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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91168097
Party	Plaintiff Chanel, Inc.
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Date	05/12/2009
Attachments	Trial Declaration of Veronica L. Hrdy (F0456314).pdf ( 253 pages )(10958546 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

CHANEL, INC.,	:	
	:	
Opposer/Petitioner,	:	<u>Consolidated Proceedings:</u>
	:	Opposition No. 91168097
-against-	:	Opposition No. 91172654
	:	Cancellation No. 92046246
FRANK MAURIELLO,	:	
	:	
Applicant/Registrant.	:	
	:	

**TRIAL DECLARATION OF VERONICA L. HRDY**

VERONICA L. HRDY declares under penalty of perjury as follows:

1. I am Vice-President–General Counsel of Opposer and Petitioner Chanel, Inc., a corporation duly organized under the laws of New York, with offices at 9 West 57<sup>th</sup> Street, New York, New York. Chanel, Inc. is a private company that is exclusively entitled to conduct business under the CHANEL name in the United States. Chanel, Inc. is affiliated with other Chanel entities throughout the world (Chanel, Inc. and worldwide Chanel entities, collectively, “Chanel”). I first joined Chanel as Counsel in June 1987, became Vice-President–Counsel in 1991, and was appointed to my present position in 1998. I submit this declaration as testimony in connection with the above-captioned consolidated proceeding.

2. I have access to the books and records of Chanel relevant to the matters covered herein. As a result of my job responsibilities I am generally familiar with the history of Chanel, its marks, its products, and the development of its operations and activities. I confirm that the facts and matters set out herein are based on my own knowledge and from the records and documents of Chanel to which I have access.

3. Among my responsibilities as the Vice-President-General Counsel of Chanel is the protection of Chanel's trademarks, enforcement of the rights in our marks and preventing infringement or dilution of our marks. I oversee all litigation in the United States relating to Chanel's trademarks. The protection of these marks is of paramount concern to me and to the company.

**A. Chanel's Licensing and Enforcement of the CHANEL Marks**

4. The CHANEL trademark and its CC Monogram (collectively, the "CHANEL Marks") are property of incalculable value to the Chanel. Chanel owns more than 70 U.S. registrations for marks that include one or both of the CHANEL Marks.

5. Chanel frequently receives requests from third parties to use the CHANEL marks. Chanel is extremely selective as to who it permits to use the CHANEL Marks, and only allows use of the marks that upholds the integrity and prominence of the CHANEL brand.

6. Owing to the fame and value of the CHANEL Marks, many third parties attempt to trade on the marks' popularity by selling products bearing counterfeit CHANEL Marks and by selling products bearing marks that are confusingly similar to and/or dilutive of the CHANEL Marks.

7. Chanel expends a great deal of resources policing the CHANEL Marks and enforcing its rights therein. In the U.S., Chanel employs a trademark watch service to monitor trademark applications for potentially confusing and/or dilutive marks. Chanel also vigilantly scans the marketplace for counterfeit and infringing marks. Other information about infringements is brought to our attention by customers and by our employees.

8. When Chanel discovers or is told of a potentially infringing mark, it does not hesitate to take action. During the period from 2002-2009, Chanel filed over 100 lawsuits

alleging trademark infringement. In almost all cases, the defendant was infringing either the CHANEL mark or the CC Monogram mark or both. This led the *The New York Times*, in an article from On January 29, 2007, to identify Chanel as one of the top 10 filers of trademark lawsuits. **Exhibit Y** attached hereto is a true and correct copy of the referenced article.

9. During the same period 2002-2009, Chanel filed more than 25 opposition proceedings with the Trademark Trial and Appeal Board against marks that were confusingly similar to the CC Monogram mark. **Exhibit Z** attached hereto consists of a list of those opposition proceedings.

10. Chanel has filed 11 successful domain name disputes pursuant to the Uniform Domain Name Dispute and Resolution Policy with the World Intellectual Property Organization (WIPO). Annexed hereto as **Exhibit AA** are the decisions in those cases. In many of those cases, the WIPO panelist(s) acknowledged the fame of the CHANEL brand and mark, including as follows:

a. Referring to the CHANEL mark as “famous.” *Chanel Inc. v. Bontempo*, WIPO Proceeding No. D2002-0721.

b. Finding respondent’s domain name to be confusingly similar to Chanel’s “famous trademarks.” *Chanel, Inc. v. Mike Torres d/b/a National Promotions, Inc.*, WIPO Proceeding No. D2000-1833.

c. Acknowledging that “the CHANEL mark has been recognized by courts and WIPO as being famous.” *Chanel, Inc. v. IGGI Networks, Inc.*, WIPO Proceeding No. D2000-1831.

d. Referring to Chanel’s “incontestably famous trademark CHANEL.” *Chanel, Inc. v. Uraina Heyward*, WIPO Proceeding No. D2000-1802.

e. Finding that the CHANEL mark is “famous” and acknowledging that courts have recognized the CHANEL mark “as being famous.” *Chanel, Inc. v. Buybeauty.com*, WIPO Proceeding No. D2000-1126.

f. Referring to the “famous trademark, CHANEL.” *Chanel, Inc. v. Estco Technology Group*, WIPO Proceeding No. D2000-0413.

11. Of course, not every infringement of the CHANEL Marks discovered by Chanel results in a formal proceeding, as many infringers abandon their efforts upon receiving a cease-and-desist letter or other communication from Chanel. Every year, Chanel sends multiple dozens of cease-and-desist letters to individuals and companies who are infringing the CHANEL Marks. Most of the recipients agree to stop their unlawful behavior without formal process by Chanel. When the individuals or companies have applied to register a mark that is confusingly similar to the CHANEL Marks, Chanel typically also files for an extension of time to oppose the mark. Many times, the applicant abandons the mark rather than pursuing it in the face of Chanel’s objection. For example, during the period from 2002 through 2008, at least 23 applicants abandoned their trademark applications for marks that were confusingly similar to one of the CHANEL Marks after Chanel filed Requests for Extension of Time to file an Opposition proceeding in the TTAB. **Exhibit BB** attached hereto contains a list of applications that were abandoned after Chanel filed a Request for Extension of Time to file an opposition proceeding against the application.

**B. Courts Have Deemed the CHANEL Marks To Be Famous and Strong**

12. Frequently as part of judgments and decisions rendered in cases brought by Chanel for trademark infringement and dilution, courts have acknowledged the fame and/or strength of the CHANEL Marks. By way of example, the CHANEL Marks have been deemed famous and strong

in the following cases: *Chanel v. Minran* PU, 2009 WL 722050 at \*7 (D. Kan. 2009); (finding that the CHANEL Marks are “very distinctive” and both conceptually and commercially strong); *Chanel, Inc. v. Schwartz*, 2007 WL 4180615 (E.D.N.Y. 2007) (finding that the CHANEL Marks are “strong”); *Chanel v. Xiao Feng Ye*, 2007 WL 2693850 at \*5 (E.D.N.Y. 2007) (finding a high likelihood of confusion “particularly in light of how famous Chanel’s mark is...”); *Chanel, Inc. v. French*, 2006 WL 3826780 at \*1-2 (S.D. Fla. 2006) (“The [CHANEL Marks] qualify as ‘famous marks’ as that term is used in 15 U.S.C. § 1125(c)(1) . . . .”); *Chanel, Inc. v. Gordashevsky*, 558 F. Supp. 2d 532, 538 (D.N.J. 2007) (calling CHANEL and CC Monogram marks “strong and established marks”); *see also Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4<sup>th</sup> Cir. 2007) (referring to Chanel No. 5 as a “famous and expensive” brand). The foregoing decisions are annexed hereto as **Exhibit CC**.

13. Likewise, the district courts in the Central District of California, the Southern District of Florida, the Northern District of Georgia and the Southern District of New York, have all issued recent summary judgment or other final orders acknowledging the strength and/or fame of the CHANEL Marks. *Chanel, Inc. v. Bryan*, Civ. No. 1:07-CV-225-ODE at \*11-12 (N.D. Ga. Nov. 18, 2008) (finding that CHANEL Marks are famous to support granting summary judgment on dilution claim); *Chanel, Inc. v. Singh*, Case No. CV 05-4749-CAS (PJWx) at \*15 (C.D.Ca. July 9, 2007) (holding that the CC Monogram mark is “strong”); *Chanel, Inc. v. Mason*, Case No. 05-61883-CIV-WPD at \*6, \*7 (S.D. Fla. Dec. 1, 2006) (granting summary judgment to Chanel and finding that “Chanel has shown that [the CHANEL Marks] are strong marks” and that they are “distinctive and famous”); *Chanel, Inc. v. Sinaie*, Case 2:05-cv-06036-SJO-SS at \*16 (C.D.Ca. July 24, 2006) (granting summary judgment to Chanel and holding that the CHANEL Marks are “strong”); *Chanel Inc. v. Barreto*, CV 06-2768

SVW (RCx) at \*12-13 (C.D. Ca. Feb. 5, 2000) (finding that CHANEL Marks are famous to support granting summary judgment on dilution claim); *see also Chanel, Inc. v. Teng Da Trading Inc.*, Civ. No. 07cv11113 (NRB)(GWG) at \*5 (S.D.N.Y. Oct. 23, 2008) (“the CC Monogram is a strong and famous trademark”). The foregoing orders are annexed hereto as **Exhibit DD**.

**C. The Marks of Frank Mauriello At Issue In This Consolidated Proceeding**

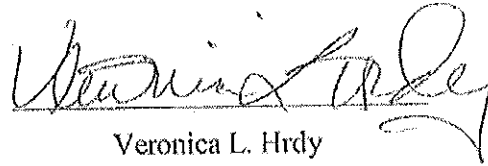
14. Chanel first learned of Frank Mauriello and his marks that are the subject of his applications and registration at issue in this consolidated proceeding (the “Mauriello Marks”) when it received watch notices concerning publication of such marks. Chanel is not aware of any use of the Mauriello Marks in commerce.

15. The back-to-back, interlocking EE monogram mark that is at issue in this consolidated proceeding is particularly troubling to Chanel, and likely to confuse consumers, for several reasons. Like the letters “c” in Chanel’s CC monogram mark, the letters “e” in Mr. Mauriello’s EE monogram mark are curved, presented back-to-back and interlocking. Also, the loops in the letters “e” are compressed towards the top of the letters, causing the EE monogram mark to greatly resemble the CC monogram mark. Further, the EE monogram mark is a logo for Mr. Mauriello’s word mark ENELLE, which itself mimics the CHANEL mark. Moreover, Mr. Mauriello has applied to register the Mauriello Marks in connection with a list of goods that are actually sold by Chanel under its marks. Clearly, Mr. Mauriello intended his goods and the EE and ENELLE marks to mirror Chanel’s goods and the CC Monogram and CHANEL marks.

16. I am also responsible at Chanel for negotiating settlement and consent agreements with third parties concerning their use or registration of their marks. Under certain limited circumstances (e.g., different goods; distinguishable marks), Chanel has consented to use or

registration of interlocking letter marks. However, Chanel has never consented to the use or registration of back-to-back, interlocking, curved, double-letter marks for the products identified in Frank Mauriello's applications and registration at issue in this consolidated proceeding, which are essentially identical to the goods offered by Chanel under the CHANEL Marks.

Declared under penalty of perjury this 11<sup>h</sup> day of May, 2009 at New York, New York.

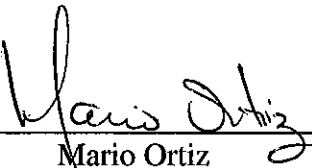


Veronica L. Hrdy



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **Trial Declaration of Veronica L. Hrdy and Exhibits Y - DD** is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed Brian R. Gibbons, Esq., Brian R. Gibbons, P.A., 3936 S. Semoran Blvd, Suite 330, Orlando, FL 32822-4015, this 12<sup>th</sup> day of May, 2009.

  
\_\_\_\_\_  
Mario Ortiz

# OPPOSER/PETITIONER'S EXHIBIT Y

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

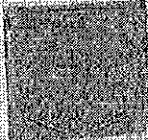
Applicant/Registrant.

Consolidated Proceedings:  
Opposition No. 91168097  
Opposition No. 91172654  
Cancellation No. 92046246

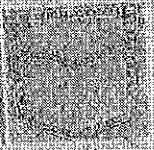
# With a Trademark in Its Pocket, Levi's Turns to Suing Its Rivals

Five of the companies Levi Strauss has sued in the last decade:

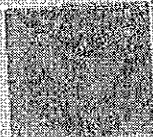
**Levi Strauss**  
First trademarked  
in 1873



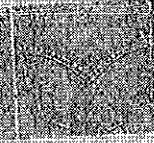
**Jelesay**  
Sued in 2005



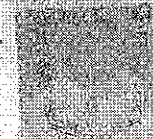
**Von Dutch**  
2006



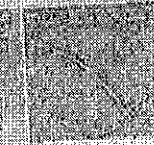
**Karen Kane**  
1996 and 2006



**Jones Apparel**  
2003 and 2006



**Fossil**  
2005



Sources: Thomson West, court documents  
The New York Times

FOR HOME DELIVERY CALL 1-800-4NYTIMES



By **MICHAEL BARBARO**  
and **JULIE CRESWELL**

United States Patent and Trademark No. 1,139,254 is not much to look at: a pentagon surrounding a childlike drawing of a seagull in flight.

But the design for a Levi's pocket, first used 133 years ago, has become the biggest legal battleground in American fashion.

Levi Strauss claims that legions of competitors have stolen its signature denim stitches — two intersecting arcs and a cloth label — for their own pockets, slapping them on the seats of high-priced, hip-hugging jeans that have soared in popularity.

So Levi's is becoming a leader in a new arena: lawsuits. The company, once the undisputed king of denim and now a case study in missed opportunities, has emerged as the most litigious in the apparel industry when it comes to trademark infringement lawsuits, firing off nearly 100 against its competitors since 2001. That's far more than General Motors, Walt Disney or Nike, according to an analysis by research firm Thomson West.

The legal scuffles offer a rare glimpse into the sharp-elbowed world of fashion, where the line between inspiration and imitation is razor thin. After all, clothing makers' trade secrets are hung on store racks for all to see, and designs can be quickly copied with small changes to

Continued on Page A16

# With a Trademark in Its Back Pocket, Levi Strauss Turns to Suing Its Competitors

Continued From Page A1

## Exploit a Defiant Trend

The lawsuits, which Levi's says it is compelled to file to safeguard the defining features on its jeans, are not about the money — one settled for just \$5,000 in damages. Instead, the company says, they are about removing copies from stores. Nearly all the cases have settled out of court, with Levi's smaller rivals agreeing to stop making the offending pants and to destroy unsold pairs.

But those competitors say the lawsuits are the last resort of a poor loser, a company that has lost billions in sales, had off thousands of workers and floundered with bankruptcy as the denim industry expanded.

"They missed the boat," said Tony Sorenson, chief executive of Von Dutch Originals, a six-year-old denim and clothing manufacturer, sued by Levi's six months ago for allegedly borrowing the company's distinctive arcs for a back-pocket design.

"Now they want to make a lot of noise and scare people away," Mr. Sorenson said. His pocket design "did not look like Levi's at all." Because of subtle differences like placing the arcs "one inch to the left" and stitching a line to resemble "a pyrame Shook."

Nevertheless, Von Dutch agreed to remove the jeans from dozens of boutiques and destroy hundreds of unsold pairs. "I was one style and it was not that successful anyway, so we made the decision not to fight it," Mr. Sorenson said.

In the majority of cases, Levi's accuses competitors of copying its design of two arcs that meet in the cen-

ter of the pocket on its famous Levi's tab, a faded piece of cloth sewn into the vertical seam of the garment.

Robert Hanson, Levi's president for North America, said the company may demand a product that a lot of people are copying and copying with a lot of success.

Instead of relying on Levi's designs for what he called a "running start," competitors should "look for other devices that don't come so much close to the Levi's trademarks," Mr. Hanson said. "Be more innovative."

But the privately held Levi's, whose founder sewed together the first pair of jeans in 1873, has been unable to exploit the latest denim craze — and low-denim scores of similar competitors are rising high because of what is called "the denim effect." When consumers' tastes shifted toward designer jeans that were belatedly worn and frayed, Levi's was still selling basic \$30 pairs at K-Mart.

In this dispute, back-pocket stitching has become the fashion equivalent of hot spots, with plaintiffs and defendants seeing in the new designs what they want or need to see. So far, Levi's view is prevailing.

The company's team of denim designers — there are 40 across the world, scouting boutiques and department stores — has spotted what they considered offending stitches on jeans from the biggest names in the clothing business: Guess, Zegna Espi, Lucky Brand and Zumiez, to name a few.

Even companies that have painstakingly worked to avoid imitating Levi's trademarks have found themselves in the company's cross-

hairs. At Rock & Republic, one of the country's fastest-growing jeans makers, designers inadvertently placed a cloth tab on the right-hand side of a back pocket, not the left, which would violate a Levi's trademark.

Levi's sued anyway, arguing its trademarks forbid placing such a tab on a vertical seam of a back pocket. During a tense, five-hour settlement discussion in San Francisco several weeks ago, the chief executive of Rock and Republic, Michael Ball, upped Levi's lawyers for their aggressive tactics.

"I take it personally that you try to dictate how I design my jeans," he recalled saying. Still, Mr. Ball said he agreed to stop placing the tab on the vertical seam of a right-hand pocket for two years to avoid a drawn-out legal battle.

In an interview, Mr. Ball said his back-pocket stitching "was not remotely close to Levi's" and that he agreed to a settlement, in part, because "I will get bored with that design soon anyway."

Executives at Levi's concede they missed important fashion trends as the denim industry ballooned over the last several years, but they deny the lawsuits are connected to any downturn in their business.

Instead, they say they are simply trying to preserve their intellectual property. Like pharmaceutical companies that sue generic drug makers over their patents or technology companies that sue it out over who owns the right to microchip designs, Levi's says it is trying to protect its most valuable assets, its trademarks.

Clothing companies have battled competitors and each other for

## Spoiling for a Fight

Levi Strauss sues over trademark issues more than any other clothing company in the United States.

Top 10 litigious companies based on trademark cases, 1/1/90 to 6/30/96

Company	Cases
Microsof	225
Centart	198
Alphaprep Worms	183
Best Western	183
Bundt Donuts	170
Loblind Tobacco	165
Levi Strauss	129
Banko-Robbins	94
Chanel	93
Nike	79

Source: Thompson West. The New York Times

decades over design trademarks. Latoric has defended its attorney, Polo Ralph Lauren fights for its polo player and Nike fiercely protects its famous swoosh.

In that respect, Levi's is no different. As far back as the 1970s, it sued over the firm that made Wrangler jeans over the use of identifying tabs on clothing. "We protected our trademarks when business has been terrific and when it's been difficult," said Mr. Hanson.

Yet difficult only begins to describe Levi's business today, after it failed to exploit the designer denim boom in what is widely regarded as one of the biggest debacles in the

American clothing business. Levi's sales have plummeted more than 40 percent since 1995 to \$4.1 billion, forcing it to close dozens of factories and lay off nearly half of its workforce, or 7,500 employees, in the last five years.

The clothing company faced two major problems over the last decade: its image and brand — built by, rugged, and all-around bad-boy cool — was largely built for men's jeans cut boy and loose fitting. At the same time, the company, which once distributed its jeans largely through department stores catering to the rich, had shifted into lower-priced retailers like J.C. Penney, Sears and Wal-Mart.

In the mid-1990s, though, the denim industry underwent a seismic shift as small upstarts began designing tight-fitting, form-fitting women's jeans and distributing them through luxury boutiques and department stores.

Wanner suddenly began snapping up jeans from manufacturers like 7 for All Mankind and Troy Reagon that cost more than six times what Levi's charged. Levi's did not produce a premium denim that, Capitol E, until just last year.

"The emergence of all this denim sold at astronomical prices simply passed them by," said David Wolfe, creative director of the Designer Group, a fashion consulting firm in Manhattan. "They should have jumped on the bandwagon but they did not even seem to see the bandwagon rolling, which amazed everyone in the fashion industry."

The denim manufacturers who recognized the trend openly concede that Levi's has served as an inspira-

tion, if not template, for their products.

"Everyone is borrowing from them. It's inevitable," said Michael Silver, the founder of Silver Jeans, who has had several legal run-ins with Levi's. "They should be happy that people are copying them," he said.

But Levi's is not flattered. "The value of the brand will become diluted if the marketplace becomes crowded with products with similar labels or stitching motifs," said Thomas M. Onda, a global intellectual property lawyer for Levi's.

So employees at Levi's keep walking into stores and scanning the racks for rivals who dare to stray to close its trademarks, as Steven Shull, the founder and chief executive of Jaleisy jeans learned when he shipped several interesting arcs on a back pocket.

At the time, Mr. Shull, who loves Levi's and wears its jeans all the time, was confident his design bore no resemblance to the Levi's trademark. "It was not even close," said Mr. Shull, whose jeans sell for between \$200 and \$400 a pair.

"It was an original design," he said, "why would I use Levi's stitching? If my jeans sell for \$200, I would not knock off \$40 jeans from Levi's." Nevertheless, Levi's sued in 2001. "The first night after I was sued by them I couldn't sleep," he said. "The second night, no sleep again. Then I started talking to people in the industry and I realized, hey, everyone's been sued by Levi's."

Relieved, he quickly settled the case, agreeing not to sell jeans with the offending stitches. "I did not even hire a lawyer," he said.

# OPPOSER/PETITIONER'S EXHIBIT Z

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

Applicant/Registrant.

Consolidated Proceedings:  
Opposition No. 91168097  
Opposition No. 91172654  
Cancellation No. 92046246

**Chanel, Inc. Trademark Trial and Appeal Board Proceedings, 2002-2009**  
**(CC Monogram mark)**

<u>Case No.</u>	<u>Defendant</u>	<u>Mark</u>	<u>Date Filed</u>	<u>Status</u>
91189429	Xinglong Lin and Daye Dong	S.N. 77538248 (design mark)	3/25/2009	Pending
91489431	Xinglong Lin and Daye Dong	S.N. 77538290 (design mark)	3/25/09	Pending
91188819	Calzaturificio Gardenia S.r.l.	S.N. 79046465 GG GARDENIA & design	2/10/09	Request for extension of protection to U.S. withdrawn by applicant
91186765	B.L.K. International, Inc.	S.N. 77152351 CC CIRO CITTERIO & design	10/2/08	Default judgment; opposition sustained
91182842	Sunbow Sunglasses Import, Inc.	S.N. 77236584 DC & Design	3/5/2008	Application withdrawn; opposition sustained
91182534	Connor H. Snyder and Nathaneal S. Swander	S.N. 77172494 CG CERTIFIED-GANGSTACO	2/20/08	Default judgment; opposition sustained
91181184	JC Exclusive Inc.	S.N. 78887233 JC... & Design	12/11/2007	Application withdrawn; opposition dismissed
91178950	Enesco, LLC	S.N. 78753878 GG & Design	8/15/07	Suspended pending disposition of Opp. 91178077
91178371	O O Sunglass Inc.	S.N. 78960172 OO DOUBLE-O & Design	7/13/07	Default judgment; opposition sustained
91175986	Gorstew Ltd.	S.N. 78636814 BEACHES CLASSIC COLLECTION CC CLASSIC COLLECTION	3/2/07	Withdrawal of application; opposition sustained

<u>Case No.</u>	<u>Defendant</u>	<u>Mark</u>	<u>Date Filed</u>	<u>Status</u>
91175339	Brilliance U.S.A. Inc.	S.N. 78732219 EE 2E EYEWEAR & Design	1/25/07	Application withdrawn; opposition sustained
91174086	Ching Yun Wang	S.N. 78642697 (design mark)	11/21/06	Application withdrawn; opposition sustained
91174071	Jennifer Michelle McKee Chester	S.N. 78715586 ONWIRED & design	11/20/06	Application withdrawn; opposition dismissed
91173835	Yellowstone Imports, Inc.	S.N. 78555014 (design mark)	11/8/06	Application withdrawn; opposition dismissed
91173466	Brilliance U.S.A. Inc.	S.N. 78720935 (design mark)	10/18/06	Withdrawal of application; opposition sustained
91172654	Frank Mauriello	S.N. 76650737 EE ENELLE & design  S.N. 76651132 ENELLE (stylized)  S.N. 76652820 ENELLE (stylized)  S.N. 76653044 ENELLE (stylized)  S.N. 76654037 ENELLEENELLE & design  S.N. 76654830 EE ENELLE & design  S.N. 76657982 EE & design  S.N. 76657983 ENELLEENELLE & design	8/30/06	Pending

<u>Case No.</u>	<u>Defendant</u>	<u>Mark</u>	<u>Date Filed</u>	<u>Status</u>
91170565	Kimberly K. Chalos	S.N. 78504754 (design mark)	4/24/06	Dismissed without prejudice (mark abandoned)
91169163	Connoisseurs Products Corp.	S.N. 76606952 DD & Design	2/13/06	Suspended pending settlement negotiations
91168097	Frank Mauriello	S.N. 76604356 EE & design	12/16/05	Pending
91165824	Alberto Gozzi S.P.A.	S.N. 78219642 AG ALBERTO GOZZI & design	7/6/05	Suspended pending settlement negotiations
91165237	Lori Smith Schell	S.N. 78370843 EMPOWERED ENERGY & design	5/16/05	Dismissed without prejudice (mark abandoned)
91165224	Bowman, Diaz & Mokry	S.N. 78294350 (design mark)	5/16/05	Dismissed without prejudice
91161671	Frontier Fashion, Inc.	S.N. 91161671 EE & design	8/3/04	Terminated (sustained; mark abandoned)
91160996	Christina Muls Delassue	S.N. 78197969 CC CHRIS & CHRIS & design	6/14/04	Terminated (sustained; mark abandoned)
91159275	Lamar Shaheer Parrish	S.N. 76480513 GC CLOWN'N GEAR & design	1/23/04	Terminated (sustained; mark abandoned)
91159091	Serralles Hotel, Inc.	S.N. 78185108 CC & design	12/24/03	Dismissed with prejudice (following settlement)
91155949	Clara Guillen Gallardo	S.N. 76248264 INAKI & CLARA & design	3/31/03	Terminated (sustained; mark abandoned)



<u>Case No.</u>	<u>Defendant</u>	<u>Mark</u>	<u>Date Filed</u>	<u>Status</u>
91125684	Jay-Y Enterprise Co., Inc.	S.N. 76106633 CG & design	4/17/02	Terminated (sustained; mark abandoned)

# OPPOSER/PETITIONER'S EXHIBIT AA

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

Applicant/Registrant.

Consolidated Proceedings:

Opposition No. 91168097

Opposition No. 91172654

Cancellation No. 92046246



# WIPO Arbitration and Mediation Center

## ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. Domain Privacy Group, Inc. / Charlene Newport**

**Case No. D2009-0081**

### 1. The Parties

The Complainant is Chanel, Inc. of New York, United States of America, represented by Fross Zelnick Lehrman & Zissu, PC, United States of America.

The Respondent is Domain Privacy Group, Inc. of Toronto, Canada / Charlene Newport of Invercargill, New Zealand.

### 2. The Domain Name and Registrar

The disputed domain name <chanel.sale.com> is registered with Netfirms, Inc.

### 3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on January 21, 2009. On January 22, 2009, the Center transmitted by email to Netfirms, Inc., a request for registrar verification in connection with the disputed domain name. On January 22, 2009, Netfirms, Inc. transmitted by email to the Center its verification response disclosing registrant and contact information for the disputed domain name which differed from the named Respondent and contact information in the Complaint. The Center sent an email communication to the Complainant on February 2, 2009 providing the registrant and contact information disclosed by the Registrar, and inviting the Complainant to submit an amendment to the Complaint. The Complainant filed an amendment to the Complaint on February 4, 2009. The Center verified that the Complaint together with the amendment to the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the "Policy" or "UDRP"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "Supplemental Rules").

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on February 6, 2009. In accordance with the Rules, paragraph 5(a), the due date for Response was

February 26, 2009. The Respondent did not submit any response. Accordingly, the Center notified the Respondent's default on March 2, 2009.

The Center appointed David Perkins as the sole panelist in this matter on

March 6, 2009. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

## 4. Factual Background

### 4.A The Complainant

4.A.1 The Complainant, Chanel Inc., is a premier manufacturer, importer and seller of luxury products including bags, shoes, clothing, fragrances, skin care, cosmetics, jewelry, sunglasses and other accessories which are sold worldwide under the CHANEL trademark. It has been trading in the United States for over 80 years and its brand, CHANEL, is one of the most recognized and respected names in the fashion and beauty field.

4.A.2 The Complainant's products are advertised under the CHANEL mark on television, radio and in numerous magazines and publications circulating both in the United States and internationally. The Complainant has spent over USD 250 million on advertising and promotion over the past 5 years. The Complainant also conducts special events, such as its recent mobile art travelling exhibition in Hong Kong, SAR of China, Tokyo and New York.

4.A.3 The Complainant's CHANEL products are sold through its own CHANEL retail stores and in exclusive boutique stores and stand alone jewelry boutiques in famous US department stores such as Neiman Marcus, Barney's, Macey's, Nordstrom and Saks Fifth Avenue. Currently, there are more than 2500 outlets in the United States that sell CHANEL products.

4.A.4 The Complainant has also had an Internet presence at <chanel.com> since 2000. Apart from providing news about the Complainant, highlights of the Complainant's fashion shows, featuring its products and providing a store locator service identifying Chanel stores both in the US and worldwide, Chanel fragrances, beauty products and certain fashion accessories can be purchased through its website. Over the period January to March 2008 inclusive, more than 4 million visitors used the <chanel.com> website.

4.A.5 The Complainant is the proprietor of some 29 trademark registrations for CHANEL in the United States, which covers a number of classes of goods and services, the earliest dating from 1925. Of that number, 22 are incontestable under US law, with the result that such registrations are conclusive evidence of the Complainant's exclusive rights in the CHANEL trademark. The CHANEL trademark is also widely registered worldwide.

4.A.6 The Women's Wear Daily (WWD) 100 of July 2005, which lists the best known fashion brands, listed the CHANEL brand as 35 having a sales volume of USD 2.8 billion. In 2006, the ranking moved to 34 and sales to USD 3.3 billion. In 2007 and 2008 the rankings were, respectively, 42 and 38. Interbrand's "Best Global Brands" Report in 2008 ranked the CHANEL brand at 60, which is higher than many other well-known marks, such as YAHOO!, KLEENEX, STARBUCKS and VISA.

4.A.7 Books have been written about the House of Chanel and its founder, Coco Chanel, including "Chanel (The Universe of Fashion)" by Francois Baudot and "Chanel: A Woman of her own" by Alex Madsen. There have also been television documentaries for example, "Chanel, Chanel" and "Coco Chanel" (BBC) a musical entitled "Coco" and a recent movie on the Lifetime Television cable network entitled "Coco Chanel".

4.A.8 The CHANEL mark has been held to be well-known and distinctive by US Courts. For example, *Chanel, Inc v. Smith* 178 USPQ 630, 631 (N.D. Cal. 1973) and *Chanel, Inc v. Italian Activewear of Florida, Inc* 931 F. 2d. 1472, 1474 (11<sup>th</sup> Cir. 1991). The mark has also been recognized as a well-known mark in decisions under the Policy. For example: *Chanel, Inc v. Cologne Zone*, WIPO Case No. D2000-1809; *Chanel, Inc v. IGGI Networks, Inc*, WIPO Case No. D2000-1831; and *Chanel, Inc v. Designer Exposure*, WIPO Case No. D2000-1832.

4.A.9 The CHANEL mark has also been featured in films, songs, literature and in art. An example of the latter is, the famous Warhol painting of the CHANEL No. 5 bottle. In addition, well-known companies, such as Mercedes-Benz, have requested the right to make use of the CHANEL mark and CHANEL products in their national advertising campaigns.

4.A.10 The 29 US trademark registrations for CHANEL referred to in paragraph 4.A.5, are set out below.

Country	Reg. No.	Mark	Class(es)	Date Registered and Date of First Use in Commerce
US	195,360	CHANEL	6	Registered February 24, 1925 First Used in Commerce January 1, 1920
US	302,690	CHANEL	3	Registered April 25, 1933 First used in Commerce January 1, 1921
US	510,992	CHANEL	3	Registered June 14, 1949 First Used in Commerce January 1, 1920
US	513,132	CHANEL	3	Registered August 21, 1949 First Use in Commerce January 1, 1921

US	612,169	CHANEL	14	Registered September 13, 1955 First Used before in Commerce 1925
US	626,035	CHANEL	18	Registered May 1, 1956 First Used in Commerce November 24, 1954
US	802,851	CHANEL	3	Registered January 25, 1966 First Used in Commerce January 1, 1920
US	902,190	CHANEL	14	Registered November 10, 1970 First Used in Commerce 1925
US	906,262	CHANEL	25	Registered January 19, 1971 First Used in Commerce 1925
US	915,139	CHANEL	25	Registered June 15, 1971 First Use in Commerce March 17, 1970
US	930,567	CHANEL	25	Registered March 7, 1972 First Use in Commerce 1963
US	955,074	CHANEL	14	Registered March 13, 1973 First Use in Commerce December 22, 1971
US	1,037,892	CHANEL	24	Registered April 13, 1976 First Use in Commerce September 28, 1972
US	1,079,438	CHANEL	25	Registered December 13, 1977 First Use in Commerce October 21, 1976
US	1,087,999	CHANEL	5	Registered March 28, 1978 First Use in Commerce September 1976
US	1,177,400	CHANEL	25	Registered November 10, 1981 First Use in Commerce September 12, 1977
US	1,241,265	CHANEL	25	Registered June 7, 1983 First Use in Commerce 1925
US	1,263,845	CHANEL	4	Registered January 10, 1984 First Use in Commerce 1977
US	1,347,677	CHANEL	16 & 18	Registered July 9, 1985 First Use in Commerce November 24, 1954
US	1,348,842	CHANEL	3	Registered July 16, 1985 First Use in Commerce January 1, 1920
US	1,510,757	CHANEL	9	Registered November 1, 1988 First Use in Commerce September 4, 1987
US	1,559,404	CHANEL	42	Registered October 3, 1989 First Use in Commerce 1976
US	1,571,787	CHANEL	14	Registered December 19, 1989 First Use in Commerce October 1987
US	1,647.875	CHANEL	6	Registered June 18, 1991 First Use in Commerce 1985
US	1,660,866	CHANEL	21	Registered October 15, 1991 First Use in Commerce 1984

US	1,733,051	CHANEL	8	Registered November 17, 1992 First Use in Commerce 1954
US	2,812,740	CHANEL	26	Registered February 10, 2004 First Use in Commerce January 1, 1986
US	3,133,139	CHANEL	14	Registered August 22, 2006 First Use in Commerce 1925
US	3,134,695	CHANEL	9, 20, 25, 26 and 28	Registered August 29, 2006 First Use in Commerce respectively January 1991 (Class 9): September 1, 2004 (Class 20): September 1, 2004 (Classes 25 and 24) and July 1, 2004 (Class 28)

## 4.B The Respondent

4.B.1 In the absence of a Response, the information relating to the Respondent and her activities is taken from the Complaint.

4.B.2 The disputed domain name <chanel.com> was registered on March 8, 2008. An Internet user accessing that domain name is directed to a webpage that identifies ongoing auctions at the eBay website for products which may, or may not, be genuine CHANEL products. Those depicted and offered on the printout from the homepage of January 16, 2009 include so-called CHANEL boutique pink boucle wool skirt suit: CHANEL beige quilted boots: CHANEL CC luggage, handbag, purse shoulder XL: CHANEL CC logo key chains wall purse bag in box: CHANEL flamenco black lace 36 dress: CHANEL Chance Eau Fraiche and CHANEL sunglasses.

4.B.3 On that homepage, the CHANEL mark is prominently displayed and is in a font and logo type almost identical to that used by the Complainant. The word "sale" is separately displayed in a different colour, size and font. Consequently, the website is simply titled, CHANEL. There is no information as to the source or sponsor of the website.

4.B.4 The Panel takes note that the eBay partner network rewards third parties, such as the Respondent, who create websites that will attract visitors to eBay pages and auctions. Such a member of the partner network receives money from eBay for so-called "quality traffic", whether that be a customer who places a bid on one of the items identified on the website, a person who purchases an item from the website, or a person who visits the website and goes on to register with eBay. The amount of the payment depends upon how much "quality traffic" the third party attracts to eBay.

## 5. Parties' Contentions

### 5.A Complainant

#### 5.A.1 Identical or Confusingly Similar

5.A.1.1 Based on paragraph 4.A above, the Complainant asserts that it has rights in the registered trademark CHANEL and that the CHANEL mark is a well-known trademark.

5.A.1.2 Because the disputed domain name incorporates the CHANEL trademark, it is the Complainant says confusingly similar to that trademark. The Complainant cites decisions under the Policy in support of that proposition, namely *Infospace.com, Inc v. Infospace Technology Co. Ltd*, [WIPO Case No. D2000-0074](#) where the complainant's registered trademark was INFOSPACE and the disputed domain name was <microinfospace.com>; *Kabushiki Kaisha Hitachi Seisakusho (d/b/a Hitachi Ltd) v. Arthur Wrangle*, [WIPO Case No. D2005-1105](#), where the complainant's registered trademark was HITACHI and the disputed domain name was <hitachisemiconductor.com>; *EAuto LLC v. EAuto Parts*, [WIPO Case No. D2000-0096](#), where the complainant's registered trademark was EAUTO and the disputed domain name was <eaautoparts.com>; and *Chanel, Inc v. Estco Technology Group* [[WIPO Case No. D2000-0413](#)] where the disputed domain names were <chanelstore.com> and <chanelfashion.com>.

#### 5.A.2 Rights or Legitimate Interests

5.A.2.1 Because the CHANEL name had been widely registered and used for more than 80 years before the Respondent registered the disputed domain name, the Complainant says that the Respondent was clearly on notice of the Complainant's rights in the CHANEL mark. The Complainant refers to the decision in *Chanel, Inc v. Buybeauty.com*, [WIPO Case No. D2000-1126](#), where the panel said, citing an earlier decision under the Policy in *Guertain S.A. v. Pei kang*, [WIPO Case No. D2000-0055](#), that given the fame and substantial use of the CHANEL mark, "no actual or contemplated *bona fide* or legitimate use of the Domain Name <buychanel.com> could be claimed by Respondent". The Panel then went on to say:

"Finally, where, as here, the CHANEL mark is venerable and distinctive, it is not reasonably possible for Respondent to demonstrate

any legitimate interest in a domain name consisting of the CHANEL mark.”

The Complainant also cites for the same proposition *Nike, Inc v. B.B. de Boer*, WIPO Case No. D2000-1397, where the disputed domain name was <nike-shoes.com> and the panel held:

“given that Complainant’s trademark is distinctive and famous to the point where it may not be used by other persons even in fields or industries unrelated to Complainant’s activities, one would be hard pressed to find a person who may show a right or legitimate interest in a domain name containing Complainant’s trademark.”

5.A.2.2 Further, Complainant states that the Respondent is neither licensed nor otherwise authorized to use the CHANEL mark.

5.A.2.3 Next, the Complaint states that there is no evidence to show that the Respondent has been commonly known by the disputed domain name.

5.A.2.4 Finally, the Complainant says that the Respondent cannot be said to be making legitimate non-commercial or fair use of the disputed domain name. Use of the disputed domain name to point to other websites to collect referral fees - as the Respondent does in this case (see, paragraphs 4.B.2 to 4.B.4 above) cannot be considered a *bona fide* offering of goods or services for a non-commercial or fair use. In that respect, the Complainant cites the decision in *PRL USA Holdings Inc v. LucasCobb*, WIPO Case No. D2006-0162, where the complainant was the proprietor of the RALPH LAUREN mark and the disputed domain name <ralphlaurenpants.com> was used to generate click-through revenue by pointing to other websites. That decision cited the earlier Decision in *Fresh Intellectual Properties, Inc v. Matt Braska*, WIPO Case No. D2005-0096. There the complainant owned the US trademark 1-800 FLOWERS and the disputed domain name <18000flowers.com> pointed to the complainant’s website in order to collect referral fees. The complainant also cites the *Hitachi* case [referred to in paragraph 5.A.1 above], where the disputed domain name directed users to a variety of websites offering mostly obsolete HITACHI parts and such was held not to be a legitimate use of that domain name.

5.A.2.5 Nor, the Complainant says, can the Respondent claim an entitlement to use the CHANEL mark in the disputed domain name under the approach proposed in *Okidata Americas, Inc v. ASD, Inc.*, WIPO Case No. D2001-0903 by linking to an eBay auction site offering purported genuine CHANEL products. This is because, the Complainant says, the Respondent fails to meet two of the four requirements to establish a *bona fide* offering, namely,

- (1) the Respondent must use the site to sell only the trademarked goods; and
- (2) the site must accurately disclose the registrant’s relationship with the trademark owner.

5.A.2.6 As to the first of those two requirements, the Complainant says that the Respondent is not actually selling any products authentic or otherwise. The Respondent is simply identifying eBay sellers who are offering alleged CHANEL products and is thereby deriving revenue.

5.A.2.7 As to the second, neither the disputed domain name nor the associated website disclose the lack of any relationship between the Complainant and the Respondent. In fact, the logo and typeface are, the Complainant says, clearly designed to create a false impression of affiliation with or endorsement by the Complainant: see, in that respect paragraph 4.B.3 above.

5.A.2.8 Furthermore, the Complainant points to the *Okidata* requirements not being universally adopted in decisions under the Policy, the contrary view being that a reseller even an authorized reseller cannot use a trademark in a domain name without the express consent of the trademark owner. There is no such consent in this case. The authorities cited are *The Stanley Works v. Camp Creek Co Inc.*, WIPO Case No. D2000-0113; *Toyota Jidosha Kabushiki Kaisha t/a Toyota Motor Corporation v. Double Time Jazz a/k/a Jamey Aebersold*,

NAF Claim No. FA0204000113316; and *Avon Products Inc. v. Jongsoo Lee*, WIPO Case No. D2001-0272.

5.A.2.9 In short, the Complainant’s case is that the Respondent cannot demonstrate that any of the circumstances set out in paragraph 4(c) of the Policy apply on the facts of this case.

### 5.A.3 Registered and Used in Bad Faith

5.A.3.1 The Complainant says that, given the fame and well-known status of the CHANEL trademark, the Respondent’s adoption of that mark in the disputed domain name cannot have been in good faith.

5.A.3.2 This is compounded by the use to which the disputed domain name has been put. The Complainant’s case is that the circumstances here fall fairly and squarely within paragraph 4(b)(iv) of the Policy. For example, the Respondent has copied the Complainant’s logo and used CHANEL as a stand alone mark on the website: paragraph 4.B.3 above. The Respondent’s intention is the Complainant says clearly to confuse consumers by trading on the Complainant’s rights and reputation of the CHANEL name to drive traffic to the eBay website for its own commercial benefit. Similar facts in cases decided under the Policy have been held to constitute bad faith registration and use in bad faith.

5.A.3.3 For example, *Houghton Mifflin Co v. The Weathermen, Inc.*, WIPO Case No. D2001-0211, where the complainant was the publisher of the “Curious George” series of books and the disputed domain name <curiousgeorge.net> was used by the respondent for a website offering “Curious George” merchandise for sale but without any authorization to use the complainant’s “Curious George” trademark. The complainant also cites *Philip Morris Incorporated v. Alex Tsyphkin*, WIPO Case No. D2002-0946, where the disputed

domain name <discount-malboro-cigarettes.com> was used for a website at which the respondent sold genuine MARLBORO cigarettes manufactured by Philip Morris as well as cigarettes made by competitors of Philip Morris. The respondent's website was also dominated by the complainant's "red roof" logo, also a registered Philips Morris trademark. In both cases, the panels found the respondent's activities constituted registration and use in bad faith under paragraph 4(b)(iv) of the Policy.

