12.)

II. LEGAL STANDARDS

1. Motion to Dismiss for Failure to State a Claim.

To survive a motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6), a complaint must plead “enough facts to state a claim to relief that is plausible on its face.” *Brown v. Daikin Am. Inc.*, 756 F.3d 219, 225 (2d Cir. 2014) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 554, 570 (2007)). “A claim has 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.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citation omitted). While “the plausibility standard is not akin to a probability requirement,” *id.* (internal quotation marks omitted), the plaintiff must “nudge[] [its] claims across the line from conceivable to plausible[.]” *Twombly*, 550 U.S. at 570. A court must take “factual allegations [in the complaint] to be true and draw [] all reasonable inferences in the plaintiff's favor.” *Harris v. Mills*, 572 F.3d 66, 71 (2d Cir. 2009) (citation omitted). Legal conclusions, conversely, do not benefit from a presumption of truth. *See Iqbal*, 556 U.S. at 678.

A district court must first review a plaintiff's complaint to identify allegations that, “because they are no more than conclusions, are not entitled to the assumption of truth.” *Id.* at 679. The court then considers whether plaintiff's remaining well-pleaded factual allegations, assumed to be true, “plausibly give rise to an entitlement to relief.” *Id.*; *see also Targum v. Citrin Cooperman & Co., LLP*, No. 12 Civ. 6909 (SAS), 2013 WL 6087400, at *3 (S.D.N.Y. Nov. 19, 2013). In deciding a 12(b)(6) motion, the court also draws all reasonable inferences in the non-moving party's favor. *See N.J. Carpenters Health Fund v. Royal Bank of Scotland Grp., PLC*, 709 F.3d 109, 119–20 (2d Cir. 2013).

2. Motion to Dismiss for Lack of Personal Jurisdiction.

To survive a motion to dismiss for lack of personal jurisdiction under Rule 12(b)(2), the plaintiff has the burden of making a *prima facie* showing that personal jurisdiction over the defendant exists. *Licci ex rel. Licci v. Lebanese Canadian Bank, SAL*, 673 F.3d 50, 59 (2d Cir. 2012). In assessing personal jurisdiction on a Rule 12(b)(2) motion, the court is neither required to “draw argumentative inferences in the plaintiff’s favor,” *Robinson v. Overseas Military Sales Corp.*, 21 F.3d 502, 507 (2d Cir. 1994) (internal quotation marks and citation omitted), nor must it “accept as true a legal conclusion couched as a factual allegation[.]” *Jazini v. Nissan Motor Co., Ltd.*, 148 F.3d 181, 185 (2d Cir. 1998) (citation omitted).

A court cannot exercise personal jurisdiction over a defendant unless doing so comports with constitutional due process principles. *Licci*, 673 F.3d at 60. The due process analysis consists of two discrete components: “the ‘minimum contacts’ inquiry and the ‘reasonableness’ inquiry.” *Chloé v. Queen Bee of Beverly Hills, LLC*, 616 F.3d 158, 164 (2d Cir. 2010). Under the minimum contacts inquiry, the court “must determine whether the defendant has sufficient minimum contacts with the forum ... to justify the court’s exercise of personal jurisdiction.” *Id.* (citing *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)). Once the court is satisfied that a defendant has sufficient contacts with the forum to justify the court’s exercise of personal jurisdiction, it must then determine “whether the assertion of personal jurisdiction comports with ‘traditional notions of fair play and substantial justice’—that is, whether it is reasonable to exercise personal jurisdiction under the circumstances of the particular case.” *Chloé*, 616 F.3d at 164 (quoting *Int’l Shoe*, 326 U.S. at 316). If the court determines that a defendant lacks the requisite contacts, it need not consider the second prong of the due process test to determine whether the exercise of jurisdiction is reasonable under the particular circumstances of the case. *See Metro. Life Ins. Co.*

v. Robertson–Ceco Corp., 84 F.3d 560, 568–69 (2d Cir. 1996) (quoting *Donatelli v. Nat'l Hockey League*, 893 F.2d 459, 465 (1st Cir. 1990)).

For purposes of the minimum contacts analysis, a distinction is made between general and specific jurisdiction. In most instances, general jurisdiction may be exercised only where the defendant's “affiliations with the [forum] . . . ‘are so constant and pervasive as to render it essentially at home in the forum.’” *Waldman v. Palestine Liberation Org.*, 835 F.3d 317, 331 (2d Cir. 2016) (quoting *Daimler AG v. Bauman*, 571 U.S. 117 (2014)). By contrast, the exercise of specific jurisdiction “depends on an affiliation between the forum and the underlying controversy.” *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011) (citations omitted); see also *Brown v. Lockheed Martin Corp.*, 814 F.3d 619, 624 (2d Cir. 2016) (discussing general versus specific jurisdiction).

III. DEFENDANTS’ MOTION TO DISMISS BLK’S FEDERAL TRADEMARK AND UNFAIR COMPETITION CLAIMS IS DENIED

Defendants’ motion to dismiss BLK’s federal trademark infringement and unfair competition claims is DENIED because BLK’s BLOCKCHAIN Marks are not inherently descriptive, and BLK properly alleges that its BLOCKCHAIN Marks have acquired distinctiveness and its BLOCKCHAIN Design Mark is substantially similar to Defendants’ BLOCKCHAIN.IO Design Mark.

