

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
SPIN MASTER, INC. AND SPIN MASTER :
LTD., :
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Plaintiffs, :
:
-against- :
:
AMY & BENTON TOYS AND GIFTS CO., :
LTD., et al., :
:
Defendants. :
:
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USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 2/6/2019

17-CV-5845 (VSB)

OPINION & ORDER

Appearances:

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Counsel for Plaintiffs

VERNON S. BRODERICK, United States District Judge:

Plaintiffs, Spin Master, Inc. and Spin Master Ltd. (collectively, “Plaintiffs”), who are part of a large multinational toy and entertainment company, bring this copyright and trademark infringement action against forty-seven Defendants. The Defendants are all China-based businesses that sell to the United States through online storefronts.¹ Before me is Plaintiffs’

¹ Plaintiffs filed notices of voluntary dismissal with respect to twenty-seven Defendants. (Docs. 25–28, 31, 33–53.) The forty-seven remaining Defendants are: Guigang KM Oversea Trading Co., Ltd.; Jinhua Yinuo Toys Co., Ltd.; Ningbo Holly Intelligent Technology Co., Ltd.; Ningbo Nblossom Craft & Gift Co., Ltd.; Shanghai Greatwall Industrial Co., Ltd.; Shantou Denko Electronics Toys Co., Ltd. a/k/a Shantou Denko Electronics Network Co., Ltd.; Shantou Easemate Toys Co., Ltd.; Shantou Funnykids Toys Co., Ltd.; Shantou Pretty Coast Plastic Toys Co., Limited; Shenzhen Ownshine Toys Limited; Yiwu Eco-Artifact Co., Ltd.; Yiwu Hei Du Trade Co., Ltd. d/b/a China Wholesale supermarket; Yiwu Jiudi Toys Co., Limited; Anlinbaby China Store; BTEFKR Store; Children’s Dream World; DouQu Toy Ltd. Store; Fashion Your Men; ForestSunshine Store; Hltree Boutique Maternal Supplies & Toy

motion for summary judgment. (Doc. 32.) For the reasons stated below, the motion is GRANTED in part and DENIED in part.

I. Background

The following facts are taken from Plaintiffs' 56.1 Statement and the declarations and exhibits attached to Plaintiffs' Application. As Defendants have failed to appear, the facts are uncontested. In addition, Defendants have failed to appear or otherwise request additional time to respond to the complaint, therefore admitting all "well-pleaded" factual allegations contained in the complaint. *City of New York v. Mickalis Pawn Shop, LLC*, 645 F.3d 114, 137 (2d Cir. 2011).²

Plaintiffs are part of a multinational toy and entertainment company that designs and sells children's lifestyle products and toys. (56.1 Stmt. ¶ 6.)³ Plaintiffs' allegations and causes of action relate to one such toy, Bunchems, which are small plastic balls that can be connected to form different shapes and characters and then pulled apart to build new formations, (*id.* at ¶ 9; Harrs Decl. ¶ 6)⁴, for which Plaintiffs have a registered trademark, No. 4,980,743, (56.1 Stmt. ¶ 12). Plaintiffs have registered copyrights in the product's packaging: U.S. Copyright Reg. No. VA 1-999-337; U.S. Copyright Reg. No. VA 2-014-509; and U.S. Copyright Reg. No. VA 2-

Store; JKLMOONSALER Store; Kennan's Toy World Store; MA*BB Skies Store; Hunan Leadshopping E-Commerce Co., Store f/k/a Mummy's Surprise to Baby Store; ToysKu Store; Trendy Toy Store; ZOU TRADING CO., LTD.; baibuju9; Beautylife66; JYD International Co., Ltd. d/b/a Bohao88; C360; Comely2015; Fw781; Shenzhen Fuzecheng Technology Co., Ltd. d/b/a Hongkong Gamers Trading Co Ltd d/b/a Gamers; Harveye; Huayeyu; Jeantree Baby Clothings; Lbdbaby a/k/a TongTong Yang; Liuliansheng; Scot; Shinana; Bestar International Industrial Limited d/b/a Shinxn2008; Smilewo; Sportsoutdoor; Vanilla17; Xiamen Yu Taigu Trade Co., Ltd. d/b/a Youyou93; and Zzj905532742. These forty-seven defendants are hereinafter referred to as "Defendants."

² "[A] district judge . . . possesses the inherent power to enter a default." *Mickalis Pawn Shop, LLC*, 645 F.3d at 128 (citation omitted).

³ "56.1 Stmt." refers to Plaintiffs' Local Rule 56.1 Statement of Undisputed Material Facts in Support of their Motion for Summary Judgment and Permanent Injunction, filed on October 24, 2017. (Doc. 32-2.)

⁴ "Harrs Decl." refers to Declaration of Christopher Harrs, unsealed on August 25, 2017. (Doc. 15.)

014-0510. (*Id.* at ¶ 13.) Plaintiffs also own numerous common law copyrights. (*Id.*) The success of Bunchems is due in large part to Plaintiffs’ marketing, promotion, and distribution efforts, which include advertising and promotion through Plaintiffs’ website, nationwide television advertising campaigns, print and internet-based publicity, placement of the products at major retail outlets, and participation in trade shows. (Harrs Decl. ¶ 16.)