5.A.3.4 The circumstances in this case amount, the Complainant says, to opportunistic bad faith use and registration of the type characterized in the decisions in *Pharmacia & Upjohn Company v. Moreonline*, WIPO Case No. D2000-0134, where the complainant's trademark was ROGAINE used for its treatment of hair loss and the disputed domain name was <regaine.net> which resolved to an inactive website; *Veuve Clicquot Ponsardin v. The Polygenix Group Co.*, WIPO Case No. D2000-0163, where the disputed domain name was <veuveclicquot.org>, which the respondent was not using but was offering for sale; and *Chanel, Inc v. Cologne Zone*, WIPO Case No. D2000-1809, where the disputed domain names were <chanelperfumes.com> and <chaneloperfumes.net> but neither had been used despite the respondent's stated intention of using them for a website selling various brands of perfume, including CHANEL.

## 5.B. Respondent

As stated, no Response has been filed.

## 6. Discussion and Findings

6.1 The Policy paragraph 4(a) provides that the Complainant must prove each of the following in order to succeed in an administrative proceeding

(i) that the Respondent's domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and

(ii) that the Respondent has no rights or legitimate interests in respect of the domain name; and

(iii) that the domain name has been registered and is being used in bad faith.

6.2 The Policy paragraph 4(c) sets out circumstances which, in particular but without limitation, if found by the Panel to be proved shall demonstrate the Respondent's rights or legitimate interest in the domain name in issue.

6.3 The Policy paragraph 4(b) sets out circumstances which, again in particular but without limitation, if found by the Panel to be present shall be evidence of the registration and use of a domain name in bad faith.

6.4 As stated, the circumstances set out in paragraph 4(b) and 4(c) of the Policy are not exclusionary. They are without limitation. That is, the Policy expressly recognizes that other circumstances can be evidence relevant the requirements of paragraphs 4(a)(ii) and (iii) of the Policy.

### Identical or Confusingly Similar

6.5 The Complainant has established rights in the CHANEL registered trademark, which is on any view a well-known mark.

6.6 The disputed domain name comprises the CHANEL mark with the descriptive suffix "sale". The well-known CHANEL mark is the dominant and distinctive element of the disputed domain name and, as a consequence that domain name is confusingly similar to the Complainant's mark.

6.7 Accordingly, the Complaint satisfies the requirements of paragraph 4(a)(i) of the Policy.

### Rights or Legitimate Interests

6.8 On the facts, it is plain that the Respondent cannot demonstrate that any of the circumstances set out in paragraph 4(c) of the Policy apply in this case.

6.9 The Respondent cannot pray in aid of the *Oki Data* case as providing her with rights or legitimate interests in the disputed domain name quite simply because the Respondent is not herself selling genuine CHANEL products. However, even were that the case on the facts, this Panel does not necessarily subscribe to the *Oki Data* test, but takes the view that, without the express permission of the trademark holder, the right to resell the trademark owner's products does not extend to using his trademark or domain name. This is particularly the case where a trademark is used in a reseller's advertising in such a way that it may give rise to the impression that there is a commercial connection between the reseller and trademark owner, and in particular that the reseller's business is in some way affiliated to the trademark owner's business or that there is a special relationship between the two undertakings. It is not essential to use the trademark owner's mark, as the basis for a domain name in order to resell the products of that trademark owner.

6.10 On the facts of this particular case it is plain that the Respondent was from the outset well aware of the Complainant's rights in the mark CHANEL, so that the Respondent cannot claim that her use of a domain name which is confusingly similar to that trademark can constitute a *bona fide* use. Nor, on the facts here, is such use by the Respondent a legitimate or non-commercial or fair use. It is a blatant attempt to misleadingly divert consumers into believing that the goods auctioned are genuine CHANEL products and/or that the



Respondent's website is in some way connected with and authorized by the Complainant.

6.11 The Complaint succeeds under paragraph 4(a)(ii) of the Policy.

### **Registered and Used In Bad Faith**

6.12 For the same reasons that the Respondent cannot show rights or legitimate interests in respect of the disputed domain name, her registration and use of that domain name is in bad faith. It would be repetitive again to rehearse the facts set out in paragraphs 4.B.2 to 4.B.4, save to say that they constitute circumstances in this case plainly falling within paragraph 4(b)(iv) of the Policy.

6.13 In the circumstances, the Complaint meets the two requirements of paragraph 4(a)(iii) of the Policy.

### **7. Decision**

For all the foregoing reasons, in accordance with paragraphs 4(i) of the Policy and 15 of the Rules, the Panel orders that the domain name <channelsale.com> be transferred to the Complainant.

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David Perkins  
Sole Panelist

Dated: March 16, 2009



# WIPO Arbitration and Mediation Center

## ADMINISTRATIVE PANEL DECISION

Chanel v. 1

Case No. D2003-0218

### 1. The Parties

Complainant is Chanel, 135 Avenue Charles de Gaulle, 92521 Neuilly-sur-Seine, France, of France. The Complainant's authorized representative in this administrative proceeding is Fross Zelnick Lehrman & Zissu, PC of United States of America.

The Respondent is 1, Seoul, Republic of Korea, of Republic of Korea.

### 2. The Domain Name and Registrar

This dispute concerns the domain name <chanelbiz.com>, hereinafter referred to also as the "domain name." The registrar is Tucows.

### 3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on March 19, 2003. On March 20, 2003, the Center transmitted via email to Tucows, a request for registrar verification in connection with the domain name at issue. On March 21, 2003, Tucows transmitted via email to the Center, Tucow's Verification Response, confirming that the registrant is "1" and that the domain name registration is in "active" status.

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on March 27, 2003. In accordance with the Rules, paragraph 5(a), the due date for Response was April 17, 2003.

On April 24, 2003, having received no Response from the Respondent, the Center issued a Notification of Respondent Default. No reply by Respondent to the Notification of Respondent Default was received.

In view of the Complainant's designation of a single member panel the Center invited Mr. Luca Barbero to serve as a Panelist and transmitted to him the Request for Declaration of Impartiality and Independence and a Statement of Acceptance.

Having received Mr. Luca Barbero's Statement of Acceptance and Declaration of Impartiality and Independence,

the Center transmitted on May 14, 2003, to the parties a Notification of Appointment of Administrative Panel and Projected Decision Date for May 28, 2003. The Sole Panelist finds that the Administrative Panel (hereinafter referred to also as the Panel) was properly constituted and appointed in accordance with the Rules and Supplemental Rules.

Having reviewed the communication records in the case file, the Panel finds that the Center has discharged its responsibility under Paragraph 2(a) of the Rules "to employ reasonably available means calculated to achieve actual notice to Respondent."

Therefore, the Panel shall issue the Decision on the basis of the Complaint, the Policy, the Rules, the Supplemental Rules and any rules and principles of law deemed applicable, without the benefit of any Response from Respondent.

#### 4. Factual Background

The Complaint is based on a number of registrations for the trademark CHANEL in Korea and other countries.

The Respondent registered the domain name <chanelbiz.com> on April 2, 2002.

#### 5. Parties' Contentions

##### A. Complainant

The Complainant indicates that Chanel and its affiliated companies (the "Chanel Companies") are premier manufacturers, importers, and sellers of luxury products throughout the world. CHANEL is a recognized leader and one of the most recognized names in the fields of beauty, fashion, accessories, and couture since as early as 1920.

The Complainant informs the panel that since or about 1985, the trademark CHANEL has been used by Complainant or its affiliated companies as a trade name and trademark in Korea, where Respondent is located. During the years, Complainant has promoted the CHANEL mark in Korea through sales of millions of dollars and through extensive marketing and promotional activities.

The Complainant underlines that the Chanel Companies have registered the CHANEL mark in at least 170 jurisdictions throughout the world, including Korea. Chanel owns 15 registrations for the CHANEL mark in Korea, some dating back to 1978, and all of which were issued before the Respondent registered the domain name. Copies of these registrations were provided to the Panel as well as information related to the amount of advertising and marketing investment which took place in Korea to promote the trademark.

The Complainant informs the Panel that Korean courts have held the CHANEL mark to be well known quoting the decision *Chanel v. Pyonghwa Fat and Oil Industry Co., Ltd.*, Supreme Court of Korea, October 14, 1986, Case No. 83 Hu 77 (CHANEL is an internationally well-known trademark); *Chanel v. Sung-Bok Jin*, Seoul High Court, November 3, 1998, Case No. 97 Na 26588 (CHANEL mark is well-known in Korea) attaching the Korean language versions of these decisions, as well as an English translation to the Complaint. In addition, courts in the United States, Japan, China, Indonesia, Taiwan, France, and Greece, among other jurisdictions, have found that CHANEL is well-known and famous, mentioning also the outcome of numerous surveys reaching the same conclusions.

The Complainant also quoted a number of WIPO cases where Panelist have repeatedly recognized that the CHANEL mark is world famous.

The Complainant underlines that although the domain name was registered on April 2, 2002, to the best of Complainant's knowledge, from that time through the present there has either been no website at the domain name or what appears to be a holding page, providing the panel with the printout of the relevant web page.

The Complainant underlines that the Respondent's domain name incorporates without alteration Complainant's registered CHANEL mark, making it confusingly similar to Complainant's CHANEL trademark. According to the

Complainant the domain name is clearly meant to create an association with Complainant as the term BIZ is a generic term frequently used in domain names to indicate that a website is related to a business. Thus, the addition of this generic term to the main portion of the sign does not alter the fact that the domain name <chanelbiz.com> is confusingly similar to Complainant's CHANEL trademark.

With reference to the lack of legitimate rights or interest in the domain name, the Complainant underlines that the domain name registration was obtained after the quoted trademark registrations for the CHANEL mark in Korea and after the Complainant had been extensively using its CHANEL mark in Korea.

The Complainant informs the Panel that there exists no relationship between Complainant and Respondent and Complainant has never licensed, permitted, or authorized Respondent to own or use the domain name. Furthermore, the Complainant indicates that the Respondent is not using the domain name in connection with a *bona fide* offering of goods or services nor is making legitimate noncommercial or fair use of the domain name.

The Complainant furthermore notes that although the domain name has been registered since April 2, 2002, no functioning website, other than a holding page has ever been established under the domain name.

According to the Complainant, also the final element of the registration and use in bad faith is present in the present procedures in light of the following circumstances. The Respondent has taken Complainant's trademark CHANEL as the main part of its domain name and has failed to use the domain name to sell or provide any goods or services. The Respondent is located in a country where the Complainant is the owner of 15 trademark registrations for the CHANEL mark secured before the domain name was registered

The Complainant notes that since CHANEL is one of the most famous marks in the world the Respondent knew of the fame of the CHANEL mark when it obtained the domain name. Moreover, given that the Respondent has no connection with the Complainant and has never been authorized by the Complainant to use or register the domain name, the very fact that the Respondent has registered the domain name establishes bad faith use and registration.

In addition, according to the Complainant, the CHANEL mark and, by extension, the domain name are so obviously connected with Complainant that the use of this domain name by someone who has no connection to Complainant or its goods or services suggests "opportunistic bad faith" since the domain name would certainly be associated in consumers' minds with Chanel.

The Complainant notes that the name supplied for the Respondent and its administrative contact in the WHOIS records is "1," and the address given for the Respondent and its administrative contact is "Seoul in KOREA, Seoul in KOREA, Seoul, 000-000, KR," with no phone number supplied; this makes it clear, according to the Complainant, that the Respondent simply invented the identification and contact information it provided to the Registrar, so that it could not be identified or found. Such behavior also demonstrates the Respondent's bad faith.

## B. Respondent

The Respondent has not contested the allegations of the Complainant and is in default.

## 6. Discussion and Findings

According to paragraph 15(a) of the Rules: "A Panel shall decide a Complaint on the basis of the statements and documents submitted in accordance with the Policy, the Rules and any rules and principles of law that it deems applicable." Paragraph 4(a) of the Policy directs that the Complainant must prove each of the following:

- (i) that the domain name registered by the Respondent is identical or confusingly similar to a trademark or a service in which the Complainant has rights; and
- (ii) that the Respondent has no rights or legitimate interests in respect of the domain name; and
- (iii) that the domain name has been registered and is being used in bad faith.

### 6.1. Domain name identical or confusingly similar

The Complainant has provided evidence of ownership of several trademark registrations in different classes for CHANEL in Korea, including the registration N. 80733 of January 20, 1982, in local class 34.

The suffix "biz," as indeed any suffix - especially if generic - added to a well-know trademark, is to be considered immaterial in the evaluation of the confusingly similarity between the Complainant's trademark and a domain name.

In view of the above, the Panel finds that the Complainant has proved that the domain name is confusingly similar to the trademark of the Complainant according paragraph 4(a)(i) of the ICANN Policy.

## 6.2. Rights and legitimate interest

The Complainant must show that the Respondent has no rights or legitimate interests in respect of the dispute domain name. The Respondent does not assume the burden of proof, but may establish a right or legitimate interest in a disputed domain name by demonstrating in accordance with paragraph 4(c) of the Policy that:

- (a) He has made preparations to use the domain name or a name corresponding to the domain name in connection with a *bona fide* offering of goods or services prior to the dispute;
- (b) He is commonly known by the domain name, even if he has not acquired any trademark rights; or
- (c) He intends to make a legitimate, non-commercial or fair use of the domain name without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark.

By not submitting a Response, the Respondent has failed to invoke any circumstance that could demonstrate, pursuant to paragraph 4(c) of the Policy, any rights or legitimate interests in the domain name.

Furthermore, there is no relation, disclosed to the Panel, between the Respondent and the Complainant and Respondent is not a licensee of the Complainant, nor has the Respondent otherwise obtained an authorization to use Complainant's trademark and name under any circumstance.

The Panel therefore finds that the Respondent has no rights or legitimate interests in respect of the domain name, according to paragraph 4(a)(ii) of the ICANN Policy.

## 6.3. Registration and Use in Bad Faith

For the purpose of Paragraph 4(a)(iii) of the Policy, the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of the domain name in bad faith:

- (i) circumstances indicating that the holder has registered or has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of the holder's documented out-of-pocket costs directly related to the domain name; or
- (ii) the holder has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the holder has engaged in a pattern of such conduct; or
- (iii) the holder has registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, the holder has intentionally attempted to attract, for commercial gain, Internet users to the holder's website or other online location, by creating a likelihood of confusion with the Complainant's mark as to the source, sponsorship, affiliation, or endorsement of your website or location or of a product or service on the holder's website or location.

In light of the fact that none of the above circumstances was proven to be literally present in the present procedure, pursuant to the interpretation of the ICANN's Uniform domain name Dispute Resolution Policy in cases of passive holding of the domain name first provided in *Telstra Corporation Limited v. Nuclear Marshmallows*, (WIPO Case No. D2000-0003) and in a number of following decisions such as *Ingersoll-Rand v. Frank Gully, d/b/a Advcomren*, (WIPO Case No. D2000-0021); *Compaq Computer Corp. v. Boris Beric*, (WIPO Case No.

D2000-0042); *Guerlain, S.A. v. Peikang*, (WIPO Case No. D2000-0055); *Revlon Consumer Products Corporation v. Yoram Yosef aka Joe Goldman* (WIPO Case No. D2000-0468), the Panel has taken into consideration the following particular circumstances for the assessment of bad faith.

The Complainant's trademark is well known in Korea, as also established by the quoted decisions by the local Court, and in a number of different countries of the world. Therefore, the Panel finds that the Respondent knew or should have known of the existence of the CHANEL well-known trademark at the time of the registration of the domain name.

Also in light of the fact that Chanel trademark is well-known in many countries, it is not possible for the Panel to conceive of any legitimate, actual or contemplated, active use of the instant domain name by the Respondent.

As stated i.a. in *Chanel, Inc. v. IGGI Networks, Inc.*, (WIPO Case No. D2000-1831) "By knowingly choosing a domain name consisting of" Complainant's "CHANEL mark, Respondent intentionally created a situation at odds with the legal rights and obligations of the parties. The conduct of Respondent in registering <chanelmail.com>, is indicative that Respondent registered <chanelmail.com> in bad faith. See, e.g., *San Rio Co. Ltd v. DLI*, WIPO D2000-0159 (act of registering domain name identical to Complainant's mark led to finding of bad faith)."

Furthermore, as decided in *Chanel, Inc. v. Buybeauty.com* (WIPO Case No. D2000-1126) with reference to a constructive prior knowledge of the trademark by the Respondent "Given this awareness, it is evident that the registration and use of the domain name was in bad faith. See *Cellular One Group v. Paul Bryan*, WIPO D2000-0028. The fact that Respondent proceeded with the registration of a domain name that incorporates the CHANEL mark in its entirety supports a finding of registration and use in bad faith. *Cortefiel, S.A. v. Miguel Garcia Quintas*, WIPO D2000-0140."

The Panel also notes that the Respondent has failed to respond to the Complaint at issue or to deny any of its allegations and has therefore not provided any evidence of nor alleged any actual or contemplated good faith use of the domain name.

Furthermore, the Panel remarks that the name supplied by the Respondent in the WHOIS records is "1" and the address declared is "Seoul in KOREA, Seoul in KOREA, Seoul, 000-000, KR," with no phone number supplied; this is a rather clear indication that the Respondent has provided false information for the instant registration. The Panel finds that such a behavior, also in light of the other conducts of the Respondent, is to be considered an additional circumstance evidencing bad faith in the registration and use of the domain name.

As already stated in numerous decisions and i.a. in *Action Instruments, Inc v. Technology Associates* (WIPO Case No. D2003-0024) "Respondent has provided false contact information to the Registrar. (...) This is strong evidence that Respondent's submission of false information was intentional, rather than a mere typographical error. The use of false contact information in Respondent's initial registration application is evidence that Respondent registered in bad faith. *Royal Bank of Scotland Group v. Stealth Commerce*, (WIPO Case No. D2002-0155); *Home Director, Inc. v. Home Director*, (WIPO Case No. D2000-0111). Providing false contact information violates paragraph 2 of the Policy, which requires a registrant to represent that the statements it 'made in [its] Registration Agreement are complete and accurate.' Maintaining that false contact information in the WHOIS records (which can easily be updated at any time) after registration constitutes bad faith use of the domain name because it prevents a putative Complainant from identifying the registrant and investigating the legitimacy of the registration. For example, permitting registrants to mask their identity makes it difficult for trademark owners to determine whether the registrant "registered the domain name primarily for the purpose of disrupting the business of a competitor," Policy paragraph 4(b)(iii), or whether the registrant "engaged in a pattern" of registering domain names "in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name," Policy paragraph 4(b)(ii). Under the U.S. Anticybersquatting Consumer Protection Act, moreover, "provision of material and misleading false contact information when applying for the registration of the domain name" is itself evidence of bad faith. 15 U.S.C. 1125(d)(1)(B)(VII)."

In view of the above, the Panel finds that the Respondent registered and used the domain name in bad faith, according to paragraph 4(a)(iii) of the ICANN Policy.

## 7. Decision

In light of the foregoing, the Panel determines that the domain name registered by the Respondent is confusingly similar to the Complainant's trademark, that the Respondent has no rights or legitimate interests in respect of the domain name and that the domain name has been registered and used in bad faith.

Accordingly, the Panel decides that the registration of the domain name <chanelbiz.com > be transferred to the Complainant.

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Luca Barbero  
Sole Panelist

Dated: May 28, 2003



## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

**Chanel Inc. v. Bontempo**

**Case No. D2002-0721**

#### **1. The Parties**

Complainant is Chanel Inc., New York, New York 10019, United States of America ("USA").

Respondent is Mr. D. P. Bontempo, Pasadena, CA 91105, USA.

#### **2. The Domain Names and Registrar**

The domain names at issue are <chanelbags.com> and <chanelpurses.com>.

The Registrar is direct NIC.com with an address at Intercosmos Media Group, Inc., 650 Poydras Street, Suite 2311, New Orleans, La 70130, U.S.A fax 604-566-0484 and email address of legal/directnic.com.

#### **3. Procedural History**

This administrative proceeding was brought in accord with the ICANN Uniform Name Dispute Resolution Policy dated approved on October 24, 1999, (the "Policy") and the ICANN Rules of Uniform Domain Name Dispute Resolution Policy, dated approved on October 24, 1999, (the "Rules"). The Complaint was received by email by WIPO Arbitration and Mediation Center ("the Center") on July 31, 2002, and in hardcopy August 5, 2002.

The Center has verified that the Complaint satisfies the formal requirements of the Policy, Rules and Supplemental Rules. The Center reports that it has received payment in the required amount from the Complainant.

In accord with the Rules Paragraph 4(c) the formal date of the commencement of the administrative proceeding is August 6, 2002.

On August 26, 2002, the Center received a Response dated August 18, 2002, from Respondent David Park Bontempo which I have considered. A receipt of that Response was acknowledged by the Center August 28, 2002.



#### 4. Controlling UDRP Policy

Paragraph 4(a) of the Policy directs that the Complainant must prove **each** of the following:

- (i) that the domain name registered by the Respondent is identical or confusingly to a trademark or service mark in which the Complainant has rights; and,
- (ii) that the Respondent has no legitimate interests in respect of the domain name; and,
- (iii) that the domain name has been registered and is being used in bad faith.

#### 5. Factual Background

Complainant Chanel Inc. owns some 29 U.S. registrations of the trademark *Chanel* as applied to perfumes, and among other things, ladies bags and purses. These extend back more than 70 years. As of the date of the registration by Respondent of the domain names on March 25, 2001, Complainant was selling goods under its Chanel mark in hundreds of locations in California where Respondent is located and the Chanel mark had become among the most famous marks in the U.S. In previous domain name disputes CHANEL had been held to be "famous". That it is famous and was famous at the time of Respondent's domain name registrations and uses, and that he had knowledge of its fame at the time of the two domain name registrations in issue and their uses, is not contested by Respondent.

There is not a single "Chanel" surname in the residential telephone directory of the City of Houston, estimated at over four million multi-language and multi-ethnic population; whereby except for girls named after the long famous mark for ladies things, it is unlikely to be a person's real name rather than a nick name.

One March 25, 2001, Respondent registered the two domain names in issue. The registration information presented in evidence does not show a corporation, a company or a partnership with a girl named Chanel, did the registration.

Respondent Bontempo, a hair styling studio operator (domain name <bontemposhairstudio.com>), registered over 120 domain names, at least the vast majority of them were never used on and in connection with any marketed product. Contrast *Chanel* which has been well known to me, a man, on products for ladies since I was a child. At least some of the 120 domain names, (e.g., <polofirm.com>) are domain names as to which Respondent does not and others do own registrations of corresponding very well known if not famous trademarks (e.g. POLO), and Respondent advertises the POLO domain name as "for sale". Some other person owns a registration of the trademark KATESPADE, and Respondent owns the domain name <k"Katespade.oOrg>." which he uses to link to his Hair Studio's domain name <bontemposhairstudio.com>.

As a matter of incidental thought, what does a person do with 120 domain name registrations, at a time when he does not know that he can sell them as Respondent learned he could from an Italian merchant who could not reasonably be expected to explain correctly the circumstances where such a sale would be improper?

The only websites that have been attached to the domain names in issue are (1) for <chanelbags.com>, a generic web page supplied by the registrar that bears the heading "For Sale," a sign stating "this domain is FOR SALE," and the statement "www.chanelbags.com is For Sale . . . interested parties should contact dpbontempo@earthlink.net". dpbontempo@earthlink.net is an e-mail address for the administrative, billing and technical contacts for the Respondent, D. P. Bontempo. The same story applies to the second name in issue, <chanelpurses.com>.

Respondent asserts that his fiancée was Chanel Louise Wright, and they together at one time also had an e-commerce business and he owned "wholesalepurses.com" used in that internet business, selling bags and purses. But he and Chanel broke up (we don't know when relative to the March 2001, domain registration), he took over the business (we don't know when), and he didn't want her name (we don't know when) on the business he was operating (presumably after the breakup), so he used "wholesalepurses.com". I have no hard evidence of Ms. Chanel Louise Wright's ownership interests in the business, nor when and how she got it, nor when and by what legal vehicle she lost it relative to the time of the "chanelbags/chanelpurses.com" registrations.

Respondent states that he and his girlfriend/fiancée Chanel

"narrowed it (the choice of original title of our business) down to the following three choices:

- a) <chanelbags.com>
- b) <chanelpurses.com>
- c) <wholesalepurses.com>

"Chanel and I used wholesalepurses.com because of the fact that Chanel and I broke off our wedding engagement and I did not want her name on my business, which I was now solely operating."

This is information solely in Respondent's knowledge, and it states inter alia, that after the "narrowing down" (an act occurring before any recited actual sales of bags/purses or uses of the marks/names)--

--"after the narrowing down to ...three choices . . . Chanel and I used wholesalepurses.com because of the fact that Chanel and I broke off our wedding engagement . . ."

That is a pretty clear expression that neither she nor the business in which she is recited to have had some unknown and unproved participation, nor Respondent, ever used one of the "Chanel" names in issue as a trademark on bags or purses.

The photographs of ladies purses and bags which appear to be represented as Respondent's products, there is no evidence of a product bearing the *Chanel* mark ever having been sold, and no evidence of when and by what entity with what ownership, those those bags in the Respondent's pictures might have been made or sold. As elsewhere appears, the use of the domain names were was to forward people who "hit" the site from the domain name to Respondent's office and/or hair salon.

Respondent advertised on the web that the two domain names in issue were "for sale".

Further, upon being charged with impropriety by Complainant in a letter, Respondent replied: "Chanel is my girlfriend's name and together we owned a wholesale handbag company. "Several individuals have shown interest in owning these domain names, one of which is based in Milano, Italy. They have offered me five thousand dollars each for names. This price is contingent that my attorneys do not get involved."

"If you are interested in purchasing them, please let me know. I am sure we can work out something."

That is a--A specific offer to sell to Complainant, for any price ("I'm sure we can work out something") that would be better than \$5000 with the string attached concerning involvement of attorneys.

On page 2 Respondent says that upon getting the letter charging him with impropriety,

"Therefore: I took the two domain names off the 'FORWARDING' stasis [status] per Chanel, Inc.'s request and put them in 'PARK' status. Therefore; these domain names [after that status change] had not been "forwarding' to any 'improper site' nor my e-commerce businesses."

In context here, I construe that as a statement that before the Chanel Inc. letter, the two names had been used for "forwarding" hits to his business domain name or hair styling domain name and thereafter were offered for sale, neither of which helps him avoid the conclusions of the above quoted Policy section 4(a).

It was a "local merchant in Milan" who told him that he could sell the domain names, and prompted him to change the status of his "parked" domain names to 'FOR SALE'. A foreign merchant seems hardly to be a highly responsible source advice on U. S. or ICANN law or policy. He acknowledges that when he was told hishe could sell them, he didn't see any thing wrong with selling them. Indeed even now,

"I don't see anything wrong with this. I did not use these domains in "bad faith" nor to make money. But I am the

owner of these domain names and Chanel, Inc. expects me to just give them up without telling my story."

But of course he "owns" the naked domain name registrations in subject to the trademark rights of Chanel, the rights of Chanel being a determination a decision not made in the domain name registration process.

He follows that with reference to two appraisals he got as to the worth (several thousands of dollars each) of the two domain name registrations on June 3, 2002, before this action was initiated and about seven months after the November 1, 2001, Chanel Counsel's letter to him asserting his impropriety. Was he not still intending to sell even after he got the lawyer's letter? Was he trusting the Italian "local merchant in Milan's" legal advice in error? more so than Chanel's U.S. lawyer?

He says in his December 9, 2001, reply to Chanel's lawyer's letter to him that he has

"...spoken to my attorney in this matter and I am aware of my position. Chanel is my girlfriends' name and together we owned a wholesale handbag company."

But he proceeds immediately to offer to the trademark owner a sale for about \$5000 or so, which surely no lawyer would have ever permitted him to do. If he did give a lawyer a full framework of background for his questions, and then ask a lawyer as he says, is that evidence of bad faith because he didn't follow the advice. If he cropped the story he told his lawyer to save money or to make himself look innocent and willfully begot a wrongful lawyer's opinion, is that evidence of bad faith?

If he wanted to persuade on that point, he could have filed an affidavit statement of the lawyer to add credibility where I'm having trouble finding credibility. Recall he had over 120 domain name registrations with at least some plan in mind, and was surely not a complete unsophisticated dummy about domain names.

## 6. Application of the Policy

Paragraph 4(a) of the Policy directs that the Complainant must prove, inter alia,

*(i) that the domain name registered by the Respondent is identical*

*or confusingly to a trademark or service mark in which the*

*Complainant has rights; and,*

Since the totality of the mark CHANEL is included in both the domain names, with a word indicative of the intended product "purse" or "bags", like "Camel cigarettes" "Ford cars", "Crest toothpaste" except for the omission of a space between the two words, it is clear that the domain use is likely to cause confusion among the trade and potential customers of Complainant. We are all accustomed to the fact that essentially every email address omits some spaces, so seeing a lack-of-a-space in these domain names on the net has little to no connotation of different mark, different company, different product, different manufacturer, different sponsor.

Complainant has proved the requirement of ¶4(a) (i).

*(ii) The Respondent has no rights or legitimate interests in respect*

*of the domain name;*

We read this phrase in the context of the cybersquatter, for the Policy's whole purpose is the very narrow one of identifying the clear and obvious cybersquatter and in a low-cost fast-track process getting that kind of person's domain name registration into appropriate hands. The mere act of domain name registration standing alone conveys none of the "rights or legitimate interests" to which this clause applies, or absolutely no domain registrant could ever be held duty bound to transfer his domain name to the trademark owner.

So that doesn't count for Respondent? No?! That is all he has. He has not built a business with the domain name and developed some sweat equity with it. He is not known generally by that domain name. Etc.

Complainant has proved the requirement of ¶4(a) (ii).

*(iii) The domain name was registered and is being used in bad faith.*

Respondent appears to argue, perhaps rather subtly so as not to stir up strong feelings of rejection by his reader, that because he had a girl friend in some manner in the business with him, that gives *him* the right to use *her* name as a domain name, or as a trademark. That is a clear error of law. The cases saying that a person is entitled to use his/her own name are not applicable here where the name used is not that of the registrant. Further, when a person's own name is in potential conflict with a famous mark, the use of a person's own name is conditioned to provide some semblance of distinction. For example, when "The Ed Sullivan Show" was the biggest name in TV productions, and a radio disc jockey named Edward J. Sullivan started using that famous show title, the court ordered the disc jockey to call his show "The Edward J. Sullivan Show", his correct name but a version of it that distinguished the famous TV star. In these circumstances the courts require special details of practice in order to preclude or minimize the use of one's own name in a manner destructive of or in violation of the trademark owners rights.

I find as a fact that Respondent absolutely knew about CHANEL as a famous mark with respect to ladies things in general, and more likely than not with respect specifically to bag and purses. Why? B because he was in the purse and bag business and women's apparel business and hair styling business. He was in these activities in California where Chanel has a big public presence.

Also, Complainant's U. S. trademark registrations gives all people a constructive notice of the trademark owners rights to be free from direct trademark infringement such as Respondent here was planning to do when he registered the marks as his domain name. Indeed he , and was infringing Complainant's trademark doing during the short period of actual use of the registered domain name mark, following the Chanel Inc. charge of impropriety and

before he changed from wrongful "forwarding" use of the domain name as a trademark infringement by which to divert web trade from Chanel to his own enterprise, to wrongful use by offering to sell for a few thousands of dollars specifically to Chanel and generically on the web offering offering to sell to any takers from his advertising.

Both of these are the kind of activity the ICANNa policy against "cybersquatters" is intended to prevent.

Further, as aforesaid, I have found as fairly well proven and not denied, that Respondent knew of the famous Chanel mark before he thought of use it as his own trademark or domain name. A person can hardly be in any kind of product line business at all since 1989 (as Respondent has urged he was in an "apparel company"), and in ladies bags and purses for some time, and as he surely was for some time in hair styling for some time, without appreciating the basic underlying rule of another's trademark against him:

Thou shalt not call your beer, "Budweiserbeer",

Thou shalt not call your cigarette a "Camelcigarette",

Thou shall not call your root beer an "A&WROOTBEER", watch a "Rolexwatch,"

Thou shalt not call your purse a "Chanelpurse"

When you know someone else owns the trademark for those products that is the first part of those words, in connection with the actual product that is the last part of those words. I find that Respondent willfully disregarded that obvious knowledge known to responsible business persons, and did this both when he registered and used the domain names in issue.

However, there is a problem on this point. It is this: Was Respondent really aware that what he was doing at each of the two steps, registration and use, was a violation of law and policy; and if without that awareness was he necessarily intending to do wrong, necessarily in bad faith, rather than merely grossly negligent in taking the legal advice of an Italian merchant about (i) his right to sell and (ii) for the likes of appraised prices?

One of the things that tips the scales in my analysis, is Respondent's assertion that he did talk to his lawyer and knew his (Respondent's) position, and in the next sentence offered to sell the domain names to the trademark owner who had complained of his wrong. At least by then he should have known better. He did not supply to this panel the lawyer's opinion as such, nor an invoice for the opinion that would indicate that it was a formal and careful opinion or something off the cuff and ill considered. No responsible lawyer would have let him make that

offer for sale him do that with a \$5000 asking price fromof the trademark owner for a domain name registration on the same goods that the mark registration explicitly covers.

Was Respondent he merely lying in that letter, and had he simply not talked to a lawyer? I don't know for absolute certain, as I might know if I had a chance to cross examination both him **and** the lawyer he claims to have gotten advice from. He could have provided evidence in the form of an affidavit from the lawyer to make his story more credible. So I have no pang of conscience about my conclusion withinin the process of the ICANN Policy.

Without the procedures afforded in expensive court trials, including in this case live testimony (subject to cross examination) in support of Respondent's own case and subject to cross examination, including Respondent's right to explain himself and sell his own credibility, it is impossible for adjudicative-neutrals like this panelist to judge

good faith and bad faith responsibly and confidently in every situation. TBecause of the ICANN policy focus upon low cost and fast rack, that right of telling the story in person and the right of being subjected to cross examination whereby to sell credibility is denied to the parties in the instant procedure. That is the reason that the decisions in these cases are not final, but the case may beis subject to a trial de novo if the losing party feels the value he has lost exceeds the cost of such a court process and he initiates the new court action which, in the case of Respondent, should be within 10 working days of the effective date of notification of this decision.

## 7. Decision

The two domain names, <chanelbags.com> and <chanelpurses.com>, shall be transferred to Complainant.

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Tom Arnold  
Sole Panelist

October 17, 2002



## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. Mike Torres d/b/a National Promotions, Inc.**

**Case No. D2000-1833**

#### **1. The Parties**

The Complainant is: Chanel, Inc. doing business at 9 West 57th Street, New York, New York 10019, U.S.A. The Complainant is represented by Barbara A. Solomon, Esq., of Fross Zelnick Lehrman & Zissu, P.C., 866 United Nations Plaza, New York, New York 10017, U.S.A.

The Respondent is: Mike Torres d/b/a National Promotions, Inc., a company located at Box 425, Miami, Florida 33283, U.S.A.

#### **2. The Domain Names and Registrar**

The domain names in dispute in this proceeding are <chanel21.com> and <chanelseven.com>.

The registrar for the disputed domain names is Network Solutions, Incorporated (NSI) located at 505 Huntmar Park Drive, Herndon, Virginia 20170-5139, U.S.A.

#### **3. Procedural History**

This dispute is to be resolved in accordance with the Uniform Domain Name Dispute Resolution Policy (the Policy) and Rules (the Rules) approved by the Internet Corporation for Assigned Names and Numbers (ICANN) on October 24, 1999, and the World Intellectual Property Organization Arbitration and Mediation Center's Supplemental Rules for the Uniform Domain Name Dispute Resolution Policy (the Center, the Supplemental Rules).

The Complaint was filed on December 27, 2000 by e-mail and on January 4, 2001 in hard copy. On January 8, 2001, the Center requested that the Registrar, NSI, check and report back on the registrant for the domain names <chanel21.com> and <chanelseven.com>. On January 9, 2001, NSI verified to the Center that the registrant for these two domain names was the Respondent, National Promotions, Inc. (a/k/a "This Domain Name for Sale", with contact person Mike Torres).

On January 11, 2001, the Complaint was notified by e-mail and in hard copy to the Respondent and this proceeding officially began. Respondent did not file a Response within the twenty (20) day time period required by Rule 5, and was declared in default on January 31, 2001.

The Administrative Panel submitted a Declaration of Impartiality and Independence on February 7, 2001, and the Center proceeded to appoint the Panel on February 9, 2001. The Panel finds the Center has adhered to the Policy and the Rules in administering this Case.

The date for the Administrative Panel to forward its decision to the Center was set as February 22, 2001.

#### **4. Factual Background**

The Complainant, Chanel, Inc., claims to have owned and used the trademark "Chanel" in the United States for over seventy (70) years. It describes itself as a manufacturer, importer, and seller of luxury goods. Its products include women's and men's fragrances, cosmetics and skincare products, women's clothing and accessories, jewelry, watches, handbags and other leather goods. The Complainant states it had sales totaling hundreds of millions of dollars for 1999.

Among the Complainant's fragrances are Chanel No. 5, Chanel No. 9 and Chanel No. 19.

The Respondent registered the disputed domain names <chanel21.com> and <chanelseven.com> on February 2, 2000 and February 5, 2000 respectively.

On November 29, 2000, the Complainant sent two demand letters to the Respondent alleging trademark infringement against both domain name registrations (Complaint, Exhibit F), and insisting that the names be transferred to Complainant. The Respondent replied on November 29, 2000 that it had registered and "reserved" the disputed domain names for the television industry in conjunction with its business as a web developer (Complaint, Exhibit H). The Respondent denied any trademark infringement.

As a result, the Complainant has brought this proceeding seeking to gain control of the disputed domain names.

#### **5. The Parties' Contentions**

##### **A. Complainant**

- The Chanel mark is famous, even iconic in the United States and the world. The Chanel fragrance trademarks consisting of Chanel and a numerical designation (No. 5, No. 9 and No. 19) also are famous.
- The Chanel marks are widely and expensively advertised.
- U.S. courts have held the Chanel mark to be "well known and distinctive."
- Respondent's domain names are confusingly similar to Complainant's fragrance marks.
- The Respondent did not have the Complainant's permission to register the disputed domain names.
- The Respondent registered the disputed domain names in bad faith, intending to sell them for more than it paid for them.
- The Respondent has registered many other domain names that infringe on other parties' trademark rights.

##### **B. The Respondent**

The Respondent did not file contentions as it did not file a response and is in default in this proceeding.

#### **6. Discussion and Findings**

In order for Complainant to prevail and have the disputed domain names <chanel21.com> and <chanelseven.com> transferred to it, Complainant must prove the following (the Policy, para 4(a)(i-iii)):

- the domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- the Respondent has no rights or legitimate interests in respect of the domain name; and
- the domain name was registered and is being used in bad faith

### **Identical or Confusingly Similar**

The Complainant has produced a wealth of exemplary copies of its "Chanel" trademark registrations in the United States beginning in 1925 with appropriate renewal certificates. It will suffice to note: registration no. 195,360 dated November 18, 1924 for inter alia perfume and eau de cologne; and registration no. 1,348,842 dated July 16, 1985, in international class 3 for toiletries.

The Respondent, in registering the disputed domain names <chanel21.com> and <chanelseven.com>, copied the most distinctive portion of the Complainant's trademark and then tried to deceive the public into thinking his domain names were new siblings of Chanel's renowned numbered fragrances such as Chanel No. 5.

The Panel finds the Respondent's disputed domain names are confusingly similar to Complainant's famous trademarks.

### **Legitimate Rights or Interests**

The Complainant denies ever having given the Respondent permission to use its domain name or ever having had any relation at all with the Respondent.

The Respondent is in default in this proceeding and thus did not attempt to prove a legitimate right or interest under the Policy (4(c)(i-iii)).

The Panel finds the Respondent has no legitimate rights or interests in the disputed domain names.

### **Registered and Used in Bad Faith**

The Respondent registered the disputed domain name <chanel21.com> listing as registrant "This Domain Name for Sale-Call 305-659-3157" at the same address as Respondent used for the disputed domain name <chanelseven.com> (Complaint, Exhibits A and B). Also, the Respondent has registered tens of domain names that include famous trademarks such as "Harpers", "Collins", and "Reader's Digest" (Complaint, Exhibit I). Based on these facts, the Panel finds the Respondent registered the disputed domain names with the intention of selling them to the Complainant or a competitor of the Complainant for far more than the Respondent paid for them, in violation of the Policy paragraph 4(b)(i).

The Panel finds the Respondent registered and was using the disputed domain names in bad faith.

### **7. Decision**

Based on ICANN Policy paragraph 4(i) and Rule 15, the Panel finds the Respondent registered two domain names confusingly similar to the Complainant's numbered fragrance trademarks. Further, the Respondent has no legitimate rights or interests in the disputed domain names and registered and was using them in bad faith. Therefore, the Panel orders that the registrar NSI transfer the domain names <chanel21.com> and <chanelseven.com> from the Respondent, Mike Torres d/b/a National Promotions, Inc., to the Complainant, Chanel, Inc.

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Dennis A. Foster  
Sole Panelist

Date: February 22, 2001





## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. AG v. Designer Exposure**

**Case No. D2000-1832**

#### **1. The Parties**

The Complainant is Chanel, Inc., a company having a place of business at 9 West 57<sup>th</sup> Street, New York, USA.

The Respondent is Designer Exposure with an address at 14 Gillies Avenue Newmarket, Auckland, New Zealand.

#### **2. The Domain Names and Registrar**

The domain names at issue are <chanelclothing.com> and <chanelaccessories.com>. The domain name registrar is Registrars.com.

#### **3. Procedural History**

Complainant filed its Complaint with the World Intellectual Property Organization Arbitration and Mediation Center (the "Center") which was received by email on December 27, 2000, and in hard copy on January 4, 2001.

On January 8, 2001, the Center transmitted a request for registrar verification to Registrars.com in connection with this case.

On January 8, 2001, Registrars.com sent via email to the Center a verification response confirming that the Respondent is the registrant and the contact for administrative, billing, and technical is Maria Williams with the same address as the Respondent.

On January 9, 2001, the Center verified that the Complaint satisfies the formal requirements of the ICANN Uniform Domain Name Dispute Resolution Policy (the "Policy"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules") and the Supplemental Rules for Uniform Domain Name Dispute Resolution (the "Supplemental Rules").

On January 10, 2001, the Center formally commenced this proceeding and notified Respondent that its response would be due by January 29, 2001. The notification was sent to the Respondent by courier and fax and to the administrative, billing and technical contact by email. The email appears to have been transferred without receipt of any "undeliverable" notice.

Respondent did not file a response by the due date. The Center sent a notification of respondent default to the Respondent by email on January 30, 2001.

Complainant elected a single-member Panel. On February 2, 2001, after clearing for potential conflicts, the Center appointed Thomas H. Webster as the Panelist, and set February 15, 2001 as the deadline for issuance of a decision.

#### 4. Factual Background

Because there is no response, the following facts are taken from the Complaint and are generally accepted as true in the circumstances of this case.

"(i) Chanel has used and owned the trademark and trading name CHANEL in the U.S. for over 70 years... Chanel is a recognized leader and one of the most recognized and respected names in the fields of beauty, fashion and accessories.

(ii) Complainant has built the value of the CHANEL mark through sales of millions of dollars of products bearing the CHANEL mark, and through extensive marketing and promotional activities over a period of more than 70 years. Chanel's products include, among other items, women's and men's fragrance, cosmetics and skincare; women's clothing and accessories; jewelry; watches; handbags and other leather goods...

(iii) Chanel's clothing and accessories businesses are extraordinarily well known and the CHANEL mark is uniquely associated with such goods.

(iv) Chanel advertises its products, as well as its brand, on television, radio and in numerous magazines and print publications.