1. The BLOCKCHAIN Marks Are Not Inherently Descriptive.

Defendants first argue that the USPTO determined that the BLOCKCHAIN Marks are inherently descriptive because BLK was asked to disclaim the term “blockchain” when it applied for the BLOCKCHAIN Design Mark in March 2018, and the BLOCKCHAIN COMPASS FUND and BLOCKCHAIN ASCEND FUND word marks in August 2018. (Defs.’ Mem. of Law in Supp. of Their Mot. to Dismiss Pls.’ Am. Compl. (“Mem.”), ECF No. 29, at 6–7.)

As a matter of law, BLK's disclaimer of the term "blockchain" does not bar it from establishing that this term is, or has become, distinctive of the BLK Products. *See* 15 U.S.C. § 1056(b) ("No disclaimer . . . shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter [is] or [has] become distinctive of his goods or services."); *see also Quality Serv. Grp. v. LJMJR Corp.*, 831 F. Supp. 2d 705, 711 (S.D.N.Y. 2011) (same). Furthermore, this Court must consider the term "blockchain," even if it was disclaimed, as part of its analysis of the likelihood of confusion between BLK's and Defendants' marks. *See In re Detroit Athletic Co.*, 903 F.3d 1297, 1304 (Fed. Cir. 2018) (quoting *Shen Mfg. Co. v. Ritz Hotel, Ltd.*, 393 F.3d 1238, 1243 (Fed. Cir. 2004) ("To be sure, the mere fact that "Co." and "Club" were disclaimed does not give one license to simply ignore those words in the likelihood of confusion analysis. This is so because confusion is evaluated from the perspective of the purchasing public, which is not aware that certain words or phrases have been disclaimed." (internal quotation marks omitted))).

Defendant also argues that BLK does not dispute that the term "blockchain" is descriptive of its goods and services because BLK acknowledges in its amended complaint that the term describes "the technology underlying cryptocurrencies, such as bitcoin, and used for virtually limitless other applications and by many industries." (AC ¶ 5.) But in the same paragraph BLK specifies that "digital currency is only a small subset" of the products supported by blockchain technology. (*Id.*) Therefore, BLK alleges that its BLOCKCHAIN Marks "are *inherently distinctive* and/or have acquired distinctiveness for the [BLK] Products," which are "only a small subset" of the products that rely on blockchain technology. (*Id.* ¶ 43, 95 (emphasis added).) In this way, BLK certainly disputes that the term "blockchain" is descriptive of its goods and services.

Accordingly, the BLOCKCHAIN Marks are not inherently descriptive of BLK's goods and services simply because BLK disclaimed the term "blockchain" in its trademark registration and applications.

2. BLK Adequately Alleges Acquired Distinctiveness.

Even if this Court were to agree with Defendants that the term "Blockchain" is inherently descriptive of the BLK Products, BLK could nonetheless establish that its BLOCKCHAIN Marks acquired secondary meaning and are therefore entitled to protection under § 2(f) of the Lanham Act. *See* 15 U.S.C. § 1052(f) ("[N]othing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."); *see also Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 160 (2d Cir. 2016) (citing *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1041 (2d Cir. 1992) ("The Lanham Act affords protection to a descriptive mark only if the trademark holder can demonstrate that it has acquired secondary meaning in the marketplace—in other words, that the mark's primary significance to relevant consumers is to identify [the trademark holder as] the source of the product." (internal quotation marks omitted))).

Trademarks "are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)). Marks that are arbitrary, fanciful, or suggestive are considered "inherently distinctive" and are automatically entitled to protection under the Lanham Act. *See Two Pesos*, 505 U.S. at 768.

Marks that are descriptive are entitled to protection only if they have acquired a "secondary meaning" in the marketplace. *Id.* at 769. "To qualify for trademark protection, an owner of a

descriptive mark must demonstrate that the mark had acquired secondary meaning before its competitor commenced use of the mark.” *PaperCutter, Inc. v. Fay’s Drug Co., Inc.*, 900 F.2d 558, 564 (2d Cir. 1990). In the Second Circuit, courts consider “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark’s use,” to determine if a mark has acquired secondary meaning. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 226 (2d Cir. 2012) (internal citation and quotation marks omitted).

Defendants’ argue that BLK’s amended complaint contains insufficient allegations of secondary meaning prior to February 2018, Paymium’s alleged first use date. (Mem. at 8–10.) But “determining whether a descriptive mark has acquired secondary meaning is a fact-intensive inquiry” that requires the development of a robust evidentiary record. *A.V.E.L.A., Inc. v. Est. of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 212–13 (S.D.N.Y. 2015); *Rockland Exposition, Inc. v. All. of Auto. Serv. Providers of N.J.*, 894 F. Supp. 2d 288, 316 (S.D.N.Y. 2012) (“Whether a mark has acquired secondary meaning is a factual determination, proof of which entails vigorous evidentiary requirements.” (internal quotation marks omitted)). Accordingly, acquired distinctiveness through secondary meaning is a question of fact that this Court cannot decide on a Rule 12(b)(6) motion to dismiss. *A.V.E.L.A.*, 131 F. Supp. 3d at 213. (“The question of whether a descriptive mark has acquired the secondary meaning necessary to be distinctive generally should not—and here cannot—be resolved on a motion to dismiss.”); *CourtAlert.com, Inc. v. e-Law, LLC*, 12 Civ. 2473 (DAB), 2013 WL 4754819, at *6 (S.D.N.Y. Aug 26, 2013) (whether a mark has secondary meaning is a question of fact that cannot be decided on a motion to dismiss).