Defendants have numerous listings for Counterfeit Bunchems⁵ on their online storefronts. (56.1 Stmt ¶ 31–32; Arnaiz Decl. Ex. D.)⁶ The marks used by Defendants for Counterfeit Bunchems are almost identical to Plaintiffs’ mark. (*See* Compl. ¶ 113; *id.* Ex. A; Arnaiz Decl. Ex. A.)⁷

Through their investigation with a third-party consulting firm, Plaintiffs’ counsel observed Defendants offering to sell and ship the Counterfeit Bunchems to customers in New York. (56.1 Stmt. ¶¶ 34–39; Arnaiz Decl. ¶¶ 11–17, Ex. A.) Plaintiffs determined that the Counterfeit Bunchems sold by Defendants are counterfeit through visual examination of Defendants’ listings, (56.1 Stmt. ¶ 41; Harrs Decl. ¶ 26; *see also* Wolfgang Decl. ¶¶ 15–16, Ex. A),⁸ the low prices at which Defendants are offering Bunchems, (56.1 Stmt. ¶ 40), and because no authentic Bunchems are available on Alibaba.com, AliExpress.com, or DHGate.com, (*id.*). Defendants are not and have never been authorized distributors or licensees of Bunchems. (*Id.* ¶42; *see also* Harrs. Decl. ¶ 27.)

The websites Alibaba.com, AliExpress.com, and DHGate.com host Defendants’

⁵ “Counterfeit Bunchems” refers products bearing and/or using Plaintiffs’ trademark and/or marks that are confusingly similar to, identical to and constitute a counterfeiting and/or infringement of Plaintiffs’ trademark and/or displaying and/or incorporating Plaintiffs’ copyrighted materials and/or works that are substantially similar to, identical to and constitute infringement of Plaintiffs’ copyrighted material and/or otherwise infringe Bunchems.

⁶ “Arnaiz Decl.” refers to Declaration of Jessica Arnaiz, unsealed on August 25, 2017. (Doc. 14.)

⁷ “Compl.” refers to the Complaint, unsealed on August 25, 2017. (Doc. 8.)

⁸ “Wolfgang Decl.” refers to Declaration of Spencer Wolfgang, unsealed on August 25, 2017. (Doc. 16.)

storefronts, (*id.* ¶¶ 14, 20, 22, 31), and are “notorious markets” for counterfeiters, according to the United States Trade Representative, (*id.* ¶ 19). These websites do not terminate a seller’s account despite repeated reports of infringement, (*id.* ¶ 21), and they permit sellers to operate with almost complete anonymity, (*id.* ¶ 23). Sellers often use false aliases and addresses to conceal their identities, and they use shipping services that permit incorrect or incomplete return addresses to conceal their identities. (*Id.* ¶¶ 24–25.)

II. Procedural History

Plaintiffs commenced this action with an *ex parte* application for: (1) a temporary restraining order (“TRO”); (2) an order to show cause why a preliminary injunction should not issue; (3) an asset restraining order; (4) an order authorizing alternative service by electronic mail; and (4) an order authorizing expedited discovery against all Defendants (“Application”). The Complaint alleges eight causes of action: (1) trademark counterfeiting under sections 32, 34, and 35 of the Lanham Act, 15 U.S.C. §§ 1114(1)(b), 1116(d), and 1117(b–c); (2) infringement of registered trademarks, under 15 U.S.C. § 1114/Lanham Act § 32(a); (3) false designation of origin, passing off, and unfair competition, under 15 U.S.C. § 1125(a)/Lanham Act § 43(a); (4) federal copyright infringement, under 17 U.S.C. § 501(a); (5) deceptive acts and business practices, under N.Y. Gen Bus. L. § 349; (6) false advertising, under N.Y. Gen. Bus. L. § 350; (7) unfair competition, under New York common law; and (8) unjust enrichment, under New York common law. (Doc. 8.) On August 3, 2017, I held a hearing on the Application. (*See* Doc. 23, at 5.) The following day, I entered an order granting Plaintiffs’ Application and ordering Defendants to appear on August 24, 2017 to show cause as to why an order granting a preliminary injunction should not be entered. (*See* Doc. 17.) No Defendants appeared at the hearing or sought an adjournment, and on September 8, 2017, I entered an order converting the

TRO into a preliminary injunction. (Doc. 23.) Despite being properly served in this matter, (Doc. 19), Defendants have failed to appear or request an adjournment at any time since the filing of the action. Accordingly, Plaintiffs submit this unopposed motion for summary judgment pursuant to Federal Rule of Civil Procedure 56. (Doc. 32.)

III. Legal Standard

Summary judgment may not be granted unless a movant shows, based on admissible evidence in the record, “that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). The moving party bears the initial burden of demonstrating “the absence of a genuine issue of material fact.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). This burden remains even when a party’s motion is unopposed. *See Vt. Teddy Bear Co., Inc. v. 1-800 Beargram Co.*, 373 F.3d 241, 244 (2d Cir. 2004) (quoting *Amaker v. Foley*, 274 F.3d 677, 681 (2d Cir. 2001)). In making a determination on summary judgment, the court must “construe all evidence in the light most favorable to the nonmoving party, drawing all inferences and resolving all ambiguities in its favor.” *Dickerson v. Napolitano*, 604 F.3d 732, 740 (2d Cir. 2010) (citing *LaSalle Bank Nat’l Ass’n v. Nomura Asset Capital Corp.*, 424 F.3d 195, 205 (2d Cir. 2005)). In addition, “only admissible evidence need be considered by the trial court in ruling on a motion for summary judgment.” *Porter v. Quarantillo*, 722 F.3d 94, 97 (2d Cir. 2013) (internal quotation marks, citation, and alterations omitted).

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