(v) Complainant sells and distributes its products through numerous channels of trade, including its own CHANEL retail stores, exclusive retail boutique stores, and exclusive department stores... Currently, there are in excess of 2500 outlets in the U.S. that sell CHANEL products.

(vi) ... Chanel owns 29 registrations for the CHANEL mark in the United States some dating back to 1925 and all of which were issued before Respondent registered <chanelclothing.com> and <chanelaccessories.com>. Many of these registrations are for clothing and accessories. Of the 29 CHANEL registrations, 22 are incontestable meaning that under U.S. law, the registrations are conclusive evidence of Chanel's exclusive rights in the CHANEL mark...

(viii) U.S. courts have held the CHANEL mark to be well known and distinctive... Chanel, Inc. v. Smith, 178 U.S.P.Q. 630, 631 (N.D. Cal. 1973).

(ix) In addition, in proceedings before WIPO, panelists have repeatedly recognized that the CHANEL mark is world famous. Chanel, Inc. v. Estco Technology Group, WIPO D2000-1126."

"(ii) Although <chanelclothing.com> and <chanelaccessories.com> were both registered on December 16, 1999, there are no active web sites attached to either domain name and it does not appear that there ever were any functioning websites. Instead, all that appears is a parking page that is provided by the registrar...

(iv) Respondent appears to be in the business of selling what it calls "designer recycled garments"... although the domain names at issue are owned by Designer Exposure of Auckland, New Zealand, Designer Exposure appears to be based in California. Although Designer Exposure purports to sell genuine designer goods, including those of Chanel, it has never received Chanel's permission to do so nor has Chanel ever worked with Designer Exposure to ensure that Designer Exposure is selling bona fide Chanel merchandise as opposed to counterfeit or infringing merchandise.

(v) On August 29, 2000, Chanel, by outside counsel, sent a letter to Designer Exposure advising that the registration of the domain names violates the Uniform Domain Name Dispute Resolution Policy and requesting that the domain names be transferred to Chanel... Maria Williams, the Director of Designer Exposure, sent a letter on September 14 stating that they would respond formally by September 28... Despite the promise to provide a

substantive response, no such response was ever forthcoming from Designer Exposure."

## 5. Parties' Contentions

Complainant makes the following allegations. The factual elements of such allegations are generally accepted as true in the circumstances of this case in light of the Complainant's supporting documents and in the absence of a response from the Respondent. The legal issues are discussed in the next section of this decision.

In respect of the domain names being identical or confusingly similar to a trademark or service mark in which the Complainant has rights, Complainant alleges that:

"(ii)... The existence of its numerous federally registered, incontestable, valid and subsisting registrations for the CHANEL mark in the United States Patent and Trademark Office... is sufficient to establish Complainant's rights... the extensive use made by Chanel of its mark and trade name throughout the United States for more than seventy years, combined with the extensive sales and advertising under the CHANEL mark, make it abundantly clear that Chanel has significant rights in its CHANEL mark so that it can invoke the *Policy*."

(iii) Respondent's domain names [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com) incorporate without alteration Complainant's registered CHANEL mark making it confusingly similar to Complainant's CHANEL trademark... The fact that Respondent has added the generic terms "clothing" and "accessories" to the CHANEL mark only increases confusion given the strong association Chanel has with such products. The domain names are clearly meant to create an association with Complainant."

Complainant contends that the Respondent has no rights or legitimate interests in the domain names and relies on the following elements:

"(iv) First, the registrations were obtained after Complainant had obtained 29 federal trademark registrations for its CHANEL mark and after Complainant had been extensively using its CHANEL mark. Given that the CHANEL mark has been recognized by courts and WIPO as being famous, and given the substantial use of the mark in the U.S. where Respondent is located, there can be no conceivable bona fide or legitimate use of [chanelclothing.com](http://chanelclothing.com) or [chanelaccessories.com](http://chanelaccessories.com)..."

(v) Second, there exists no relationship between Complainant and Respondent that would give rise to any license, permission or authorization by which Respondent could own or use [chanelclothing.com](http://chanelclothing.com) or [chanelaccessories.com](http://chanelaccessories.com) each of which incorporates in whole Complainant's CHANEL trademark and each of which is clearly meant to refer to Chanel and its products...

(vi) Third, there is no evidence that Respondent is or has ever been known by the name Chanel or by either of the domain names. While Respondent was given the opportunity to explain why it adopted the domain names, it chose instead to ignore Chanel's cease and desist letters, giving rise to the inference that Respondent has no legitimate rights.

(vii) Fourth, Respondent is not using the names in connection with a bona fide offering of goods or services, nor is Respondent making legitimate noncommercial or fair use of the names...

(viii) Fifth, although the domain names have been registered since December, 1999, Respondent has never established any functioning web site under either name. This failure to use the domain names further supports a finding of no legitimate interest...

(ix) Finally, Respondent lacks the right to use Complainant's CHANEL mark as part of its domain names since [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com) falsely suggest that Chanel is or may be associated with the domain name registrant, may be authorizing or sponsoring any eventual web site at the names, or that Chanel is offering information about, selling, or guaranteeing materials sold at the web sites associated with the domain names or with the domain name registrant...

(x) Where, as here, the CHANEL mark is venerable and distinctive, it is not reasonably possible for Respondent to demonstrate any legitimate interest in a domain name consisting in whole or in part of the CHANEL mark. Indeed, by using the famous CHANEL mark as the primary and leading part of a domain name, Respondent seeks to use

the fame of Complainant's mark to entice consumers."

Complainant further alleges that the domain names were registered and used in bad faith by the Respondent based on a number of elements, the most relevant of which are:

"(xv) Fourth, bad faith can also be found from the fact that Respondent is located in the U.S. where Complainant has 29 registrations for the CHANEL mark. Clearly, Respondent knew of the fame of the CHANEL mark when it registered [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com). Under U.S. trademark law, Respondent is deemed to have been on constructive, if not actual, notice of Complainant's rights in its CHANEL mark before it registered [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com). Given this awareness, it is evident that the registration and use of the domain name was in bad faith. See *Cellular One Group v. Paul Bryan*, WIPO D2000-0028...

(xvi) Fifth, there can be no dispute that CHANEL is an immediately recognizable and famous mark that exclusively identifies Complainant. Indeed, courts and prior WIPO panels have already held this to be the case. Nor could there be any dispute that [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com) would be associated in consumers' minds with Chanel. Given that Respondent has no connection with Complainant, has never been authorized by Complainant to use or register the domain names, has never been authorized to resell Chanel products and has never received any verification from Chanel that the goods it is selling are legitimate, the very fact that Respondent has registered [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com) establishes bad faith use and registration. In addition, the CHANEL mark and, by extension, [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com), are so obviously connected with Complainant that the use of this domain name by someone who has no connection to Complainant or its goods or services suggests "opportunistic bad faith"..."

The Respondent did not contest the above allegations of the Complainant.

## 6. Discussion and Findings

The burden for the Complainant under paragraph 4(a) of the Policy is to prove:

- (i) That the domain name registered by the Respondent is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) That the Respondent has no rights or legitimate interests in respect of the domain name; and
- (iii) That the domain name has been registered and is being used in bad faith.

### A. Similarity of the Domain Names and Trademark.

Complainant has established its rights in the trademark "CHANEL" with numerous trademark registrations in the USA (Complaint, Exhibit B).

This Panelist finds that [chanelclothing.com](http://chanelclothing.com) and [chanelaccessories.com](http://chanelaccessories.com) are confusingly similar to the trademark "CHANEL". The addition of the generic terms "clothing" and "accessories" is not sufficient to avoid confusion: see *Chanel, Inc. v. Estco Technology Group*, Case No. 2000-0413 (WIPO, Sept. 18, 2000) (For the domain names "[chanelstore.com](http://chanelstore.com)" and "[chanelfashion.com](http://chanelfashion.com)", the Panel held that "The addition of the generic terms "store" and "fashion" is not sufficient to avoid confusion.")

Therefore, the Complainant has satisfied the first requirement.

### B. Respondent's Rights and Legitimate Interests.

The Complainant has established that the CHANEL mark is well known in the USA.

The Complainant has not licensed or otherwise authorized the Respondent to use its trademark or to apply for any domain name incorporating the trademark. Therefore prior to any notice of this dispute, the Respondent had not used the domain names in connection with any bona fide offering of goods or services within the meaning of Paragraph 4 (c) (i) of the Policy.

Nor is there any evidence that the Respondent is commonly known by the domain names or is making a legitimate

noncommercial or fair use of the domain names within the meaning of Paragraph 4 (c) (ii) or (iii) of the Policy.

By not submitting a response, the Respondent has failed to demonstrate, pursuant to paragraph 4(c) of the Policy, that it has rights or a legitimate interest in the domain names.

Therefore, this Panelist concludes on the basis of the evidence of the Complainant that the Respondent has no rights or legitimate interests in the domain names.

### **C. Bad Faith Registration and Use.**

The panelist is satisfied that the CHANEL trademark is very well known in most countries of the world, including the United States and New Zealand.

The Panelist finds that the Respondent knew or should have known of the Complainant's mark at the time Respondent registered the domain names at issue given the widespread use and fame of the CHANEL mark: see *Expedia, Inc. v. European Travel Network*, Case No. D2000-0137 (WIPO, April 18, 2000); *Parfums Christian Dior v. Javier Garcia Quintas and Christiandior.net*, Case No. 2000-0226 (WIPO, April 3, 2000).

The domain names in dispute are so clearly connected with the well-known CHANEL mark that its very use by the Respondent who has no connection with Complainant's names or products suggests opportunistic bad faith: see *Parfums Christian Dior v. Javier Garcia Quintas and Christiandior.net*, Case No. 2000-0226 (WIPO, April 3, 2000); *Veuve Cliquot Ponsardin v. The Polygenix Group Co.*, Case No. 2000-163 (WIPO, May 1, 2000); *GA Modefine SA v. Armani International Investment*, Case No. D2000-0305 (WIPO, June 26, 2000), *GA Modefine SA v. AES Optics*, Case No. Case No. D2000-306 (WIPO, June 26, 2000).

In the circumstances, the Panelist is satisfied that in this case as well the "internet mechanics make it inevitable that many persons looking for the owners and originators of "Chanel" fashion products would end up at the Respondent's web sites..." (See *Chanel, Inc. v. Estco Technology Group*, Case No. 2000-0413 (WIPO, Sept. 18, 2000). As a result, the Panelist is satisfied that the Respondent can only have intended to profit from the Complainant's trademark in violation of Paragraph 4 (b) (iv) of the Policy.

Therefore, based on the Complainant's evidence and in the absence of any response by the Respondent, bad faith can be inferred from Respondent's registration and use of domain names consisting wholly or partly of the Complainant's well-known trademark.

## **7. Decision**

For the foregoing reasons, the Panelist holds:

- (a) that the domain names are confusingly similar to the CHANEL trademark in which the Complainant has rights; and
- (b) that the Respondent has no rights or legitimate interests in respect of the domain names; and
- (c) that the Respondent has registered and is using the domain names in bad faith.

Accordingly, pursuant to paragraph 4 (i) of the Policy, the Panelist decides that the domain names <chanelclothing.com> and <chanelaccessories.com> must be transferred to the Complainant.

---

Thomas H. Webster  
Sole Panelist

Dated: February 15, 2001



## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. IGGI Networks, Inc.**

**Case No. D2000-1831**

#### **1. The Parties**

Complainant is Chanel, Inc. ("Chanel") conducting its business at 9 West 57th Street, New York, NY 10019, U.S.A. Respondent is IGGI Networks, Inc. ("IGGI") whose address is 2255 Glades Road, Atrium 226, Boca Raton FL 33431, USA.

#### **2. The Domain and Name and Registrar**

The domain name at issue is <chanelmail.com> registered with Tucows.com, Inc., which is located at 96 Mowat Avenue, Toronto, Ontario, Canada M6K 3M1.

#### **3. Procedural History**

The WIPO Arbitration and Mediation Center (the "Center") received a Complaint from Chanel on December 27, 2000 by email and on January 4, 2001 in hard copy. This Complaint was against Integroweb.com, whose address was listed in the Complaint as 5201 Blue Lagoon Drive, Eighth Floor, Miami FL. The Complainant made the required fee payments. The Center assigned this matter Case No. D 2000-1831.

On January 8, 2001 the Center requested Tucows to verify the registration data. On January 9, 2001, Tucows confirmed that it is the Registrar of the domain name registration and, inter alia, that Intergrow.com was at that time the current registrant. Integroweb.com was notified of the commencement of the administrative proceeding on January 10, 2001, both by Post/Courier and by email.

Counsel for Chanel thereafter inquired of the Center about the transfer of the registration of the domain name at issue to IGGI Networks, Inc ("IGGI"). Upon inquiry to Tucows, Tucows responded on January 23, 2001 that the registrant at that time was IGGI, whose address was given as 2255 Glades Road, Atrium 226, Boca Raton, FL 33431, USA. Tucows also stated " [ w] hen the request for verification was received [originally], the information was listed as Integrow Bahamas, however, that was an error on the part of our reseller. They had been having some payment disputes with the Registrant, and had, therefore, listed themselves as the Registrant. This should not have occurred, the information has been updated/changed back to the proper Registrant."

Complainant thereafter filed an Amended Complaint on IGGI by email on

January 30, 2001, with hard copy being received by the Center on January 31, 2001. IGGI was then sent the Complaint by email and by Post/Courier on February 1, 2001. Thus the official commencement of this administrative proceeding was on February 1, 2001.

Respondent never filed a formal response to the Complaint. A notice of default was sent to it on February 22, 2001.

On March 14, 2001, after having received a completed Statement of Acceptance and Declaration of Impartiality and Independence, the Center advised the parties that it had appointed Thomas L. Creel as a single panel to resolve this dispute (the "Sole Panelist").

This decision is based on the information contained in the above documents.

#### **4. Factual Background**

Complainant has been using its CHANEL mark for more than 70 years and has obtained 29 federal trademark registrations for this mark in United States, 22 of which are incontestable. CHANEL has been recognized as one of the most recognizable brands in the United States, as well as being featured in articles published worldwide. United States courts have also held the CHANEL Mark to be well-known and distinctive, as have courts in other countries. In addition, in proceedings before WIPO, panelists have recognized that the CHANEL mark is world famous. See Chanel Inc. v. Estco Technology Group, WIPO D2000-0413 and Chanel Inc. v. BuyBeauty.com, WIPO D2000-1126.

Respondent registered <chanelmail.com> on March 15, 2000. There has never been any relationship between Chanel and Respondent. On November 29, 2000, Complainant's counsel requested Integroweb to transfer the domain name to CHANEL. Benjamin Saenz from "info@integroweb.com" responded that he would not transfer the domain name as he intended to develop the WebSite domain for email services which had nothing to do with CHANEL. He offered to consider an offer which would be more interesting than to develop his Internet email service. Unless Complainant presented a more appropriate and polite letter, Mr. Saenz said to go ahead and spend money to sue him. After the "error" was reported by the Registrar, Complainant wrote IGGI a similar demand letter. No response was made to that letter.

#### **5. Parties' Contentions**

Complainant has requested that the domain name be transferred to Complainant because:

- (1) the domain name <chanelmail.com> is identical or confusingly similar to marks in which Complainant has rights;
- (2) Respondent has no rights or legitimate interests with respect to the domain names;
- (3) Respondent's domain name was registered and used in bad faith;

#### **6. Discussion and Findings**

The policy is addressed to resolving disputes concerning allegations of abusive domain name registration.

Paragraph 4(a) of the Policy establishes three elements that must be established by a Complainant to merit a finding that a Respondent has engaged in abusive domain name registration, and to obtain relief. These elements are that:

- (i) Respondent's domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) Respondent has no rights or legitimate interests in respect of the domain name; and

(iii) Respondent's domain name has been registered and is being used in bad faith.

Each of the aforesaid three elements must be proved by a Complainant to warrant relief. They will be addressed separately below, after first addressing jurisdiction.

### **Jurisdiction and Procedure**

In addition to jurisdiction over the subject matter of the dispute, it is essential to dispute resolution proceedings that fundamental due process requirements be met. Such requirements include that a Respondent has notice of proceedings that may substantially affect its rights. The Policy and the Rules establish procedures intended to assure that Respondents are given adequate notice of the proceedings initiated against them, and a reasonable opportunity to respond (see, e.g., paragraph 2(a), Rules).

The Amended Complaint was returned to the Center with a notation of "wrong address". Also, the purported e-mail service on "postmaster@chanelmail.com" was not delivered. The email to "hostmaster@IGGI.net" was apparently delivered. This e-mail address was furnished by the Registrar for each of the Administrative, Technical and Billing Contacts.

On April 4, 2001, Respondent was notified of the new decision date of this matter. The e-mail was sent to "hostmaster@IGGI.net", as was the Amended Complaint earlier. In response to this notice, Mr. Gene Griswold, who identified himself as "Chairman, IGGI Networks, Inc.", responded by e-mail that "we have not received (sic) notice of this dispute. Please forward us (sic) immediately for resolution."

The Center did so on the next day by electronically sending the Notification of Complaint and Commencement of Proceeding, Notification of Respondent Default, Notification of Administrative Panel and Transmission of Case File. These were sent to genegrswold@aol.com; genegrswold@hotmail.com; genegrswold@yahoo.com; and hostmaster@iggi.net. Tracking information shows no indication that these documents were not received electronically (although the transmission to genegrswold@aol.com was not delivered).

The Notice of Respondent Default stated "The Administrative Panel will be informed of your default. The Administrative Panel will decide in its sole discretion whether to consider your Response (if submitted later) in deciding the case". No further communication has been received from Respondent.

In this case, the Sole Panelist is satisfied that WIPO took all steps reasonably necessary to notify the Respondent of the filing of the Complaint, of initiation of these proceedings and allowed sufficient opportunity for Respondent to respond. While some attempts to serve the Amended Complaint were unsuccessful, the e-mail service on "hostmaster@IGGI.net" was apparently successful. That Respondent no doubt received the Amended Complaint is shown by the fact that it responded to the new decision date notice sent to the same e-mail address. Even were the original service inadequate, however, Respondent has never replied to the Amended Complaint even after receiving it a month ago, nor requested any new responsive schedule to respond. Respondent was aware at that time that it was in default.

Therefore, this Panel has jurisdiction to decide this dispute as presented.

### **The Identity or Confusing Similarity of the Domain Name with the Trademark or Service Mark**

Complainant has not alleged that any of its trademarks or service marks are identical to Respondent's. The question is, therefore, one of confusing similarity.

The domain name <chanelmail.com> incorporates the entire registered mark CHANEL. Although the domain name incorporates another term, "mail", this generic term does not affect the prominence of the CHANEL mark. Internet users would be confused by believing that this site is somehow associated with CHANEL and is a place to send mail involving CHANEL.

Based on all of the facts of record, I find that Respondent's domain name <chanelmail.com> is confusingly similar to Complainant's trademarks or service marks. Therefore, the requirement of paragraph 4 (a) (i) is met.

### **Rights or Legitimate Interests in Respect of the Domain Name**

Paragraph 4(c) of the Policy enumerates some ways in which a Respondent may establish rights to and legitimate



interests in a domain name. These include the following circumstances: (i) before any notice to Respondent of the dispute, Respondent's use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or (ii) Respondent (as an individual, business, or other organization) has been commonly known by the domain name, even if it has acquired no trademark or service mark rights; or (iii) Respondent is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain, to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

Numerous facts exist here to show that Respondent can demonstrate no legitimate rights or interest in <chanelmail.com>.

First, the registration was obtained after Complainant had obtained 29 federal trademark registrations for its CHANEL mark and after Complainant had been extensively using its mark. See *Fiber-Shield Industries, Inc. v. Fiber Shield LTD*, NAF 1000092054. Given that the CHANEL mark has been recognized by courts and WIPO as being famous, and given the substantial use of the mark in the U.S. where Respondent is located, Respondent would be highly unlikely to be able to show any legitimate use of <chanelmail.com>. See *Guerlain S.A. v. Peking*, WIPO D2000-0055; *Chanel, Inc. v. BuyBeauty.com*, WIPO D2000-1126 (noting that where the CHANEL mark has been recognized as being famous, there can be no legitimate use of a domain name incorporating the CHANEL mark by Respondent).

Second, there exists no relationship between Complainant and Respondent that would give rise to any license, permission or authorization by which Respondent could own or use <chanelmail.com> which incorporates in whole or in part Complainant's CHANEL trademark. See e.g., *Serta, Inc. v. Maximum Investment Corporation*, WIPO D2000-0123; *Guerlain S.A. v. H I Investments*, WIPO D2000-0494 (no rights or legitimate interest found where Complainant has not licensed or otherwise permitted Respondent to use its trademark or to apply for a domain name incorporating its trademark); *Chanel, Inc. v. BuyBeauty.com*, WIPO D2000-1126.

Third, there is no evidence that Respondent is or has ever been known by the name Chanel or Chanelmail.

Fourth, Respondent is not using the name in connection with a bona fide offering of goods or services, nor is Respondent making legitimate noncommercial or fair use of the name. Given these circumstances, Complainant has shown that Respondent has no legitimate rights or interest in chanelmail.com. See *Deutsche Bank A.G. v. Diego-Arturo Bruckner*, WIPO D2000-0277.

Fifth, although the domain name has been registered since March 2000, Respondent has never established any functioning web site. This failure to use the domain name further supports a finding of no legitimate interest. See *World Wrestling Federation v. Bosman*, WIPO D99-0001; *Chanel, Inc. v. BuyBeauty.com*, WIPO D2000-1126.

Finally, Respondent lacks the right to use Complainant's CHANEL mark as part of a domain name since <chanelmail.com> suggests that Chanel is or may be authorizing or sponsoring any eventual web site. See *Motorola, Inc. v. NewGate Internet, Inc.*, WIPO D2000-0079. Where, as here, the CHANEL mark is venerable and distinctive, it is not reasonably possible for Respondent to demonstrate any legitimate interest in a domain name consisting in whole or in part of the CHANEL mark. See *Ingersoll-Rand Co. v. Frank Gully*, WIPO D2000-0021. Indeed, by using the famous CHANEL mark as the primary and leading part of a domain name, Respondent seeks to use the fame of Complainant's mark to entice consumers.

### **Bad Faith**

The third element the Complainant must prove is in the conjunctive: the domain name "has been registered" and "is being used in bad faith."

The Policy provides in Paragraph 4(b):

"b. Evidence of Registration and Use in Bad Faith. For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith.

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in

excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location."

The following facts indicate that Respondent registered and has used the domain names in bad faith:

The fact that Respondent has taken Complainant's trademark CHANEL as the dominant part of the domain name <chanelmail.com> is evidence of bad faith. Chernow Communication, Inc. v. Jonathan Kimball, WIPO D2000-0119.

That Respondent has failed to use the domain name to sell or provide any goods or services is evidence of bad faith. See Chanel, Inc. v. BuyBeauty.com, WIPO D2000-1126.

That <chanelmail.com> domain name incorporates Complainant's registered CHANEL mark and is confusingly similar to Complainant's CHANEL trademark. This shows bad faith. U.S. consumers, almost all of whom have been exposed to advertising by Complainant, are likely to believe that the domain name is related to or associated with Complainant. By using Complainant's mark as the focal point of its domain name, Respondent is attempting to create an association with Complainant that does not exist and to usurp the fame of and goodwill in the CHANEL mark in violation of the U.S. federal law of trademark infringement and unfair competition, 15 U.S.C., § 1052, et. seq. Because the ultimate effect of any use of <chanelmail.com> will be to cause confusion with Chanel, the use and registration of the domain name must be considered to be in bad faith. See Embratel v. McCarthy, WIPO D2000-0164; Forte (UK) Ltd. V. Ceschel, WIPO D2000-0283.

Bad faith can also be found from the fact that Respondent is located in the U.S. where Complainant has 29 registrations for the CHANEL mark. Respondent must have known of the fame of the CHANEL mark when it registered <chanelmail.com>. Under U.S. trademark law, Respondent is deemed to have been on constructive, if not actual notice, of Complainant's rights in its CHANEL mark before it registered <chanelmail.com>. Given this awareness, the registration and use of the domain name was in bad faith. See Cellular One Group v. Paul Bryan, WIPO D2000-0028. The fact that Respondent proceeded with the registration of a domain name that incorporates the CHANEL mark in its entirety supports a finding of registration and use in bad faith. Cortefiel, S.A. v. Miguel Garcia Quintas, WIPO D200-0140.

By knowingly choosing a domain name consisting of Plaintiff's CHANEL mark, Respondent intentionally created a situation at odds with the legal rights and obligations of the parties. The conduct of Respondent in registering <chanelmail.com>, is indicative that Respondent registered <chanelmail.com> in bad faith. See, e.g., San Rio Co. Ltd v. DLI, WIPO D2000-0159 (act of registering domain name identical to Complainant's mark led to finding of bad faith).

## 7. Decision

Complainant has proved the necessary elements of the Policy to obtain the relief requested, i.e., that the domain name is identical or confusingly similar to its trademarks and service marks; and that Respondent has no rights or legitimate interests in the domain name; and that Respondent registered the domain name in bad faith and is using it in bad faith.

Therefore, the domain name at issue here is hereby ordered to be transferred to Complainant.

Thomas L. Creel  
Sole Panelist

Dated: April 16, 2001



# WIPO Arbitration and Mediation Center

## ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. Cologne Zone**

**Case No. D2000-1809**

### **1. The Parties**

The Complainant is Chanel, Inc., a corporation located in New York, New York, U.S.A.

The Respondent is Cologne Zone located in Miami Beach, Florida, U.S.A.

### **2. The Domain Names and Registrar**

The domain names at issue are <chanelperfumes.com> and <chanelperfumes.net> ("Domain Names").

The registrar is Registrars.com, San Francisco, California, U.S.A.

### **3. Procedural History**

This action was brought in accordance with the ICANN Uniform Domain Name Dispute Resolution Policy, dated October 24, 1999 ("the Policy") and the ICANN Rules for Uniform Domain Name Dispute Resolution Policy, dated October 24, 1999 ("the Rules").

Complainant submitted its complaint in this proceeding on December 26, 2000. Respondent submitted an informal email response on January 14, 2001.

On February 9, 2001, the WIPO Arbitration and Mediation Center appointed Mark V.B. Partridge as Panelist.

### **4. Factual Background**

Complainant is a manufacturer, importer and seller of perfume and luxury products throughout the world. The CHANEL name and mark have been used in the United States for over 70 years. The name and mark is used for perfume, other products and also for retail store services. As a result of extensive sales, advertising and media recognition the name and mark is well-known. The mark has been recognized as well-known and famous by the U.S. Courts and in prior proceedings under the ICANN Policy.

Complainant is the owner of many federal and international trademark registrations for the CHANEL mark, including registrations in the U.S. dating back to 1925.

Respondent registered the Domain Names on December 13, 1999. It appears that the Domain Names have not been used for any functioning web site.

Respondent claims it has been in the perfume business for over ten years, sells CHANEL products, and is a "very large distributor for name brand designer fragrances." Respondent asserts that Complainant was negligent for failing to register the Domain Names. It claims it intends to use the Domain Names for a web site selling various brands of perfume, including CHANEL perfume, and has invested a lot of money in development of the site.

Complainant sent a letter of objection to Respondent on August 29, 2000, and claims it received no response. Respondent contends that it has contacted Complainant's counsel trying to settle this dispute. In its submission in this proceeding, Respondent states: "If we disturb the traffic from Chanel.com, which is not our intent, they will lose alot [sic] more money, than if they were to settle for a few thousand dollars."

## 5. Parties' Contentions

Complainant contends that the Domain Names are confusingly similar to its mark, that Respondent has no rights or legitimate interests in the Domain Names, and that Respondent has registered and used the Domain Names in bad faith.

Respondent claims he intends to use the Domain Names for his perfume business.

## 6. Discussion

To obtain relief under the ICANN Uniform Domain Name Dispute Resolution Policy, Paragraph 4(a) of the Policy requires the Complainant to prove each of the following:

- (1) that the domain name registered by the Respondent is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (2) that the respondent has no rights or legitimate interests in the domain name; and
- (3) that the domain name has been registered and used in bad faith.

### A. Confusing Similarity

CHANEL, the salient feature of the Domain Names, is identical to a mark in which Complainant has shown prior rights. The addition of the generic term, "perfumes" is not a distinguishing feature, and in this case seems to increase the likelihood of confusion because it is an apt term for Complainant's business. See *Chanel, Inc. v. Estco Technology Group*, D2000-0413 (WIPO September 18, 2000)(finding <chanelstore.com> and <chanelfashion.com> confusingly similar to CHANEL). Therefore, I find that the Domain Names are confusingly similar to Complainant's mark as required under Paragraph 4(a)(i) of the Policy.

### B. Legitimate Interests

Under the Policy, legitimate interests in a domain name may be demonstrated by showing that: (i) before any notice of this dispute, Respondent used, or demonstrably prepared to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; (ii) Respondent has been commonly known by the domain name, even if no trademark or service mark rights have been acquired; or (iii) Respondent is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain or to misleadingly divert customers or to tarnish the trademark at issue. Paragraph 4(c) of the Policy.

Here, the Domain Names have not yet been used and Respondent is not known by the Domain Names.

Respondent claims to have invested \$150,000 in the development of a web site that "will be airing soon with all the fine designer fragrances from all around the world." This claim is not supported by the required certification or by any evidence. However, for the purposes of this decision, I will accept the facts in Respondent's informal submission as being true.

The mere fact that Respondent has a plan to use the Domain Names does not create a right or legitimate interest in them. The Policy requires a plan to make bona fide use. Bona fide use does not exist when the intended use is an deliberate infringement of another's rights. As stated in *Madonna Ciccone, p/k/a Madonna v. Dan Parisi and "Madonna.com"*, D2000-0847 (WIPO October 12, 2000), "use which intentionally trades on the fame of another cannot constitute a 'bona fide' offering of goods or service. . . . to conclude otherwise would mean that a Respondent could rely on intentional infringement to demonstrate a legitimate interest, an interpretation which is obviously contrary to the intent of the Policy."

Here, Respondent is well-aware of Complainant's rights in the CHANEL mark. He selected the mark because of its association with Complainant, yet admittedly intends to use it to attract customers to a site where he will sell numerous other brands. The inevitable result of this knowing use of another's mark is an infringement, regardless of Respondent's claim that it "is not our intent" to divert traffic from Complainant. In short, Respondent's proposed use is not a bona fide use of the Domain Names and does not give rise to any right or legitimate interest in them.

### **C. Bad Faith Registration and Use**

I also believe that Respondent has registered and used the Domain Names in bad faith. As noted above, it selected the Domain Names because CHANEL is a well-known mark for perfume, but intends to use them for sites to sell various brands of perfume. Respondent acknowledges that its planned use may disturb traffic from Complainant's site. When it selected the Domain Names, Respondent knew they corresponded to Complainant's mark, but felt entitled to register them because of Complainant's "negligence" in failing to do so first. It also appears that its response to Complainant's objection was to use the Domain Names to try to obtain "a few thousand dollars" from Complainant.

It seems that Respondent's proposed use of the Domain Names will necessarily result in a likelihood of confusion with Complainant as to source, sponsorship, affiliation or endorsement of Respondent's planned web site. Internet users will be "baited" to Respondent's site by the use of Complainant's well-known mark, then potentially "switched" to other brands. The Courts have long recognized that such conduct is not permitted. See *Brookfield Communications, Inc. v. West Coast Entertainment*, 174 F.3d 1036 (9th Cir. 1999). Because Respondent knows of Complainant's mark and operates in the same industry, it cannot avoid liability under the Policy by pleading that it does not intend to cause the obvious and inevitable results of its deliberate actions.

Under the circumstances admitted by Respondent, it appears that Respondent registered the Domain Names to use them to attract Internet users to its commercial web site based on confusion with Complainant's mark. Such conduct is evidence of bad faith registration and use under Paragraph 4(b)(iv) of the Policy.

### **6. Conclusion**

I find that the Domain Names are confusingly similar to a mark in which Complainant has rights, that Respondent lacks any right or legitimate interest in the Domain Names and that the Domain Names were registered and used in bad faith. Therefore, I find in favor of Complainant and grant its request for transfer of the Domain Names <chanelperfume.com> and <chanelperfumes.com>.

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Mark V. B. Partridge  
Sole Panelist

Dated: February 22, 2001



# WIPO Arbitration and Mediation Center

## ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. Uralna Heyward**

**Case No. D2000-1802**

### 1. The Parties

The Complainant is: Chanel, Inc. doing business at 9 West 57th Street, New York, New York 10019 U.S.A. The Complainant is represented by Barbara A. Solomon of Fross Zelnick Lehrman & Zissu, P.C., 866 United Nations Plaza, New York, New York 10017.

The Respondent is: Uralna Heyward, whose address is 3028 W. 29th Street, Apt. 4E, Brooklyn, New York 11224, U.S.A.

### 2. The Domain Name and Registrar

The domain name in dispute is: "chanelparee.com".

The registrar for the disputed domain name is: Network Solutions, Inc. (NSI), 505 Huntmar Park Drive, Herndon, Virginia 20170-5139, U.S.A.

### 3. Procedural History

This dispute is to be resolved in accordance with the Uniform Policy for Domain Name Dispute Resolution (the Policy) and Rules (the Rules) approved by the Internet Corporation for Assigned Names and Numbers (ICANN) on October 24, 1999, and the World Intellectual Property Organization Arbitration and Mediation Center's Supplemental Rules for Uniform Domain Name Dispute Resolution (the Center, the Supplemental Rules).

The Complaint was filed on December 29, 2000. On January 4, 2001 the Center requested that the registrar NSI check and notify the Center who the registrant was for the disputed domain name "chanelparee.com". On January 9, 2001, NSI reported to the Center that the registrant was the Respondent: Uralna Heyward.

On January 11, 2001 the Center notified the Respondent by e-mail and registered mail with the Complaint and this proceeding officially began. The Respondent did not respond within the twenty (20) day time period stipulated by the Rules, no. 5, and on February 1, 2001 the Respondent was declared in default.

The Administrative Panel submitted a Declaration of Impartiality and Independence on February 7, 2001, and the Center proceeded to appoint the Panel on February 9, 2001.

The Panel finds the Center has adhered to the Policy and the Rules in administering this Case.

This Decision is due by February 23, 2001.

#### **4. Factual Background**

The Complainant is a manufacturer and seller of luxury goods. The Complainant states it has been using the "Chanel" trademark in the United States of America for over seventy (70) years. Complainant's products include women's clothing and women's and men's fragrance, cosmetics and skincare products. The Complainant states it has been associated with Paris for years since its founder, Coco Chanel, lived in that city. The Complainant asserts it still maintains a significant corporate presence in Paris and that its packaging often refers to Paris.

The Complainant endeavors to sell its products only in upscale locations such as its own boutiques or other exclusive shops and department stores such as Nordstrom's and Saks Fifth Avenue.

The Respondent registered the disputed domain name "chanelparee.com" on May 3, 2000. On November 29, 2000, Complainant's legal counsel wrote to Respondent alleging trademark infringement and insisting that Respondent turn over the disputed domain name to Complainant (Complaint, Exhibit D). The Respondent replied through its legal counsel that the Respondent did not believe the Complainant had the exclusive right to use the name Chanel, and concluded "...my client will not acquiesce to your demand that she forgo all rights to the domain name "chanelparee.com." (Complaint, Exhibit E).

The Complainant is now seeking transfer of the disputed domain name "chanelparee.com" in this proceeding.

#### **5. The Parties' Contentions**

##### **The Complainant's Contentions:**

- The Chanel trademark is strong and famous and has been so adjudicated by United States federal courts.
- Complainant owns 29 registrations for the Chanel mark in the United States, all of which issued before Respondent registered the disputed domain name "chanelparee.com".
- Respondent cannot claim or show any rights to "chanelparee.com" that are superior to Complainant's rights in the Chanel mark.
- The Respondent is making no use of the Chanel mark at the disputed domain name web page, nor is the Respondent otherwise using the name to make a bona fide offering of goods or services.
- There has never been any relationship between Complainant and Respondent that would give rise to any license, permission or authorization to use the Chanel mark.
- Respondent's domain name "chanelparee.com" incorporates without alteration Complainant's Chanel mark which makes it confusingly similar to Complainant's Chanel trademark. The fact that Respondent has added the term "paree" to the Chanel mark does not alter the analysis, especially since "paree" connotes Paris, with which Chanel and the Chanel mark are inextricably associated.
- The fact that Respondent registered as a domain name a trademark as famous as Chanel is evidence of bad faith since the Respondent can not have been unaware of Complainant's trademark rights.
- The Complainant requests that the disputed domain name be transferred to the Complainant.

The Respondent is in default in this proceeding and thus did not file any contentions.

#### **6. Discussion and Findings**



In order for the Complainant to prevail and have the disputed domain name "chanelparee.com" transferred to it as it requests, the Complainant must prove the following (the Policy, para 4(a)(i-iii):

- the domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- the Respondent has no rights or legitimate interests in respect of the domain name; and
- the domain name was registered and is being used in bad faith

### **Identical or Confusingly Similar**

The Complainant has provided exemplary copies of its United States principal register "Chanel" trademark registrations and renewals going back more than half a century. The Panel notes, for example: registration no. 1,571,787 dated December 19, 1989 international class 14 for watches; and registration no. 626,035 dated May 1, 1956 for women's handbags.

The Respondent has registered the disputed domain name "chanelparee.com", adopting the Complainant's incontestably famous trademark Chanel and pairing it with an inventive spelling of the capital of France. The Panel agrees with Complainant that, instead of coining a new and distinct mark, misspelling Paris and adding it to Chanel merely compounds the confusing similarity with Complainant's trademark since Chanel is automatically associated with France and Paris.

The Panel finds the disputed domain name is confusingly similar to the Complainant's famous registered trademark.

### **Legitimate Rights and Interests**

The Complainant disavows having given the Respondent authorization to use its trademark. The Respondent is in default and has made no attempt to show how it was using the disputed domain name. The record only shows that the Respondent registered the domain name and did nothing with it.

The Panel finds the Respondent has no legitimate rights or interests in the disputed domain name.

### **Registered and Used in Bad Faith**

The Policy's bad faith provisions (4(b)(i-iv) are illustrative and not exhaustive ("without limitation"). The Panel finds that the Respondent's conduct, while clearly in bad faith, does not fit the specific examples of the Policy.

The Panel agrees with the Complainant that the Chanel mark is so famous that Respondent had to know about it and that the registration of the mark as a domain name without any color of title or justification is proof of bad faith on the Respondent's part (see *Veuve Cliquot Ponsardin, Maison Fondée en 1772 v. The Polygenix Group Co.* WIPO Case No. D2000-0163, May 1, 2000). The Panel also is convinced that, in coining the domain name "chanelparee.com", the Respondent intentionally compounded the confusion that would result from its adopting the Complainant's famous mark. The Panel also finds the Respondent is in bad faith because it hoarded or warehoused such a famous and valuable mark as a domain name without any legitimate interest in the mark (*Georgia Gulf Corporation v. The Ross Group*, WIPO Case No. D2000-0218, June 14, 2000).

## **7. Decision**

To summarize, the Panel finds the Respondent in bad faith registered and used a confusingly similar trademark in which it had no legitimate rights or interests. Therefore, based on the Policy 4(i), the Panel orders that the registrar NSI transfer the disputed domain name, "chanelparee.com", from the Respondent, Uraina Heyward, to the Complainant, Chanel, Inc.

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Dennis A. Foster  
Sole Panelist

Date: February 23, 2001



## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

**Chanel, Inc. v. Buybeauty.com**

**Case No. D2000-1126**

#### 1. The Parties

The Complainant is Chanel, Inc. ("Chanel"), 9 West 57th Street, New York, N.Y. 10019. The Respondent is Buybeauty.com., 395 Sussex Street, San Francisco, California 94131, United States of America (USA).

#### 2. The Domain Name and Registrar

The domain name in dispute is buychanel.com. ("**Domain Name**") The registrar is Network Solutions, 505 Huntman Park Drive, Herndon, Virginia 20170-5139, USA.

#### 3. Procedural History

Complainant filed its Complaint by email on August 25, 2000 and by hard copy on August 28, 2000. The Complaint was submitted in accordance with the Uniform Policy for Domain Name Dispute Resolution, adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) on August 26, 1999 (the **Policy**), the Rules for Uniform Domain Name Dispute Resolution Policy, approved by ICANN on October 24, 1999 (the **Rules**) and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the **Supplemental Rules**). See Rules, para. 3(b). Complainant amended its Complaint on September 13, 2000 by email, with a hard copy received by the WIPO Arbitration and Mediation Center (the "Center") on September 18, 2000. In accordance with Paragraph 4(a) of the Rules and Paragraph 5 of the Supplemental Rules, the Center verified that the Complaint satisfies the formal requirements of the Policy, Rules and Supplemental Rules. The Panel agrees with the Center's assessment.

The file also reflects that payment in the required amount to the Center has been made by the Complainant.

On September 19, 2000, the Center properly notified the Complaint in accordance with paragraph 2(a) of the Rules. Respondent's Response to the Complaint was due on October 8, 2000, but Respondent failed to file its Response. On October 11, 2000, the Center notified Respondent that it was in default. Thereafter, the sole panelist submitted a Statement of Acceptance and Declaration of Impartiality and Independence and the Panel

was properly constituted. On November 8, 2000, the Center notified the parties of the appointment of this Panel, and advised the parties of the projected decision date of November 22, 2000.

#### 4. Factual Background

Respondent has defaulted. The Panel adopts the factual contentions of Complainant as set forth in Paragraph 5 below.

#### 5. Parties' Contentions

##### A. Complainant's Rights in the CHANEL Mark

Chanel has used and owned the trademark and trading name CHANEL in the U.S. for over 70 years. Chanel is a premier manufacturer, importer and seller of luxury products throughout the world. Chanel is a recognized leader in the fields of beauty and fashion and is one of the most recognized and respected names in fashion in the entire world.

Plaintiff has built the value of the CHANEL mark through sales of millions of dollars of products bearing the CHANEL mark, and through extensive marketing and promotional activities over a period of more than 70 years. Chanel's products include among other items women's and men's fragrance, cosmetics and skincare; women's clothing and accessories; jewelry; watches; handbags and other leather goods. In 1999, Chanel's sales of these products totaled in the hundreds of millions.

Chanel advertises its products, brand, and image on television, radio and in numerous magazines and print publications. Chanel spent over \$50 million in 1999 on advertising and promotion. Chanel runs ads in such nationally circulated magazines as *Elle*, *Harper's Bazaar*, *Vogue*, *W*, *In Style*, *Town & Country*, *House & Garden*, *Gourmet*, *Travel & Leisure*, *Conde Nast Traveler*, *The New York Times Magazine*, and hundreds of other national, regional, and local publications. In addition to plaintiff's own advertising efforts, CHANEL branded products are the subject of fashion editorials in magazines and on television. This coverage of both plaintiff and its products reaches millions of consumers nationwide.

Plaintiff sells and distributes its products through numerous channels of trade, including its own CHANEL retail stores (such as the world famous CHANEL store on Rodeo Drive in Beverly Hills), exclusive retail boutique stores, and exclusive department stores (including Neiman Marcus, Barney's, Macy's, Nordstrom, and Saks Fifth Avenue). Currently, there are in excess of 2500 outlets nationwide that sell CHANEL products.

The CHANEL mark and trade name have been in continuous use for over 70 years. Chanel owns 29 registrations for the CHANEL mark in the United States some dating back to 1925 and all of which issued before Respondent registered the **Domain Name**.

The fame and recognition of the CHANEL mark has been noted by a 1999 *Women's Wear Daily* survey that ranked CHANEL among the top 100 most famous brands. The fame of the CHANEL mark is also evidenced by the numerous references to the CHANEL mark in artwork, songs, movies, television shows, books, and other media.