Here, BLK alleges that it has used various BLOCKCHAIN Marks “to market, advertise, distribute, offer and provide” digital wallet and website services since 2011, mobile app services

since 2012, and suite services since 2018. (AC ¶¶ 19–25.) BLK further alleges strong sales of its digital wallets under the BLOCKCHAIN Marks, half a million wallets sold in December 2017 and more than one million wallets sold prior to February 2018. (*Id.* ¶¶ 36–37.) BLK also attaches numerous examples of unsolicited publicity for its products, in the form of press clippings dating back as early as October 2014. (*Id.*, Ex. C (collection of press articles), ECF No. 27-3.) Taken as true, and drawing all inferences in BLK’s favor, these allegations plausibly establish that “the BLOCKCHAIN Marks have acquired secondary meaning” to withstand a motion to dismiss. (*Id.* ¶ 45.) *See A.V.E.L.A.*, 131 F. Supp. 3d at 213 (finding that the plaintiff’s allegations that it expended significant sums of money in advertising under the mark, had significant publicity related to its products sold under the mark, and had significant sales of licensed merchandise and services bearing the mark, were sufficient to establish secondary meaning and withstand a motion to dismiss); *Kaplan, Inc. v. Yun*, 16 F. Supp. 3d 341, 347–49 (S.D.N.Y. 2014) (finding that the plaintiffs’ allegations that they “extensively advertised, promoted[,] and marketed” their courses and materials under the MANHATTAN PREP brand since 2011 were sufficient to establish secondary meaning and withstand a motion to dismiss).

Defendants nonetheless argue that BLK’s allegations of secondary meaning are implausible because many third parties also use the term “Blockchain” to describe similar products. (Mem. at 10.) To support this argument, they point to pending trademark applications with the term “Blockchain” in the USPTO and to cases pending in this district involving parties with trade names that include the term “Blockchain.” At most, this evidence raises a material factual dispute that this Court cannot decide on a motion to dismiss. *See Vincent v. City Cs. Of Chi.*, 485 F.3d 919, 925 (7th Cir. 2007) (“The chance that [plaintiff] will succeed in establishing secondary meaning may be slim, but [its] complaint does not concede the point or demonstrate that proof is impossible, and the pleading therefore cannot be dismissed under Rule 12(b)(6)”);

Kaplan, Inc., 16 F. Supp. 3d at 347 (holding that courts cannot resolve factual disputes regarding a mark's acquired secondary meaning on a motion to dismiss); *CourtAlert.com*, 2013 WL 4754819, at *6 (same).

Accordingly, BLK has pleaded sufficient facts to plausibly allege that its BLOCHCHAIN Marks have acquired secondary meaning as a source identifier for the BLK Products. Therefore, they are alleged to be protectable under the Lanham Act.

3. BLK Adequately Alleges That The BLOCKCHAIN Design Mark and the BLOCKCHAIN.IO Design Mark Are Substantially Similar.

Defendants finally argue that “no jury could find” that the BLOCKCHAIN Design Mark and the BLOCHCKAIN.IO Design Mark are substantially similar.” (Mem. at 12.) In the Second Circuit, substantial similarity is only one factor in the eight-factor balancing test set forth in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961) (the *Polaroid* factors)⁷ for determining the likelihood of confusion between two marks. “No single factor is dispositive [I]t is incumbent upon the district judge to engage in a deliberate review of *each factor*.” *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 160–61 (2d Cir. 2016) (quoting *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 400 (2d Cir. 1995)) (emphasis added). Accordingly, a finding that the two marks are not substantially similar would not necessarily dispose of BLK's allegations of likelihood of confusion.

Further, Defendant's argument that “the only common element of the two logos is the unprotectable BLOCKCHAIN element” is unconvincing. (Mem. at 12.) BLK also alleges that

⁷ “The eight factors are: (1) strength of the trademark; (2) *similarity of the marks*; (3) proximity of the products and their competitiveness with one another; (4) evidence that the senior user may “bridge the gap” by developing a product for sale in the market of the alleged infringer's product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) respective quality of the products; and (8) sophistication of consumers in the relevant market.” *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 115 (2d Cir. 2009) (emphasis added).

“[t]he BLOCKCHAIN.IO Design Mark mimics the BLOCKCHAIN Design Mark” because both Design Marks are “made up of smaller geometric shapes” and “are followed by the Blockchain name in dark blue.”⁸ (AC ¶ 85.) Given the similar design elements, it cannot be determined that, as a matter of law, the marks are so dissimilar that there is absolutely no possibility of confusion.