U.S. courts have held the CHANEL mark to be well known and distinctive. See, e.g., *Chanel, Inc. v. Smith*, 178 U.S.P.Q. 630, 631 (N.D. Cal. 1973) (CHANEL mark has goodwill and esteemed reputation, is well-known and distinctive and was worth at least \$100 million in 1973); *Chanel, Inc. v. Italian Activewear of Florida, Inc.*, 931 F.32d 1472, 1474 (11<sup>th</sup> Cir. 1991) (Chanel's trademarks are well-known).

Given all of the above, Complainant has strong rights in its CHANEL mark.

##### B. Respondent's Activities

On November 17, 1998, Respondent registered the domain name buychanel.com. By the time Respondent registered this domain name Complainant had been using its CHANEL mark for more than 70 years and had obtained 29 federal trademark registrations for its mark in the U.S. In addition, as of the date the **Domain Name** was registered, the CHANEL mark had become among the most famous marks in the U.S. There is no evidence before this Panel of any rights to buychanel.com that are superior to Complainant's rights in the CHANEL mark as evidenced by Complainant's use and registrations. Nor is there any evidence that Respondent was unaware of the CHANEL Mark at the time it registered buychanel.com.

Although the **Domain Name** was registered on November 17, 1998, there is no active website attached to it. As of August 25, 2000, the only web page attached to buychanel.com was an advertisement for a domain name registration service as well as a notification that the site is under construction.

The Respondent Buybeauty.com has registered in excess of fifty domain names. Many of them use the verb "buy" in connection with a recognized famous trademark. Examples include buytiffany.com, buyclairiol.com, buycalvinklein.com, buyvuitton.com, buyhermes.com, buywaterford.com, buyelizabetharden.com, buylancome.com, buyclinique.com, buygucci.com, and buycartier.com.

There has never been a relationship between Complaint and Respondent or between Complainant and Respondent's administrative, technical, zone and billing contact Robin Steele. Neither Buybeauty.com nor Robin Steele (Respondent's administrative, technical, zone and billing contact) has been authorized to sell Chanel product or to use the CHANEL mark in any capacity, including but not limited to as part of a domain name.

## 6. Discussion and Findings

In order to prevail under the **Policy**, Complainant must show that it has rights in the CHANEL mark; that the **Domain Name** is identical or confusingly similar to Complainant's CHANEL mark; that Respondent has no rights or legitimate interest in the **Domain Name**; and that the **Domain Name** was registered and used in bad faith. Here, Complainant has met its burden.

Complainant has strong rights in the CHANEL mark. The existence of numerous federally registered, incontestable, valid and subsisting registrations for the CHANEL mark in the United States Patent and Trademark Office is sufficient to establish Complainant's rights. See Bennett Coleman & Co., Ltd. v. Steven S. Lalwani, WIPO D2000-0014-0015. Moreover, the extensive use made by Chanel of its mark and trade name throughout the United States for more than seventy years, combined with the extensive sales and advertising under the CHANEL mark, make it clear that Chanel has significant rights in its CHANEL mark so that it can invoke the **Policy**.

Respondent's domain name buychanel.com incorporates without alteration Complainant's registered CHANEL mark making the **Domain Name** confusingly similar to Complainant's CHANEL trademarks. See Infospace.com Inc. v. Infospace Technology Co. Ltd., WIPO D2000-0074; Serta, Inc. v. Maximum Investment Corp., WIPO D2000-0123. In a very similar case, a WIPO panel held that the domain name buyguerlain.com was identical to the GUERLAIN trademark. Guerlain S.A. v. H I Investments, WIPO D2000-0494. This Panel reaches the same result. As such, Complainant has satisfied the first element of the **Policy** that Registrant's domain name is identical or confusingly similar to Complainant's mark.

Moreover, there is no evidence that Respondent has a legitimate interest in or rights to use the **Domain Name**. First, the registration was obtained after Complainant had obtained 29 federal trademark registrations for its CHANEL mark and after Complainant had been extensively using its mark. See Fiber-Shield Industries, Inc. v. Fiber Shield LTD, NAF 1000092054. Given that the CHANEL mark has been recognized by courts as being famous, and given its substantial use in the U.S. where Respondent is located, "no actual or contemplated bona fide or legitimate use of the **Domain Name** could be claimed by Respondent." Guerlain S.A. v. Peikang, WIPO D2000-0055.

Second, there exists no relationship between Complainant and Respondent that would give rise to any license, permission or authorization by which Respondent could own or use the **Domain Name** which incorporates in whole Complainant's trademark registration for CHANEL. Under the circumstances, Respondent cannot show legitimate rights or interests in the **Domain Name**. See e.g., Serta, Inc. v. Maximum Investment Corporation, WIPO

D2000-0123. See also *Guerlain S.A. v. H I Investments*, WIPO D2000-0494 (no rights or legitimate interest found where Complainant has not licensed or otherwise permitted Respondent to use its trademark or to apply for a domain name incorporating its trademark).

Third, there is no evidence that Respondent has used the name in connection with a bona fide offering of goods or services, Respondent is not commonly known by the **Domain Name** and Respondent is not making legitimate noncommercial or fair use of the name.

Fourth, although the **Domain Name** has been registered since November, 1998, Respondent has never established any functioning website. This failure to use the domain name further supports a finding of no legitimate interest. See *World Wrestling Federation v. Bosman*, WIPO D99-0001; *Mary-Lynne Mondich v. Shane Brown*, WIPO D2000-0004.

Fifth, Respondent owns in excess of 50 domain names many of which trade on and incorporate famous marks. The existence of so many domain names registered to a single entity suggests that the entity's business is not to legitimately use the domain names but rather to sell them or otherwise profit from them. See *Stella d'Oro Biscuit Co. v. The Patron Group*, WIPO D2000-0012; *Nabisco Brands Co. v. The Patron Group*, WIPO D2000-0032.

Finally, where, as here, the CHANEL mark is venerable and distinctive, it is not reasonably possible for Respondent to demonstrate any legitimate interest in a domain name consisting of the CHANEL mark. See *Ingersoll-Rand Co. v. Frank Gully*, WIPO D2000-0021.

Complainant also has satisfied the final element of the **policy** that the Respondent registered and used the domain name in bad faith. First, as set forth above, Respondent has failed to use the domain name to sell or provide any goods or services. This is evidence of bad faith.

Second, Respondent's **Domain Name** incorporates Complainant's registered CHANEL mark and is confusingly similar to Complainant's CHANEL trademark. U.S. consumers, who have been exposed to advertising by Complainant, are likely to believe that the **Domain Name** is related to or associated with Complainant. Such confusion is only likely to increase because Respondent has combined CHANEL with the verb "buy" which suggests that the site is a commercial undertaking of Complainant designed to offer for sale goods under the CHANEL mark. See *Parfums Christian Dior v. 1 Netpower, Inc.*, WIPO D2000-0022. By using Complainant's very mark as the focal point of its **Domain Name**, Respondent is attempting to create an association with Complainant that does not exist in violation of the U.S. federal law of trademark infringement and unfair competition, 15 U.S.C., § 1052, et. seq. Because the ultimate effect of any use of the **Domain Name** will be to cause confusion, the use and registration of the **Domain Name** must be considered to be in bad faith. See *Embratel v. McCarthy*, WIPO D2000-0164; *Forte (UK) Ltd. v. Ceschel*, WIPO D2000-0283.

Further evidence of bad faith can be seen by Respondent's pattern of using famous marks as domain names. Respondent has registered in excess of 50 domains most of which include famous marks. Given this evidence it can be inferred that "Respondent's real business is to register third parties' trademarks as domain names thereby preventing bona fide trademark owners from doing business on the Internet under their trademark names . . . and that Respondent registers domain names in order to sell them for profit or that in any case it has considered this possibility." *Guerlain S.A. v. Peikang*, WIPO D2000-0055. Registrant cannot legitimately use all of these domain names. See *J.P. Morgan v. Resource Marketing*, WIPO D2000-0035 (and cases cited therein).

Bad faith can also be found from the fact that Respondent is located in the U.S. where Complainant has 29 registrations for the CHANEL mark. Respondent knew or should have known of the fame of the CHANEL mark when it registered buybeauty.com. Under U.S. trademark law, Respondent is deemed to have been on constructive, if not actual, notice of Complainant's rights in its CHANEL mark before it obtained the **Domain Name**. Given this awareness, it is evident that the registration and use of the domain name was in bad faith. See *Cellular One Group v. Paul Bryan*, WIPO D2000-0028. The fact that Respondent proceeded with the registration of a domain name that incorporates the CHANEL mark in its entirety supports a finding of registration and use in bad faith. *Cortefiel, S.A. v. Miguel Garcia Quintas*, WIPO D200-0140.

CHANEL is an immediately recognizable and famous mark that exclusively identifies Complainant. Indeed, courts have already held this to be the case. Nor could there be any dispute that the **Domain Name** buychanel.com

would be associated in consumers' minds with Chanel. Given that Respondent has no connection with Complainant and has never been authorized by Complainant to use the CHANEL mark, the very fact that Respondent has registered buychanel.com establishes bad faith use and registration. See e.g. Pharmacia & Upjohn Company v. Moreonline, WIPO D200-0134. In addition, the CHANEL mark and, by extension, the **Domain Name** buychanel.com, are so obviously connected with Complainant that the very use by someone of this **Domain Name** who has no connection to Complainant or its goods or services suggests "opportunistic bad faith". Veuve Cliquot Ponsardin v. The Polygenic Group Co., WIPO D2000-0163.

Bad faith can also be found from the fact that the **Domain Name** itself, buychanel.com could be seen as an invitation to sell the name. See Microsoft Corp. v. Amit Mehrotra WIPO D2000-0053. The fact that Respondent is using the word "buy" in connection with the CHANEL mark, that Respondent has registered numerous **Domain Names** almost all of which use famous marks, and that the Respondent has never set up a website, all point to the conclusion that Respondent has registered buychanel.com, and all of its other names, solely with an intent to profit from the fame of the marks.

In the case of Guerlain S.A. v. H I Investments, WIPO D2000-0494, the panel was confronted with a similar situation, namely the registration of a domain name that consisted of the word "buy" combined with a famous mark. As with the case presented here, the domain name had been registered but not used. The panel had no trouble finding bad faith use and registration. The panel reasoned that respondent knowingly and purposely chose a name that is identical to complainant's mark; that complainant's mark is famous and widely used, as evidenced by trademark registrations; that the similarities between the complainant's mark and the domain name could not be a mere coincidence; that by knowingly choosing a domain name consisting of complainant's mark preceded by the verb "to buy" respondent intentionally created a situation at odds with the legal rights and obligations of the parties; and that there was no evidence of any use, attempts to use or preparations to use the domain name. A comparable situation is present here. The panel's conclusion in the Guerlain S.A. case is equally applicable here, namely that "Respondent has registered the Domain Name for the purpose of attempting to attract, for commercial gain, Internet users to Respondent's website or other on-line location, by creating a likelihood of confusion with Complainant's trademark as to the source, sponsorship, affiliation, or endorsement of Respondent's website or location."

Based on all of the above, Complainant has met the requirements of the **Policy** and is entitled to the remedy it requested in its Complaint.

## 7. Decision

In accordance with Paragraphs 4(b)(i) of the Policy and 15 of the Rules, this Panel orders that the **Domain Name**, buychanel.com, be immediately transferred to Complainant.

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Elliot E. Polebaum  
Sole Panelist

Dated: November 22, 2000



## WIPO Arbitration and Mediation Center

### ADMINISTRATIVE PANEL DECISION

### CHANEL, INC. v. ESTCO TECHNOLOGY GROUP

Case No. D2000-0413

#### 1. The Parties

The Complainant is:

Chanel, Inc.  
9 West 57<sup>th</sup> Street  
New York, New York 10019 USA

Represented by:

Lawrence Silvestro  
Chanel, Inc.  
9 West 57<sup>th</sup> Street  
New York, New York 10019 USA

And

Barbara A. Solomon, Esquire  
Fross Zelnick Lehrman & Zissu, P.C.  
866 United Nations Plaza  
6<sup>th</sup> Floor  
New York, New York 10017 USA

The Respondent is:

Estco Technology Group and  
Estco Enterprises, Ltd.  
5101 River Road, Suite 1009  
Bethesda, Maryland, USA

Respondent is represented by:

Valerie Brennan, Esq.



Hogan & Hartson L.L.P.  
8300 Greensboro Drive, Suite 1100  
McLean, Virginia 22102, USA

## 2. The Domain Names and the Registrar

The domain names in dispute are: "**chanelstore.com**" and "**chanelfashion.com**". The Registrar is Network Solutions Incorporated (NSI) of 505 Huntmar Park Drive, Herndon, Virginia 20170-5139 USA.

## 3. Procedural History

This dispute is to be resolved in accordance with the Uniform Policy for Domain Name Dispute Resolution (the Policy) and Rules (the Rules) approved by the Internet Corporation for Assigned Names and Numbers (ICANN) on October 24, 1999, and in accordance with the World Intellectual Property Organization Arbitration and Mediation Center's Supplemental Rules for Uniform Domain Name Dispute Resolution (the Center, the Supplemental Rules).

The Complaint was filed on May 10, 2000. On May 15, 2000, the Center requested that the Registrar NSI check and report back on the registrant for the domain names "**chanelstore.com**" and "**chanelfashion.com**". On May 16, 2000, NSI reported to the Center that the registrant for the disputed domain names was the Respondent, Estco Technology Group.

On May 17, 2000, the Center forwarded a copy of the Complaint to Respondent by registered mail and by e-mail and this Proceeding officially began. After being accorded a time extension by the Center with the agreement of the Complainant, Respondent's Response was received by the Center on July 5, 2000.

On July 7, 2000, Complainant filed a request to file a sur-Response to Respondent's Response and on July 12, 2000, the Respondent filed an objection to Complainant's request to file a sur-Response.

After receiving a Statement of Acceptance and Declaration of Independence from each Panel member, the Center proceeded to appoint the Panel on August 22, 2000.

On September 12, 2000, this Panel denied Complainant's request to submit a sur-Response as this Panel did not need any further information from the Parties to reach its Decision.

This Panel finds the Center has adhered to the Policy and the Rules in administering this Case.

This Decision originally was due by September 5, 2000, but, owing to a file lost during shipment, the Panel extended the due date to September 15, 2000.

## 4. Factual Background

Complainant, Chanel, Inc., is a famous manufacturer, importer and seller of luxury products throughout the world. Complainant provides its goods in name brand Chanel stores as well as in department store boutiques. Respondent is the developer of a project that seeks to offer a database of information on the retail fashion industry that would be found on the Internet at "DesignerGlobe.com". However, under this project, the web site "DesignerGlobe.com" also would be connected with the disputed domain name web sites "**chanelstore.com**" and "**chanelfashion.com**" and many others. Complainant is contesting Respondent's right to register these domain names and to use them for its project.

## 5. The Parties' Contentions

### Complainant's Contentions:

- Complainant is a recognized leader in the fashion industry.
- Complainant has built the value of the "Chanel" trademark through extensive marketing and promotional activities over a seventy (70) year period in the United States. Chanel's products include women's and men's fragrances, cosmetics and skincare products, women's clothing and accessories, jewelry, watches, handbags and other leather goods. Chanel also provides retail store services under the "Chanel" mark.
- In 1999, Complainant's sales totaled hundreds of millions of dollars worldwide.
- Complainant advertises its products and the "Chanel" brand on television, radio and in numerous famous magazines such as "Elle", "Harper's Bazaar" and "Vogue".
- Chanel sells and distributes its products through many channels of trade, including its own Chanel retail stores, exclusive retail boutiques, and exclusive department stores. Currently, there are in excess of 2,500 outlets in the U.S. selling Chanel products.
- By the time Respondent registered the disputed domain names on May 12, 1999, and December 12, 1999, the "Chanel" trademark had been in continuous use in the United States and worldwide for over seventy (70) years. Chanel owns over seventeen (17) registrations for the "Chanel" trademark in the United States (Complaint, Exhibit C). In addition, the "Chanel" trademark is registered in over one hundred (100) countries.
- The fame and recognition of the "Chanel" trademark have been noted by a recent "Women's Wear Daily" survey (Complaint Exhibit D), that ranked "Chanel" among the top one hundred (100) most famous brands in the U.S. The fame of the "Chanel" trademark is also evidenced by the numerous references to "Chanel" in artwork, songs, movies, television shows, books, and other media.
- U.S. courts have already held the "Chanel" trademark to be well known and distinctive. (Chanel, Inc. v. Smith, 178 U.S.P.Q. 630, 631 (N.D.Cal. 1973)).
- Respondent's disputed domain names are identical to Complainant's trademark and the public will be confused.
- Complainant's trademark is so well known that there can be no legitimate use of it by Respondent.
- Respondent's bad faith is shown by its having registered in excess of one hundred (100) domain names, many of which consist of a famous mark followed by a generic designation. These include BURBERRYFASHION.COM and DOLCEGABBANAFASHION.COM. It can thus be inferred that Respondent intends to sell the names for profit.
- Respondent registered the disputed domain names in bad faith because they were well aware of Complainant's trademark at the time of registration.

### Respondent's Contentions

- Respondent's business plan for using the disputed domain names calls for the creation of an internet directory for authorized designer fashion retailers. It will serve as an information portal, offering fashion commentary, reviews of designer lines, introductions of new designers, etc.
- The site would be structured so as never to imply that the designer-specific "fashion" or "store" address is the designer's site.
- All of the addresses end in "FASHION". Incorporation of designer marks into domain names for use in this manner constitutes fair use.
- Respondent intentionally chose a variant of the mark that would not be confused with Complainant and that would

not be needed by Complainant.

- Incorporation of the designers' marks into the "FASHION" and "STORE" domain names serves an important purpose: it allows users to bypass the search engine available at the main site "DesignerGlobe.com" to access directly information regarding their favorite designer's products.
- Respondent has a very real need and legitimate business plan for the disputed domain names. Although Respondent has not yet launched its site, for over a year it has been making preparations, including seeking financing.
- Respondent plans to stay in close contact with retail establishments. Respondent will thus be in a good position to bring gray market and counterfeit goods to the attention of Complainant and other participating designers.
- Respondent's business plan supports registration and use of a multitude of domain names.
- Respondent is more than willing to incorporate disclaimers into "DesignerGlobe.com" if the parties determine that such disclaimers would be useful.
- No one looking for Complainant's site is going to search at "**chanelstore.com**" or "**chanelfashion.com**" when Complainant has a web site at "Chanel.com".

## 6. Discussion and Findings

In order for Complainant to prevail and have the disputed domain names transferred to itself, Complainant must prove the following (the Policy, para 4(a)(i-iii)):

- the domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- the Respondent has no rights or legitimate interests in respect of the domain name; and
- the domain name was registered and is being used in bad faith.

### Identical or Confusingly Similar

This issue need not detain us long. Complainant has provided (Complaint, Exhibit C) exemplary copies of some of its registrations of the "Chanel" trademark on the Principal Register in the United States, notably Registration no. 195,360 of February 24, 1925, and a renewal dated December 13, 1997.

In the Panel's view, Respondent's disputed domain names "**chanelstore.com**" and "**chanelfashion.com**" are confusingly similar to Complainant's famous trademark "Chanel." The addition of the generic terms "store" and "fashion" are not sufficient to avoid confusion (WIPO Case No. D2000-0047, L.L.C. v. Triple EAuto Parts d/b/a Kung Fu Yea Enters, Inc.).

### Respondent's Rights and Interests in Respect of the Disputed Domain Name

It is true that Respondent has made an elaborate business plan for using the two disputed domain names. According to Respondent's plan, the disputed domain names will be interconnected with Respondents' fashion information portal at "DesignerGlobe.com", and internet navigators will be able to consult a database devoted to "Chanel" and to many other fashion houses. This elaborate business plan, although not yet enacted, might qualify as an "interest" under the ICANN Policy if the business plan involved a bona fide use of the "Chanel" trademark. But Respondent has no "rights" in the trademark in the disputed domain names because Respondent does not contend it has a license or any other legal claim to use Complainant's trademark.

Moreover, the Panel finds that, in order for Respondent's Internet business to be "legitimate" under the Policy, it

must make non-infringing use of Complainant's world famous trademark. Respondent claims this is so, and that it is making "fair use" of Complainant's trademarks (the Policy 4(ciii)). The Panel disagrees.

Respondent plans to offer a wealth of information at its web site on "Chanel's" products, retail outlets and so forth. While it might be fair use for Respondent to mention Chanel in giving out information in the public domain, the Panel disagrees that it is fair use for Respondent to use Complainant's famous trademark in order to attract the public to the web site. Fair use allows Respondent to use Complainant's trademark when providing information on Complainant and the rest of the fashion industry to clients seeking this information. Thus, Respondent's database at "DesignerGlobe.com" can talk about "Chanel" stores and "Chanel" products. In contrast, it would not be fair use for Respondent to use Complainant's trademark outside a shop or office to entice customers in to use its database. The same logic applies in cyberspace: Respondent may not use Complainant's famous fashion trademark as a domain name to entice Internet users to its database. This is not fair use but instead infringing use.

The Panel finds Respondent has failed to show fair use of Complainant's world famous trademark, and that Respondent has no legitimate rights or interests in the disputed domain names.

### **Domain Name Registered and Used in Bad Faith**

The Panel finds the Respondent is in bad faith because, as proscribed by the Policy at 4(b)(iv), the Respondent is deliberately using Complainant's famous trademarks with the aim of misleading the public and siphoning off the "Chanel" trademark's accumulated good will for profit as fashion businesses pay Respondent for the privilege of being registered on Respondent's database. Also, if Respondent were allowed to use Complainant's famous trademark for its web sites as proposed, Respondent likely would derive increased advertising revenues based on confusion with Complainant's trademark.

The Panel believes that internet mechanics make it inevitable that many persons looking for the owners and originators of "Chanel" fashion products would end up at Respondent's web sites, i.e., the disputed domain names in this Case, "**chanelstore.com**" and "**chanelfashion.com**". In this context, the Panel specifically rejects Respondent's contention that "No one looking for Complainant's website is going to search "**chanelstore.com**" and "**chanelfashion.com**."

The Panel is aware that in a similar case another Panel did not find bad faith (WIPO Case D2000-0395, Ermenegildo Zegna Corporation v. Estco Enterprises Ltd.). However, the Panel agrees with the dissent in that Case, which in fact involved the same Respondent with the same business plan as in this Case.

## **7. Decision**

Pursuant to ICANN Policy para 4(i) and Rule 15, the Panel orders that the disputed domain names "**chanelstore.com**" and "**chanelfashion.com**" be turned over to Complainant, Chanel, Inc. These domain names are confusingly similar to Complainant's famous trademark, "Chanel"; Respondent, Estco Technology Group and Estco Enterprises, Ltd., has no legitimate right or interest in the domain names; and Respondent has registered and is using the domain names in bad faith.

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Dennis A. Foster  
Presiding Panelist

Mark V. B. Partridge David Bernstein  
Panelists

Dated: September 18,2000

# OPPOSER/PETITIONER'S EXHIBIT BB

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

Applicant/Registrant.

Consolidated Proceedings:

Opposition No. 91168097

Opposition No. 91172654

Cancellation No. 92046246

**Chanel, Inc. Requests for Extensions of Time to Oppose  
that resulted in mark being abandoned, 2002-2008**

<u>Application No.</u>	<u>Defendant</u>	<u>Mark</u>
77471279	USA Tiger Group Inc.	33 & Design
77507922	USA Tiger Group Inc.	D3 & Design
77287101	DC Shoes Inc.	DC & Design
77396289	Jay-Y Enterprise Co., Inc.	CG & Design
77310280	Classic Conferences, Inc.	CLASSIC CONFERENCES INC CC & Design
77221295	Triad Catalog Co., LLC	2 <sup>nd</sup> CHANCE
76678752	Dynasol Enterprise, Inc.	OO & Design
77159462	Eick, Cheryl	GG & Design
77200669	The Kroger Company of Michigan	CHANCE
77107511	Thomas, Corwyn P.	C CORWYN & Design
78920905	TXT Enterprises Inc.	EG and Design
78930668 78940942	Fuente Marketing Limited	CC & Design
76661721	Cocos Int'l. Trading Inc.	CC ECCLESIA & Design
78739503	Great L&H Trading Inc.	(Design mark)
78677962	Fairy World, Inc.	GG & design
78626389	Carina International, Inc.	CC & design
78360578	Cast Classics '99, Inc.	CAST CC CLASSICS & design
78360577	Cast Classics '99, Inc.	CC & design
78531136	Diophy International Trading USA, Inc.	OC & design
76558426	ALM Properties, Inc.	GC & design
78251293	Condor Canyon Co.	CC & design
76369069	Rubiton Medical LLC	EE & design
76232879	VitaChlor Corp.	S & design

# OPPOSER/PETITIONER'S EXHIBIT CC

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

Applicant/Registrant.

Consolidated Proceedings:

Opposition No. 91168097

Opposition No. 91172654

Cancellation No. 92046246

Westlaw

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 (Cite as: 2009 WL 722050 (D.Kan.))

1

Only the Westlaw citation is currently available.

United States District Court,  
 D. Kansas.  
 CHANEL, INC., Plaintiff,  
 v.

Minran PU d/b/a 100ibuy.Com d/b/a 100ibuy d/b/a  
 100ibuy Co. Lmt. d/b/a Usaebuy.com Inc. d/b/a Usaebuy.com, Defendant.  
**No. 07-2502-KGS.**

March 18, 2009.

Joseph G. Matye, Sarah T. Lepak, Shook, Hardy & Bacon LLP, Kansas City, MO, Stephen M. Gaffigan, Stephen M. Gaffigan PA, Ft. Lauderdale, FL, for Plaintiff.

Minran PU, Lawrence, KS, pro se.

### **ORDER**

K. GARY SEBELIUS, U.S. Magistrate Judge.

\*1 This matter comes before the court on Plaintiff's Motion for Summary Judgment (Doc. 19). Specifically, plaintiff requests that the court render summary judgment on Counts I, II, III, and IV of plaintiff's Complaint (Doc. 1), which allege federal trademark infringement and counterfeiting pursuant to Section 32(1) of the Lanham Act, 15 U.S.C. § 1114; false designation of origin pursuant to Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); common law trademark infringement; and common law unfair competition, respectfully. Defendant has filed a response opposing plaintiff's motion (Doc. 25), and plaintiff has replied in support of its motion for summary judgment (Doc. 27). Therefore, the issues are fully briefed and the court is prepared to rule.<sup>FN1</sup>

FN1. The parties have consented to the exercise of jurisdiction by a United States Magistrate Judge pursuant to 28 U.S.C. § 636(c) and

Fed.R.Civ.P. 73, to conduct any and all proceedings in this case, including the trial, the entry of final judgment, and all other judgment proceedings. See Consent to Jurisdiction by U.S. Magistrate Judge and Order

### **I. Summary Judgment Standard**

Summary judgment is appropriate under Fed. R. Civ. P. 56(c) when "the pleadings, the discovery and affidavits show that no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law." If the court views the evidence and all reasonable inferences therefrom in the light most favorable to the non-movant, an issue is considered genuine "if there is sufficient evidence on each side so that a rational trier of fact could resolve the issue either way."<sup>FN2</sup> An issue of fact is considered material "if under the substantive law it is essential to the proper disposition of the claim."<sup>FN3</sup> If a movant carries its initial burden of proving a prima facie demonstration that there is an issue of a genuine issue of material fact and it is not a matter of law, "the burden shifts to the non-movant to go beyond the pleadings and 'set forth specific facts' that would be admissible in evidence at the event of a trial from which a rational trier of fact could find for the non-movant."<sup>FN4</sup> The non-movant may not rest on mere allegations or denials; it must respond in opposition to summary judgment, by setting forth specific facts showing that there is a genuine issue for trial."<sup>FN5</sup> The mere existence of some factual dispute between the parties will not suffice to prevent summary judgment if the motion is properly supported.<sup>FN6</sup> Also, in a response to a motion for summary judgment, "a non-moving party cannot rely on ignorance of facts, on speculation, or on suspicion; it may not escape summary judgment on the mere ground that something will turn up at trial."<sup>FN8</sup>

FN2. *Adler v. Wal-Mart Stores, Inc.*, 100 F.3d 664, 670 (10th Cir. 1998).



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 (Cite as: 2009 WL 722050 (D.Kan.))

FN3.*Id.*

FN4.*Id.*

FN5.*Id.* at 670-71.

FN6. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986).

FN7.*Id.*

FN8. *Zapata v. IBM, Inc.*, 1998 U.S. Dist. LEX-IS 21702 \* 17 (D.Kan. September 29, 1998)(citing *Conaway v. Smith*, 853 F.2d 789, 793 (10th Cir.1988)).

Where the nonmoving party fails to properly respond to the motion for summary judgment, the facts as set forth by the moving party are deemed admitted for purposes of the summary judgment motion.<sup>FN9</sup>In this case, defendant's response to plaintiff's motion for summary judgment (Doc. 25) fails to provide the court with a "section that contains a concise statement of material facts as to which the party contends a genuine issue exists."<sup>FN10</sup>As a result, "All material facts set forth in the statement of the movant shall be deemed admitted for the purpose of summary judgment[.]"<sup>FN11</sup> Additionally, the court finds any additional facts asserted by defendant Pu in her response brief raise no genuine issue of material fact that would preclude an order granting summary judgment for defendant.

FN9. D. Kan. R. 56.1(a).

FN10. D. Kan. R. 56.1(b).

FN11. D. Kan. R. 51(a) ("All material facts set forth in the statement of the movant shall be deemed admitted for the purpose of summary judgment unless specifically controverted by the statement of opposing party.").

## II. Facts

\*2 Plaintiff Chanel is the sole owner of all rights in and to nine federally registered trademarks. They include:

- Registration No. 1,734,822, registered November 1992, for leather goods, including handbags and wallets
- Registration No. 1,314, 511, registered January 1985, for leather goods, including handbags and wallets
- Registration No. 3,022,708, registered December 2005, for various items, including key chains and handbags
- Registration No. 3,025,934, registered December 2005, for handbags
- Registration No. 0,626,035, registered May for handbags
- Registration No. 1,347,677, registered July for leather goods, including handbags and wallets
- Registration No. 1,733,051, registered November 1992, for leather goods, including handbags and wallets
- Registration No. 1,501,898, registered August 1988, for various items, including key chains
- Registration No. 3,025,936, registered December 2005, for various items, including eyeglasses

Genuine Chanel products are marketed and Chanel boutiques throughout the United States the Internet. Chanel has spent hundreds of millions of dollars to advertise and promote its goods bearing Chanel marks. Chanel marks have acquired fan consumer market for a wide variety of products including high quality handbags, wallets, key chains, frames, and other goods. Goods bearing the marks have garnered sales well into the hundreds of millions of dollars. The Chanel marks are synonymous with Chanel's quality, reputation, and goodwill and have never been abandoned. No other company in the world fully uses the Chanel marks or any substantial marks in connection with the manufacture, sale, distribution of handbags, wallets, key chains, and glass frames.

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The defendant directly participates in, and is the active and controlling force behind websites operating under the domain names 100ibuy.com and usaEbuy.com. The domain name 100ibuy.com was registered on January 12, 2007 by Minram Pu, 1700 Ellis Drive, Apt. 7, Lawrence, KS 66044. The domain name for usaEbuy was registered on April 13, 2007 by Minram Pu, 1700 Ellis Drive, Apt. 7, Lawrence, KS 66044. The internet website operating under the domain name 100ibuy.com instructs customers who are interested in paying for items purchased on the website by check or money order to send payments to: Minram Pu, 1700 Ellis Drive, Apt. 7, Lawrence KS 66044.

Both 100ibuy.com and usaEbuy.com promoted, displayed, sold, and offered for sale goods, including handbags, wallets, key chains, and eyeglass frames bearing Chanel marks. Defendant's goods are virtually indistinguishable from Chanel goods when comparing the label, size, color scheme, printing and design. On April 13, 2007, Chanel's investigator Robert Holmes accessed the Internet website operating under the domain name 100ibuy.com and placed an order for the purchase of a Chanel branded wallet for \$52.50, including shipping. Payment by Mr. Holmes was made via a debit/credit card and the payee was identified as "100IBUY 785-727-9610 KS US." In reference to his purchase, Mr. Holmes received a phone call from the telephone number identified in the payee information and spoke with a female who identified herself as Minram Pu, 1700 Ellis Drive, Apt. 7, Lawrence, KS 66044.

\*3 On May 21, 2007, Mr. Holmes received a package containing the Chanel branded wallet he purchased from 100ibuy.com and the shipping label on the outer package identified Minram Pu, 1700 Ellis Drive, Apt. 7, Lawrence, KS 66044-3397 as the shipper. The package was postmarked from China. The wallet Mr. Holmes purchased was analyzed by a Chanel representative, Adrienne Hahn Sisbarro, who is familiar with Chanel's goods and trained to detect counterfeits, and was determined to be a non-genuine Chanel product. Ms. Hahn Sisbarro also reviewed printouts reflecting the various Chanel branded goods offered for sale on the internet websites 100ibuy.com and usaEbuy.com and concluded

they were non-genuine Chanel products.

At all times relevant, defendant has been on constructive and actual notice of Chanel's ownership of marks and has never been assigned or licensed rights to use the Chanel marks for any purpose. On June 5, 2007, Chanel representative Lynnette Oka sent a cease and desist letter to defendant via certified mail and email to service@100ibuy.com, puminram@yahoo.com.cn, puminram@hotmail.com, puminram@ku.edu. The letter requested that defendant cease all sales of products bearing counterfeit marks. On the same day, Ms. Oka received a letter from defendant using the electronic address "Minram Pu" <puminram@hotmail.com> by puminram@gmail.com, which read, "We are not selling any Chanel products on our website for reminding us the trademark right issue for items online." On June 18, 2007, Ms. Oka received an email to the June 5, 2007 correspondence, and defendant that Chanel branded goods were still being sold on the 100ibuy.com website and requested defendant remove all improper references to Chanel on the website. Thereafter, defendant continued selling and offering for sale products bearing counterfeits of Chanel marks.

### III. Contentions

Plaintiff has moved for summary judgment on the four counts set forth in its complaint: trade dress infringement and counterfeiting, pursuant to Section 43 of the Lanham Act, 15 U.S.C. § 1114; false designation of origin pursuant to Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); common law trademark infringement; and common law unfair competition.<sup>FN12</sup>

FN12. See Complaint (Doc. 1).

Defendant's response to plaintiff's motion for summary judgment does not contain any citations to law, accompanied by any affidavits or other evidence allowed under Fed.R.Civ.P. 56. Thus, it does not establish any specific facts to establish a genuine issue of material fact. Under Fed.R.Civ.P. 56(e)(2), "[w]hen a

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for summary judgment is properly made and supported, an opposing party may not rely merely on allegations or denials in its own pleading." At best, Defendant's response denies (without any evidentiary support) that she is the individual operating the websites in question, as she claims she is the victim of identity theft. Her response consists mostly of hypothetical questions and denials of certain activities including that: she did not register and run the websites in question, she did not call investigator Holmes about an online business, she did not mail any product sold by the websites, she did not receive payment from any customers of the websites, and she is not the owner of the e-mail accounts Chanel contacted regarding the Web sites.<sup>FN13</sup>

FN13. See Response by Defendant Minram Pu re Motion for Summary Judgment (Doc. 25).

#### IV. Count I-Trademark Counterfeiting and Infringement

\*4 Congress has defined a trademark as "any word, name, symbol, or device, or any combination thereof ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."<sup>FN14</sup> Plaintiff Chanel has brought a federal trademark counterfeiting and infringement claim under 15 U.S.C. § 1114, which prohibits the unauthorized use of a counterfeit or imitation of the registered mark likely to cause confusion in the marketplace concerning the source of the different products.

FN14. 15 U.S.C. § 1127.

To prevail on its trademark counterfeiting and infringement claim under 15 U.S.C. § 1114, plaintiff must demonstrate that (1) it has valid and protected trademarks, (2) defendant used similar marks in commerce, and (3) defendant's use of the marks is likely to cause confusion.<sup>FN15</sup>

FN15. *Hodgdon Powder Co. v. Alliant Technologies, Inc.*, 497 F.Supp.2d 1221, 1229 (D.Kan.2007).

#### A. Valid and Protected Trademark

Plaintiff has demonstrated that it is the sole owner of nine federally registered trademarks through affidavits and accompanying exhibits. Defendant disputes this fact. Plaintiff has never assigned or any of the Chanel trademarks to defendant, nor has she ever abandoned the trademarks at issue.<sup>FN16</sup> Accordingly, the court finds plaintiff has established she owns valid and protected trademarks.

FN16. Complaint (Doc. 1) at 4.

#### B. Use of a Similar Mark in Commerce

Plaintiff alleges defendant marketed goods bearing similar marks to Chanel's marks by operating websites under the domain names 100ibuy.com and usaEbuy.com.<sup>FN17</sup> The websites allegedly displayed, offered for sale and sold goods bearing Chanel trademarks.<sup>FN18</sup> Plaintiff offers documents that both domain names were registered to defendant's Lawrence address. Plaintiff also submits evidence that the website 100ibuy.com listed defendant as a payee for checks and money orders. Payment to Holmes was made via debit/credit card and transaction was identified as "100IBUY 785-727-9610". Holmes also received a phone call from phone number 785-727-9610 and spoke to a female who identified herself as Minram Pu.

FN17. Plaintiff's Memorandum in Support of her Motion for Summary Judgment (Doc. 25).

FN18. *Id.* at 5-7.

Defendant claims that her identity has been stolen and that she is a purely innocent party. Specifically, she denies that she operated either website in question, she did not speak with Mr. Holmes; she did not mail any product to plaintiff from 100ibuy.com or usaEbuy.com; she did not receive payment from the sale of goods on the websites; and she did not use any e-mail accounts used in this case. Defendant cannot, however, provide any affidavits or any evidentiary support for her blanket denials. For example, defendant

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failed to bring forth evidence that she reported her alleged identity theft to the authorities or her credit card providers. She also fails to produce documentation such as telephone bills or banking records to support her claims that she never spoke with Mr. Holmes or received profits from the websites. Thus, defendant has chosen to rely merely on her denials and failed to set forth specific facts showing that there is a genuine issue for trial. Moreover, plaintiff's allegations are unsupported by affidavits, deposition testimony, answers to interrogatories, or answers to admissions as required by Fed.R.Civ.P. 56(e)(2). As a final note, the court finds it probative that the telephone number which defendant denies using and is listed in the payee information for debit/credit cards is the same telephone number that the court used to contact defendant during various telephone conference calls. The court can only deduce that at all relevant times defendant was in fact the owner of this number. Accordingly, based on the evidence in the record, the court finds that defendant used similar marks in commerce.

### C. Likelihood of Confusion

\*5 "The key inquiry in a trademark infringement case is the likelihood of confusion between two similar marks."<sup>FN19</sup> While the likelihood of confusion in a trademark infringement claim is a question of fact, it is amenable to summary judgment in appropriate cases.<sup>FN20</sup> The court looks to six factors used together to determine the likelihood of consumer confusion: (1) the degree of similarity between the marks, (2) the intent of the alleged infringer in adopting its mark, (3) evidence of actual confusion, (4) the relation in use and the manner of marketing between the goods or services marketed by the competing parties, (5) the degree of care likely to be exercised by purchasers, and (6) the strength or weakness of the marks.<sup>FN21</sup> No single factor is determinative; they must all be considered together. At all times, the court's focus is whether the similarity of the marks is likely to deceive or confuse the consumer.<sup>FN22</sup>

FN19. *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 832 (10th Cir.2005).

FN20. *King of the Mountain Sports, Chrysler Corp.*, 185 F.3d 1084, 1086 (10th Cir.1999).

FN21. *Id.*; *Team Tires Plus*, 394 F.3d at 832.

FN22. *Team Tires Plus*, 394 F.3d at 832.

### 1. Degree of Similarity Between the Marks

The degree of similarity is measured by the sound, and meaning of the marks, which are evaluated "in the context of the marks as a whole as they are counteracted by consumers in the marketplace." The court does not compare the marks side-by-side, but rather considers whether the alleged infringement will be confusing to the public when singularly viewed, and similarities are given more weight than differences.<sup>FN24</sup>

FN23. *Hodgdon Powder Co.*, 497 F.Supp.2d 1230 (quoting *King of the Mountain Sports, Inc.*, 185 F.3d at 1090).

FN24. *King of the Mountain Sports, Inc.*, 185 F.3d at 1090.

There are no visual distinctions between the defendant's goods and the Chanel trademarks, which are virtually identical. The various items for sale on defendant's websites are labeled as counterfeit products and bear counterfeit Chanel trademark descriptions next to the pictures of several of the items, which indicates that the item "[c]omes with Chanel authenticity paperwork."<sup>FN25</sup> Given that the items are sold on a website and thus are not available for inspection, it would be difficult for a consumer to distinguish between actual Chanel goods and counterfeit goods. Therefore, this factor weighs in favor of likelihood of confusion.

FN25. Plaintiff's Motion for Summary Judgment Ex. E (Doc. 19-6) at 1.

### 2. Intent of the Alleged Infringer in Adopting the Marks

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In determining defendant's intent in adopting this mark, the court considers whether the defendant "intended to derive a benefit from plaintiff's reputation or goodwill."<sup>FN26</sup> In addition, "[p]roof that a defendant chose a mark with the intent of copying the plaintiff's mark may, standing alone, justify an inference of likelihood of confusion."<sup>FN27</sup> If the evidence were to indicate, however, that "a defendant did not intend to derive benefit from a plaintiff's existing mark, this factor weighs against the likelihood of confusion."<sup>FN28</sup> All doubts are resolved against a defendant who adopts a mark similar to another already established in the marketplace, because she does so at her own peril: the court presumes that she can accomplish her purpose because the public will be deceived.<sup>FN29</sup>

FN26. *King of the Mountain Sports*, 185 F.3d at 1091.

FN27. *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 973 (10th Cir.2002).

FN28. *Hodgdon Powder Co.*, 497 F.Supp.2d at 1230.

FN29. *Sally Beauty Co.*, 304 F.3d at 973.

\*6 The court finds that defendant intended to derive benefit from Chanel's reputation and goodwill. Defendant marketed goods which were virtually identical to Chanel goods. The websites state that goods are actual Chanel products and come with Chanel certificates of authenticity. In actuality, defendant's goods were intentional copies of Chanel's authentic merchandise. It is obvious that defendant was trading on Chanel's name and using its reputation for her own commercial benefit. Moreover, defendant continued to offer for sale counterfeit goods after Chanel sent her a cease and desist letter which informed defendant that such action was illegal. Thus, this factor also weighs in favor of likelihood of confusion.

### 3. Evidence of Actual Confusion

While evidence of actual confusion may be the best indication of likelihood of confusion, it is not necessary to

prevail on a trademark infringement claim.<sup>FN30</sup> Plaintiff alleges that trademark and counterfeiting pose a threat to its business, but it has not presented evidence of actual confusion.<sup>FN31</sup> As no actual confusion has been presented, the court considers this factor neutral regarding the likelihood of confusion.

FN30. *Id.* at 974.

FN31. Memorandum in Support of Plaintiff's Motion for Judgment (Doc. 19) at 5.

### 4. Similarity in Products and Manner of Marketing

The fourth factor considers the similarities and differences in the use and marketing of the various goods by the two parties. Typically, "[t]he greater the similarity between the products and services, the greater the likelihood of confusion."<sup>FN32</sup> Courts separately consider (1) the similarity of products and (2) the similarity in the manner of marketing the products.<sup>FN33</sup> Diverging marketing channels increase the likelihood of confusion.<sup>FN34</sup>

FN32. *Universal Money Ctrs., Inc. v. First National Bank & Tel. Co.*, 22 F.3d 1527, 1533 (10th Cir.1994); *King of the Mountain Sports*, 185 F.3d at 1092.

FN33. *Universal Money Ctrs.*, 22 F.3d at 1533.