More importantly, “[t]he question is not merely how many points of similarity the marks share, but whether they create the same *general commercial impression*.” *Knowles-Carter v. Feyonce, Inc.*, 347 F. Supp. 3d 217, 225 (S.D.N.Y. 2018) (citations and internal quotation marks omitted) (emphasis added); *see also Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 117 (2d Cir. 2006) (citation omitted). Indeed, to apply the substantial similarity factor, this Court must “analyze the mark's overall impression *on a consumer*, considering the context in which the marks are displayed and the totality of factors that could cause confusion among prospective purchasers.” *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 537 (2d Cir. 2005) (emphasis added). This is why the likelihood of confusion analysis—which includes substantial similarity—“is a fact-intensive analysis that ordinarily does not lend itself to a motion to dismiss.” *Sage Dining Servs., Inc. v. Ash Rest. Grp., Inc.*, 17 Civ. 9738 (NSR), 2019 WL 2074596, at *7 (S.D.N.Y. May 10, 2019) (citing *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d, 402, 412 (S.D.N.Y. 2006)). Because of this, “courts have refused to dismiss infringement claims where a likelihood of confusion analysis would be necessary on the pleadings.” *Ritani, LLC v. Aghjayan*, 880 F. Supp. 2d 425, 444 (S.D.N.Y. 2012) (collecting cases).

Accordingly, BLK’s well-pleaded allegations of substantial similarity are sufficient to withstand Defendants’ motion to dismiss.

⁸ To illustrate the common design elements of the two design marks, BLK provides a side-by-side comparison of the logos. (AC ¶ 85.)

IV. DEFENDANTS' MOTION TO DISMISS BLK'S FALSE ADVERTSIEMENT CLAIMS IS GRANTED IN PART AND DENIED IN PART

The Lanham Act forbids false or misleading descriptions or representations of fact “in commercial advertising or promotion” concerning “the nature, characteristics, qualities, or geographic origin of . . . goods, services, or commercial activities.” 15 U.S.C. § 1125(a)(1)(B). New York state law prohibits “false advertising in the conduct of any business, trade or commerce or in the furnishing of any service in this state.” N.Y. Gen. Bus. L. § 350.

To plead a false advertising claim under the Lanham Act, BLK must allege that Defendants (1) made a false or misleading statement in the challenged advertisement, that (2) misrepresented an inherent quality or characteristic of their product, (3) placed the false or misleading statement in interstate commerce, and (4) that BLK was injured by the misrepresentation, either by direct diversion of sales or by lessening of goodwill associated with its products. *See Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 255 (2d Cir. 2014). Similarly, to successfully assert a claim under Section 350, BLK must allege that Defendants “engaged in (1) consumer-oriented conduct that is (2) materially misleading and that (3) plaintiff suffered injury as a result of the allegedly deceptive act or practice.” *Fed. Trade Comm’n v. Quincy Bioscience Holding Co., Inc.*, 753 F. App’x 87, 89 (2d Cir. 2019) (quoting *Koch v. Acker, Merrall & Condit Co.*, 18 N.Y.3d 940, 941 (N.Y. 2012)).

BLK alleges that Paymium makes three (3) false or misleading statements: that (1) “*it has been operating hack-free since 2013*” (the “Hack-Free Statement”), that (2) “[*a*]t *Blockchain.io*, we are using a combination of centralized and decentralized features to make atomic swaps simpler, easier, and more efficient to use” (the “Atomic Swaps Statement”), and that (3) “[*it is*] pleased to announce [*its*] filing has been accepted and [*it is*] now registered with the SEC” (the “SEC Registration Statement”). (*Id.* ¶¶ 67–76.)

The Hack-Free and Atomic Swaps Statements are not actionable because they are not false. However, BLK has properly pleaded a false advertising claim based on the SEC Registration Statement.

1. The Hack-Free and Atomic Swap Statements Are Not False.

“To state a false advertising claim under section 43(a), the plaintiff must plausibly allege that the statement[s] in the challenged advertisement [are] *false*.” *Dependable Sales & Serv., Inc. v. Truecar, Inc.*, No. 15 Civ. 1742 (PKC), 2016 WL 79992, at *3 (S.D.N.Y. Jan. 6, 2016) (internal quotation marks omitted) (quoting *Merck Eprova*, 760 F.3d at 255) (emphasis added). To allege falsity, a plaintiff must sufficiently plead either: (a) that “the challenged advertisement is literally false” or (b) that while the advertisement is not literally false “it is nevertheless likely to mislead or confuse consumers.” *Johnson & Johnson Merck Consumer Pharm. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 297 (2d Cir. 1992). An advertisement is literally false when it is “false on its face or explicitly false.” *Johnson & Johnson Vision Care, Inc. v. Ciba Vision Corp.*, 348 F. Supp. 2d 165, 178 (S.D.N.Y. 2004) (internal citation and quotation marks omitted). “[P]laintiffs alleging an implied falsehood are claiming that a statement, whatever its literal truth, has left an impression on the listener [or viewer] that conflicts with reality”—a claim that ‘invites a comparison of the impression, rather than the statement, with the truth.’” *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007) (alteration in original) (quoting *Schering Corp. v. Pfizer Inc.*, 189 F.3d 218, 229 (2d Cir. 1999)).