FN34. *Beer Nuts, Inc. v. Clover Club Co.*, 711 F.2d 934, 941 (10th Cir.1983).

Defendant markets counterfeit products that are similar to Chanel's products. They bear Chanel marks and exhibit the same style and color scheme. Even more persuasive is the fact that both genuine Chanel products and defendant's products can be purchased via the internet. Therefore, prospective customers could be confused when using the internet to shop for products and inadvertently purchase defendant's counterfeit products instead of genuine Chanel products. This factor also weighs in favor of likelihood of confusion.

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### 5. Degree of Care Likely to be Exercised by Purchasers

A consumer exercising a high degree of care in selecting a product reduces the likelihood of confusion.<sup>FN35</sup>Buyers typically exercise little care in the selection of inexpensive items that may be purchased on impulse.<sup>FN36</sup>

FN35. *King of the Mountain Sports*, 185 F.3d at 1092; *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 557 (10th Cir.1998).

FN36. *Sally Beauty Co.*, 304 F.3d at 975.

Defendant offered various products for sale on 100ibuy.com and usaEbuy.com. Key chains ranged from \$14.80 to \$18.60 in price. Wallets and handbags ranged from \$48 to \$110 in price, and eyeglass frames were offered for \$108. While a consumer may take little to no consideration in purchasing an inexpensive key chain, they would probably at least pause before making a purchase of over \$100. Upon review of the websites, the court finds that a majority of the items offered for sale were wallets and handbags. While not a large amount of money, the court finds that consumers would take at least some care to inspect the products retailing for \$48 or more. This degree of care would be lessened by the purchasers inability to inspect the product as they were only offered online. Moreover, defendant's claims of Chanel authenticity may have induced false trust on behalf of purchasers. All of these considerations suggest that this factor weighs in favor of likelihood of confusion.

### 6. Strength or Weakness of the Marks

\*7 "The stronger the mark, the greater the likelihood that encroachment on the mark will cause confusion."<sup>FN37</sup>The court considers two different aspects of strength when assessing the relative strength of trademarks: conceptual strength and commercial strength.<sup>FN38</sup>Conceptual strength measures the mark's placement on a distinctiveness spectrum in an attempt to determine whether the mark is fanciful, arbitrary, suggestive, descriptive, or generic.<sup>FN39</sup>Arbitrary, fanciful

and suggestive marks are the strongest and are inherently distinctive and entitled protection.<sup>FN40</sup>Suggestive marks "suggest [ ] than describe [ ] a characteristic of the product" and "require [ ] the consumer to use imagination and intuition to determine the product's nature."<sup>FN41</sup>Fanciful marks use common words, symbols, and pictures that do not suggest or describe any quality or characteristic of the goods or services.<sup>FN42</sup>Fanciful marks are invented or selected for the sole purpose of use as a trademark.<sup>FN43</sup> Commercial strength measures the marketplace's recognition of the value of the mark.<sup>FN44</sup>A commercially strong mark is one rarely used by anyone other than the owner of it. A weak mark is one that is often used by other par-

FN37. *Hodgdon Power Co.*, 497 F.Su 1231 (quoting *Sally Beauty Co.*, 304 F.3d

FN38.*Id.*

FN39.*Id.*

FN40. *Two Pesos, Inc. v. Taco Caba* 505 U.S. 763, 768 (1992).

FN41. *First Sav. Bank v. First Banking Inc.*, 101 F.3d 645, 655 (10th Cir.1996).

FN42. *King of the Mountain Sports*, 185 F.3d at 1093.

FN43.*Id.*

FN44. *Hodgden Power Co.*, 497 F.Su 1231.

FN45. *First Sav. Bank*, 101 F.3d at 653-54.

While characterization of a mark along the conceptual strength spectrum is generally a question of fact, the defendant does not dispute plaintiff's characterization of its marks as arbitrary or fanciful. Chanel's marks are very distinctive and uniquely designed to signal the maker of the product and its reputation for high quality.

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merchandise. There are no similar marks currently being used in the market place today. Thus, **Chanel's** trademarks are conceptually **strong**.

FN46. *Big Dog Motorcycles, L.L.C. v. Big Dog Holdings, Inc.*, 402 F.Supp.2d 1312, 1336 (D.Kan.2005).

The **Chanel** trademarks are also commercially **strong**. The substantial advertisement and promotion of the **Chanel** brand has heightened marketplace recognition of the marks. Chanel is widely recognized as a prestigious, high fashion brand by the consuming public and enjoys sales in the hundreds of millions of dollars. As stated above, no competitor uses similar marks and Chanel has never abandoned its unique trademarks. Thus, the commercial and conceptual strength of the Chanel trademarks suggest that this factor also weighs in favor of a likelihood of confusion.

Considering all six factors, the court finds a likelihood of confusion exists. In addition, defendant does not dispute that there is a likelihood of confusion. Accordingly, because plaintiff has established it has valid and protected trademarks, defendant used similar marks in commerce, and defendant's use of the similar marks is likely to cause confusion, the court holds plaintiff is entitled to summary judgment on Count I of its Complaint.

#### **V. Count II-False Designation of Origin Pursuant to § 43(a) of the Lanham Act; Counts III-Common Law Trademark Infringement; and Count IV-Common Law Unfair Competition**

While a trademark infringement claim pursuant to Section 32(1) of the Lanham Act, 15 U.S.C. § 1114 protects only registered marks, Section 43(a) of the Lanham Act, 15 U.S.C. § 1125, affords protection against a wide variety of competition, including infringement of both registered and unregistered marks.<sup>FN47</sup> Specifically, Section 43(a) prohibits, in connection with any good or service, the unauthorized use or misleading representation of any word, term, name, symbol, or false designation of origin in a way that is "likely to cause confusion, or to cause mistake, or to deceive."<sup>FN48</sup> To determine

the likelihood of confusion in a Section 43(a) action, the court examines the same six factors as in a trademark infringement action brought under Section 32(1).<sup>1</sup>

FN47. *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. at 767.

FN48. 15 U.S.C. § 1125(a)(1)(A).

FN49. *John Allan Co. v. Craig A. Allen, L.L.C.*, 540 F.3d 1133, 1137-38 (10th Cir. 2018).

\*8 The common-law torts of trademark infringement and unfair competition are similar actions to a trademark infringement claim under Section 43(a) and seeks to prevent confusion between parties' products. To prevail under either theory, plaintiff must prove that it owns a valid, distinctive trademark, that defendant used that mark in commerce, and that defendant's mark is so similar to plaintiff's mark that it is likely to cause consumer confusion.<sup>FN50</sup> Courts have noted that trademark infringement is a type of unfair competition and that the two claims have identical elements.<sup>FN51</sup> Therefore, courts find it appropriate to address the claims together as an action brought under Section 43(a).<sup>FN52</sup>

FN50. *Donchez v. Coors Brewing Co.*, 405 F.3d 1211, 1219 (10th Cir.2004)(citing standard for common-law trademark infringement claim); *Scholfield Auto Plaza, L.L.C. v. Scholfield Auto Plaza, Inc.*, 979 P.2d 114, 144 (Colo. Ct.App.1999) (citing standard for common-law unfair competition claim).

FN51. *Utah Lighthouse Ministry v. Forster*, 405 F.3d 1045, 1050 (10th Cir.2008).

FN52. *Id.*

As discussed in detail above, the court finds that plaintiff has a protectable interest in its nine trademarks and that defendant used these trademarks in commerce. The fact that defendant's counterfeit goods would likely cause confusion among consumers. Defendant's goods are not exact replicas of authentic Chanel products and defendant has blatantly copied Chanel's nine registered

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marks. Therefore, as the analysis is the same for all counts, the court holds that plaintiff is also entitled to summary judgment on Counts II, III and IV of its Complaint.

## VI. Relief Requested

Plaintiff seeks a permanent injunction to enjoin the defendant from using any of Chanel's trademarks and to enjoin the defendant from taking any action that would in any way falsely associate the defendant or her goods with Chanel and its products. Plaintiff also seeks statutory damages under 15 U.S.C. § 1117(c) in the amount of \$216,000, attorney's fees in the amount of \$10,773.50, investigative fees in the amount of \$752.50, and costs in the amount of \$425. <sup>FN53</sup>

FN53. Plaintiff's counsel state in their Memorandum in Support of their Motion for Summary Judgment that a total of \$10,773.50 has been incurred in attorneys fees and \$752.50 in investigative fees. These amounts total \$11,526. Counsel then states in their conclusion that they request \$11,951 in reasonable attorney's fees, which includes the \$752.50 in investigative fees. The court cannot understand the discrepancy between these two figures. Therefore, the court elects to proceed under the lesser amount, \$11,526.

### A. Permanent Injunction

The court may grant injunctions "according to the principles of equity and upon such terms as the court may deem reasonable to prevent the violation of any right of the registrant of a [registered] mark...."<sup>FN54</sup> "An injunction should issue only where the intervention of a court of equity 'is essential in order effectually to protect property rights against injuries otherwise irremediable.'" <sup>FN55</sup>

FN54. 15 U.S.C. § 1116(a).

FN55. *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982).

According to well established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant relief.<sup>FN56</sup> Plaintiff must demonstrate: (1) that it suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.<sup>FN57</sup> The court has discretion to deny permanent injunctive relief.<sup>FN58</sup>

FN56. *eBay v. MercExchange*, 547 U.S. 391 (2006).

FN57. *Id.*

FN58. *Id.*

Generally, trademark infringement, by its very nature, carries a presumption of harm.<sup>FN59</sup> The court finds that plaintiff has shown that it has suffered irreparable harm at the hands of the defendant and has no other adequate remedy at law. Chanel has invested extensive resources in its trademarks which are intangible assets representing the reputation and goodwill of the company. As discussed above, defendant's acts of producing and selling counterfeit items causes confusion among purchasers, which, in turn, weakens Chanel's reputation and brand image. The court also notes that defendant continued to sell counterfeit Chanel goods despite issuance of a cease and desist letter. Defendant failed to meaningfully participate in this action and ignored discovery and mediation requests. Therefore, the court finds that defendant's continuing disregard of plaintiff's rights demonstrates that defendant will continue to infringe on plaintiff's rights, absent an injunction. The court further finds that an injunction will not harm others, and that the public interest favors protecting against further violation of federal trademark law.

FN59. *See Health Ins., Ass'n of America v. Shalby*, 221 F.Supp.2d 23, 28 (D.D.C.2002).



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## B. Statutory Damages

\*9 Under trademark law, a plaintiff may elect to recover an award of statutory damages for actions involving the use of a counterfeit mark at any time before final judgment is entered.<sup>FN60</sup> Statutory damages are appropriate in cases when the information needed to prove actual damages is within the infringer's control and is not disclosed.<sup>FN61</sup> Therefore, a plaintiff may recover statutory damages whether or not there is adequate evidence of the actual damages suffered by the plaintiff or of the profits reaped by defendant.<sup>FN62</sup> In its discretion, a court can award not less than \$1,000 but not more than \$200,000 per counterfeit mark per type of good sold for non-willful violations, and up to \$2,000,000 per counterfeit mark per type of good for willful trademark infringement.<sup>FN63</sup> The court is given broad discretion to determine the amount of statutory damages to be awarded.<sup>FN64</sup> Willful infringement requires "knowledge that the defendant's conduct constitutes [trademark] infringement."<sup>FN65</sup>

FN60. 15 U.S.C. § 1117(c).

FN61. *Microsoft Corp. v. McGee*, 490 F.Supp.2d 874, 882 (S.D. Ohio 2007).

FN62. *Peer Int'l Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1337 (9th Cir. 1990).

FN63. 15 U.S.C. § 1117(c).

FN64. *Peer Int'l Corp.*, 909 F.2d at 1336.

FN65. *Id.* at 1336, n. 3.

The court concludes that defendant willfully infringed on Chanel's trademarks. Plaintiff sent defendant two cease and desist letters; one on June 5, 2007 and another on June 18, 2007. These letters informed defendant that Chanel was the sole owner of its trademarks and that defendant's conduct of offering for sale counterfeit goods violated state and federal law. The letters also stated that defendant could be liable for civil and criminal penalties as a result of her actions. Defendant's only response was an email on June 5, 2007 stating that her website was not selling any Chanel products and thank-

ing Chanel for reminding them of trademark suits. Defendant continued to sell counterfeit goods she was put on constructive notice that her conduct constituted infringement and was unlawful. Add by blatantly copying Chanel marks, defendant willfully profited from plaintiff's reputation and § Defendant also stated on her website that products with Chanel certificates of authenticity and cost Chanel prices to her listed prices. Based on this evidence, the court can only conclude that defendant willfully infringed upon Chanel's trademarks.

In determining a just award, the court also considers the fact that defendant has failed to participate fully in this case. Defendant did not respond to discovery requests, and failed to appear for her deposition.<sup>FN66</sup> Therefore, plaintiff was unable to gather evidence regarding the size of defendant's operation, duration, or her profits. The court does know defendant operated two websites over the course of several months which offered numerous counterfeit goods for sale. Moreover, the court notes that defendant's response to the instant motion was no more than a series of hypothetical questions based on defendant's own speculation. While the court is mindful that defendant is proceeding *pro se*, the court still requires defendant to follow its local rules. Plaintiff has failed to do so in this case.

FN66. Chanel's Memorandum in Reply to Defendant's Memorandum in Opposition to Plaintiff's Motion for Summary Judgment (2/27/08) at 3.

\*10 Finally, the court considers the deterrent effect of its order. Defendant operated a sophisticated counterfeit operation which offered numerous items for sale via the Internet. It is without a doubt that defendant has garnered profits based on her exploitation of Chanel's trademarks. Thus, the court finds it appropriate to award an amount of statutory damages that will deter defendant, as well as others, from ever participating in such conduct.<sup>FN67</sup>

FN67. *See Magna-RX, Inc. v. Troy H. H. et al.*, No. 05-3545-PHX, 2008 WL 506

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\*3 (D.Ariz. November 25, 2008)(stating statutory damages may be appropriate to deter future infringements).

Plaintiff has requested \$216,000 in statutory damages. It reaches this amount by suggesting the court begin with a baseline statutory award of \$1,000 (\$500 per Internet website operated by the defendant), treble it to reflect defendant's willfulness, and then double the product for the purpose of deterrence. The result would be \$6000 per registered trademark counterfeited (9) per type of good sold (4-handbags, wallets, key chains, and eyeglass frames).

The court disagrees with plaintiff's proposed statutory award and method of calculation. First, the court notes that § 1117(c) does not contemplate the number of retail

outlets when establishing the amount of damage while § 1117(a) provides for trebling based on : of willfulness, § 1117(c) only raises the award t imum of \$2,000,000 per infringement. Finally, : notes that while the nine Chanel trademarks various types of goods, they do not each cov bags, wallets, key chains and eyeglass frames fore, the nine trademarks cannot be multiple four types of goods sold.

The court finds that a more appropriate damage lation would be an award of \$7,500, per cc mark, per type of good sold. Accordingly, the c culates the statutory damages as follows:

- Registration No. 1,734,822: \$7,500 x 2 (handbags and wallets)=
- Registration No. 1,314,511: \$7,500 x 2 (handbags and wallets)=
- Registration No. 3,022,708: \$7,500 x 1 (handbags) <sup>68</sup>=

FN68. The court notes that this trademark also covers key chains. Even so, plaintiff has offered no evidence of key chains on defendant's two websites bearing this trademark. Therefore, the court only considers handbags as

the type of good sold in violation of thi ic trademark.

- Registration No. 3,025,934: \$7,500 x 1 (handbags)=
- Registration No. 0,626,035: \$7,500 x 1 (handbags)=
- Registration No. 1,347,677: \$7,500 x 2 (handbags and wallets)=
- Registration No. 1,733,051: \$7,500 x 2 (handbags and wallets)=
- Registration No. 1,501,898: \$7,500 x 1 (key chains)=
- Registration No. 3,025,936: \$7,500 x 1 (eyeglass frames)=

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Therefore, the court awards plaintiff \$97,500 in statutory damages pursuant to 15 U.S.C. § 1117(c). The court finds this award to be fair and reasonable when considering as a whole the circumstances of the case.

### C. Attorneys' Fees & Other Costs

Chanel has also requested that the court award it reasonable attorneys' fees. Under 15 U.S.C. § 1117(a), attorneys fees are awarded to the prevailing party "in exceptional cases." Exceptional cases are limited to those where it can be shown that defendant willfully, fraudulently, maliciously, or deliberately infringed on plaintiff's mark.<sup>FN69</sup> As such, "a plaintiff must ordinarily show that the defendant intended to benefit from the goodwill or reputation of the trademark holder."<sup>FN70</sup> The "deliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another."<sup>FN71</sup> While that analysis is typically used to determine the likelihood of confusion, it is appropriate to apply that same presumption in determining whether a defendant intended to benefit from the goodwill of another.<sup>FN72</sup>

FN69. *W. Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1273 (10th Cir.2005).

FN70. *Id.* at 1274.

FN71. *Beer Nuts, Inc.*, 805 F.2d at 927.

FN72. *W. Diversified Servs.*, 427 F.3d at 1275.

\*11 In this case, defendant sold counterfeit Chanel goods via the Internet. She deliberately copied Chanel's trademarks and labeled the goods as genuine Chanel products. Her intent throughout the process was to gain a profit by exploiting the Chanel brand. The court finds that defendant deliberately, willfully, and fraudulently infringed upon Chanel's trademarks for her own personal gain. Therefore, plaintiff is entitled to an award of attorneys' fees pursuant to 15 U.S.C. § 1117(a).

Chanel has submitted that its counsel spent approxi-

mately 35 hours in this case in connection with the litigation oversight and litigation, as set forth in the affidavits of attorneys Stephen Gaffigan and Sarah Chanel's counsel charged the rates of \$350 and \$235.00, respectively, per hour for their services totaling \$10,773.50. In considering the reasonable attorneys' fees associated with this case, the court finds that this action was filed in the Kansas City area and involves complex federal trademark infringement issues. Furthermore, the unusual circumstances of this case lead the court to find that plaintiff's requested attorneys' fees are reasonable and fair. Chanel is therefore entitled to recover \$10,773.50 in attorney's fees pursuant to 15 U.S.C. § 1117(a).

Investigative charges are also recoverable, as the investigator acted under the direction of plaintiff's attorney.<sup>FN73</sup> In this case, Chanel incurred investigative charges in the amount of \$752.50; these costs were necessary to uncover the information regarding defendant's activities. Therefore, Chanel is entitled to recover these costs. Chanel may also recover the \$400 costs it incurred in this action, including the \$300 filing fee and the \$75.00 process server fee.

FN73. *Louis Vuitton S.A., v. Downtown Gateway Center*, 706 F.Supp. 831 (S.D.Fla.1988).

Accordingly,

**IT IS THEREFORE ORDERED** that Plaintiff's motion for Summary Judgment (Doc. 19) is hereby **GRANTED**.

**IT IS FURTHER ORDERED** that defendant is permanently enjoined from using any of Chanel's trademarks and from taking any action that would in any way falsely associate the defendant or her goods with Chanel and its genuine products or cause confusion as to the source of the defendant's products.

**IT IS FURTHER ORDERED** that the court award Chanel \$97,500.00 in statutory damages, attorneys' fees in the amount of \$10,773.50, investigative fees in the amount of \$752.50, and costs in the amount of \$400.

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of \$425.00 against defendant Pu.

Judgment shall be entered in favor of plaintiff in accordance with this order.

**IT IS SO ORDERED.**

D.Kan.,2009.  
Chanel, Inc. v. Pu  
Slip Copy, 2009 WL 722050 (D.Kan.)

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Page 1

**C**  
 Only the Westlaw citation is currently available.

United States District Court,  
 E.D. New York.  
 CHANEL, INC., Plaintiff,  
 v.  
 Jacov T. SCHWARTZ, et al., Defendants.  
 No. 06 Civ. 3371(BMC)(JO).

Nov. 19, 2007.

Martin I. Saperstein, Goodman & Saperstein, Esqs.,  
 Garden City, NY, for Plaintiff.

### **ORDER**

COGAN, District Judge.

\*1 This matter is before the Court upon the Report and Recommendation of Magistrate Judge James Orenstein, pursuant to an Order of Referral as to plaintiff's motion for a default judgment. A copy of the Report and Recommendation is attached hereto. Plaintiff has timely filed limited objections. I adopt the Report and Recommendation as the Decision and Order of this Court with the following modifications:

#### **I. Injunctive Relief**

As plaintiff points out, there are more interests at stake in an infringement case than in some two-party disputes; the protection of the public from blatant acts of infringement like those at issue here is of paramount importance. Plaintiff has met its burden of showing that the infringement is likely to continue by showing that the products were being continuously offered on a sophisticated website at the time it commenced this action. If defendants had appeared, that showing would have shifted the burden to defendants to show that the website was taken down, Defendants do not get a benefit from

their default of not having to rebut plaintiff's showing.

I agree with plaintiff's argument that even if it had taken the Magistrate Judge's invitation to update its proof on the issue by offering snapshots of the current website, that would conclusively establish only that infringement had occurred between the initial showing and the updated showing. An inference must be made as to whether the infringement will continue, and defendants do not get the benefit of the doubt, by reason of their default, that it has ceased. I respectfully disagree with any implication in the Report and Recommendation that plaintiff should have sent a pre-suit letter to later obtain injunctive relief. Defendants have ignored the summons and complaint issued by this Court; the motion for a default judgment; the Magistrate Judge's scheduling Order and his Report and Recommendation; and plaintiff's objections. Sending a pre-suit warning letter would have no additional probative value in determining whether defendants intend to continue violating the law.

In any event, plaintiff has updated its showing in conjunction with its objection, and the offensive material is still there on the website, and defendants are still presumably making sales, more than a year since this action was filed. There is sufficient proof to support injunctive relief.

#### **II. Damages**

I accept the Report and Recommendation's conclusion that plaintiff's damage theory is too speculative, and the methodology developed by the Magistrate Judge has more integrity and is a more intelligent means of calculating damages. I would note again, however, the need to prevent a defaulting defendant from reaping a financial benefit by reason of his default. If defendants had appeared, information as to their profits would have been obtained, and any element of speculation would have been

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eliminated. It is true that plaintiff might have expanded its investigation to permit a further extrapolation, but courts need to recognize the financial constraints involved in policing a well-known mark like that of plaintiff against the enormous worldwide army of counterfeiters. The huge costs of policing the mark are a societal cost, and plaintiff cannot be faulted too heavily for choosing the cut-off point in any particular case.

\*2 Therefore, although I accept the Report and Recommendation's damages calculation, I also allow the possibility that if plaintiff pursues supplemental proceedings under Fed. R. Civ. P. 69(a) and N.Y. C.P.L.R. Article 52, and discovers information suggesting a more accurate formula for calculating damages, that information may constitute newly discovered evidence that would permit amendment of the judgment under Fed.R.Civ.P. 60(b). There is no need, however, to refer to that possibility in the judgment that the Court will issue.

### **CONCLUSION**

Plaintiff's motion [7] for a default judgment is granted. The Report and Recommendation [11] is adopted as the Decision and Order of this Court, subject to the modifications set forth above. Plaintiff is directed to submit a proposed form of Final Judgment and Permanent Injunction within ten (10) days from entry of this Order.

**SO ORDERED.**

### **REPORT AND RECOMMENDATION**

JAMES ORENSTEIN, United States Magistrate Judge.

Chanel, Inc. ("Chanel") commenced this action on July 12, 2006, against defendants Jacov T. Schwartz ("Schwartz") and the individuals and

Several months before filing its Complaint, Chanel received information to the effect that Schwartz

business entities with which Schwartz allegedly collaborated, seeking certain relief associated with the defendants' advertisement and sale of counterfeit products bearing the plaintiff's registered trademarks, in violation of federal and state trademark infringement laws. Docket Entry ("DE") 1 (Complaint). Schwartz never responded to the Complaint, and on October 11, 2006, Chanel moved for default judgment against him. DE 7. The Honorable Brian M. Cogan, United States District Judge, temporarily granted the motion the same day and thereupon referred the matter to me for a report and recommendation. I now make my report and, for the reasons set forth below, respectfully recommend that the court enter a default judgment against Schwartz in the amount of \$42,350 (consisting of \$42,000 in statutory damages and the reimbursement of Chanel's \$350 filing fee) and that it deny Chanel's request for injunctive relief as well as its request for the reimbursement of attorneys' fees, investigative fees, and process-server fees.

### *I. Background*

Chanel owns at least seven federally registered trademarks, including the "CC MONOGRAM" mark—a pair of interlocking Cs facing opposite directions—and the "CHANEL" mark, each of which it uses in connection with the manufacture and distribution of such merchandise as handbags and wallets. Complaint ¶ 7 & Ex. A. Chanel also owns the trade dress rights associated with its handbags, which rights encompass the overall look, feel and texture of a product. Complaint ¶ 7. Chanel has neither abandoned its marks and trade dress nor licensed or otherwise assigned them to Schwartz. Complaint ¶¶ 9, 10.



was selling counterfeit Chanel handbags over the Internet. It retained the Holmes Detective Agency

to investigate. DE 7 (motion for default) ("Motion") Ex. D (Declaration of [Chanel's Director of Legal Administration] Adrienne Hahn Sisbarro) ("Sisbarro Dec.") ¶¶ 9, 10. Investigator Robert Holmes ("Holmes") ascertained that the web site through which the suspected counterfeit merchandise was offered, lv-designerbags.com, was registered to the defendant. Motion Ex. E (Declaration of Robert Holmes) ("Holmes Dec.") ¶ 4. In December 2005, Holmes placed an e-mail order through that web site for a handbag bearing the Chanel marks; he received the handbag, along with a complimentary wallet also bearing the Chanel marks, the following month. Holmes Dec. ¶¶ 5 -7. Holmes turned the products over to Chanel, and the latter subsequently determined them to be counterfeit. *Id.* ¶ 8; Sisbarro Dec. ¶¶ 10-11.

\*3 Chanel filed the instant action on July 12, 2006, alleging that Schwartz and his (unnamed) business associates violated the Lanham Act, 15 U.S.C. § 1051 *et seq.*, as well as common law prohibitions on trademark infringement and unfair competition, by selling lesser quality replicas of Chanel's products without its consent. Complaint ¶¶ 3, 4, 16, 20. Specifically, Chanel alleges that, by use of his Internet web site, Schwartz sold handbags bearing exact copies of Chanel's marks and trade dress, thereby counterfeiting and infringing Chanel's trademarks. *See* Complaint ¶¶ 16, 17, 20; 15 U.S.C. § 1114(a). Chanel further claims that Schwartz's actions deceived both the public and members of the trade into believing that his inferior products are in fact goods produced and approved by Chanel, and thus constituted false designation of origin under the Lanham Act. Complaint ¶¶ 17, 22, 30; 15 U.S.C. § 1125(a).

Chanel served the Complaint on Schwartz on August 15, 2006. DE 4. Schwartz never responded. On September 20, 2006, Judge Cogan ordered Chanel to file its motion for default judgment by October 6, 2006, a deadline that Judge Cogan subsequently extended by one week. Electronic Order dated October 5, 2006. Chanel timely moved for a default

judgment on October 11, 2006, seeking both injunctive relief and a total monetary award of \$166,553 (consisting of \$159,000 in statutory damages and the reimbursement of \$6,650 in attorneys' fees; \$903 in investigative fees; and \$425 in other costs). Motion at 14-15.<sup>FN1</sup> That same day, Judge Cogan entered an order that temporarily granted Chanel a default judgment and referred the matter to me for the instant report and recommendation. I directed Chanel to submit any evidence in support of its request for relief no later than November 30, 2006. Electronic Order dated November 1, 2006. On November 9, 2006, Chanel submitted a letter stating its intention to rely exclusively on evidence submitted with its original default motion. DE 9. The Clerk formally entered a notation of Schwartz's default on September 27, 2007. DE 10.

FN1. With the exception of its first page of text, the Motion's pages are not numbered. I infer pagination from the Motion's table of contents, which refers to page numbers that do not appear in the document of which it is a part.

## II. Discussion

### A. Applicable Law

#### 1. Default

When a party is found to be in default, the court must accept as true all well-pleaded allegations in the complaint, except those pertaining to the amount of damages. *Au Bon Pain Corp. v. Arctect, Inc.*, 653 F.2d 61, 65 (2d Cir.1981); *Credit Lyonnais Sec. (USA), Inc. v. Alcantara*, 183 F.3d 151, 155 (2d Cir.1999); Fed.R.Civ.P. 8(d). However, entry of default does not necessarily entitle the moving party to the relief it seeks. *Agamede Ltd. v. Life Energy and Technology Holdings, Inc.*, 2007 WL 201167, at \*1 (E.D.N.Y. January 23, 2007). In determining whether a final default judgment should be granted, the court retains discretion to consider whether the facts alleged state a valid

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cause of action. *Id.* (citing *Enron Oil Corp. v. Diakuhara*, 10 F.3d 90, 95 (2d Cir.1993)); *see also United States v. Ponte*, 246 F.Supp.2d 74, 76 (D.Me.2003) (“A plaintiff must ... establish that on the law it is entitled to the relief it seeks, given the facts as established by the default.”).

## 2. The Lanham Act

\*4 The Lanham Act serves “to protect the holders of trademarks from the promotion and sale of competing products likely to confuse consumers as to their source.” *Chanel, Inc. v. Xiao Feng Ye*, 2007 WL 2693850, at \*2 (E.D.N.Y. September 12, 2007) (citing *Tanning Research Labs., Inc. v. Worldwide Import & Export Corp.*, 803 F.Supp. 606, 608 (E.D.N.Y.1992)); 15 U.S.C. §§ 1114, 1125. A plaintiff can thus prevail on a claim for either trademark infringement or false designation of origin if it can show that the plaintiff owns a valid trademark, and that the defendant's use of that trademark “is likely to cause confusion regarding the source of the product.” *Rolex Watch U.S.A., Inc. v. Jones*, 2000 WL 1528263, at \*2 (S.D.N.Y. October 13, 2000) (citing *Time, Inc. v. Peterson Publishing Co., L.L.C.*, 173 F.3d 113, 117 (2d Cir.1999)).

Courts evaluate the latter element by considering the eight “Polaroid factors.” *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.1961). Those factors are: (1) strength of the plaintiff's mark; (2) the degree of similarity between the two marks; (3) the proximity of the products in the marketplace; (4) the likelihood that the plaintiff will bridge the gap between the products (enter a market related to that in which the defendant sells its product); (5) evidence of actual confusion; (6) the defendant's bad faith; (7) quality of the defendant's product; and (8) sophistication of the relevant consumer group. *Rolex*, 2000 WL 1528263 at \*2 (citing *Polaroid*, 287 F.2d at 495). No single factor is dispositive—the court's task is to weigh them with an eye toward “the ultimate question of whether consumers are likely to be confused.” *Rolex*, 2000 WL 1528263 at \*2.

## B. Liability

As a threshold matter, I conclude that Chanel's well-pleaded allegations and supporting evidentiary submissions are sufficient to state a valid cause of action for either trademark infringement or false designation of origin under the Lanham Act. Chanel's complaint and Schwartz's default together suffice to establish both claims. First, Chanel alleges that it owns seven federally registered trademarks, Complaint ¶ 7, and has provided ample proof of those registrations. Complaint Ex. A; Motion Ex. C. Second, Chanel has clearly demonstrated Schwartz's unauthorized use of Chanel's marks. *See* Complaint ¶ 16, 20; Sisbarro Dec. ¶¶ 9-11; Holmes Dec. ¶¶ 3-8. Moreover, the *Polaroid* factors weigh heavily in Chanel's favor, compelling the conclusion that consumers are likely to be confused by Schwartz's use of Chanel's marks.

In determining the strength of a mark, courts look to “its tendency to identify the goods sold under the mark as emanating from a particular ... source.” *The Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 960-61 (2d Cir.1996) (quoting *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1131 (2d Cir.1979)). Chanel's marks are **strong**: registered marks are presumed so, *Rolex*, 2000 WL 1528263 at \*2; *see also Orb Factory, Ltd. v. Design Science Toys, Ltd.*, 1999 WL 191527, at \*7 (S.D.N.Y. April 7, 1999), and Chanel has aggressively advertised and promoted its products while maintaining their high quality. Complaint ¶ 13; Sisbarro Dec. ¶ 6. As a result, goods bearing either the “CC MONOGRAM” or “CHANEL” marks are readily identifiable as Chanel products. Complaint ¶ 13.

\*5 As to similarity, Chanel alleges that Schwartz is selling goods bearing “exact copies” of Chanel's marks, Complaint ¶ 16, but that those goods differ substantially in quality. Complaint ¶ 17; Sisbarro Dec. ¶ 11. In support of the latter allegation, Chanel's Director of Legal Administration personally analyzed both the handbag and wallet purchased through Schwartz's web site and determined



that neither was a genuine Chanel product. Sisbarro Dec. ¶¶ 10, 11.<sup>FN2</sup> Chanel further alleges that Schwartz is conducting his business in this judicial district, a market that Chanel has long occupied. Complaint ¶¶ 2-4, 8; Sisbarro Dec. ¶ 6.

FN2. Ms. Sisbarro declares that she is responsible for Chanel's anti-counterfeiting efforts and, as such, has "been trained to identify the distinctions between genuine Chanel merchandise and counterfeit copies of the same." Sisbarro Dec. ¶ 3. The conclusory nature of the declaration is no bar to a finding of liability, as Schwartz's default alone suffices to establish the allegation that his wares were counterfeit. However, in considering the issue of damages-as to which Chanel retains its burden of proof notwithstanding the default-the absence of any specific, objective facts supporting the conclusion that the items were counterfeit renders the declaration virtually worthless. If the declarant has the training and expertise she claims, such a showing would presumably be easy to make, and would help the court appreciate whether the quality difference between genuine Chanel products and Schwartz's counterfeits was a minor one that would pose little danger to Chanel's business or a substantial one that might undermine consumer goodwill.

At the time the complaint was filed Schwartz's web site explicitly described the products offered for sale as "Replicas" of designer merchandise, including Chanel's, and included the following disclaimer:

We are not an authorized dealer or agent of any of the designers whose names are used here. All references to [those designers' names] are for identification purposes only. They are not affiliated with and do not endorse or sponsor this site in any way ... All products are replicas and are not being represented as the originals. We are in no

way affiliated with the authentic manufacturers.

Motion Ex. F. The court can easily infer that Schwartz adopted the disclaimer in anticipation that it would absolve him from liability for the otherwise unlawful sale of counterfeit goods. It does not, regardless of the good or bad faith of the motivation for the disclaimer. To the contrary, the disclaimer is "essentially an acknowledgment of [his] counterfeiting ... [and] suggests that defendant is knowingly and intentionally capitalizing on plaintiff's name, reputation and goodwill and that there is indeed a **strong** likelihood of consumer confusion." *Chanel*, 2007 WL 2693850 at \*3 (citing *Rolex*, 2000 WL 1528263 at \*3 n. 1).

Chanel has made the showing necessary to prevail on a claim of either trademark infringement or false designation of origin. I therefore respectfully recommend that the court find Schwartz liable on those claims and make permanent its award of a default judgment.<sup>FN3</sup>

FN3. Because Chanel does not seek separate relief for its common law claims or its claim of trademark dilution pursuant to 15 U.S.C. § 1125(c), see Motion at 11, the court need not analyze those claims separately on the question of liability if it adopts the analysis above. See *Chanel*, 2007 WL 2693850 at \*3 n. 6 (citing *Tanning Research Labs.*, 803 F.Supp. at 608).

### C. Damages

Schwartz's default does not relieve Chanel of its burden of proving its damages to a "reasonable certainty." *Credit Lyonnais*, 183 F.3d at 155 (quoting *Transatlantic Marine Claims Agency, Inc. v. Ace Shipping Corp.*, 109 F.3d 105, 111 (2d Cir.1997)). Detailed affidavits and other documentary evidence can suffice in lieu of an evidentiary hearing. *Action S.A. v. Marc Rich & Co., Inc.*, 951 F.2d 504, 508 (2d Cir.1991); *Credit Lyonnais*, 183 F.3d at 155. Chanel seeks an award of statutory damages, in-

unctive relief, attorneys' fees and costs. In support of its application, Chanel has submitted a memorandum of law; declarations from its counsel, two investigators, and a corporate officer; copies of Chanel's trademark registrations from the United States Patent and Trademark Office (the "PTO"); and a printout of various pages from Schwartz's web site. DE 7. Chanel submitted all of those items in support of its original motion; when I offered it an opportunity to expand the record, it declined. Accordingly, I saw no purpose in convening an evidentiary hearing and instead rely on the submitted documents. See *Transatlantic Marine Claims Agency*, 109 F.3d at 111; *Action S.A.*, 951 F.2d at 508.

mark was wilful, not more than \$1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

15 U.S.C. § 1117(c). Congress added this provision in 1995 to address a recurring problem: "counterfeiters' records are frequently non-existent, inadequate, or deceptively kept ..., making proving actual damages in these cases extremely difficult if not impossible."

### 1. Monetary Damages

\*6 As a successful plaintiff on a Lanham Act claim involving the use of a counterfeit mark in connection with the sale of goods,<sup>FN4</sup> Chanel has the option of recovering statutory damages in lieu of actual damages and profits:

FN4. A "counterfeit mark" is "a counterfeit for a mark that is registered ... in the [PTO] for such goods ... sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered." 15 U.S.C. § 1116(d).

[T]he plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of-

- 1) not less than \$500 or more than \$100,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or
- 2) if the court finds that the use of the counterfeit

al and specific deterrence. *Id.*; *Gucci II*, 315 F.Supp.2d at 520; *Sarah Lee*, 36 F.Supp.2d at 166.

\*7 Chanel seeks \$159,000 in statutory damages. Motion at 10. It justifies that amount as follows: had Chanel sought actual damages pursuant to section 1117(a), it would have been entitled to an appropriate award, and that award would necessarily have been trebled because Schwartz's conduct was intentional. *Id.* Chanel claims a reasonable estimate of actual damages can be determined by resort to certain assumptions: first, that Schwartz sold the entirety of his inventory each week; second, that it would be "conservative" to estimate that Schwartz consistently earned a fifty percent profit on his sales; and third, that he maintained that level of sales on profits throughout the entire 100-week period that elapsed between the registration of the Internet domain for Schwartz's web site on August 11, 2004, *see* Holmes Dec. ¶ 4, and the start of this lawsuit on July 12, 2006. *See id.*<sup>FN5</sup>Chanel thus calculates Schwartz's profits by multiplying \$1,060 (the total price of all "Chanel" handbags and wallets advertised on Schwartz's web site on July 22, 2005) by a fifty percent profit margin and then multiplying the product (\$530 per week) by 100 weeks to reach the conclusion that Schwartz "may have earned at least \$53,000 in profits[.]"*Id.* It then trebles that estimated profit to arrive at its total request of \$159,000.

FN5. Chanel mistakenly writes that Schwartz was "served" on July 12, 2006. *Id.* Chanel filed the Complaint on that date, but it did not effect service on Schwartz until August 15, 2006. DE 4.

While Schwartz's profits are a relevant consideration in determining statutory damages, Chanel's purportedly reasonable request rests on wholly speculative (and in my view unlikely) assumptions. Chanel's assumptions may be entirely accurate, but it may also be true that Schwartz made no sales other than those to Chanel's investigators, or that his profit margin was 90 percent or virtually nonexistent. The record makes none of those possibilit-

ies more likely than any other, and it would be arbitrary and lawless for the court to rest its damages award on an assumption that any of them was true.

To be sure, Chanel's reliance on such speculation is to some extent the result of Schwartz's default, for which Chanel should not suffer for its inability to make a more accurate assessment of its actual losses or Schwartz's actual profits. But Chanel has hardly exhausted the options available to it in making a more persuasive showing. For example, Chanel could have collected a much broader sampling of the defendant's inventory by cataloguing the relevant merchandise offered on Schwartz's web site on more occasions than the two described in its papers. *See* Motion at 9-10. Or, perhaps more imaginatively, Chanel also could have instructed its undercover operative Holmes to enter into negotiations with Schwartz to buy out his inventory, and in the process attempt to discern its true scope and value as well as Schwartz's profit margin. Instead, Chanel relies primarily on guesswork. *See Chanel*, 2007 WL 2693850 at \*5 (addressing same issue with same plaintiff). Although it would certainly be within the court's discretion to award the amount of statutory damages Chanel seeks, it is just as certainly within the court's discretion, and in my view far more just, to reject Chanel's unreliable assumptions.

\*8 Chanel uses its methodology to propose an award equivalent to \$11,357.15 for each of its seven registered marks infringed by each of the two items its investigator obtained from Schwartz. *See* Motion at 10 & Ex. C; Complaint Ex. A. Having rejected Chanel's methodology, I must propose an alternative. For the reasons that follow, I propose an award of \$3,000 per mark per item, for a total award of \$42,000.

I start with two principles. First, statutory damages are a substitute for actual damages, and should replicate as nearly as possible the actual harm done to the successful plaintiff without punishing it for lacking information on the issue due to the absent defendant's default. Second, Congress has mani-

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festly determined that in the absence of additional facts, an award of \$500 per violation can suffice to achieve both an approximation of actual harm *and* the legitimate goal of punishing the offender. Accordingly, to the extent the court awards an amount above that baseline, it should have a basis in the record for doing so. There are some such facts in the record: the plain fact of Schwartz's intention to trade off of Chanel's intellectual property (although alleviated by his candor in letting his customers know that his goods were replicas rather than trying to pass them off as the real thing); the duration of Schwartz's operation (regardless of the level of his sales during that time); and Chanel's assertion (which I credit) that it has expended considerable resources to develop and promote its marks and trade dress. Complaint ¶ 11. Based on those considerations, I respectfully recommend that the court start with the baseline statutory award of \$500 per mark counterfeited per type of goods, treble it to reflect Schwartz's willfulness, and then double the product for the purpose of deterrence. The result would be \$3,000 per mark per item sold, for a total award of \$42,000 in statutory damages. I believe that amount fairly achieves the statutory goals of compensation and punishment.

## 2. Injunctive Relief

Chanel asks that the court permanently enjoin Schwartz from infringing any of Chanel's trademarks, and from taking any other action that would in any way associate Schwartz with Chanel and its products or cause confusion as to the source of Schwartz's products. Complaint, ¶ 59a. Congress has made such relief available to "prevent the violation of any right of the registrant of a [registered trademark] or to prevent a violation under" section 1125(a). See 15 U.S.C. § 1116(a); *Chanel*, 2007 WL 2693850 at \*3. Accordingly, Chanel is entitled to an injunction if it can demonstrate that such relief is necessary to avoid irreparable harm and that it has no adequate remedy at law. See *id.* (citing *Rondeau v. Monsinee Paper Corp.*, 422 U.S. 49, 57, 95 S.Ct. 2069, 45 L.Ed.2d 12 (1975)). Although I conclude

that Chanel will be irreparably harmed if Schwartz continues his sales of counterfeit products bearing Chanel's marks, I cannot conclude from the record before me that he will in fact do so. Accordingly, I must recommend that the court deny Chanel's request for injunctive relief. See *Collins v. Aztar Corp.*, 2000 WL 302782, at \*2 (2d Cir.2000) (injunction appropriate only upon proof of likelihood that future purchasers may be misled).