Here, BLK first alleges that Paymium’s statement that it “*has been operating hack-free since 2013*” is literally false because Paymium “was hacked several times in 2013.” (AC ¶ 67.) Apparently, BLK interprets the Hack-Free Statement to mean that Paymium was not hacked after midnight on December 31, 2012. But given that Paymium does not specify the exact day or month of its last hacking incident in 2013, an equally reasonable interpretation of the Hack-Free

Statement is that Paymium has not been hacked since before midnight on December 31, 2013.⁹ Accordingly, “[b]ecause the statement is susceptible to more than one reasonable interpretation, [it] cannot be literally false.” *See Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629, 639 (S.D.N.Y. 2018) (citing *Time Warner*, 497 F.3d at 158) (internal quotation marks omitted).

Additionally, BLK alleges that “[a] reasonable consumer would understand this statement to mean that Paymium has had no hacking incidents whatsoever *since it became operational in 2011.*” (AC ¶ 67 (emphasis added).) This interpretation is nonsensical because the words “since 2013” cannot mean “never” or “since 2011.” Because BLK’s interpretation of the Hack-Free Statement contravenes common sense and is therefore implausible under the *Iqbal/Twombly* pleading standard, the Hack-Free Statement is not, as a matter of law, impliedly false.

BLK similarly alleges that Paymium’s statement, in a November 7, 2018 blog post on its website, that “[a]t *Blockchain.io*, we are using a combination of centralized and decentralized features to make atomic swaps simpler, easier, and more efficient to use,” is literally false because “Paymium does not offer atomic swaps because they are not yet a viable technology.” (AC ¶¶ 69–71.) Again, one reasonable interpretation of the Atomic Swap Statement is that Paymium already has the atomic swaps technology and is currently working to make it better. Conversely, an equally reasonable and more literal interpretation is that Paymium is in the process of developing atomic swaps technology that is simpler, easier, and more efficient. Therefore, the Atomic Swaps Statement cannot be false because it is subject to multiple interpretations. *See Lokai Holdings*, 306 F. Supp. 3d at 639.

⁹ The Merriam-Webster dictionary defines the adverb “since” to mean “from a definite past time until now.” Merriam-Webster Online Dictionary, <https://www.merriam-webster.com/dictionary/since> (last visited June 6, 2019).

Additionally, Paymium correctly highlights that the sentences surrounding the allegedly false Atomic Swaps statement “are explicitly and unmistakably forward-looking as they state that users of [Paymium’s] exchange ‘*will be* able to use atomic swaps’ and the exchange ‘order book *will be* centralized.’” (Mem. at 18 (emphasis in original).) Surely this Court “must consider the [blog post] in its entirety and not . . . engage in disputatious dissection.” *Time Warner*, 497 F.3d 144 at 153 (citing *Avis Rent A Car Sys., Inc., v. Hertz Corp.*, 782 F.2d 381, 385 (2d Cir. 1986) (internal quotation marks omitted). Accordingly, the Atomic Swaps Statement cannot be false because it is a forward-looking uncertain expectation. *See Reckitt Benckiser Inc. v. Motomco Ltd.*, 760 F. Supp. 2d 446, 456 (S.D.N.Y. 2011) (“as long as Plaintiff discloses the forward-looking and uncertain nature of its expectations, such statements are beyond the reach of the Lanham Act and better left to the market”).

Accordingly, Defendants’ motion to dismiss BLK’s false advertising claims based on Plaintiff’s Hack-Free and Atomic Swap statements is GRANTED because, as a matter of law, these statements are not false.

2. BLK Properly Alleged That The SEC Registration Statement Is False Commercial Advertising Or Promotion.

BLK argues that Paymium’s statement that “[*it is*] pleased to announce [*its*] filing has been accepted and [*it is*] now registered with the SEC!” is false because Paymium simply filed a Form D with the SEC, and “[t]he filing of a Form D does not mean that a security is ‘registered’ or that it has been in any way scrutinized or approved by the SEC.” (AC ¶¶ 64, 72, 73.) Defendants do not dispute that the SEC Registration Statement is false, but instead argue that it is “not ‘commercial advertising or promotion’ of Paymium’s goods and services as covered by [§ 1125(a)(1)(B)].” (Mem. at 16.) But courts in this district recognize that false statements about products in connection with potential federal and state regulations constitute false advertisement in violation of the Lanham Act. *See, e.g., Reckit Benckiser*, 760 F. Supp. 2d at 454–457 (enjoining

both parties from making false statements regarding the existing and potential effects of federal and New York state environmental regulations of their rodenticide products.)

In the Second Circuit, “the touchstone of whether a defendant's actions may be considered ‘commercial advertising or promotion’ under the Lanham Act is that the contested representations are part of an organized campaign to penetrate the relevant market.” *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 57 (2d Cir. 2002). To constitute commercial advertising or promotion, a statement must be (1) commercial speech, (2) made for the purpose of influencing consumers to buy defendant’s goods or services, and (3) disseminated sufficiently to the relevant purchasing public. *See Enigma Software Grp. USA, LLC v. Bleeping Comput. LLC*, 194 F. Supp. 3d 263, 293–94 (S.D.N.Y. 2016) (citing *Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004)).

In this case, BLK properly alleges that the SEC Registration Statement satisfies all three factors of the “commercial advertising or promotion” test. First, BLK alleges that the statement is an advertisement “designed to promote Paymium’s services as more transparent and secure than those of its competitors.” (AC ¶ 72.) *See Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 66–67 (1983) (finding that a statement with commercial and non-commercial speech can be considered “commercial” if (1) it is an advertisement, and (2) it references a specific product or service). Second, the purpose of the statement was clearly to “influence potential Paymium purchasers to choose Paymium’s products and to participate in its ICO.” (AC ¶ 72.) Finally, the Statement was widely disseminated on several internet advertising platforms, including Paymium’s public Twitter account and Telegram chat, “aimed at consumers in New York and around the world.” (*Id.*)

Accordingly, BLK properly alleged the false SEC Registration Statement is a commercial or promotional advertisement for purposes of § 1125(a)(1)(B).

3. BLK Plausibly Alleged That It Was Proximally Injured By The Allegedly False Statement.

Defendants argue that even if the SEC Registration Statement is false and a commercial advertisement, it is not actionable under §1125(a)(1)(B) because BLK “has not pled a coherent theory of how Paymium’s sales come at the expense of BLK.” (Mem. at 13.) For BLK to sue under §1125(a)(1)(B), it has to allege that Defendants’ false advertising caused (1) “an injury to a commercial interest in reputation or sales” that (2) “[flows] directly from the deception wrought by the defendant’s advertising; and that occurs when deception of consumers causes them to withhold trade from [BLK].” *Lexmark Intern., Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 132 (2014). According to the “*Lexmark* zone-of-interest test,” “to come within the zone of interests in a suit for false advertising under § 1125(a), a plaintiff must allege an injury to a commercial interest in reputation or sales.” *Id.* at 131–32.

BLK’s allegations satisfy the “*Lexmark* zone-of-interest” test. According to BLK, its products “are of the utmost quality and enjoy a strong reputation for their security, safety, and reliability,” whereas “Paymium has a reputation of offering unstable, unreliable, and unsafe products.” (*Id.* ¶¶ 40, 52.) BLK also alleges that “[d]ue to Paymium’s bad acts, consumers already have actually confused the source of Paymium’s products offered under the [BLOCKCHAIN.IO Marks] with the [BLK’s] Products offered under the BLOCKCHAIN Marks.” (*Id.* ¶ 92.) BLK thus alleges that Paymium’s deceptive acts, including the false SEC Registration Statement, “have caused [BLK] irreparable harm for which it has no adequate remedy at law, including without limitation by harming [BLK’s] reputation . . . and by diverting investors who might otherwise have purchased the [BLK] Products.” (*Id.* ¶ 95.) Taken as true, these allegations are sufficient to plausibly allege injury as a result of Defendants’ false advertising at the pleadings stage. *Enigma Software*, 194 F. Supp. 3d at 297 (finding plaintiff’s allegations that it “suffered . . . significant monetary and reputational injury, including direct diversion of sales and lessening of goodwill

associated with its products” were sufficient to “adequately plead that [Plaintiff] has been injured as a result of [Defendant’s] misrepresentations.); *Conopco v. Wells Enters., Inc.*, 14 Civ. 2223 (NRB), 2015 WL 2330115, at *5 (S.D.N.Y. May 14, 2015) (finding that plaintiff’s allegation that defendants false statements are jeopardizing the goodwill of its products is sufficient to plead damages).

Accordingly, Defendants’ motion to dismiss BLK’s false advertising claims based on the SEC Registration Statement is DENIED.

V. DEFENDANTS’ MOTION TO DISMISS PLAINTIFFS’ N. Y. BUS. LAW SECTIONS 349 AND 360-L CLAIMS IS DENIED

1. Section 349 Deceptive Acts Or Practices Claim.

“To maintain a cause of action under Section 349, a plaintiff must show: (1) that the defendant’s conduct is consumer-oriented; (2) that the defendant is engaged in a deceptive act or practice; and (3) that the plaintiff was injured by this practice.” *Heskiaoff v. Sling Media, Inc.*, 719 F. App’x 28, 31 (2d Cir. 2017) (citing *Wilson v. Nw. Mut. Ins. Co.*, 625 F.3d 54, 64 (2d Cir. 2010) (internal quotation marks omitted). Defendants argue that BLK fails to “allege a harm above and beyond the general consumer confusion associated with [its] trademark claims and thus does not state a claim under NYGBL [Section] 349.” (Mem. at 24.) BLK must plausibly allege harm to consumers beyond trademark confusion and unfair competition. *See Kaplan, Inc.*, 16 F. Supp. 3d at 353 (“courts in New York have routinely dismissed trademark claims brought under Sections 349 and 350 as being outside the scope of the statutes, because ordinary trademark disputes do not pose a significant risk of harm to the public health or interest and are therefore not the type of deceptive conduct that the statutes were designed to address.”) (internal quotation marks omitted) (collecting cases).