\*9 The record amply demonstrates that Schwartz's sale of counterfeit Chanel products, if continued, is likely to cause confusion in the minds of consumers as to the origin of his goods. See *Chanel*, 2007 WL 2693850 at \*3 (citing *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F.Supp.2d 284, 287 (S.D.N.Y.2003) ("*Gucci I*" ) ("counterfeits, by their very nature, cause confusion")). What it does not demonstrate is that Schwartz is aware that his conduct is illegal, or even that he continued to engage in such conduct after becoming aware of Chanel's objections to it. In that regard, this case is plainly distinguishable from a recent case in which Chanel, represented by the same counsel who represents it here, succeeded in securing injunctive relief:

Plaintiff has also demonstrated that defendant is likely to continue the infringing conduct absent injunctive relief. *Plaintiff sent defendant a letter on December 2, 2005, notifying defendant of plaintiff's ownership of the Chanel Marks and ordering her to cease her sales of counterfeit Chanel goods.... Defendant did not respond ...and continued to offer infringing products for sale even after the letter was sent....* In fact, defendant continues to sell counterfeit goods bearing the Chanel Marks almost two years after being notified by Chanel of plaintiff's trademarks. See [www.wholesalecentral.com/REPLICA](http://www.wholesalecentral.com/REPLICA) (last visited Aug. 7, 2007). Defendant's failure to respond to plaintiff's letter, her continued efforts to sell infringing goods, and her failure to appear in this action demonstrate that she is likely to continue infringing unless enjoined from doing so. Thus,

an injunction is warranted. *See U.S. v. W.T. Grant Co.*, 345 U.S. 629, 633, 73 S.Ct. 894, 97 L.Ed. 1303 (1953) (“The necessary determination is that there exists some cognizable danger of recurrent violation ....”), *quoted in Hard Rock Café Int’l (USA) v. Morton*, 1999 WL 701388, at \*4 (S.D.N.Y. Sept.9, 1999); *Glory Days, Inc. v. Glory Days, LLC*, 2007 WL 1160406, at \*5 (N.D.N.Y. Apr.17, 2007) (“[O]ften, the mere threat of continuing infringement will suffice to support the issuance of [injunctive] relief.”).

*Chanel*, 2007 WL 2693850 at \*6 (emphasis added).

Here, for reasons that Chanel has not explained, it has abandoned the litigation techniques upon which it elsewhere relied to establish its entitlement to injunctive relief: as far as I can determine from the record, it never contacted Schwartz to tell him to stop selling the counterfeits, and it made no effort to demonstrate that once Schwartz presumably became aware of its objections (by means of the institution of this lawsuit), he continued to engage in infringing conduct.<sup>FN6</sup> Chanel has proved only one of the three facts on which the court relied in concluding, in the quoted decision, that the defendant would continue its infringing conduct: the fact that the defendant did not respond to the lawsuit. I conclude that the latter fact alone does not support an inference that Schwartz will continue to infringe on Chanel's rights. Chanel's actions in this regard are baffling, but apparently deliberate. Having chosen to forego proof that would establish the likelihood of continued violations, Chanel must content itself with monetary damages for those that have already occurred; it is not entitled to an injunction.

FN6. Unlike the court in *Chanel*, I decline to place any reliance on the current state of the defendant's commercial web site. I acknowledge that if the court were to visit that web site, it would likely observe that Schwartz continues to offer (presumably counterfeit) Chanel products for sale. *See* <http://www.lv-designerbags.com/catalog/> (last visited September 27, 2007). Such an

observation is not part of the record before me, and Chanel did not make any attempt to make it part of the record even after I offered it an opportunity to do so. To the contrary, Chanel affirmatively chose to rely on the contents of its original default motion. Accordingly, Chanel has waived the right to have the court consider additional facts in deciding whether to grant the relief it now seeks.

### 3. Attorneys' Fees

\*10 An award of attorneys' fees under section 1117(a) of the Lanham Act—which authorizes damages for “a violation of any right of the registrant of a mark”—is appropriate in “exceptional cases,” whereas attorneys' fees are required absent “extenuating circumstances” for willful violations under subsection (b).<sup>15</sup> U.S.C. § 1117(a)-(b). In this circuit, however, it is “an open question” whether such reimbursement is an available remedy to a plaintiff who elects to receive statutory rather than actual damages. *Chanel*, 2007 WL 2693850 at \*5 (citing *Malletier v. Whenu.com, Inc.*, 2007 WL 257717, at \*6 (S.D.N.Y. Jan.26, 2007) (declining to award fees where the statutory damages award was sufficient to compensate plaintiff and to deter defendant and others); *Gucci II*, 315 F.Supp.2d at 522 (denying fees and concluding that statutory damages award was sufficient to compensate plaintiff); *Nike*, 2006 WL 2946472 at \*3-4 (awarding fees where infringement was willful); *Rolux Watch U.S.A., Inc. v. Brown*, 2002 WL 1226863, at \*3 (S.D.N.Y. June 5, 2002) (same)). The court need not decide the issue here because Chanel has in any event failed to satisfy the prerequisites for an award of attorney's fees in this jurisdiction.

A fee applicant bears the burden of demonstrating the hours expended and the nature of the work performed, preferably through contemporaneous time records that describe with specificity the nature of the work done, the hours expended, and the dates. *New York State Ass'n for Retarded Children, Inc. v.*

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*Carey*, 711 F.2d 1136, 1147-48 (2d Cir.1983). In lieu of contemporaneous time records, an applicant may submit "summaries ... accompanied by affidavits stating that the summaries are accurate and based on contemporaneous records." *Pressman v. Estate of Steinvorth*, 886 F.Supp. 365, 367 (S.D.N.Y.1995) (citing *Cruz v. Local Union No. 3 of Int'l Bhd. of Elec. Workers*, 34 F.3d 1148, 1160 (2d Cir.1994)). Inadequate documentation is grounds for reduction of a fee award, *Hensley v. Eckhart*, 461 U.S. 424, 433, 103 S.Ct. 1933, 76 L.Ed.2d 40 (1983); *Levy v. Powell*, 2005 WL 1719972, at \*6 (E.D.N.Y. July 22, 2005), or its denial. *Chanel* 2007 WL 2693850, at \*6.

Chanel has submitted the sworn declarations of two of its attorneys in support of its request for \$6,650 in attorneys' fees. Motion Ex. A (Declaration of Martin I. Saperstein) ("Saperstein Dec."), Ex. G (Declaration of Stephen M. Gaffigan). Each declarant avers that he began working on the instant case in early 2006, that he has expended a certain number of hours doing so, and that "[a]ll attorney time incurred in this matter relates to the gathering of information, preparation of documents and pleadings." *Id.* Such generic information is an entirely insufficient basis upon which to craft an award. Neither declaration provides any detail as to the specific dates on which work was conducted, the hours expended on those dates, or the nature of the work performed. *Carey*, 711 F.2d at 1148. I therefore respectfully recommend that the court decline to award Chanel the reimbursement of its attorneys' fees.

#### 4. Investigator's Fees

\*11 Chanel also seeks the reimbursement of \$903 in investigative fees for the work of the Holmes Detective Agency. Motion at 14. Here again, the court need not decide whether such fees are recoverable when a party elects statutory damages under section 1117(c) of the Lanham Act, because there are alternate reasons to deny the request. Although Holmes provides far more descriptive detail about

his work in his declaration than the attorneys do in theirs, he similarly makes no mention of, and does not provide, any contemporaneous time records. See *Carey*, 711 F.2d at 1147-48; *Cruz*, 34 F.3d 1160. Moreover, to the extent that Chanel seeks investigative fees as a component of its litigation costs (as opposed to an independent category of statutory remedies), I note that neither the relevant statute nor the local rules of this court consider such taxable costs to "include the expense of investigators hired to purchase [a] counterfeit product." *Rolex Watch U.S.A., Inc. v. Jones*, 2002 WL 596354 (S.D.N.Y. Apr.17, 2002) (citing 28 U.S.C. § 1920; Loc. Civ. R. 54.1(c)). I therefore respectfully recommend that the court deny Chanel's request for reimbursement of its investigator's fees.

#### 5. Other Litigation Costs

Chanel seeks the reimbursement of two distinct litigation costs: \$350 for the filing fee it paid to begin the litigation, and \$75 for the service of process on Schwartz. The former is conclusively established by the docket and should be awarded. See DE 1. The latter is supported only by the declaration of Chanel's counsel that "to the best of [his] knowledge and belief, \$75.00 in costs were necessarily incurred by [his] office in this matter for service of process on Schwartz." Saperstein Dec. ¶ 17. I believe that declaration to be needlessly insufficient. If Chanel or its counsel paid a process server-as seems likely-it should have the receipt that establishes the precise cost; there is no reason it should have to rely on the "best of [counsel's] knowledge and belief" about costs he thinks must have been incurred. More to the point, there is no reason that Schwartz should be required to make a payment on the basis of so thin an evidentiary reed. I therefore recommend that the court award only \$350 in litigation costs. See *Chanel*, 2007 WL 2693850 at \*6.

#### III. Recommendation

For the reasons set forth above, I respectfully re-

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commend that the court enter a default judgment in favor of plaintiff Chanel, Inc. and against defendant Jacob T. Schwartz in the amount of \$42,350 (consisting of \$42,000 in statutory damages and the reimbursement of Chanel's \$350 filing fee) and that it deny Chanel's request for injunctive relief as well as its request for the reimbursement of attorneys' fees, investigative fees, and process-server fees.

#### IV. *Objections*

I direct the plaintiff to serve a copy of this Report and Recommendation on the defendant by certified mail, and to file proof of service with the court no later than October 5, 2007. Any objection to this Report and Recommendation must be filed no later than October 22, 2007. Failure to file objections within this period waives the right to appeal the District Court's order. *See* 28 U.S.C. § 636(b)(1); Fed.R.Civ.P. 72; *Beverly v. Walker*, 118 F.3d 900 (2d Cir.1997); *Savoie v. Merchants Bank*, 84 F.3d 52 (2d Cir.1996).

**\*12 SO ORDERED.**

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▷

Only the Westlaw citation is currently available.

United States District Court,  
 E.D. New York.  
 CHANEL, INC., Plaintiff,  
 v.

XIAO FENG YE, d/b/a WholesaleCentral.com d/  
 b/a/ Replicas2Go d/b/a Ash Designer Handbags d/  
 b/a ReplicaHandbagsPlus d/b/a AshHandbags, De-  
 fendants.

No. CV-06-3372(CPS)(SMG).

Sept. 12, 2007.

Martin I. Saperstein, Goodman & Saperstein, Esqs.,  
 Garden City, NY, for Plaintiff.

### ORDER

CHARLES P. SIFTON, United States District Judge.

\*1 No objections to the Report and Recommendation of Magistrate Judge Gold dated August 14, 2007, having been filed by the parties, the Report and Recommendation is hereby adopted. The plaintiff is directed to submit to the court by October 3, 2007, a proposed judgment and a proposed order for injunctive relief consistent with Magistrate Judge Gold's Report and Recommendation.

The Clerk is directed to transmit a copy of the within to all parties and to the magistrate judge.

SO ORDERED.

### REPORT and RECOMMENDATION

GOLD, S., U.S.M.J.

### Introduction

Plaintiff, Chanel, Inc. ("Chanel"), brings this action under the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, for trademark counterfeiting and infringement, false designation of origin, and trademark dilution. Chanel alleges that defendant Xiao Feng Ye operates an online business that sells counterfeit Chanel goods and seeks an award of statutory damages, injunctive relief, and fees and costs. Upon plaintiff's application and in light of defendant's failure to appear in or otherwise defend this action, the Clerk of the Court entered the default of the defendant, and the Honorable Charles P. Sifton referred this case to me for report and recommendation on the issue of damages. *See* Docket Entries 15, 16.

### Background

Plaintiff owns sixteen federally registered trademarks, including the trademarks "CC Monogram" and "CHANEL" (collectively, the "Chanel Marks"), used in connection with the manufacture and distribution of handbags, wallets, luggage, watches, scarves, jewelry and like accessories. Compl. ¶¶ 2, 7. The CC Monogram consists of a letter C, printed backwards, interlocked with a second letter C printed normally. Compl. Ex. A. In addition, Chanel alleges that it owns trade dress rights ("Chanel Trade Dress") encompassing "the overall look, feel, texture, and patterns used by Chanel." *Id.* ¶ 7. Plaintiff claims that the Chanel Marks and the Chanel Trade Dress have been extensively promoted and are associated in the public mind with plaintiff's products, which enjoy a reputation as being of high quality. *Id.* ¶¶ 10-13.

Plaintiff states that it has never assigned or licensed the Chanel Marks for use by defendant Xiao Feng Ye. *Id.* ¶ 9. Plaintiff alleges that defendant nevertheless operates a business that sells counterfeit goods bearing the Chanel Marks. *Id.* ¶¶ 3, 4, 16, 20. Chanel contends that defendant's goods are of inferior quality and that her actions have the effect of misleading the public into believing that her



goods are genuine Chanel products. *Id.* ¶¶ 16-17.

Suspecting that defendant was infringing its trademarks, plaintiff hired an investigative firm, Sherlock Investigations, Inc. (“Sherlock”), to investigate defendant’s business. Porteous Decl. ¶ 3.<sup>FN1</sup> In November of 2005, Sherlock ordered a handbag bearing the Chanel Marks from defendant’s website for \$65.00. *Id.* ¶¶ 4-5. Defendant’s connection to the web site was established by investigating the telephone number listed on the web page and the street address associated with that telephone number, as well as by calling the number and reaching defendant there. *Id.* ¶ 8.

FN1. “Porteous Decl.” refers to the Declaration of Skipp Porteous in Support of Chanel’s Motion for Entry of Default and Final Judgement Against Defendant Xiao Feng Ye, Docket Entry 12.

\*2 Once the bag was received from the defendant, Chanel analyzed it and determined it to be counterfeit and of inferior quality. Hahn Decl. ¶¶ 11-12.<sup>FN2</sup> On December 2, 2005, Chanel sent defendant a cease and desist letter. Oka Decl. ¶ 7.<sup>FN3</sup> Defendant never responded to the letter. *Id.* In addition, plaintiff conducted a review of defendant’s website on four dates between October, 2005 and February, 2006 and found goods bearing the Chanel Marks available for sale. Pl. Mot. Ex. F.<sup>FN4</sup> Based on its investigation, plaintiff alleges that defendant is infringing Chanel’s trademark rights in violation of the Lanham Act.

FN2. “Hahn Decl.” refers to the Declaration of Adrienne Hahn Sisbarro, Director of Legal Administration for Chanel, in Support of Chanel’s Motion for Entry of Default and Final Judgement Against Defendant Xiao Feng Ye, Docket Entry 12.

FN3. “Oka Decl.” refers to the Declaration of Lynnette Oka, Director of Internet Administration and Enforcement for Chanel, in Support of Chanel’s Motion for Entry of

Default and Final Judgement Against Defendant Xiao Feng Ye, Docket Entry 12.

FN4. “Pl. Mot.” refers to Plaintiff’s Motion for Default Judgment, Docket Entry 12.

### Discussion

#### A. Liability

Once found to be in default, a defendant is deemed to have admitted all of the well-pleaded allegations in the complaint pertaining to liability. *See Greyhound Exhibitgroup, Inc., v. E.L. U.L. Realty Corp.*, 973 F.2d 155, 158 (2d Cir.1992), *cert. denied*, 506 U.S. 1080, 113 S.Ct. 1049, 122 L.Ed.2d 357 (1993); *Montcalm Pub. Corp. v. Ryan*, 807 F.Supp. 975, 977 (S.D.N.Y.1992). A court, however, retains the discretion to determine whether a final default judgment is appropriate. *Enron Oil Corp. v. Diakuhara*, 10 F.3d 90, 95 (2d Cir.1993). Even after a defendant has defaulted, “[a] plaintiff must ... establish that on the law it is entitled to the relief it seeks, given the facts as established by the default.” *U.S. v. Ponte*, 246 F.Supp.2d 74, 76 (D.Me.2003) (citation omitted). *See also Au Bon Pain Corp. v. Arctect, Inc.*, 653 F.2d 61, 65 (2d Cir.1981) (recognizing the court’s authority, even after default, to determine whether plaintiff has stated a cause of action).

The allegations of the complaint clearly establish the elements of liability required to state claims of trademark infringement and false designation of origin pursuant to the Lanham Act.

The central focus of the Lanham Act ... is to protect the holders of trademarks from the promotion and sale of competing products likely to confuse consumers as to their source. Thus, to prevail [on claims of trademark infringement and false designation of origin,] plaintiffs need only show that they own a valid trademark and that the defendants’ use of the trademark is likely to cause confusion regarding the source of the product.

*Tanning Research Laboratories, Inc. v. Worldwide Import & Export Corp.*, 803 F.Supp. 606, 608-09 (E.D.N.Y.1992) (internal citation omitted).

Plaintiff owns federally registered trademarks for "CHANEL" and "CC Monogram." Compl. ¶¶ 2, 7. The complaint alleges that defendant is "manufacturing, promoting, and otherwise advertising, distributing, selling, and/or offering for sale counterfeit products ... bearing trademarks which are exact copies of the Chanel Marks and Trade Dress." *Id.* ¶ 16. Further, the complaint alleges that defendant is aware of plaintiff's ownership of the Chanel Marks and is using these marks without authorization. *Id.* ¶¶ 15, 20. In fact, in December of 2005, plaintiff sent defendant a cease and desist letter alerting her to plaintiff's trademark rights. Pl. Mem. p. 10; Oka Decl. ¶ 7 and Ex. 1.<sup>FN5</sup> Defendant nevertheless continued to sell goods bearing plaintiff's marks. Pl. Mem. pp. 10-11 and Ex. F (printout from defendant's website advertising counterfeit Chanel goods for sale on February 16, 2006).

FN5. "Pl. Mem." refers to Plaintiff's Memorandum in Support of its Motion for Default Judgment, Docket Entry 12.

\*3 In addition, plaintiff alleges that defendant's actions are causing "confusion, mistake, and deception" among the general public "as to the origin and quality" of the goods sold by defendant bearing the Chanel Marks. Compl. ¶ 30. The goods appear as if they were made and distributed by Chanel. Indeed, defendant herself describes her products on her website as "Designer Replica [s]" and "trendy knockoff[s]", and sets forth the following disclaimer: "All products are similar to the originals unless specified otherwise. Although our products are comparable in style and quality to the original name brands, we DO NOT represent them to be original, nor do we represent that they are exact copies. Therefore, they do not violate any copyright laws." Pl. Mot. Ex. F.

Defendant's disclaimer-essentially an acknowledg-

ment of her counterfeiting-in no way relieves her of liability under the Lanham Act. To the contrary, the "disclaimer" suggests that defendant is knowingly and intentionally capitalizing on plaintiff's name, reputation and goodwill and that there is indeed a strong likelihood of consumer confusion. *See Rolex Watch U.S.A., Inc. v. Jones*, 2000 WL 1528263, at \*3 fn. 1 (S.D.N.Y. Oct.13, 2000) (noting that a similar disclaimer created a likelihood of post-sale confusion among the general public). Thus, plaintiff has sufficiently alleged the elements for trademark counterfeiting and infringement and false designation of origin under Title 15, United States Code, Sections 1114 and 1125(a).<sup>FN6</sup>

FN6. In addition, plaintiff seeks injunctive relief for dilution of its trademarks pursuant to 15 U.S.C. § 1125(c), and asserts common law claims of trademark infringement and unfair competition. Because these claims seek relief for the same injuries which form the basis of plaintiff's federal claims of trademark infringement and false designation of origin, and because plaintiff does not seek a separate award of damages or equitable relief pursuant to these claims, I have not considered whether their elements are satisfied by the well-pleaded allegations of the complaint. *See Tanning Research*, 803 F.Supp. at 608.

#### B. Damages

Although the allegations of a complaint pertaining to liability are deemed admitted upon entry of a default judgment, allegations relating to damages are not. *See Greyhound Exhibitgroup*, 973 F.2d at 158. Rather, claims for damages generally must be established in an evidentiary proceeding at which the defendant is afforded the opportunity to contest the amount claimed. *Id.* The court must then ensure that there is a basis for the damages sought by a plaintiff before entering judgment in the amount demanded. *See Fustok v. ContiCommodity Servs., Inc.*, 873 F.2d 38, 40 (2d Cir.1989). A court may

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make this determination based upon evidence presented at a hearing or upon a review of "detailed affidavits or documentary evidence." *Id.* at 39. *See also* FED. R. CIV. P. 55(b)(2); *Action S.A. v. Marc Rich & Co., Inc.*, 951 F.2d 504, 508 (2d Cir.1991). A court, however, may not merely accept a plaintiff's statement of damages, and must be able to ascertain the amount of damages "with reasonable certainty." *Transatlantic Marine Claims Agency, Inc. v. Ace Shipping Corp.*, 109 F.3d 105, 111 (2d Cir.1997).

Plaintiff's application for statutory damages, injunctive relief, and fees and costs is supported by declarations made by its investigator, corporate officers, and counsel. Docket Entry 12. Defendant has not submitted any opposition. Accordingly, a hearing on the issue of damages is not warranted.

#### Monetary Damages

\*4 A plaintiff in a trademark infringement case may elect to recover either actual or statutory damages. 15 U.S.C. § 1117. In 1995, Congress amended the Lanham Act to include a statutory damages provision, recognizing that "counterfeiters' records are frequently nonexistent, inadequate or deceptively kept ... making proving actual damages in these cases extremely difficult if not impossible." *Rodgers v. Anderson*, 2005 WL 950021, at \*2 (S.D.N.Y. Apr.26, 2005) (internal citations omitted). A party electing to recover statutory damages may recover from \$500 to \$100,000 per violation. 15 U.S.C. § 1117(c)(1). A maximum of \$1,000,000 per violation in enhanced damages is available for willful violations. 15 U.S.C. § 1117(c)(2).

The amount of damages to be awarded rests in the sound discretion of the court. *See* 15 U.S.C. § 1117(c) (providing for an award "as the court considers just"). To determine an appropriate damages award, courts in this Circuit have followed the precedent construing an analogous provision of the Copyright Act, 17 U.S.C. § 504(c). *See, e.g., Rodgers*, 2005 WL 950021, at \*2; *Gucci Am., Inc.*

*v. Duty Free Apparel, Ltd.*, 315 F.Supp.2d 511, 520 (S.D.N.Y.2004); *Tiffany (NJ) Inc. v. Luban*, 282 F.Supp.2d 123, 125 (S.D.N.Y.2003); *Sara Lee Corp. v. Bags of New York, Inc.*, 36 F.Supp.2d 161, 166-67 (S.D.N.Y.1999). Under the Copyright Act, the purposes to be served by a statutory damages award are both compensatory and punitive. *See Fitzgerald Publ'g Co., Inc. v. Baylor Publ'g Co. Inc.*, 807 F.2d 1110, 1117 (2d Cir.1986). Factors considered by courts in determining a just award include the revenues lost by the plaintiff, the profits reaped and expenses avoided by the infringer, the value of the infringed copyright or trademark, and general and specific deterrence. *Id.*

Although seeking an award of statutory damages, Chanel has submitted some evidence of its actual damages, defendant's potential earning capacity, and the extent of defendant's counterfeiting and infringement. For example, plaintiff has submitted printouts from defendant's website, [www.wholesalecentral.com/REPLICA](http://www.wholesalecentral.com/REPLICA), for four dates—October 21, 2005, December 2, 2005, February 15, 2006, and February 16, 2006. Pl. Mem. p. 11 n.1; Pl. Mot. Ex. F. These printouts reveal that defendant has marketed counterfeit Chanel jewelry, watches, handbags and scarves. Based on the range of products, or inventory, offered by defendant on those four dates, plaintiff calculates defendant's profit from October 21, 2005 through November 1, 2006 to be at least \$61,095.75. Pl. Mem. p. 11. Chanel reaches this figure by estimating that defendant "may have earned as much as \$768.50 in revenues" from sales of goods bearing the Chanel Marks on any given day. Pl. Mem. p. 11. Plaintiff calculated this amount by totaling the entire Chanel inventory available on defendant's website on four days and dividing the result by four. *Id.* n. 1. Plaintiff calculated the profits of \$61,095.75 by "assuming [defendant] turned her inventory twice a week and conservatively estimating a profit of seventy-five percent." *Id.* I note, however, that plaintiff offers no support for these assumptions, and this court has little basis upon which to evaluate whether or not they are reasonable.

\*5 Plaintiff argues that, if it were seeking actual damages, its recovery of defendant's profits would be trebled pursuant to 15 U.S.C. § 1117(b) for an award totaling approximately \$183,287.25. Pl. Mem. p. 12. Plaintiff therefore asks for an award of \$183,287.25 in statutory damages, or \$2,291.09 per registered mark counterfeited by defendant for each type of merchandise marketed by defendant.<sup>FN7</sup> *Id.* As noted above, however, plaintiff has failed to provide any basis for the assumptions underlying its calculation of defendant's profits. Moreover, the prices advertised on defendant's website for the infringing goods are relatively modest, ranging in most cases from \$15 to \$35 per item. On the other hand, defendant did offer a broad range of counterfeit products for sale, and did so over a substantial period of time, even after being directed to cease and desist. Taking these circumstances into account, I conclude that an award of \$120,000 in statutory damages is reasonable, and will be sufficient to redress the harm caused by defendant's activities and deter future violations by the defendant and other potential infringers.<sup>FN8</sup>

FN7. Plaintiff alleges infringement of sixteen registered marks on five types of goods, for a total of eighty violations. \$2,291.09 multiplied by 80 equals \$183,287.25.

FN8. Because the amount I recommend is, in light of the number of violations, well within the statutory range, I do not consider whether defendant's conduct was willful and justifies an enhanced damages award.

### *Injunctive Relief*

Plaintiff seeks an injunction permanently enjoining defendant from infringing any of Chanel's trademarks. A court "may ... issue an injunction on a motion for default judgment provided that the moving party shows that (1) it is entitled to injunctive relief under the applicable statute, and (2) it meets

the prerequisites for the issuance of an injunction." *Main Events/Monitor Productions v. Batista*, 1998 WL 760330, at \*1 (E.D.N.Y. Aug.26, 1998). Plaintiff satisfies the first condition because an injunction is an available remedy under 15 U.S.C. § 1116(a) for violations of "any right of the registrant," including trademark infringement and false designation of origin, both of which have been established. As to the second requirement, a party seeking an injunction must demonstrate irreparable harm and the absence of an adequate remedy at law. *See, e.g., Rondeau v. Monsinee Paper Corp.*, 422 U.S. 49, 57, 95 S.Ct. 2069, 2075, 45 L.Ed.2d 12 (1975).

In a trademark infringement case, "irreparable injury is established where there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." *Lobo Enters., Inc. v. Tunnel, Inc.*, 822 F.2d 331, 333 (2d Cir.1987) (internal quotation marks and citation omitted). Here, the goods offered by defendant are "counterfeits [which], by their very nature, cause confusion. Indeed, confusing the customer is the whole purpose of creating counterfeit goods." *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F.Supp.2d 284, 287 (S.D.N.Y.2003). Particularly in light of how famous Chanel's mark is and how broad a range of products defendant offers, the likelihood of substantial consumer confusion is high. Thus, plaintiff has established irreparable injury.

\*6 Plaintiff has also demonstrated that defendant is likely to continue the infringing conduct absent injunctive relief. Plaintiff sent defendant a letter on December 2, 2005, notifying defendant of plaintiff's ownership of the Chanel Marks and ordering her to cease her sales of counterfeit Chanel goods. Oka Decl. ¶ 7. Defendant did not respond, *id.*, and continued to offer infringing products for sale even after the letter was sent. Pl. Mem. pp. 10-11 and Ex. F. In fact, defendant continues to sell counterfeit goods bearing the Chanel Marks almost two

years after being notified by Chanel of plaintiff's trademarks.

*See* www.wholesalecentral.com/REPLICA (last visited Aug. 7, 2007). Defendant's failure to respond to plaintiff's letter, her continued efforts to sell infringing goods, and her failure to appear in this action demonstrate that she is likely to continue infringing unless enjoined from doing so. Thus, an injunction is warranted. *See U.S. v. W.T. Grant Co.*, 345 U.S. 629, 633, 73 S.Ct. 894, 898, 97 L.Ed. 1303 (1953) ("The necessary determination is that there exists some cognizable danger of recurrent violation ...."), *quoted in Hard Rock Café Int'l (USA) v. Morton*, 1999 WL 701388, at \*4 (S.D.N.Y. Sept.9, 1999); *Glory Days, Inc. v. Glory Days, LLC*, 2007 WL 1160406, at \*5 (N.D.N.Y. Apr.17, 2007) ("[O]ften, the mere threat of continuing infringement will suffice to support the issuance of [injunctive] relief.").

#### *Attorney's Fees and Costs*

Under the Lanham Act, "the court in exceptional cases may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a). Exceptional circumstances include willful infringement and thus, a "finding of willfulness determines the right to attorneys' fees." *Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 854 (2d Cir.1995); *see also Nike, Inc. v. Top Brand Co.*, 2006 WL 294672, at \*3 (S.D.N.Y. Feb. 27, 2006). It is an open question in the Second Circuit, however, whether an award of attorney's fees is appropriate where statutory damages are awarded. *See Malletier v. Whenu.com, Inc.*, 2007 WL 257717, at \*6 (S.D.N.Y. Jan.26, 2007) (recognizing the issue and declining to award attorney's fees); *Nike*, 2006 WL 294672, at \*3-4 (recognizing the issue and awarding attorney's fees); *Rodgers*, 2005 WL 950021, at \*4; *Gucci Am., Inc.*, 315 F.Supp.2d at 522 (denying an award of attorney's fees and concluding that a \$2 million statutory damages award was sufficient to compensate plaintiff); *Rolex Watch U.S.A., Inc. v. Brown*, 2002 WL 1226863, at \*3 (S.D.N.Y. June 5, 2002) (recognizing the issue and awarding attorney's

fees).

I need not resolve this question of law here. All claims for attorney's fees in the Second Circuit must comply with *New York State Association for Retarded Children, Inc. v. Carey*, 711 F.2d 1136, 1148 (2d Cir.1983), which requires contemporaneous time records that show "for each attorney, the date, the hours expended, and the nature of the work done." Plaintiff has not submitted the contemporaneous time records required by *Carey*. Accordingly, I respectfully recommend that plaintiff be denied an award of attorney's fees and investigative fees.

\*7 Plaintiff also requests \$425 in costs, comprised of a \$350 filing fee and \$75 for service of process. Pl. Mem. p. 15. Plaintiff has failed to submit any documentation to support an award of these costs. The docket sheet, however, does indicate that plaintiff paid a \$350 filing fee. Docket Entry 1. I therefore recommend that plaintiff be awarded costs of \$350.

#### *Conclusion*

For the reasons stated above, I respectfully recommend that a default judgment be entered against defendant Xiao Feng Ye, d/b/a Wholesalecentral.com, d/b/a Replicas2go, d/b/a Ash Designer Handbags, d/b/a Replicahandbagsplus, d/b/a Ashhandbags, in the amount of \$120,350, consisting of \$120,000 in statutory damages and \$350 in costs. I further recommend that plaintiff's application for attorney's fees be denied. Finally, I recommend that an injunction be entered prohibiting defendant Xiao Feng Ye from using the Chanel Marks and the Chanel Trade Dress in connection with the manufacture, importation, advertisement or promotion, distribution, sale or offering for sale of any unauthorized or counterfeit goods.

Any objections to the recommendations made in this Report must be electronically filed within ten days of this Report and Recommendation and, in

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Not Reported in F.Supp.2d, 2007 WL 2693850 (E.D.N.Y.)  
(Cite as: 2007 WL 2693850 (E.D.N.Y.))

any event, on or before August 28, 2007. Failure to file timely objections may waive the right to appeal the District Court's Order. See 28 U.S.C. § 636(b)(1); FED. R. CIV. P. 6(a), 6(e), 72; *Small v. Sec'y of Health & Human Servs.*, 892 F.2d 15, 16 (2d Cir.1989).

Plaintiff shall promptly serve a copy of the Report and Recommendation upon defendant at her last known address and provide proof of service to the Court.

E.D.N.Y.,2007.  
Chanel, Inc. v. Xiao Feng Ye  
Not Reported in F.Supp.2d, 2007 WL 2693850  
(E.D.N.Y.)

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Not Reported in F.Supp.2d, 2006 WL 3826780 (S.D.Fla.)

Only the Westlaw citation is currently available.

United States District Court, S.D. Florida,  
Miami Division.  
CHANEL, INC., a New York Corporation, Plaintiff,  
v.

April FRENCH d/b/a Aprilfrench222 d/b/a Luxurylocs.Net d/b/a Luxurybags.Org d/b/a Luxury  
Locs d/b/a April Poindexter, Defendants.

No. 05-61838-CIV.  
Dec. 27, 2006.

Stephen Michael Gaffigan, Fort Lauderdale, FL, for Plaintiff.

### **ORDER GRANTING PLAINTIFFS' MOTION FOR DEFAULT JUDGMENT**

MARCIA G. COOKE, United States District Judge.

\***1 THIS CAUSE** is before the Court upon the Plaintiff, Chanel Inc.'s, Motion for Final Default Judgment with Memorandum of Law in Support Thereof Against Defendant April French a/k/a April Poindexter [**DE 12**], filed September 15, 2006.

#### **Background**

The Plaintiff, Chanel Inc., is a corporate entity duly organized and existing under the laws of the State of New York, with its principal place of business in New York, New York. Chanel designs and markets a wide range of leather goods, including handbags, wallets, travel bags, luggage, business card cases, change purses, tote bags, cosmetic bags sold empty, briefcase-type portfolios, attaché cases, purses, suitcases, sunglasses, and other goods which are sold throughout the United States and worldwide.

Chanel is the owner of the following trademarks, which are the subject of the following United States Federal Trademark Registrations (the "Chanel Marks"):

Mark	Reg. No.	Reg. Date
CC MONOGRAM	1,734,822	November 24, 1992
CC MONOGRAM	1,314,511	January 5, 1985
CC MONOGRAM	1,654,252	August 20, 1991
CHANEL	1,733,051	November 17, 1992
CHANEL	0,626,035	May 1, 1956
CHANEL	1,347,677	July 9, 1985
CHANEL	1,510,757	November 1, 1988

These marks are registered in International Class 9 and 18 and are used in connection with the manufacture and distribution of products that Chanel designs and markets. Hahn Decl. ¶ 5 (Exhibit C to DE 12). Chanel has extensively used, advertised, and promoted the Chanel Marks in the United States, associating them with handbags, sunglasses and other goods, and has carefully monitored and policed the use of the Chanel Marks. As a result of Chanel's efforts, members of the consuming public readily identify merchandise bearing the Chanel Marks as being high quality merchandise sponsored and approved by Chanel. *Id.* ¶¶ 6-7. The **Chanel** Marks qualify as "**famous** marks" as that term is used in 15 U.S.C. § 1125(c)(1), and have achieved a secondary meaning as identifiers of high quality products, including handbags and sunglasses. *Id.* ¶¶ 6-7. Chanel has never abandoned these trademarks. *Id.* ¶ 7. Nor has Chanel ever assigned or licensed them to the Defendant, April French. Hahn Decl. ¶ 9.

By default, the Defendant, April French, has admitted that she is an individual who was doing business in this Judicial District during the time period relevant to this action. French owned and operated Internet Websites under the domain names "LuxuryBags.org" and "Luxurylocs.net," used the aliases "April Poindexter," "Luxury Locs," and "AprilFrench222," and was the active, conscious, and dominant force behind the sale of handbags and sunglasses bearing counterfeits of the Chanel Marks. See Complaint; see also Hahn Decl. ¶¶ 10.

On December 1, 2005, Chanel initiated this Action against April French for Federal Trademark Counterfeiting and Infringement (Count I), Federal False Designation of Origin (Count II), Trademark Dilution (Count III), and Common Law Unfair Competition (Count IV). See DE 1. French was served with the Summons and Complaint, via personal service, on December 12, 2005. See DE 6. Accordingly, French was required to answer the Complaint within twenty days of December 12, 2005. As of the date of this Order, however, French has failed to appear in this Case altogether. Chanel filed its Request for and obtained a Clerk's Entry of Default against French on January 5, 2006.<sup>FN1</sup> See DEs 7 & 8.

FN1. The Court notes that Chanel has verified that French is not in the military, not an infant, and not incompetent. See Gaffigan Decl. ¶ 7 (Exhibit A to DE 12) and J. Holmes Decl. ¶ 6 (Exhibit B to DE 12). Chanel has also verified that French now resides at 5239 Browning Way SW, Lilburn Georgia 30047. See J. Holmes Decl. ¶ 7.

### **The Legal Backdrop**

\*2 A defendant in default admits the plaintiff's well-pled factual allegations in the complaint, thereby assuming liability. Buchanan v. Bowman, 820 F.2d 359 (11th Cir.1987). Once liability has been established, a district court need then assess damages. See Ortiz-Gonzalez v. Fonovisa, 277 F.3d 59, 62-63 (1st Cir.2002); Arista Records, Inc. v. Beker Enter., Inc., 298 F.Supp.2d 1310, 1312 (S.D.Fla.2003); Tiffany v. Luban, 282 F.Supp.2d 123, 124 (S.D.N.Y.2003).

"Damages may be awarded only if the record adequately reflects the basis for the award via a hearing or a demonstration of detailed affidavits establishing the necessary facts." Adolph Coors Co. v. Movement Against Racism and The Klan, 777 F.2d 1538, 1544 (11th Cir.1985); United Artists Corp. v. Freeman, 605 F.2d 854, 857 (5th Cir.1979); Rolux Watch, USA, Inc. v. Brown, 2002 WL 1226863, \*2 (S.D.N.Y.2002) (finding that where "the issue is statutory damages," the court can hold an inquest into damages "on a paper record" rather than through an in-person court hearing). Whether liability is found by default or otherwise, the Lanham Act authorizes awards of monetary damages, permanent injunctive relief, and the recovery of attorney fees and costs. Sara Lee Corp. v. Bags of New York, Inc., 36 F.Supp.2d 161 (S.D.N.Y.1999); Playboy Enters., Inc. v. Asiafocus Int'l, Inc., 1998 U.S. Dist. Lexis 10359 (E.D.Va.1998).

Furthermore, 15 U.S.C. § 1117(c), allows a Plaintiff to elect to recover statutory damages in lieu of compensatory and punitive damages-for non-willful violations, "not less than \$500 or more than \$100,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed," and for willful violations, "not more than \$1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed." <sup>FN2</sup> Statutory damages are apropos when an infringer's nondisclosure of pertinent facts-such as with default-leaves damages uncertain. See Sara Lee Corp., 36 F.Supp.2d at 165-66. The Court has wide discretion to set an amount of statutory damages. Sara Lee Corp., 36 F.Supp.2d at 166-67 (collecting cases, analogizing the Copyright Act statutory damages, and describing breadth of court's discretion in awarding statutory damages under the Lanham Act); see also Cable/Home Communication Corp. v. Network Productions, Inc., 902 F.2d 829, 852 (11th Cir.1990) (concluding that the court's discretion in setting the amount of copyright statutory damages is "wide, constrained only by the specified maxima and minima."); Macklin v. Mueck, 2005 U.S. Dist. LEXIS 18026 (S.D.Fla. January 24, 2005) (increasing an award to that of



maximum statutory damages where copyright infringement was willful). A finding of willful infringement-violative conduct that the defendant knew to be improper and done in bad faith justifies an award of heightened damages and attorneys' fees. *Chanel, Inc. v. Italian Activewear of Florida, Inc.*, 931 F.2d 1472, 1476 (11th Cir. 1991).

FN2. "While § 1117(c) looks to compensatory considerations (e.g., actual losses and trademark value), it also looks to punitive considerations (e.g., deterrence of other infringers and redress of wrongful defense conduct)." *Sara Lee Corp.*, 36 F.Supp.2d at 165.

### ***Findings of Fact and Conclusions of Law***

\*3 A hearing in the instant action is unnecessary to determine damages as the Plaintiff seeks statutory damages and has attached detailed affidavits with accompanying documentary evidence to its Motion for Final Default Judgment. The Plaintiff has presented evidence, uncontroverted by the Defendant, that Defendant French distributed, sold, and/or otherwise traded in counterfeit Chanel handbags, sunglasses, and other goods. French's admissions by default, and the papers filed in support of the Plaintiff's Motion for Final Default Judgment establish the following facts:

(1) French stated to potential buyers that she was the owner of the counterfeit handbag and sunglass products at issue. Hahn Decl. ¶¶ 9-10; R. Holmes Decl. ¶ 4 (Exhibit D to DE 12).

(2) French owned and operated an online business which advertised, offered for sale, and/or sold handbags and sunglasses bearing counterfeits of the Chanel Marks using the domain name "LuxuryBags.org." Hahn Decl. ¶ 9; see also Exhibit E to DE 12 (provides a sampling of the Internet website, LuxuryBags.org, operated by French, reflecting the sale of counterfeit Chanel handbags).

(3) The handbags and sunglasses sold by French are in fact counterfeit. See Hahn Decl. ¶ 14; see also R. Holmes Decl. ¶ 9.

(4) French does not have, nor has she ever had, the required permission to use the Chanel Marks. See Hahn Decl. ¶ 9.

By virtue of Defendant French's default, and upon affirmative, supporting affidavits submitted by Plaintiff Chanel, the well-pled factual allegations in Chanel's Complaint are taken as genuine admissions by the Defendant. French's failure to respond to the Complaint, therefore, establishes her liability on the claims in this action—generally that Defendant French misappropriated Chanel's intellectual property and improperly traded upon Chanel's goodwill by selling items bearing marks identical to trademarks registered to Chanel.

The question that remains, then, is whether the Defendant's infringement was willful. The Plaintiff's affidavits and other supporting documents establish that Defendant French is a willful counterfeiter. On September 16, 2005, prior to filing the instant suit, Chanel delivered a cease and desist letter by certified mail and electronic mail to French regarding her unlawful activity of selling products bearing counterfeit Chanel Marks. Oka Decl. ¶ 7 (Exhibit F to DE 12) and Exhibit F.1. French responded three times on September 16, 2005, by electronic mail. Oka Decl. ¶ 8-9. In the first electronic message, French stated that she no longer offered Chanel products for sale. Oka Decl. ¶ 8 and Exhibit F.2. In her second electronic response, French asked how "other sites are able to sell these same bags without any problem," Oka Decl. ¶ 8 and Exhibit F.3. In her third response, the Defendant included "Disclaimer Information," essentially confirming that she was selling "replicas" of designer products. Oka Decl. ¶ 8 and Exhibit F.4.

\*4 Furthermore, on at least September 21, 2005, and October 17, 2005, Defendant French—after being advised by Chanel that she was selling products bearing counterfeit Chanel Marks, and claiming that she no longer offered counterfeit Chanel products for sale—continued

selling Chanel counterfeits under the alias "LuxuryBags.org." Oka Decl. ¶¶ 8-9 and Exhibits F.2, F.5, and E. The Court, on December 19, 2006, conducted an independent review of the website "LuxuryBags.org," and found that by then, albeit counterfeit Chanel bags had been removed from the website, the Defendant, regarding other designers, continued to claim, "Our replica handbags are identical to the original designer bags in every way *including all the correct markings.*" This comment alone highlights Defendant French's complete lack of respect and disregard for the law and the intellectual property rights of others. Defendant French is the quintessential example of a willful infringer who refuses even to participate in her own defense.

As Defendant French has refused participation in this Matter, the Court must determine damages based on the Plaintiff's detailed affidavits and supporting documents evidencing infringement. The available evidence demonstrates that French distributed, advertised, offered for sale, and/or sold at least two types of goods, specifically handbags and sunglasses, in multiple styles, bearing counterfeits of Chanel's seven federally registered marks for the same types of goods. See Exhibit E. For example, on September 16, 2005, Defendant French, via LuxuryBags.org, was offering for sale 21 different styles of handbags bearing the Chanel Marks priced between \$120.00 and \$220.00 each, and 5 different styles of sunglasses bearing the Chanel Marks priced between \$54.00 and \$65.00. *Id.* A review of the Defendant's same website as it appeared on September 21, 2005, revealed that French was again offering for sale 21 different styles of handbags bearing the Chanel Marks priced between \$120.00 and \$220.00 each, and 5 different styles of sunglasses bearing the Chanel Marks priced between \$54.00 and \$65.00 each.<sup>FN3</sup> *Id.* If the Court takes handbags and sunglasses as two different types of goods, and there are seven different trademarks at issue being used with both types of goods, then the Plaintiff has committed, apropos this suit, fourteen willful trademark violations under 15 U.S.C. § 1117(c). The Court has wide discretion to award the Plaintiff up to \$1,000,000 per willful violation, exposing the Defendant to a potential \$14 million in statutory damages.

<sup>FN3</sup> The Defendant's website through which she has been engaging in unlawful trademark infringement, LuxuryBags.org, was registered on April 21, 2005. See DE 12 at 10. Defendant French was served with the Complaint in this Matter on December 12, 2005. See DE 6 If the Defendant began selling counterfeit Chanel products upon registration of the website and continued until being served with the Complaint, then her violations persisted for about eight months. Without any contrary information from the Defendant, the Court must take this approach as the most reasonable for calculating the duration of the willful infringement.

Accordingly, the Court, having considered the Plaintiff's Motion, the pertinent portions of the record, and being otherwise advised fully in the premises, hereby

**ORDERS AND ADJUDGES** as follows:

1. Defendant April French is liable on all Counts in the Complaint.

2. Defendant April French a/k/a April Poindexter and her respective officers, agents, servants, employees and attorneys, and all persons in active concert and participation therewith are hereby restrained and enjoined from intentionally and/or knowingly: (a) manufacturing or causing to be manufactured, importing, advertising, or promoting, distributing, selling or offering to sell counterfeit and infringing goods bearing Chanel's registered marks CHANEL and CC MONOGRAM as identified in the Complaint, (the "Chanel Marks"); (b) using the Chanel Marks in connection with the sale of any unauthorized goods; (c) using any logo, and/or layout which may be calculated to falsely advertise the services or products of the Defendant as being sponsored by, authorized by, endorsed by, or in any way associated with Chanel; (d) falsely representing themselves as being connected with Chanel, through sponsorship or association; (e) engaging in any act which is likely to falsely cause members of the trade and/or of the purchasing public to believe any goods or services of the Defendant, are in any way endorsed by, approved by, and/or associated with Chanel; (f) using any reproduction, counterfeit, copy, or colorable imitation of the Chanel Marks in connection

with the publicity, promotion, sale, or advertising of any goods sold by the Defendant including, without limitation, handbags and sunglasses; (g) affixing, applying, annexing or using in connection with the sale of any goods, a false description or representation, including words or other symbols tending to falsely describe or represent the Defendant's goods as being those of Chanel, or in any way endorsed by Chanel; (h) offering such goods in commerce and otherwise unfairly competing with Chanel; (i) secreting, destroying, altering, removing, or otherwise dealing with the unauthorized products or any books or records which contain any information relating to the importing, manufacturing, producing, distributing, circulating, selling, marketing, offering for sale, advertising, promoting, renting or displaying of all unauthorized products which infringe the Chanel Marks; and (j) effecting assignments or transfers, forming new entities or associations or utilizing any other device for the purpose of circumventing or otherwise avoiding the prohibitions set forth above.

\*5 2. Pursuant to 15 U.S.C. § 1117(c), Chanel is awarded statutory damages in the amount of twenty thousand dollars (\$20,000) per violation for each of the fourteen violations, totaling two-hundred-eighty thousand dollars (\$280,000), for which let execution issue.

3. Pursuant to 15 U.S.C. § 1117(b), Chanel is awarded its attorney's fees of three thousand dollars (\$3,000), for which let execution issue.

4. Pursuant to 15 U.S.C. § 1117(b), Chanel is awarded its investigative fees of seven hundred ninety-nine dollars and ninety-nine cents (\$799.99), for which let execution issue;

5. Pursuant to 15 U.S.C. § 1117(b) Chanel is awarded its costs of three hundred and five dollars (\$305.00), for which let execution issue.

6. The Clerk shall **CLOSE** this case. All pending motions are **DENIED as moot**.

**DONE AND ORDERED** in Chambers at Miami, Florida, this 22nd day of December, 2006.

S.D.Fla., 2006.

Chanel, Inc. v. French

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**H**

United States District Court, D. New Jersey.  
**CHANEL, INC.**, Plaintiff,  
 v.  
 Alina GORDASHEVSKY, et al., Defendants.  
**Civil No. 05-5270 (RBK).**


April 7, 2008.

**Background:** Trademark owner brought action alleging that defendants directly and personally engaged in sale of products bearing counterfeit versions of its registered trademarks. Owner filed motion for entry of default judgment.

**Holdings:** The District Court, Kugler, J., held that:  
 (1) defendant's willful conduct warranted statutory damages award of \$2,238,624.50;  
 (2) owner was entitled to recover attorney fees and investigation charges; and  
 (3) entry of permanent injunction was warranted.

Motion granted.

West Headnotes

**[1] Federal Civil Procedure 170A**  **2411**

170A Federal Civil Procedure  
 170AXVII Judgment  
 170AXVII(B) By Default  
 170AXVII(B)1 In General  
 170Ak2411 k. In General. Most Cited  
 Cases

In determining whether to enter default judgment, although court should accept as true well-pleaded factual allegations of complaint, court need not accept moving party's legal conclusions or allegations relating to amount of damages. Fed.Rules Civ.Proc.Rule 55, 28 U.S.C.A.


**[2] Federal Civil Procedure 170A**  **2418.1**

170A Federal Civil Procedure


170AXVII Judgment  
 170AXVII(B) By Default  
 170AXVII(B)1 In General  
 170Ak2418 Proceedings for Judgment  
 170Ak2418.1 k. In General. Most

Cited Cases

Before granting default judgment, court must first ascertain whether unchallenged facts constitute legitimate cause of action, since party in default does not admit mere conclusions of law. Fed.Rules Civ.Proc.Rule 55, 28 U.S.C.A.


**[3] Trademarks 382T**  **1419**

382T Trademarks  
 382TVIII Violations of Rights  
 382TVIII(A) In General  
 382Tk1418 Practices or Conduct Prohibited in General; Elements  
 382Tk1419 k. In General. Most Cited  
 Cases

**Trademarks 382T**  **1421**

382T Trademarks  
 382TVIII Violations of Rights  
 382TVIII(A) In General  
 382Tk1418 Practices or Conduct Prohibited in General; Elements  
 382Tk1421 k. Infringement. Most  
 Cited Cases

To establish Lanham Act claim for trademark infringement or false designation of origin, record must demonstrate that: (1) plaintiff has valid and legally protectable mark; (2) plaintiff owns mark; and (3) defendant's use of mark to identify goods or services causes likelihood of confusion. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

**[4] Trademarks 382T**  **1432**

382T Trademarks  
 382TVIII Violations of Rights  
 382TVIII(A) In General

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382Tk1423 Particular Cases, Practices, or Conduct

382Tk1432 k. Counterfeiting. Most Cited Cases

To establish federal trademark counterfeiting, record must establish that: (1) defendants infringed registered trademark in violation of Lanham Act, and (2) intentionally used trademark knowing that it was counterfeit or was willfully blind to such use. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).

#### [5] Federal Civil Procedure 170A ⚡2411

170A Federal Civil Procedure

170AXVII Judgment

170AXVII(B) By Default

170AXVII(B)1 In General

170Ak2411 k. In General. Most Cited

Cases

Prior to entering default judgment, court must consider whether: (1) plaintiff will be prejudiced if default is not granted, (2) defendant has meritorious defense, and (3) defendant's delay was result of culpable misconduct. Fed.Rules Civ.Proc.Rule 55, 28 U.S.C.A.

#### [6] Trademarks 382T ⚡1655

382T Trademarks

382TIX Actions and Proceedings

382TIX(D) Damages and Profits

382Tk1652 Damages

382Tk1655 k. Intent; Fraud. Most

Cited Cases

In order to award maximum statutory damage award for trademark infringement, defendant's willful conduct must have included aura of indifference to plaintiff's rights or deliberate and unnecessary duplicating of plaintiff's mark in way that was calculated to appropriate or otherwise benefit from good will that plaintiff had nurtured. Lanham Trade-Mark Act, § 35(c)(2), 15 U.S.C.A. § 1117(c)(2).

#### [7] Trademarks 382T ⚡1655

382T Trademarks

382TIX Actions and Proceedings

382TIX(D) Damages and Profits

382Tk1652 Damages

382Tk1655 k. Intent; Fraud. Most

Cited Cases

#### Trademarks 382T ⚡1657

382T Trademarks

382TIX Actions and Proceedings

382TIX(D) Damages and Profits

382Tk1652 Damages

382Tk1657 k. Measure and Amount.

Most Cited Cases

Conduct of seller of products bearing counterfeit versions of registered "CHANEL" trademarks was willful, and thus warranted statutory damages award of \$2,238,624.50 under Lanham Act, even though seller included "disclaimer" on its websites indicating that goods are replicas and not intended to be represented as originals, where seller had knowledge of trademark owner's ownership of marks at issue, including its exclusive rights to use and license marks and goodwill associated with marks, seller sold goods using identical marks, and trademark owner's estimate of seller's profits totaled \$2,238,624.50. Lanham Trade-Mark Act, § 35(c)(2), 15 U.S.C.A. § 1117(c)(2).

#### [8] Trademarks 382T ⚡1754(2)

382T Trademarks

382TIX Actions and Proceedings

382TIX(G) Costs

382Tk1752 Attorney Fees

382Tk1754 Grounds

382Tk1754(2) k. Exceptional

Cases; Intent or Bad Faith. Most Cited Cases

Trademark owner was entitled to recover attorney fees and investigation charges it expended in action alleging that defendant engaged in sale of products bearing counterfeit versions of its registered trademarks, where defendant's conduct constituted willful infringement. Lanham Trade-Mark Act, § 35(b), 15 U.S.C.A. § 1117(b).

[9] Injunction 212 ↪9

212 Injunction

212I Nature and Grounds in General

212I(B) Grounds of Relief

212k9 k. Nature and Existence of Right Requiring Protection. Most Cited Cases

To obtain permanent injunction, plaintiff must show that (1) court's exercise of equity jurisdiction is proper, (2) plaintiff succeeded on merits, and (3) balance of equities tips in favor of injunctive relief.

[10] Trademarks 382T ↪1714(1)

382T Trademarks

382TIX Actions and Proceedings

382TIX(F) Injunctions

382Tk1712 Permanent Injunctions

382Tk1714 Grounds and Subjects of

Relief

382Tk1714(1) k. In General. Most

Cited Cases

Entry of permanent injunction was warranted in trademark owner's action alleging that defendant engaged in sale of products bearing counterfeit versions of its registered trademarks, where it would be difficult for owner to detect and measure extent of defendant's violations and potential future violations, unchallenged facts demonstrated that defendant violated Lanham Act, and only conceivable purpose behind defendant's counterfeiting activities was to profit from well-established reputation of trademark owner's products. Lanham Act, § 34, 15 U.S.C.A. § 1116.

Trademarks 382T ↪1800

382T Trademarks

382TXI Trademarks and Trade Names Adjudicated

382Tk1800 k. Alphabetical Listing. Most Cited Cases

**CHANEL.**

\*533 Gabriel H. Halpern, Pinilis Halbern, LLP, Morristown, NJ, for Plaintiff.

\*534 OPINION

KUGLER, District Judge.

THIS MATTER comes before the Court on the motion of Plaintiff **Chanel**, Inc. ("Plaintiff" or "**Chanel**") for entry of default judgment pursuant to Federal Rule of Civil Procedure 55 against Defendant Evan Coheann, a/k/a/ Ethan Cohen ("Defendant Coheann"). Plaintiff requests (1) injunctive relief against future infringement of intellectual property rights; (2) statutory damages for trademark counterfeiting; (3) attorney's fees; and (4) costs of suit. Because Defendant Coheann has failed to defend in this matter, and the Court is satisfied that the complaint establishes a legitimate cause of action, the Court grants Plaintiff's motion.

**I. BACKGROUND**

**Chanel** is engaged in the business of manufacturing and distributing throughout the world various goods including handbags, wallets, travel bags, luggage, change purses, sunglasses, scarves, necklaces, and numerous other products under the federally registered trademarks "**Chanel**" and "CC Monogram" (collectively "**Chanel Marks**"). **Chanel** expends substantial time, money, and other resources developing, advertising, and otherwise promoting the **Chanel Marks** in the United States in association with the sale of handbags, wallets, jewelry, sunglasses and other goods. **Chanel** contends that as a result of these efforts, consumers readily identify merchandise bearing **Chanel Marks** as being high quality merchandise sponsored and approved by Plaintiff.

**Chanel** registered various forms of its trademarks in the United States Patent and Trademark Office. At present, **Chanel's** U.S. trademark registrations include CC MONOGRAM (Reg. No. 1,734,822), CC MONOGRAM (Reg. No. 1,314,511), CC MONOGRAM (Reg. No. 2,880,780), **CHANEL** (Reg. No. 0,626,035), **CHANEL** (Reg. No. 1,347,677), **CHANEL** (Reg. No. 1,733,051), CC

**CHANEL** (Reg. No. 1,329,750), **CHANEL** (Reg. No. 1,214,265), **CHANEL** (Reg. No. 0,906,262), **CC MONOGRAM** (Reg. No. 1,654,252), **CHANEL** (Reg. No. 1,510,757), **CHANEL** (Reg. No. 0,612,169), **CHANEL** (Reg. No. 0,902,190), and **CC MONOGRAM** (Reg. No. 1,501,898). (Compl. at 7.) **Chanel's** trademarks were never assigned or licensed to any of the defendants in this matter.

**Chanel** filed a complaint against various defendants, including Defendant Coheann, on November 4, 2005. (Docket Entry No. 1.) According to **Chanel**, the defendants directly and personally engaged in the sale of products bearing counterfeit versions of its registered trademarks with knowledge of **Chanel's** ownership of these marks, including the exclusive right to use and license the trademarks and the goodwill associated with the **Chanel** name.

**Chanel** alleges that the defendants manufactured, promoted, and otherwise advertised, distributed, sold, and/or offered for sale counterfeit products, including handbags, wallets, sunglasses, jewelry, and scarves bearing trademarks that were exact copies of the **Chanel** marks (the "counterfeit goods"). **Chanel** specifically alleges that the defendants used the **Chanel** marks in the same stylized fashion for a different quality of goods.

**Chanel** claims that the counterfeit goods are of a quality substantially different from Plaintiff's genuine goods and that the defendants were actively distributing and advertising substantial quantities of the counterfeit goods with knowledge that purchasers will mistake such goods for the high quality products offered for sale by **Chanel**. **Chanel** contends that Defendants engaged in these counterfeiting activities knowingly and intentionally or with reckless\*535 disregard or willful blindness to **Chanel's** rights for the purpose of trading on the goodwill and reputation associated with the **Chanel** name and caused **Chanel** injury.

Default judgment has previously been granted

against all defendants except Defendant Coheann. *Chanel v. Gordachevsky*, Civ. No. 05-5270, 2007 WL 316433 (Jan. 29, 2007). **Chanel** asserts that Defendant Coheann is the owner and operator of various web addresses through which he sells counterfeit **Chanel** products. These websites include EDesignerHandbags.net, WorldBagsExpress.com, AccessoriesPlus1.com, Spicybags.com, Bolsos-Accessorios.com, RodeoDriveReplicas.com, Replicamoda.com, Styediva.net, X-Bags.net, Fashionzone.info, and OnlineFashionTrends.com. Defendant Coheann was served with the Summons and Complaint on November 17, 2005. (Docket Entry No. 5.) **Chanel** filed an Amended Complaint, and Defendant Coheann answered this Amended Complaint on January 11, 2006. (Docket Entry No. 2, 6.)

On July 31, 2006, **Chanel** moved to strike Defendant Coheann's answer and enter default against him. This motion was based on Defendant Coheann's failure to appear for his scheduled deposition; he informed his counsel several days before the deposition was to take place that he had left the United States for Israel and did not intend to return for his deposition. Magistrate Judge Ann Marie Donio denied the motion on October 11, 2006. (Docket Entry No. 21.) Judge Donio noted that striking an answer and entering default would be an extreme sanction, and rather than do so, she imposed on Defendant Coheann the costs to **Chanel** based on his failure to appear at his deposition and gave him another chance to comply with discovery and be deposed. (Order of Oct. 11, 2006 at 7, 10.)

**Chanel** moved again for entry of default against Defendant Coheann on November 14, 2006. (Docket Entry No. 22.) Defendant Coheann's counsel, Thomas Doerr, also moved to withdraw from the representation. (Docket Entry No. 23.) According to Mr. Doerr's certification, Defendant Coheann advised Mr. Doerr that he was living in Israel, had no intention of returning to the United States, and had no intention of contesting the allegations of the Complaint in this case or defending this case in any



way. On April 24, 2007, Judge Donio issued an order permitting Defendant's counsel to withdraw, entering default against Defendant, and striking Defendant's answer and any defenses. (Docket Entry No. 28.) Chanel moved for entry of default judgment on September 26, 2007.

## II. STANDARD OF REVIEW

Federal Rule of Civil Procedure 55(b)(2) authorizes courts to enter a default judgment against a properly served defendant who fails to file a timely responsive pleading. *Anchorage Assoc. v. Virgin Is. Bd. of Tax Rev.*, 922 F.2d 168, 177 n. 9 (3d Cir.1990) ("When a defendant fails to appear ..., the district court or its clerk is authorized to enter a default judgment based solely on the fact that the default has occurred."). The entry of a default judgment is largely a matter of judicial discretion, although the Third Circuit has emphasized that such "discretion is not without limits, however, and we repeatedly state our preference that cases be disposed of on the merits whenever practicable." *Hritz v. Woma Corp.*, 732 F.2d 1178, 1181 (3d Cir.1984) (citations omitted).

[1][2] Although the Court should accept as true the well-pleaded factual allegations of the Complaint, the Court need not accept the moving party's legal conclusions or allegations relating to the amount \*536 of damages. *Comdyne I, Inc. v. Corbin*, 908 F.2d 1142, 1149 (3d Cir.1990); *Directv, Inc. v. Asher*, No. 03-1969, 2006 WL 680533, at \*1 (D.N.J. Mar. 14, 2006) (citing Charles A. Wright, Arthur R. Miller & Mary Kay Kane, *10A Federal Practice and Procedure* § 2688, at 58-59, 63 (3d ed.1998)). Consequently, before granting a default judgment, the Court must first ascertain whether "the unchallenged facts constitute a legitimate cause of action, since a party in default does not admit mere conclusions of law." *Asher*, 2006 WL 680533, at \*1 (citing Wright, et al., § 2688, at 63); *DirectTV, Inc. v. Croce*, 332 F.Supp.2d 715, 717 (D.N.J.2004).

## III. DISCUSSION

### A. Trademark Infringement, Counterfeiting, and False Designation of Origin

[3] Federal trademark infringement, 15 U.S.C. § 1114(1)(a) <sup>FN1</sup>, and a false designation of origin claim, 15 U.S.C. § 1125(a)(1)(A), are measured by identical standards pursuant to the Lanham Act. *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210 (3d Cir.2000). To establish either Lanham Act claim, the record must demonstrate that plaintiff (1) has a valid and legally protectable mark; (2) owns the mark; and (3) the defendant's use of the mark to identify goods or services causes a likelihood of confusion. *Id.* The first two requirements are satisfied when a federally registered mark has become incontestable, meaning the owner has filed affidavits stating that the mark has been registered, that it has been in continuous use for five consecutive years, and that there has been no adverse decision concerning the registrant's ownership or right to registration. *Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466 (3d Cir.1994).

FN1. Section 1114 provides, in relevant part:

Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, of-

fering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1)(a), (b).

[4] To establish federal trademark counterfeiting, the record must establish that (1) defendants infringed a registered trademark in violation of the Lanham Act, 15 U.S.C. § 1114(1)(a), and (2) intentionally used the trademark knowing that it was counterfeit <sup>FN2</sup> or was willfully blind to such use. *Playboy Enter., Inc. v. Universal Tel-A-Talk, Inc.*, No. CV. 96-6961, 1998 WL 767440, \*7 (E.D.Pa. Nov.3, 1998). The only distinction between the standard for federal trademark counterfeiting and the standard for establishing infringement is that to obtain treble or statutory damages \*537 for a counterfeiting claim, a plaintiff must show that the defendant intentionally used the plaintiff's trademark, knowing that it was a counterfeit. *Id.* at \*2; see also 15 U.S.C. § 1117.

FN2. According to the Lanham Act, the term "counterfeit mark" refers to "a mark that is registered on the Principal Register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered." 15 U.S.C. § 1116(d)(1)(B)(i). More generally, counterfeiting has been defined as "the act of producing or selling a product with a sham trademark that is an intentional and calculated reproduction of the genuine trademark." *Playboy*, 1998 WL 767440, at \*7.

## B. Cause of Action

Before awarding a default judgement, the Court must determine whether the moving party's complaint establishes a legitimate cause of action. *Croce*, 332 F.Supp.2d at 717. The Court has previously decided in granting default judgment against the other defendants that **Chanel's** Complaint does state a cause of action for trademark infringement. *Chanel*, 2007 WL 316433, \*4. **Chanel's** Complaint states the same allegations against Defendant Coheann, specifically with reference to the websites EDesignerHandbags.net, WorldBagsExpress.com, Handbags Plus, and AccessoriesPlus1.com. **Chanel** has alleged that it had valid and legally protectable marks, that it owned such marks, that Defendant Coheann distributed goods bearing counterfeits of the marks, and that consumers would mistake such Defendant Coheann's low-quality goods for the genuine high quality products offered for sale by **Chanel**.

Because Defendant Coheann has defaulted, the Court accepts these allegations as true and finds that Defendants infringed and counterfeited **Chanel's** registered trademarks in violation of § 32 of the Lanham Act by intentionally and unlawfully using such marks in a manner that was "likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114. **Chanel** has therefore established a cause of action on which relief can be granted.

## C. *Emcasco* Factors

[5] Prior to entering default judgement, the Court must also consider three factors: (1) whether the plaintiff will be prejudiced if default is not granted, (2) whether the defendant has a meritorious defense, and (3) whether the defendant's delay was the result of culpable misconduct. *Emcasco Ins. Co. v. Sambrick*, 834 F.2d 71, 73 (3d Cir.1987).

Judge Donio has already concluded that the *Emcasco* factors weigh in favor of entry of default judgment in this case. (Order of Apr. 4, 2007 at 5-8.) Not only has Defendant Coheann not filed any

responsive pleadings explaining why default should not be granted, in fact he has expressed his intent to not defend against **Chanel's** Complaint. (Doerr Cert. ¶¶ 4-5.) Judge Donio has previously stricken Defendant Coheann's Answer and concluded that in any event the Answer did not state a meritorious defense. Defendant Coheann's failure to defend is clearly his own, and his counsel bears no culpability. **Chanel** is entitled to default judgment against Defendant Coheann.

#### D. Remedies

##### i. Damages

[6] A plaintiff who succeeds in showing a violation of its registered marks may recover actual damages measured by the defendant's profits. 15 U.S.C. § 1117(a). Alternatively, § 1117(c) provides that on election of the plaintiff or where actual damages cannot be calculated, an award of statutory damages can be awarded. a plaintiff may recover statutory damages in an amount set by the Court. *Louis Vuitton Malletier & Oakley Inc. v. Veit*, 211 F.Supp.2d 567, 583 (E.D.Pa.2002) ("In the absence of clear guidelines for setting a statutory damage award, courts tend to use their wide discretion to compensate plaintiffs, as well as to deter and punish defendants ...."). The statute provides for not less than \$500.00 nor more than \$100,000.00 per counterfeit mark per type of goods or services. 15 U.S.C. § 1117(c). \*538 If the defendant's infringement was willful, then the maximum that can be awarded for statutory damages increases to \$1 million per mark per type of goods. 15 U.S.C. § 1117(c)(2). In order to award the maximum \$1 million award, the defendant's willful conduct must have included an "aura of indifference to plaintiff's rights" or a "deliberate and unnecessary duplicating of a plaintiff's mark ... in a way that was calculated to appropriate or otherwise benefit from the good will the plaintiff had nurtured." *Louis Vuitton*, 211 F.Supp.2d at 583 (quoting *SecuraComm Consulting Inc. v. SecuraComm Inc.*, 166 F.3d 182, 187 (3d Cir.1999)).

[7] The Court concludes that Defendant Coheann's conduct was willful. By defaulting, Defendant Coheann admits **Chanel's** allegations that he acted willfully and had knowledge of **Chanel's** ownership of the marks at issue, including its exclusive rights to use and license the marks and the goodwill associated with the marks. The fact that Defendant sold goods using marks that were identical to such **strong and established** marks conclusively demonstrates his desire and purpose to trade upon **Chanel's** goodwill. *Microsoft Corp. v. CMOS Tech.*, 872 F.Supp. 1329, 1335 (D.N.J.1994) ("It would be difficult to imagine a clearer case of consumer confusion than the instant case in which defendants, acting in direct competition with the plaintiff, sold counterfeit products on which the plaintiff's registered marks appear in their entirety."). The "disclaimer" on the websites indicating that the goods are replicas and not intended to be represented as originals does not alter this analysis. (Pl.'s Ex. Z.) Rather, it indicates Defendant Coheann's knowledge of **Chanel's** trademarks and his intent to capitalize on the value of the marks. *Rox Watch USA, Inc. v. Jones*, Civ. No. 99-2359, 2000 WL 1528263, \*3 n. 1 (S.D.N.Y.2000). Defendant Coheann's infringing conduct was clearly willful.

Having concluded that Defendant Coheann's conduct was willful, the Court must determine the appropriate damages. **Chanel** cannot prove actual damages; this is largely because Defendant Coheann did not respond in this case or provide evidence from which the extent and profitability of his counterfeiting operation could be determined. **Chanel** provides various estimates of Defendant Coheann's profits from each of his websites and asserts that its estimates are reasonable and conservative. **Chanel's** estimate of Defendant's profits totals \$2,238,624.50. (Pl.'s Br. at 29.)

**Chanel's** estimates are based on each of Defendant's nine websites, and **Chanel** calculates Defendant's profits by assuming that the inventory for each separate website turned over each week. **Chanel**

then calculates profits based on adding these separate amounts. (Pl.'s Br. at 1529.) However, the evidence provided by **Chanel's** own investigator shows that the websites were linked to a common warehouse and shipping address and most likely had a common inventory. (Holmes Decl. ¶ 15, 54-57.) Though a plaintiff's factual allegations are generally accepted as true in the context of a motion for default judgment, the Court should not accept a plaintiff's allegations as to the amount of damages without further evidence. *Comdyne I*, 908 F.2d at 1149. The Court declines to adopt **Chanel's** estimates of actual damages.

Though the Court does not adopt **Chanel's** figure as the amount of actual damages, the figure is just for an award of statutory damages. The Court will award **Chanel** \$2,238,624.50 in statutory damages. This amount is appropriate to compensate **Chanel** and deter Defendant Coheann from engaging in infringing conduct in the future.

**\*539** ii. Attorney's Fees and Costs

[8] Reasonable attorney's fees may be awarded in exceptional cases; exceptional cases include those where the Court has made a finding of willfulness. 15 U.S.C. § 1117(a); *Securacomm Consulting, Inc.*, 224 F.3d at 280; *Louis Vuitton*, 211 F.Supp.2d at 567. As explained above, Defendant Coheann's conduct constituted willful infringement, and **Chanel** is entitled to attorney's fees.

**Chanel** submitted that its counsel spent approximately 47.3 hours of time on this case, as set forth in the affidavits of attorneys Stephen Gaffigan and Gabriel Halpern. (Gaffigan Aff. ¶ 3, Halpern Aff. ¶¶ 10-12.) **Chanel's** counsel charged the rates of \$275.00 and \$350.00 per hour for their services, totaling \$15,257.50. These figures are reasonable and fair. **Chanel** is therefore entitled to recover \$15,257.50 in attorney's fees pursuant to 15 U.S.C. § 1117(b) for prosecuting this action.

Investigative charges are also recoverable under the

Lanham Act. *Louis Vuitton S.A. v. Downtown Luggage Ctr.*, 706 F.Supp. 839, 842 (S.D.Fla.1988); *see also* the Joint Statement on Trademark Counterfeiting Legislation, expressly providing that "to the extent that an investigator acts under the direction of an attorney, however, his or her fees may be recovered by a prevailing plaintiff as part of an award of attorney's fees." 130 Cong. Rec. H12083 (1984). Here, **Chanel** incurred investigation charges in the amount of \$6,175.03; these costs were necessary to uncover the information regarding Defendant's counterfeiting activities. **Chanel** is entitled to recover these investigative costs. **Chanel** may also recover the \$325 in costs it incurred in this action, including the \$250 filing fee and the \$75 to serve Defendant Coheann. (Halpern Aff. ¶ 15-17.)

iii. Injunctive Relief

**Chanel** also seeks equitable relief, including a permanent injunction preventing Defendant Coheann from engaging in any infringing conduct in the future and the cancellation of the website registrations used to sell the infringing products or the transfer of these domain names to **Chanel**.

[9] The Court has the authority to grant injunctive and other equitable relief to prevent further violations of a plaintiff's trademark rights. 15 U.S.C. § 1116. Generally, to obtain a permanent injunction, a plaintiff must show that (1) the Court's exercise of equity jurisdiction is proper, (2) the Plaintiff succeeded on the merits, and (3) the balance of equities tips in favor of injunctive relief. *TKR Cable Co. v. Cable City Corp.*, No. 96-CV-2877, 1998 WL 34028782, at \*5 (D.N.J. Jan.27, 1998) (citing *Roe v. Operation Rescue*, 919 F.2d 857, 868 n. 8 (3d Cir.1990)). The first factor contains three sub-parts which require the plaintiff to show (1) plaintiff has no adequate legal remedy; (2) the threatened injury is real, not imagined; and (3) no equitable defenses exist. *Id.* at \*5.

[10] Consideration of the equitable principles in this instance weighs in favor of granting **Chanel**

the requested injunctive relief. The difficulty in detecting and measuring the extent of Defendant's violations and potential future violations suggests that an injunction is necessary to ensure an effective remedy in this case. Defendant Coheann raised no equitable defenses and there is no indication that any such defenses exist. Accordingly, this Court's exercise of equity jurisdiction is proper and the first factor weighs in favor of granting the final injunction.

Second, as noted above, the unchallenged facts of this case demonstrate that Defendant violated the Lanham Act by manufacturing, distributing, importing, advertising,\*540 selling or offering for sale various goods bearing counterfeits of the **Chanel** Marks. **Chanel** established a valid cause of action against Defendants sufficient to warrant entry of a default judgment. Therefore, **Chanel** succeeded on the merits.

Finally, the balance of equities weighs in favor of granting injunctive relief. Defendant's alleged misconduct clearly violates the Lanham Act. The only conceivable purpose behind Defendants' counterfeiting activities was to profit from the well-established reputation of **Chanel's** products. Therefore, because the Defendants' illegal conduct does not serve a legitimate purpose and harms both **Chanel** and the public interest, the balance of equities weighs strongly in favor of granting injunctive relief.

Because § 1116 and the relevant equitable considerations authorize an award of injunctive relief under these circumstances, the Court will grant **Chanel's** request to enjoin Defendant from committing or assisting in the commission of any violation of the Lanham Act. The Court will also order the cancellation of the domain names used to facilitate sales of the infringing products or the transfer of the domain names to **Chanel**.

#### IV. CONCLUSION

For the foregoing reasons, the Court will enter default judgment against Defendants. The Court will award **Chanel** \$2,238,624.50 in statutory damages, attorney's fees in the amount of \$15,257.50, investigative fees in the amount of \$6,175.03, and costs in the amount of \$325.00 against Defendant Coheann. The Court will also enjoin Defendant from committing any further violations of **Chanel's** trademark rights. The accompanying order shall issue today.

D.N.J.,2008.  
Chanel, Inc. v. Gordashevsky  
558 F.Supp.2d 532

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Westlaw

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Page 1

v

United States Court of Appeals,  
 Fourth Circuit.  
 LOUIS VUITTON MALLETIER S.A., Plaintiff-  
 Appellant,  
 v.  
 HAUTE DIGGITY DOG, LLC; Victoria D.N.  
 Dauernheim; Woofies, LLC, d/b/a Woofie's Pet  
 Boutique, Defendant-Appellees.  
 International Trademark Association, Amicus Sup-  
 porting Appellant.  
 No. 06-2267.

Argued: Sept. 26, 2007.  
 Decided: Nov. 13, 2007.

**Background:** Manufacturer of luxury handbags sued maker of plush dog chew toys, alleging, inter alia, trademark infringement, trademark dilution, and copyright infringement. The United States District Court for the Eastern District of Virginia, James C. Cacheris, Senior District Judge, 464 F.Supp.2d 495, granted summary judgment for toy maker. Manufacturer appealed.

**Holdings:** The Court of Appeals, Niemeyer, Circuit Judge, held that:

- (1) "Chewy Vuiton" dog chew toy was successful parody of manufacturer's luxury handbags and "LOUIS VUITTON" marks and trade dress used in marketing and selling those handbags;
- (2) toy maker's marketing, sale, and distribution of alleged infringing toy was not likely to cause confusion required to establish trademark infringement;
- (3) association between manufacturer's marks and toy maker's marks was not likely to impair distinctiveness of manufacturer's marks, as required to establish trademark dilution by blurring;
- (4) manufacturer failed to establish trademark dilution by tarnishment;
- (5) toy maker was not liable for counterfeiting under Lanham Act; and
- (6) toy maker's use as a parody of certain altered

elements of manufacturer's copyrighted multicolor design did not support claim for copyright infringement.

Affirmed.

West Headnotes

[1] Trademarks 382T 1421

382T Trademarks


382TVIII Violations of Rights

382TVIII(A) In General

382Tk1418 Practices or Conduct Prohibited in General; Elements

382Tk1421 k. Infringement. Most Cited Cases

To prove trademark infringement, plaintiff must show (1) that it owns a valid and protectable mark, (2) that defendant uses a re-production, counterfeit, copy, or colorable imitation of that mark in commerce and without plaintiff's consent, and (3) that defendant's use is likely to cause confusion. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).


[2] Trademarks 382T 1081

382T Trademarks

382TIII Similarity Between Marks; Likelihood of Confusion

382Tk1081 k. Factors Considered in General. Most Cited Cases

To determine whether product line of defendant in trademark infringement action creates a likelihood of confusion, several nonexclusive factors may be considered, including (1) the strength or distinctiveness of plaintiff's mark, (2) the similarity of the two marks, (3) the similarity of the goods or services the marks identify, (4) the similarity of the facilities the two parties use in their businesses, (5) the similarity of the advertising used by the two parties, (6) defendant's intent, and (7) actual confusion. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).

[3] Trademarks 382T 1524(2)

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## 382T Trademarks

## 382TVIII Violations of Rights

## 382TVIII(D) Defenses, Excuses, and Justifications

## 382Tk1521 Justified or Permissible Uses

## 382Tk1524 Expressive Use; Commentary

## 382Tk1524(2) k. Parody or Satire.

## Most Cited Cases

"Chewy Vuiton" dog chew toy was successful parody of luxury handbags and "LOUIS VUITTON" marks and trade dress used in connection with marketing and sale of those handbags, for purposes of handbag manufacturer's trademark infringement claim, in that toy was obviously irreverent and intentional representation of manufacturer's handbag, but there was no doubt that toy was not "idealized image" of mark created by manufacturer, and toy's juxtaposition of similar and dissimilar immediately conveyed joking and amusing parody by using something to be chewed by dog to poke fun at elegance and expensiveness of manufacturer's handbag. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).

**[4] Trademarks 382T ↪1524(2)**

## 382T Trademarks

## 382TVIII Violations of Rights

## 382TVIII(D) Defenses, Excuses, and Justifications

## 382Tk1521 Justified or Permissible Uses

## 382Tk1524 Expressive Use; Commentary

## 382Tk1524(2) k. Parody or Satire.

## Most Cited Cases

For trademark purposes, a "parody" is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner.

**[5] Trademarks 382T ↪1524(2)**

## 382T Trademarks

## 382TVIII Violations of Rights

## 382TVIII(D) Defenses, Excuses, and Justifications

## ations

## 382Tk1521 Justified or Permissible Uses

## 382Tk1524 Expressive Use; Commentary

## 382Tk1524(2) k. Parody or Satire.

## Most Cited Cases

A parody, for trademark purposes, must convey the two simultaneous and contradictory messages that it is the original but also that it is not the original, and is instead a parody; this second message must not only differentiate the alleged parody from the original, but must also communicate some articulable element of satire, ridicule, joking, or amusement.

**[6] Trademarks 382T ↪1524(2)**

## 382T Trademarks

## 382TVIII Violations of Rights

## 382TVIII(D) Defenses, Excuses, and Justifications

## 382Tk1521 Justified or Permissible Uses

## 382Tk1524 Expressive Use; Commentary

## 382Tk1524(2) k. Parody or Satire.

## Most Cited Cases

For trademark purposes, a parody relies upon a difference from the original mark, presumably a humorous difference, to produce its desired effect.

**[7] Trademarks 382T ↪1524(2)**

## 382T Trademarks

## 382TVIII Violations of Rights

## 382TVIII(D) Defenses, Excuses, and Justifications

## 382Tk1521 Justified or Permissible Uses

## 382Tk1524 Expressive Use; Commentary


## 382Tk1524(2) k. Parody or Satire.

## Most Cited Cases

Finding of a successful parody of trademark only influences the way in which factors used in determining whether alleged infringer's product line creates likelihood of confusion are applied in deciding trademark infringement claim, in that an effective

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 507 F.3d 252, 2007 Copr.L.Dec. P 29,476, 84 U.S.P.Q.2d 1969  
 (Cite as: 507 F.3d 252)

parody will diminish the likelihood of confusion, while an ineffective parody does not.

**[8] Trademarks 382T 1524(2)**

382T Trademarks

382TVIII Violations of Rights

382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

In the trademark infringement context, an intent to parody is not an intent to confuse the public. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).


**[9] Trademarks 382T 1082**

382T Trademarks

382TIII Similarity Between Marks; Likelihood of Confusion

382Tk1082 k. Miscellaneous Particular Cases; Determinations Based on Multiple Factors. Most Cited Cases

(Formerly 382Tk1096(3))


**Trademarks 382T 1119**

382T Trademarks

382TIII Similarity Between Marks; Likelihood of Confusion

382Tk1117 Trade Dress

382Tk1119 k. Particular Cases. Most Cited Cases

**Trademarks 382T 1524(2)**

382T Trademarks

382TVIII Violations of Rights

382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

Pet toy maker's marketing, sale, and distribution of plush "Chewy Vuiton" dog chew toy, which successfully parodied manufacturer's luxury handbags and "LOUIS VUITTON" marks and trade dress used in connection with marketing and sale of those handbags, was not likely to cause confusion required to establish trademark infringement, given that manufacturer's marks were strong and widely recognized, which supported toy's parody effect, that differences between handbag and toy were sufficient to communicate satire, that products used different marketing channels, that products were dissimilar, that toy maker did not have intent to confuse, and that no actual confusion had occurred. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).

**[10] Trademarks 382T 1459**

382T Trademarks


382TVIII Violations of Rights

382TVIII(B) Dilution

382Tk1458 Nature and Elements in General

382Tk1459 k. In General. Most Cited Cases

To state dilution claim under Trademark Dilution Revision Act (TDRA), plaintiff must show (1) that plaintiff owns a famous mark that is distinctive, (2) that defendant has commenced using a mark in commerce that allegedly is diluting the famous mark, (3) that a similarity between defendant's mark and the famous mark gives rise to an association between the marks, and (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark. Lanham Act, § 43(c)(2)(B, C), 15 U.S.C.A. § 1125(c)(2)(B, C).

**[11] Trademarks 382T 1463**

382T Trademarks

382TVIII Violations of Rights


382TVIII(B) Dilution

382Tk1462 Reduction of Mark's Capacity to Identify; Blurring



382Tk1463 k. In General. Most Cited Cases

In the context of trademark dilution by blurring, "distinctiveness" refers to the ability of plaintiff's famous mark uniquely to identify a single source and thus maintain its selling power. Lanham Act, § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

[12] Trademarks 382T 1463

382T Trademarks


382TVIII Violations of Rights

382TVIII(B) Dilution

382Tk1462 Reduction of Mark's Capacity to Identify; Blurring

382Tk1463 k. In General. Most Cited Cases

In the context of trademark dilution by blurring, "distinctiveness" refers to the public's recognition that plaintiff's famous mark identifies a single source of the product using the famous mark. Lanham Act, § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

[13] Trademarks 382T 1696


382T Trademarks

382TIX Actions and Proceedings

382TIX(E) Trial and Judgment

382Tk1696 k. Findings. Most Cited Cases

Although not every statutory factor to be considered in determining whether junior mark is likely to dilute famous mark through blurring will be relevant in every case, and not every blurring claim will require extensive discussion of factors set forth in Trademark Dilution Revision Act (TDRA), trial court must offer a sufficient indication of which factors it has found persuasive and explain why they are persuasive so that its decision can be reviewed. Lanham Act, § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

[14] Trademarks 382T 1524(2)

382T Trademarks

382TVIII Violations of Rights

382TVIII(D) Defenses, Excuses, and Justifications


382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

Parody is not automatically a complete defense to a claim of trademark dilution by blurring when defendant uses the parody as its own designation of source by using it as a trademark. Lanham Act, § 43(c)(2)(B), (c)(3)(A)(ii), 15 U.S.C.A. § 1125(c)(2)(B), (c)(3)(A)(ii).

[15] Trademarks 382T 1524(2)

382T Trademarks

382TVIII Violations of Rights

382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

Under Trademark Dilution Revision Act (TDRA), parodying a famous mark is protected by the fair use defense only if the parody is not a designation of source for the person's own goods or services. Lanham Act, § 43(c)(3)(A)(ii), 15 U.S.C.A. § 1125(c)(3)(A)(ii).

[16] Trademarks 382T 1463


382T Trademarks

382TVIII Violations of Rights

382TVIII(B) Dilution

382Tk1462 Reduction of Mark's Capacity to Identify; Blurring

382Tk1463 k. In General. Most Cited Cases

Trademarks 382T 1524(2)

382T Trademarks

382TVIII Violations of Rights

507 F.3d 252  
 507 F.3d 252, 2007 Copr.L.Dec. P 29,476, 84 U.S.P.Q.2d 1969  
 (Cite as: 507 F.3d 252)

382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses  
 382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

Although defendant's use of a parody as a mark does not support "fair use" defense to claim under Trademark Dilution Revision Act (TDRA) for dilution by blurring, it may be considered in determining whether plaintiff, as owner of famous mark, has proved its claim that defendant's use of parody mark is likely to impair distinctiveness of famous mark. Lanham Act, § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

**[17] Trademarks 382T ↪1464**

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382TVIII(B) Dilution

382Tk1462 Reduction of Mark's Capacity to Identify; Blurring

382Tk1464 k. Particular Cases. Most Cited Cases

**Trademarks 382T ↪1524(2)**

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382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

Association between marks of manufacturer of luxury handbags and of marks used by dog toy maker in its "Chewy Vuiton" plush dog toy, which parodied handbag, was not likely to impair distinctiveness of manufacturer's famous "LOUIS VUITTON," "LV," and design marks as unique identifier of source, as required to establish trademark dilution by blurring under Trademark Dilution Revision

Act (TDRA), given successfulness of toy as parody, through which it communicated that it was not famous mark, but was only satirizing that mark. Lanham Act, § 43(c)(1), 15 U.S.C.A. § 1125(c)(1).

**[18] Trademarks 382T ↪1467**

382T Trademarks

382TVIII Violations of Rights

382TVIII(B) Dilution

382Tk1465 Creation of Unfavorable Associations; Tarnishment

382Tk1467 k. Particular Cases. Most Cited Cases

**Trademarks 382T ↪1524(2)**

382T Trademarks

382TVIII Violations of Rights

382TVIII(D) Defenses, Excuses, and Justifications

382Tk1521 Justified or Permissible Uses

382Tk1524 Expressive Use; Commentary

382Tk1524(2) k. Parody or Satire.