According to BLK, however, Paymium’s products are inferior because Paymium has a long “history of being negligent with consumer information and security protocols. As a result, its

services have been subject to major hackings and thefts.” (AC ¶ 47.) In fact, BLK describes in great detail Paymium’s past security shortcomings (*Id.* ¶¶ 46–52), leading it to the conclusion that “Paymium’s products . . . will continue to be far inferior to the [BLK’s] Products.” (*Id.* ¶ 60.) Therefore, according to BLK, Defendants’ alleged deceptive practices will “confuse consumers into believing that Paymium’s inferior services emanate from or are otherwise associated with [BLK]”¹⁰ (*Id.* ¶ 6.) These allegations, taken as true, support a reasonable inference that Paymium’s products continue to be very vulnerable to security breaches, “putting [consumers’] financial security at risk.” (Mem. of Law in Opp’n. to Defs.’ Mot. to Dismiss Am. Compl. (“Opp’n.”), ECF No. 37, at 18–19.)

Accordingly, BLK has plausibly alleged that Defendants’ deceptive acts risk injury to consumers’ interest beyond trademark confusion or unfair competition, namely risking their financial well-being.

2. Section 360-L Injury To Business Reputation And Dilution Claim.

To state a claim under Section 360-L, BLK must plead that it owns “(1) a distinctive mark capable of being diluted, and (2) a likelihood of dilution.” *A.V.E.L.A.*, 131 F. Supp. 3d at 211–12 (citing *Akiro LLC v. House of Cheatham, Inc.*, 946 F. Supp. 2d 324, 342 (S.D.N.Y. 2013)). But unlike the Lanham Act, Section 360-L “does not require a mark to be ‘famous’ for protection against dilution to apply.” *Starbucks*, 588 F.3d at 114.

Defendants challenge BLK’s dilution claim arguing that it “has failed to allege a distinctive mark or a likelihood of confusion.” (Mem. at 24.) This Court already rejected these arguments in Section III. Accordingly, BLK has plausibly alleged a dilution claim under Section 360-L.

¹⁰ Plaintiffs further allege that, “[i]n fact, significant consumer confusion has already occurred as a result of Paymium’s actions.” (AC ¶ 6.)

VI. DEFENDANTS' MOTION TO DISMISS PLAINTIFFS' COMMON LAW CLAIMS IS DENIED.

Defendants argue that BLK's common law misappropriation and unfair competition claims fail because "BLK's allegations regarding bad faith are conclusory and insufficient." (Mem. at 25.) Yet, BLK's amended complaint is riddled with allegations that Paymium willingly and knowingly adopted the BLOCKCHAIN.IO marks in a bad faith effort to mask its long history of security issues by unfairly usurping BLK's acquired goodwill in its BLOCKCHAIN Marks. (AC ¶¶ 6, 61, 90.) The amended complaint also describes, in great detail and specificity, Paymium's history of security issues. (*Id.* ¶¶ 46–52.) These allegations are sufficient to properly plead bad faith at the pleading stage. *See Erickson Beamon Ltd. v. CMG Worldwide, Inc.*, 12 Civ. 5105 (NRB), 2014 WL 3950897, at *9 (S.D.N.Y. Aug. 13, 2014) (quoting *Streit v. Bushnell*, 424 F. Supp. 2d 633, 638 (S.D.N.Y. 2006) (finding defendants' "reasonably thin" allegations of bad faith sufficient because in a motion to dismiss "it is not the role of the Court . . . to sift through a meager record and decide which litigant is acting in good or bad faith.")).

VII. DEFENDANTS' MOTION TO DISMISS PLAINTIFFS' CLAIMS AGAINST NOIZAT IS GRANTED

1. This Court Lacks Personal Jurisdiction Over Noizat.

Defendants also move to dismiss all claims against Noizat pursuant to Rule 12(b)(2) for lack of personal jurisdiction. (Mem. at 22.) To determine personal jurisdiction in a federal case, this Court must engage in a two-step analysis: (1) it must apply New York's long-arm statute and, if the long-arm statute allows for personal jurisdiction, (2) it must analyze whether personal jurisdiction comports with the Due Process Clause of the United States Constitution. *See Chloé*, 616 F.3d at 163–64 (2d Cir. 2010) (citations and internal quotation marks omitted).

New York's long-arm statute provides:

A court may exercise personal jurisdiction over any non-domiciliary . . . who in person or through an agent: (1) transacts any business within the state or contracts anywhere to supply goods or services in the state; or (2) commits a tortious act within the state . . . or (3) or commits a tortious act without the state causing injury to person or property within the state . . . if he (i) regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered, in the state, or (ii) expects or should reasonably expect the act to have consequences in the state and derives substantial revenue from interstate or international commerce

N.Y. C.P.L.R. § 302(a) (McKinney). “A corporate officer who commits or participates in a tort, even if it is in the course of his duties on behalf of the corporation, may be held individually liable” under New York’s long-arm statute. *Bano v. Union Carbide Corp.*, 273 F.3d 120, 133 (2d Cir. 2001).

Here, BLK first argues that Noizat was personally involved in the alleged infringing activities. (Mem. at 22.) Yet, the amended complaint is devoid of any specific allegations pertaining to Noizat’s infringing conduct. Instead, BLK vaguely alleges that, as the “Chief Executive Officer and a director of Paymium,” Mr Noizat “directs and controls the acts of and statements made by Paymium.” (AC ¶¶ 12, 97.) It also alleges that, “[o]n information and belief, all of Paymium’s acts complained of herein were taken at the direction of or while Paymium was under the control of Mr. Noizat.” (*Id.* ¶ 100.) These vague and conclusory allegations are insufficient to demonstrate that Noizat was personally involved in any of the alleged misconduct. *See, e.g., Reynolds v. Lifewatch, Inc.*, 136 F. Supp. 3d 503, 506 (S.D.N.Y. 2015) (plaintiff’s conclusory allegations that the individual defendants “had personal involvement with their respective Defendants’ corporate business activities and have been involved in the decision making relating to the improper, deceptive, and/or fraudulent activity involved in this case[;] . . . controlled the day-to-day operations of the Defendant companies and developed aspects of business activities, such as sales and marketing plans and activities[;]” and “were aware of, or should have been aware of, the improper business practices and should have taken action to prevent

the improper practices and changed the company's business practices,” were insufficient to establish individual participation) (citations and internal quotation marks omitted); *Wolo Mfg. Corp. v. ABC Corp.*, 349 F. Supp. 3d 176, 195–96 (E.D.N.Y. 2018) (plaintiff’s conclusory allegations that the individual defendant “is the owner, president, officer, manager, member, operator and/or is directing the business and actions, of the Defendant Entities,” and “alone directs and controls all of the activities of the Defendant Entities,” were insufficient to establish individual participation) (internal citations and quotation marks omitted).

Even if Noizat was not personally involved in Defendants’ infringing activities, BLK also argues that the amended complaint properly pleads that he was a primary actor in Paymium’s transaction in New York, and not merely some corporate employee. (Opp’n. at 23.) *See Time, Inc. v. Simpson*, No. 02 Civ. 4917 (MBM), 2003 WL 23018890, at *4 (S.D.N.Y. Dec. 22, 2003) (quoting *Retail Software Servs., Inc. v. Lashlee*, 854 F.2d 18, 22 (2d Cir. 1988)); *see also In re Lyman Good Dietary Supplements Litig.*, No. 17 Civ. 8047 (VEC), 2018 WL 3733949, at *8 (S.D.N.Y. Aug. 6, 2018) (“At the heart of th[e] [personal jurisdiction] inquiry is whether the out-of-state corporate officers were primary actors in the transaction in New York that gave rise to the litigation, and not merely some corporate employees [] who played no part in it.” (internal citations and quotation marks omitted)). In this district, to show that Noizat was a primary actor, “[BLK] must allege that [Paymium] engaged in purposeful activities in New York *for the benefit of and with the knowledge and consent* of [Noizat] and that [Noizat] exercised some control over the corporation *with respect to those activities.*” *In re Lyman*, 2018 WL 3733949, at *8 (internal citations and quotation marks omitted) (emphasis added).

BLK’s conclusory and vague allegations in the amended complaint that Noizat “directed” and “controlled” Paymium’s infringing activities are insufficient to make a *prima facie* showing that he was a primary actor in the specific instances of alleged trademark infringement and false

advertising. *See Karabu Corp. v. Gitner*, 16 F. Supp. 2d. 319, 324 (S.D.N.Y. 1998) (“a plaintiff’s allegations must sufficiently detail the defendant’s conduct so as to persuade a court that the defendant was a “primary actor” in the specific matter in question; control cannot be shown based merely upon a defendant’s title or position within the corporation, or upon conclusory allegations that the defendant controls the corporation.”); *In re Lyman*, 2018 WL 3733949, at *8–9 (finding allegations that “the Individual Defendants purposefully and voluntarily placed [the products at issue] into the stream of commerce with the expectation that [they would] be purchased in this District” were conclusory and insufficient to establish personal involvement by the Individual Defendants in the transactions at issue.).

Accordingly, Defendants’ motion to dismiss Noizat pursuant to Rule 12(b)(2) for lack of personal jurisdiction is GRANTED.

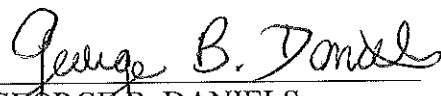
VIII. CONCLUSION

Defendants' motion to dismiss Plaintiffs' trademark infringement and unfair competition claims under the Lanham Act, 15 U.S.C. §§ 1114 and 1125(a)(1)(A), New York state law claims for deceptive acts or practices and injury to business reputation and dilution, N.Y. Gen. Bus. Law Sections 349 and 360-L, and common law claims for unfair competition and misappropriation, is DENIED. Defendants' motion to dismiss Plaintiffs' false advertising claims under the Lanham Act, 15 U.S.C. § 1125(a)(1)(B), and N.Y. Gen. Bus. Law Section 350, is DENIED IN PART and GRANTED IN PART. Defendants' motion to dismiss all claims against Defendant Pierre Noizat for lack of personal jurisdiction is GRANTED.

The Clerk of Court is instructed to close the motion at ECF No. 28.

Dated: August 7, 2019
New York, New York

SO ORDERED.



GEORGE B. DANIELS
United States District Judge