Most Cited Cases

There was no evidence that dog could choke on "Chewy Vuiton" dog chew toy that parodied manufacturer's luxury handbags, as required for handbag manufacturer to establish its claim alleging trademark dilution by tarnishment under Trademark Dilution Revision Act (TDRA). Lanham Act, § 43(c)(2)(C), 15 U.S.C.A. § 1125(c)(2)(C).

**[19] Trademarks 382T ↪1432**

382T Trademarks

382TVIII Violations of Rights

382TVIII(A) In General

382Tk1423 Particular Cases, Practices, or Conduct

382Tk1432 k. Counterfeiting. Most Cited Cases

**Trademarks 382T ↪1524(2)**

382T Trademarks

382TVIII Violations of Rights  
 382TVIII(D) Defenses, Excuses, and Justifications  
 382Tk1521 Justified or Permissible Uses  
 382Tk1524 Expressive Use; Commentary  
 382Tk1524(2) k. Parody or Satire.  
 Most Cited Cases  
 "Chewy Vuiton" and "CV" monogram design used by dog toy maker on its chew toy parodying manufacturer's luxury handbags were not substantially indistinguishable from manufacturer's "LOUIS VUITTON" and "LV" marks, and toy's design and coloring patterns were also different, precluding toy maker's liability on manufacturer's counterfeiting claim under Lanham Act. Lanham Act, §§ 32(1)(a), 45, 15 U.S.C.A. §§ 1114(1)(a), 1127.

#### [20] Trademarks 382T ↪1118

382T Trademarks  
 382TIII Similarity Between Marks; Likelihood of Confusion  
 382Tk1117 Trade Dress  
 382Tk1118 k. In General. Most Cited Same likelihood-of-confusion factors used for trademark infringement claims are applied to trade dress claims. Lanham Trade-Mark Act, §§ 32, 43(a)(1), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1).

#### [21] Copyrights and Intellectual Property 99 ↪64

99 Copyrights and Intellectual Property  
 99I Copyrights  
 99I(J) Infringement  
 99I(J)1 What Constitutes Infringement  
 99k64 k. Pictorial, Graphic, and Sculptural Works. Most Cited Cases  
 Dog toy maker's use as a parody of certain altered elements of copyrighted multicolor design of luxury handbag manufacturer did not support manufacturer's claim for copyright infringement. 17 U.S.C.A. § 107.

#### Trademarks 382T ↪1800

382T Trademarks  
 382TXI Trademarks and Trade Names Adjudicated  
 382Tk1800 k. Alphabetical Listing. Most Cited Cases  
 Chewy Vuiton.

#### Trademarks 382T ↪1800

382T Trademarks  
 382TXI Trademarks and Trade Names Adjudicated  
 382Tk1800 k. Alphabetical Listing. Most Cited Cases  
 CV.

#### Trademarks 382T ↪1800

382T Trademarks  
 382TXI Trademarks and Trade Names Adjudicated  
 382Tk1800 k. Alphabetical Listing. Most Cited Cases  
 LOUIS VUITTON.

#### Trademarks 382T ↪1800

382T Trademarks  
 382TXI Trademarks and Trade Names Adjudicated  
 382Tk1800 k. Alphabetical Listing. Most Cited Cases  
 LV.  
**\*256 ARGUED:** David Hal Bernstein, Debevoise & Plimpton, L.L.P., New York, New York, for Amicus Supporting Appellant. Michael Abbott Grow, Arent & Fox, P.L.L.C., Washington, D.C., for Appellant. James D. Petruzzi, Mason & Petruzzi, Houston, Texas, for Appellees. **ON BRIEF:** Savalle C. Sims, Ross Panko, Arent & Fox, P.L.L.C., Washington, D.C., for Appellant. W. Michael Holm, Womble, Carlyle, Sandridge & Rice, Tyson's Corner, Virginia, for Appellees. Theodore H. Davis, Jr., Scot A. Duvall, Anne Gundelfinger, Steven Pokotilow, International Trademark Associ-

ation, New York, New York; Michael Potenza, Timothy T. Howard, Debevoise & Plimpton, L.L.P., New York, New York, for Amicus Supporting Appellant.

Before NIEMEYER and TRAXLER, Circuit Judges, and SAMUEL G. WILSON, United States District Judge for the Western District of Virginia, sitting by designation.

Affirmed by published opinion. Judge NIEMEYER wrote the opinion, in which Judge TRAXLER and Judge WILSON joined.

## OPINION

NIEMEYER, Circuit Judge:

Louis Vuitton Malletier S.A., a French corporation located in Paris, that manufactures luxury luggage, handbags, and accessories, commenced this action against Haute Diggity Dog, LLC, a Nevada corporation that manufactures and sells pet products nationally, alleging trademark infringement under 15 U.S.C. § 1114(1)(a), trademark dilution under 15 U.S.C. § 1125(c), copyright infringement under 17 U.S.C. § 501, and related statutory and common law violations. Haute Diggity Dog manufactures, among other things, plush toys on which dogs can chew, which, it claims, parody famous trademarks on luxury products, including those of Louis Vuitton Malletier. The particular Haute Diggity Dog chew toys in question here are small imitations of handbags that are labeled “Chewy Vuiton” and that mimic Louis Vuitton Malletier’s LOUIS VUITTON handbags.

On cross-motions for summary judgment, the district court concluded that Haute Diggity Dog’s “Chewy Vuiton” dog toys were successful parodies of Louis Vuitton Malletier’s trademarks, designs, and products, and on that basis, entered judgment in favor of Haute Diggity Dog on all of Louis Vuitton

Malletier’s claims.

On appeal, we agree with the district court that Haute Diggity Dog’s products are not likely to cause confusion with those \*257 of Louis Vuitton Malletier and that Louis Vuitton Malletier’s copyright was not infringed. On the trademark dilution claim, however, we reject the district court’s reasoning but reach the same conclusion through a different analysis. Accordingly, we affirm.

## I

Louis Vuitton Malletier S.A. (“LVM”) is a well known manufacturer of luxury luggage, leather goods, handbags, and accessories, which it markets and sells worldwide. In connection with the sale of its products, LVM has adopted trademarks and trade dress that are well recognized and have become famous and distinct. Indeed, in 2006, *BusinessWeek* ranked LOUIS VUITTON as the 17th “best brand” of all corporations in the world and the first “best brand” for any fashion business.

LVM has registered trademarks for “LOUIS VUITTON,” in connection with luggage and ladies’ handbags (the “LOUIS VUITTON mark”); for a stylized monogram of “LV,” in connection with traveling bags and other goods (the “LV mark”); and for a monogram canvas design consisting of a canvas with repetitions of the LV mark along with four-pointed stars, four-pointed stars inset in curved diamonds, and four-pointed flowers inset in circles, in connection with traveling bags and other products (the “Monogram Canvas mark”). In 2002, LVM adopted a brightly-colored version of the Monogram Canvas mark in which the LV mark and the designs were of various colors and the background was white (the “Multicolor design”), created in collaboration with Japanese artist Takashi Murakami. For the Multicolor design, LVM obtained a copyright in 2004. In 2005, LVM adopted another design consisting of a canvas with repetitions of the LV mark and smiling cherries on a brown background (the “Cherry design”).

As LVM points out, the Multicolor design and the Cherry design attracted immediate and extraordinary media attention and publicity in magazines such as *Vogue*, *W*, *Elle*, *Harper's Bazaar*, *Us Weekly*, *Life and Style*, *Travel & Leisure*, *People*, *In Style*, and *Jane*. The press published photographs showing celebrities carrying these handbags, including Jennifer Lopez, Madonna, Eve, Elizabeth Hurley, Carmen Electra, and Anna Kournikova, among others. When the Multicolor design first appeared in 2003, the magazines typically reported, "The Murakami designs for Louis Vuitton, which were the hit of the summer, came with hefty price tags and a long waiting list." *People Magazine* said, "the wait list is in the thousands." The handbags retailed in the range of \$995 for a medium handbag to \$4500 for a large travel bag. The medium size handbag that appears to be the model for the "Chewy Vuitton" dog toy retailed for \$1190. The Cherry design appeared in 2005, and the handbags including that design were priced similarly-in the range of \$995 to \$2740. LVM does not currently market products using the Cherry design.

The original LOUIS VUITTON, LV, and Monogram Canvas marks, however, have been used as identifiers of LVM products continuously since 1896.

During the period 2003-2005, LVM spent more than \$48 million advertising products using its marks and designs, including more than \$4 million for the Multicolor design. It sells its products exclusively in LVM stores and in its own in-store boutiques that are contained within department stores such as Saks Fifth Avenue, Bloomingdale's, Neiman Marcus, and Macy's. LVM also advertises its products on the Internet through the specific websites\*258 [www.louisvuitton.com](http://www.louisvuitton.com) and [www.eluxury.com](http://www.eluxury.com).

Although better known for its handbags and luggage, LVM also markets a limited selection of luxury pet accessories-collars, leashes, and dog carriers-which bear the Monogram Canvas mark and the Multicolor design. These items range in price from

approximately \$200 to \$1600. LVM does not make dog toys.

Haute Diggity Dog, LLC, which is a relatively small and relatively new business located in Nevada, manufactures and sells nationally-primarily through pet stores-a line of pet chew toys and beds whose names parody elegant high-end brands of products such as perfume, cars, shoes, sparkling wine, and handbags. These include-in addition to Chewy Vuitton (LOUIS VUITTON)-Chewnel No. 5 (Chanel No. 5), Furcedes (Mercedes), Jimmy Chew (Jimmy Choo), Dog Perignonn (Dom Perignon), Sniffany & Co. (Tiffany & Co.), and Dogior (Dior). The chew toys and pet beds are plush, made of polyester, and have a shape and design that loosely imitate the signature product of the targeted brand. They are mostly distributed and sold through pet stores, although one or two Macy's stores carries Haute Diggity Dog's products. The dog toys are generally sold for less than \$20, although larger versions of some of Haute Diggity Dog's plush dog beds sell for more than \$100.

Haute Diggity Dog's "Chewy Vuitton" dog toys, in particular, loosely resemble miniature handbags and undisputedly evoke LVM handbags of similar shape, design, and color. In lieu of the LOUIS VUITTON mark, the dog toy uses "Chewy Vuitton"; in lieu of the LV mark, it uses "CV"; and the other symbols and colors employed are imitations, but not exact ones, of those used in the LVM Multicolor and Cherry designs.

In 2002, LVM commenced this action, naming as defendants Haute Diggity Dog; Victoria D.N. Dauernheim, the principal owner of Haute Diggity Dog; and Woofies, LLC, a retailer of Haute Diggity Dog's products, located in Asburn, Virginia, for trademark, trade dress, and copyright infringement. Its complaint includes counts for trademark counterfeiting, under 15 U.S.C. § 1114(1)(a); trademark infringement, under 15 U.S.C. § 1114(1)(a); trade dress infringement, under 15 U.S.C. § 1125(a)(1); unfair competition, under 15 U.S.C. § 1125(a)(1); trademark dilution, under 15 U.S.C. § 1125(c);

trademark infringement, under Virginia common law; trade dress infringement, under Virginia common law; unfair competition, under Virginia common law; copyright infringement of the Multicolor design, under 17 U.S.C. § 501; and violation of the Virginia Consumer Protection Act, under Virginia Code § 59.1-200. On cross-motions for summary judgment, the district court granted Haute Diggity Dog's motion and denied LVM's motion, entering judgment in favor of Haute Diggity Dog on all of the claims. It rested its analysis on each count principally on the conclusion that Haute Diggity Dog's products amounted to a successful parody of LVM's marks, trade dress, and copyright. See *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 464 F.Supp.2d 495 (E.D. Va.2006).

LVM appealed and now challenges, as a matter of law, virtually every ruling made by the district court.

## II

LVM contends first that Haute Diggity Dog's marketing and sale of its "Chewy Vuiton" dog toys infringe its trademarks because the advertising and sale of the "Chewy Vuiton" dog toys is likely to cause confusion. See 15 U.S.C. § 1114(1)(a). LVM argues:

\*259 The defendants in this case are using almost an exact imitation of the house mark VUITTON (merely omitting a second "T"), and they painstakingly copied Vuitton's Monogram design mark, right down to the exact arrangement and sequence of geometric symbols. They also used the same design marks, trade dress, and color combinations embodied in Vuitton's Monogram Multicolor and Monogram Cerises [Cherry] handbag collections. Moreover, HDD did not add any language to distinguish its products from Vuitton's, and its products are not "widely recognized."<sup>FN1</sup>

FN1. We take this argument to be that

Haute Diggity Dog is copying too closely the marks and trade dress of LVM. But we reject the statement that LVM has a trademark consisting of the one word VUITTON. At oral argument, counsel for LVM conceded that the trademark is "LOUIS VUITTON," and it is always used in that manner rather than simply as "VUITTON." It appears that LVM has employed this technique to provide a more narrow, but irrelevant, comparison between its VUITTON and Haute Diggity Dog's "Vuiton." In resolving this case, however, we take LVM's arguments to compare "LOUIS VUITTON" with Haute Diggity Dog's "Chewy Vuiton."

Haute Diggity Dog contends that there is no evidence of confusion, nor could a reasonable factfinder conclude that there is a likelihood of confusion, because it successfully markets its products as parodies of famous marks such as those of LVM. It asserts that "precisely because of the [famous] mark's fame and popularity ... confusion is avoided, and it is this lack of confusion that a parodist depends upon to achieve the parody." Thus, responding to LVM's claims of trademark infringement, Haute Diggity Dog argues:

The marks are undeniably similar in certain respects. There are visual and phonetic similarities. [Haute Diggity Dog] admits that the product name and design mimics LVM's and is based on the LVM marks. It is necessary for the pet products to conjure up the original designer mark for there to be a parody at all. However, a parody also relies on "equally obvious dissimilarit[ies] between the marks" to produce its desired effect.

Concluding that Haute Diggity Dog did not create any likelihood of confusion as a matter of law, the district court granted summary judgment to Haute Diggity Dog. *Louis Vuitton Malletier*, 464 F.Supp.2d at 503, 508. We review its order *de novo*. See *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir.2006).

[1][2] To prove trademark infringement, LVM must show (1) that it owns a valid and protectable mark; (2) that Haute Diggity Dog uses a “re-production, counterfeit, copy, or colorable imitation” of that mark in commerce and without LVM’s consent; and (3) that Haute Diggity Dog’s use is likely to cause confusion. 15 U.S.C. § 1114(1)(a); *CareFirst*, 434 F.3d at 267. The validity and protectability of LVM’s marks are not at issue in this case, nor is the fact that Haute Diggity Dog uses a colorable imitation of LVM’s mark. Therefore, we give the first two elements no further attention. To determine whether the “Chewy Vuiton” product line creates a likelihood of confusion, we have identified several nonexclusive factors to consider: (1) the strength or distinctiveness of the plaintiff’s mark; (2) the similarity of the two marks; (3) the similarity of the goods or services the marks identify; (4) the similarity of the facilities the two parties use in their businesses; (5) the similarity of the advertising used by the two parties; (6) the defendant’s intent; and (7) actual confusion. *See Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir.1984). These *Pizzeria Uno* factors\*260 are not always weighted equally, and not all factors are relevant in every case. *See CareFirst*, 434 F.3d at 268.

[3] Because Haute Diggity Dog’s arguments with respect to the *Pizzeria Uno* factors depend to a great extent on whether its products and marks are successful parodies, we consider first whether Haute Diggity Dog’s products, marks, and trade dress are indeed successful parodies of LVM’s marks and trade dress.

[4][5][6] For trademark purposes, “[a] ‘parody’ is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.” *People for the Ethical Treatment of Animals v. Doughney* (“*PETA*”), 263 F.3d 359, 366 (4th Cir.2001) (internal quotation marks omitted). “A parody must convey two simultaneous-and contradictory-messages: that it is the original, but also that it is *not* the original and is instead a par-

ody.” *Id.* (internal quotation marks and citation omitted). This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement. Thus, “[a] parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect.” *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir.1987) (finding the use of “Lardashe” jeans for larger women to be a successful and permissible parody of “Jordache” jeans).

When applying the *PETA* criteria to the facts of this case, we agree with the district court that the “Chewy Vuiton” dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags. First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name “Chewy Vuiton” sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM’s LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the handbag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog’s “Chewy Vuiton” dog toys.

At the same time, no one can doubt also that the “Chewy Vuiton” dog toy is not the “idealized image” of the mark created by LVM. The differences are immediate, beginning with the fact that the “Chewy Vuiton” product is a dog toy, not an expensive, luxury LOUIS VUITTON handbag. The toy is smaller, it is plush, and virtually all of its designs differ. Thus, “Chewy Vuiton” is not LOUIS VUITTON (“Chewy” is not “LOUIS” and “Vuiton” is not “VUITTON,” with its two Ts); CV is not LV; the designs on the dog toy are simplified and crude,

not detailed and distinguished. The toys are inexpensive; the handbags are expensive and marketed to be expensive. And, of course, as a dog toy, one must buy it with pet supplies and cannot buy it at an exclusive LVM store or boutique within a department store. In short, the Haute Diggity Dog "Chewy Vuiton" dog toy undoubtedly and deliberately conjures up the famous LVM marks and trade dress, but at the same time, it communicates that it is not the LVM product.

Finally, the juxtaposition of the similar and dissimilar—the irreverent representation and the idealized image of an LVM handbag—immediately conveys a joking \*261 and amusing parody. The furry little "Chewy Vuiton" imitation, as something to be *chewed by a dog*, pokes fun at the elegance and expensiveness of a LOUIS VUITTON handbag, which must *not* be chewed by a dog. The LVM handbag is provided for the most elegant and well-to-do celebrity, to proudly display to the public and the press, whereas the imitation "Chewy Vuiton" "handbag" is designed to mock the celebrity and be used by a dog. The dog toy irreverently presents haute couture as an object for casual canine destruction. The satire is unmistakable. The dog toy is a comment on the rich and famous, on the LOUIS VUITTON name and related marks, and on conspicuous consumption in general. This parody is enhanced by the fact that "Chewy Vuiton" dog toys are sold with similar parodies of other **famous** and expensive brands—"Chewnel No. 5" targeting "Chanel No. 5"; "Dog Perignonn" targeting "Dom Perignon"; and "Sniffany & Co." targeting "Tiffany & Co."

We conclude that the *PETA* criteria are amply satisfied in this case and that the "Chewy Vuiton" dog toys convey "just enough of the original design to allow the consumer to appreciate the point of parody," but stop well short of appropriating the entire marks that LVM claims. *PETA*, 263 F.3d at 366 (quoting *Jordache*, 828 F.2d at 1486).

[7] Finding that Haute Diggity Dog's parody is successful, however, does not end the inquiry into

whether Haute Diggity Dog's "Chewy Vuiton" products create a likelihood of confusion. See 6 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 31:153, at 262 (4th ed. 2007) ("There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else's trademark"). The finding of a successful parody only influences the way in which the *Pizzeria Uno* factors are applied. See, e.g., *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 321 (4th Cir.1992) (observing that parody alters the likelihood-of-confusion analysis). Indeed, it becomes apparent that an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not. We now turn to the *Pizzeria Uno* factors.

#### A

[8] As to the first *Pizzeria Uno* factor, the parties agree that LVM's marks are strong and widely recognized. They do not agree, however, as to the consequences of this fact. LVM maintains that a strong, famous mark is entitled, as a matter of law, to broad protection. While it is true that finding a mark to be strong and famous usually favors the plaintiff in a trademark infringement case, the opposite may be true when a legitimate claim of parody is involved. As the district court observed, "In cases of parody, a strong mark's fame and popularity is precisely the mechanism by which likelihood of confusion is avoided." *Louis Vuitton Malletier*, 464 F.Supp.2d at 499 (citing *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503-04 (2d Cir.1996); *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 850 F.Supp. 232, 248 (S.D.N.Y.1994)). "An intent to parody is not an intent to confuse the public." *Jordache*, 828 F.2d at 1486.

We agree with the district court. It is a matter of common sense that the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting. See *Tommy Hilfi-*



*ger Licensing, Inc. v. Nature Labs, LLC*, 221 F.Supp.2d 410, 416 (S.D.N.Y.2002) (noting that the strength of the “TOMMY HILFIGER” fashion mark \*262 did not favor the mark’s owner in an infringement case against “TIMMY HOLEDIGGER” novelty pet perfume). In this case, precisely because LOUIS VUITTON is so strong a mark and so well recognized as a luxury handbag brand from LVM, consumers readily recognize that when they see a “Chewy Vuiton” pet toy, they see a parody. Thus, the strength of LVM’s marks in this case does not help LVM establish a likelihood of confusion.

### B

With respect to the second *Pizzeria Uno* factor, the similarities between the marks, the usage by Haute Diggity Dog again converts what might be a problem for Haute Diggity Dog into a disfavored conclusion for LVM.

Haute Diggity Dog concedes that its marks are and were designed to be somewhat similar to LVM’s marks. But that is the essence of a parody—the invocation of a famous mark in the consumer’s mind, so long as the distinction between the marks is also readily recognized. While a trademark parody necessarily copies enough of the original design to bring it to mind as a target, a successful parody also distinguishes itself and, because of the implicit message communicated by the parody, allows the consumer to appreciate it. See *PETA*, 263 F.3d at 366 (citing *Jordache*, 828 F.2d at 1486); *Anheuser-Busch*, 962 F.2d at 321.

In concluding that Haute Diggity Dog has a successful parody, we have impliedly concluded that Haute Diggity Dog appropriately mimicked a part of the LVM marks, but at the same time sufficiently distinguished its own product to communicate the satire. The differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a “Chewy Vuiton” dog toy would not mistake its source or sponsorship on the basis of mark similarity.

This conclusion is reinforced when we consider how the parties actually use their marks in the marketplace. See *CareFirst*, 434 F.3d at 267 (citing *What-A-Burger of Va., Inc. v. Whataburger, Inc.*, 357 F.3d 441, 450 (4th Cir.2004)); *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir.2005); *Hormel Foods*, 73 F.3d at 503. The record amply supports Haute Diggity Dog’s contention that its “Chewy Vuiton” toys for dogs are generally sold alongside other pet products, as well as toys that parody other luxury brands, whereas LVM markets its handbags as a top-end luxury item to be purchased only in its own stores or in its own boutiques within department stores. These marketing channels further emphasize that “Chewy Vuiton” dog toys are not, in fact, LOUIS VUITTON products.

### C

Nor does LVM find support from the third *Pizzeria Uno* factor, the similarity of the products themselves. It is obvious that a “Chewy Vuiton” plush imitation handbag, which does not open and is manufactured as a dog toy, is not a LOUIS VUITTON handbag sold by LVM. Even LVM’s most proximate products—dog collars, leashes, and pet carriers—are fashion accessories, not dog toys. As Haute Diggity Dog points out, LVM does not make pet chew toys and likely does not intend to do so in the future. Even if LVM were to make dog toys in the future, the fact remains that the products at issue are not similar in any relevant respect, and this factor does not favor LVM.

### D

The fourth and fifth *Pizzeria Uno* factors, relating to the similarity of facilities and advertising channels, have already \*263 been mentioned. LVM products are sold exclusively through its own stores or its own boutiques within department stores. It also sells its products on the Internet through an LVM-authorized website. In contrast, “Chewy Vuiton” products are sold primarily through tradi-

tional and Internet pet stores, although they might also be sold in some department stores. The record demonstrates that both LVM handbags and “Chewy Vuiton” dog toys are sold at a Macy's department store in New York. As a general matter, however, there is little overlap in the individual retail stores selling the brands.

Likewise with respect to advertising, there is little or no overlap. LVM markets LOUIS VUITTON handbags through high-end fashion magazines, while “Chewy Vuiton” products are advertised primarily through pet-supply channels.

The overlap in facilities and advertising demonstrated by the record is so minimal as to be practically nonexistent. “Chewy Vuiton” toys and LOUIS VUITTON products are neither sold nor advertised in the same way, and the *de minimis* overlap lends insignificant support to LVM on this factor.

#### E

The sixth factor, relating to Haute Diggity Dog's intent, again is neutralized by the fact that Haute Diggity Dog markets a parody of LVM products. As other courts have recognized, “An intent to parody is not an intent to confuse the public.” *Jordache*, 828 F.2d at 1486. Despite Haute Diggity Dog's obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite—to evoke a humorous, satirical association that *distinguishes* the products. This factor does not favor LVM.

#### F

On the actual confusion factor, it is well established that no actual confusion is required to prove a case of trademark infringement, although the presence of actual confusion can be persuasive evidence relating to a likelihood of confusion. *See CareFirst*, 434 F.3d at 268.

While LVM conceded in the district court that there was no evidence of actual confusion, on appeal it points to incidents where retailers misspelled “Chewy Vuiton” on invoices or order forms, using two Ts instead of one. Many of these invoices also reflect simultaneous orders for multiple types of Haute Diggity Dog parody products, which belies the notion that any actual confusion existed as to the source of “Chewy Vuiton” plush toys. The misspellings pointed out by LVM are far more likely in this context to indicate confusion over how to spell the product name than any confusion over the source or sponsorship of the “Chewy Vuiton” dog toys. We conclude that this factor favors Haute Diggity Dog.

[9] In sum, the likelihood-of-confusion factors substantially favor Haute Diggity Dog. But consideration of these factors is only a proxy for the ultimate statutory test of whether Haute Diggity Dog's marketing, sale, and distribution of “Chewy Vuiton” dog toys is likely to cause confusion. Recognizing that “Chewy Vuiton” is an obvious parody and applying the *Pizzeria Uno* factors, we conclude that LVM has failed to demonstrate any likelihood of confusion. Accordingly, we affirm the district court's grant of summary judgment in favor of Haute Diggity Dog on the issue of trademark infringement.

#### III

LVM also contends that Haute Diggity Dog's advertising, sale, and distribution of \*264 the “Chewy Vuiton” dog toys dilutes its LOUIS VUITTON, LV, and Monogram Canvas marks, which are famous and distinctive, in violation of the Trademark Dilution Revision Act of 2006 (“TDRA”), 15 U.S.C.A. § 1125(c) (West Supp.2007). It argues, “Before the district court's decision, Vuitton's famous marks were unblurred by any third party trademark use.” “Allowing defendants to become the first to use similar marks will obviously blur and dilute the Vuitton Marks.” It also contends that “Chewy Vuiton” dog toys are likely to tarnish

LVM's marks because they "pose a choking hazard for some dogs."

Haute Diggity Dog urges that, in applying the TDRA to the circumstances before us, we reject LVM's suggestion that a parody "automatically" gives rise to "actionable dilution." Haute Diggity Dog contends that only marks that are "identical or substantially similar" can give rise to actionable dilution, and its "Chewy Vuiton" marks are not identical or sufficiently similar to LVM's marks. It also argues that "[its] spoof, like other obvious parodies," "tends to increase public identification" of [LVM's] mark with [LVM]," quoting *Jordache*, 828 F.2d at 1490, rather than impairing its distinctiveness, as the TDRA requires. As for LVM's tarnishment claim, Haute Diggity Dog argues that LVM's position is at best based on speculation and that LVM has made no showing of a likelihood of dilution by tarnishment.

Claims for trademark dilution are authorized by the TDRA, a relatively recent enactment,<sup>FN2</sup> which provides in relevant part:

FN2. The TDRA, Pub.L. No. 109-312, 120 Stat. 1730 (2006), amended the Federal Trademark Dilution Act of 1995, Pub.L. No. 104-98, 109 Stat. 985 (1996), which added a "dilution" cause of action to § 43 of the Lanham Act. When the Supreme Court held that the Federal Trademark Dilution Act required proof of actual dilution and actual economic harm, see *Moseley v. Secret Catalogue, Inc.*, 537 U.S. 418, 432-33, 123 S.Ct. 1115, 155 L.Ed.2d 1 (2003); see also *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 461 (4th Cir.1999), Congress amended the Act principally to overrule *Moseley* and to require that only a *likelihood* of dilution need be proved. See 15 U.S.C.A. § 1125(c)(1) (West Supp.2007).

Subject to the principles of equity, the owner of a

*famous* mark ... shall be entitled to an injunction against another person who ... commences use of a mark or trade name in commerce that is likely to cause *dilution by blurring* or *dilution by tarnishment* of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C.A. § 1125(c)(1) (emphasis added). A mark is "famous" when it is "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." *Id.* § 1125(c)(2)(A). Creating causes of action for only *dilution by blurring* and *dilution by tarnishment*, the TDRA defines "dilution by blurring" as the "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." *Id.* § 1125(c)(2)(B). It defines "dilution by tarnishment" as the "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." *Id.* § 1125(c)(2)(C).

[10][11] Thus, to state a dilution claim under the TDRA, a plaintiff must show:

- (1) that the plaintiff owns a famous mark that is distinctive;
- \*265 (2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark;
- (3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and
- (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.

In the context of blurring, distinctiveness refers to the ability of the famous mark uniquely to identify a single source and thus maintain its selling power. See *N.Y. Stock Exch. v. N.Y., N.Y. Hotel LLC*, 293

F.3d 550, 558 (2d Cir.2002) (observing that blurring occurs where the defendant's use creates "the possibility that the [famous] mark will lose its ability to serve as a unique identifier of the plaintiff's product") (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir.1994)); *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 805 (9th Cir.2002) (same). In proving a dilution claim under the TDRA, the plaintiff need not show actual or likely confusion, the presence of competition, or actual economic injury. *See* 15 U.S.C.A. § 1125(c)(1).

The TDRA creates three defenses based on the defendant's (1) "fair use" (with exceptions); (2) "news reporting and news commentary"; and (3) "noncommercial use." *Id.* § 1125(c)(3).

#### A

We address first LVM's claim for dilution by blurring.

The first three elements of a trademark dilution claim are not at issue in this case. LVM owns famous marks that are distinctive; Haute Diggity Dog has commenced using "Chewy Vuiton," "CV," and designs and colors that are allegedly diluting LVM's marks; and the similarity between Haute Diggity Dog's marks and LVM's marks gives rise to an association between the marks, albeit a parody. The issue for resolution is whether the association between Haute Diggity Dog's marks and LVM's marks is likely to impair the distinctiveness of LVM's famous marks.

In deciding this issue, the district court correctly outlined the six factors to be considered in determining whether dilution by blurring has been shown. *See* 15 U.S.C.A. § 1125(c)(2)(B). But in evaluating the facts of the case, the court did not directly apply those factors it enumerated. It held simply:

[The famous mark's] strength is not likely to be blurred by a parody dog toy product. Instead of blurring Plaintiff's mark, the success of the par-

odic use depends upon the continued association with LOUIS VUITTON.

*Louis Vuitton Malletier*, 464 F.Supp.2d at 505. The amicus supporting LVM's position in this case contends that the district court, by not applying the statutory factors, misapplied the TDRA to conclude that simply because Haute Diggity Dog's product was a parody meant that "there can be no *association* with the famous mark as a matter of law." Moreover, the amicus points out correctly that to rule in favor of Haute Diggity Dog, the district court was required to find that the "association" did not impair the distinctiveness of LVM's famous mark.

LVM goes further in its own brief, however, and contends:

When a defendant uses an imitation of a famous mark in connection with related goods, a claim of parody cannot preclude liability for dilution.

\* \* \*

The district court's opinion utterly ignores the substantial goodwill VUITTON\*266 has established in its famous marks through more than a century of *exclusive* use. Disregarding the clear Congressional mandate to protect such famous marks against dilution, the district court has granted [Haute Diggity Dog] permission to become the first company other than VUITTON to use imitations of the famous VUITTON Marks.

In short, LVM suggests that any use by a third person of an imitation of its famous marks dilutes the famous marks as a matter of law. This contention misconstrues the TDRA.

[12] The TDRA prohibits a person from using a junior mark that is likely to dilute (by blurring) the famous mark, and blurring is defined to be an impairment to the famous mark's distinctiveness. "Distinctiveness" in turn refers to the public's recognition that the famous mark identifies a single source of the product using the famous mark.

[13] To determine whether a junior mark is likely to dilute a famous mark through blurring, the TDRA directs the court to consider all factors relevant to the issue, including six factors that are enumerated in the statute:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.

15 U.S.C.A. § 1125(c)(2)(B). Not every factor will be relevant in every case, and not every blurring claim will require extensive discussion of the factors. But a trial court must offer a sufficient indication of which factors it has found persuasive and explain why they are persuasive so that the court's decision can be reviewed. The district court did not do this adequately in this case. Nonetheless, after we apply the factors as a matter of law, we reach the same conclusion reached by the district court.

[14][15] We begin by noting that parody is not automatically a complete *defense* to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., *as a trademark*. Although the TDRA does provide that fair use is a complete defense and allows that a parody can be considered fair use, it does not extend the fair use defense to parodies used as a trademark. As the statute provides:

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

- A) Any fair use ...*other than as a designation of source for the person's own goods or services*, including use in connection with ... parody- ing....

15 U.S.C.A. § 1125(c)(3)(A)(ii) (emphasis added). Under the statute's plain language, parodying a famous mark is protected by the fair use defense only if the parody is *not* "a designation of source for the person's own goods or services."

The TDRA, however, does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the \*267 plaintiff has made out a claim for dilution by blurring. Indeed, the statute permits a court to consider "all relevant factors," including the six factors supplied in § 1125(c)(2)(B).

[16] Thus, it would appear that a defendant's use of a mark as a parody is relevant to the overall question of whether the defendant's use is likely to impair the famous mark's distinctiveness. Moreover, the fact that the defendant uses its marks as a parody is specifically relevant to several of the listed factors. For example, factor (v) (whether the defendant intended to create an association with the famous mark) and factor (vi) (whether there exists an actual association between the defendant's mark and the famous mark) directly invite inquiries into the defendant's intent in using the parody, the defendant's actual use of the parody, and the effect that its use has on the famous mark. While a parody intentionally creates an association with the famous mark in order to be a parody, it also intentionally communicates, if it is successful, that it is *not* the famous mark, but rather a satire of the famous mark. See *PETA*, 263 F.3d at 366. That the defendant is using its mark as a parody is therefore relevant in the consideration of these statutory factors.

Similarly, factors (i), (ii), and (iv)-the degree of similarity between the two marks, the degree of distinctiveness of the famous mark, and its recognizability-are directly implicated by consideration of the fact that the defendant's mark is a successful parody. Indeed, by making the famous mark an object of the parody, a successful parody might actually enhance the famous mark's distinctiveness by making it an icon. The brunt of the joke becomes yet more famous. *See Hormel Foods*, 73 F.3d at 506 (observing that a successful parody "tends to increase public identification" of the famous mark with its source); *see also Yankee Publ'g Inc. v. News Am. Publ'g Inc.*, 809 F.Supp. 267, 272-82 (S.D.N.Y.1992) (suggesting that a sufficiently obvious parody is unlikely to blur the targeted famous mark).

In sum, while a defendant's use of a parody as a mark does not support a "fair use" defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant's use of a parody mark is likely to impair the distinctiveness of the famous mark.

[17] In the case before us, when considering factors (ii), (iii), and (iv), it is readily apparent, indeed conceded by Haute Diggity Dog, that LVM's marks are distinctive, famous, and strong. The LOUIS VUITTON mark is well known and is commonly identified as a brand of the great Parisian fashion house, Louis Vuitton Malletier. So too are its other marks and designs, which are invariably used with the LOUIS VUITTON mark. It may not be too strong to refer to these famous marks as icons of high fashion.

While the establishment of these facts satisfies essential elements of LVM's dilution claim, *see* 15 U.S.C.A. § 1125(c)(1), the facts impose on LVM an increased burden to demonstrate that the distinctiveness of its famous marks is likely to be impaired by a successful parody. Even as Haute Diggity Dog's parody mimics the famous mark, it communicates simultaneously that it is not the famous mark, but is only satirizing it. *See PETA*, 263 F.3d

at 366. And because the famous mark is particularly strong and distinctive, it becomes more likely that a parody will not impair the distinctiveness of the mark. In short, as Haute Diggity Dog's "Chewy Vuiton" marks are a successful parody, we conclude that they will not blur the distinctiveness of the famous mark as a unique identifier of its source.

\*268 It is important to note, however, that this might not be true if the parody is so similar to the famous mark that it likely could be construed as actual use of the famous mark itself. Factor (i) directs an inquiry into the "degree of similarity between the junior mark and the famous mark." If Haute Diggity Dog used the actual marks of LVM (as a parody or otherwise), it could dilute LVM's marks by blurring, regardless of whether Haute Diggity Dog's use was confusingly similar, whether it was in competition with LVM, or whether LVM sustained actual injury. *See* 15 U.S.C.A. § 1125(c)(1). Thus, "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable" under the TDRA because the unauthorized use of the famous marks *themselves* on unrelated goods might diminish the capacity of these trademarks to distinctively identify a single source. *Moseley*, 537 U.S. at 431, 123 S.Ct. 1115 (quoting H.R.Rep. No. 104-374, at 3 (1995), *as reprinted in* 1995 U.S.C.C.A.N. 1029, 1030). This is true even though a consumer would be unlikely to confuse the manufacturer of KODAK film with the hypothetical producer of KODAK pianos.

But in this case, Haute Diggity Dog mimicked the famous marks; it did not come so close to them as to destroy the success of its parody and, more importantly, to diminish the LVM marks' capacity to identify a single source. Haute Diggity Dog designed a pet chew toy to imitate and suggest, but not *use*, the marks of a high-fashion LOUIS VUITTON handbag. It used "Chewy Vuiton" to mimic "LOUIS VUITTON"; it used "CV" to mimic "LV"; and it adopted *imperfectly* the items of LVM's designs. We conclude that these uses by Haute Diggity Dog were not so similar as to be likely to im-

pair the distinctiveness of LVM's famous marks.

In a similar vein, when considering factors (v) and (vi), it becomes apparent that Haute Diggity Dog intentionally associated its marks, but only partially and certainly imperfectly, so as to convey the simultaneous message that it was not in fact a source of LVM products. Rather, as a parody, it separated itself from the LVM marks in order to make fun of them.

In sum, when considering the relevant factors to determine whether blurring is likely to occur in this case, we readily come to the conclusion, as did the district court, that LVM has failed to make out a case of trademark dilution by blurring by failing to establish that the distinctiveness of its marks was likely to be impaired by Haute Diggity Dog's marketing and sale of its "Chewy Vuiton" products.

#### B

[18] LVM's claim for dilution by tarnishment does not require an extended discussion. To establish its claim for dilution by tarnishment, LVM must show, in lieu of blurring, that Haute Diggity Dog's use of the "Chewy Vuiton" mark on dog toys harms the reputation of the LOUIS VUITTON mark and LVM's other marks. LVM argues that the possibility that a dog could choke on a "Chewy Vuiton" toy causes this harm. LVM has, however, provided no record support for its assertion. It relies only on speculation about whether a dog could choke on the chew toys and a logical concession that a \$10 dog toy made in China was of "inferior quality" to the \$1190 LOUIS VUITTON handbag. The speculation begins with LVM's assertion in its brief that "defendant Woofie's admitted that 'Chewy Vuiton' products pose a choking hazard for some dogs. Having prejudged the defendant's mark to be a parody, the district court made light of this admission in its opinion, and utterly failed to give it the \*269 weight it deserved," citing to a page in the district court's opinion where the court states:

At oral argument, plaintiff provided only a flimsy theory that a pet may some day choke on a Chewy Vuiton squeak toy and incite the wrath of a confused consumer against LOUIS VUITTON.

*Louis Vuitton Malletier*, 464 F.Supp.2d at 505. The court was referring to counsel's statement during oral argument that the owner of Woofie's stated that "she would not sell this product to certain types of dogs because there is a danger they would tear it open and choke on it." There is no record support, however, that any dog has choked on a pet chew toy, such as a "Chewy Vuiton" toy, or that there is any basis from which to conclude that a dog would likely choke on such a toy.

We agree with the district court that LVM failed to demonstrate a claim for dilution by tarnishment. See *Hormel Foods*, 73 F.3d at 507.

#### IV

[19] LVM raises three additional claims premised on the same basic facts. First, it argues that the district court improperly rejected its counterfeiting claim under 15 U.S.C. § 1114(1)(a). Section 1127 of Title 15 defines a "counterfeit" mark as "a spurious mark which is identical with, or substantially indistinguishable from" the plaintiff's mark. The district court found, and we agree, that "Chewy Vuiton" and the "CV" monogram design are not "substantially indistinguishable" from the LOUIS VUITTON and LV marks and that the design and the coloring patterns are different. See *Louis Vuitton Malletier*, 464 F.Supp.2d at 506. In selling "Chewy Vuiton" dog toys, Haute Diggity Dog is not selling knock-off LOUIS VUITTON handbags with a counterfeit LV mark, and no reasonable trier of fact could so conclude.

[20] Second, LVM argues that the district court erred in failing to address LVM's trade dress claims. Although the district court did not explicitly discuss the trade dress issue, we find that this reflects economy rather than error. LVM's trade dress

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(Cite as: 507 F.3d 252)

claims under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1), and under Virginia common law are based on essentially the same facts as its trademark infringement claims. Haute Diggity Dog does not challenge LVM's claim that its trade dress is protectable. The only question before the court was whether confusion was likely. But the same *Pizzeria Uno* likelihood-of-confusion factors used for trademark infringement claims are applied to trade dress claims, see *Tools USA & Equip. Co. v. Champ Frame Straightening Equip.*, 87 F.3d 654, 661 (4th Cir.1996), and the two issues rise or fall together. Consequently, our conclusion affirming the district court that no confusion is likely to result with regard to LVM's trademarks is sufficient also to dispose of LVM's trade dress claims as well.

[21] Finally, LVM argues that the district court erred in finding that Haute Diggity Dog's use of the "CV" and the background design was a fair use of LVM's copyrighted Multicolor design. Because LVM attempts to use a copyright claim to pursue what is at its core a trademark and trade dress infringement claim, application of the fair-use factors under the Copyright Act to these facts is awkward. See 17 U.S.C. § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994). Nonetheless, after examining the record, we agree with the district court that Haute Diggity Dog's use as a parody of certain altered elements of LVM's Multicolor design\*270 does not support a claim for copyright infringement.

The judgment of the district court is

*AFFIRMED.*

C.A.4 (Va.),2007.  
Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC  
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# OPPOSER/PETITIONER'S EXHIBIT DD

CHANEL, INC.,

Opposer/Petitioner,

-against-

FRANK MAURIELLO,

Applicant/Registrant.

Consolidated Proceedings:

Opposition No. 91168097

Opposition No. 91172654

Cancellation No. 92046246

NOV 18 2008

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

JAMES N. HATTEN, Clerk  
By *[Signature]* Deputy Clerk

CHANEL, INC.

Plaintiff

v.

CIVIL ACTION NO:  
1:07-CV-225-ODE

LELIA BRYAN a/k/a Lelia Lee  
d/b/a eInspiredCreations.com  
d/b/a Inspired Creations d/b/a  
Frankly Fake Copy Jewels and  
Does 1-10

Defendants

ORDER

This trademark infringement case is before the Court on Plaintiff's motion for partial summary judgment as to Defendant Lelia Bryan a/k/a Lelia Lee d/b/a eInspiredCreations.com d/b/a Inspired Creations d/b/a Frankly Fake Copy Jewels ("Defendant"). [Doc. #35]. Plaintiff seeks a finding that Defendant Bryan is liable for trademark infringement under 15 U.S.C. § 1114, false designation of origin under 15 U.S.C. § 1125(a), trademark dilution under 15 U.S.C. § 1125(c), common law unfair competition, and common law trademark infringement. [Doc. #35, at 36]. Plaintiff also seeks a finding that Defendant knowingly used counterfeits of Plaintiff's trademarks in connection with the offering for sale and sale of goods in commerce, a finding that such use was likely to cause consumer confusion, a permanent injunction, an award of reasonable attorneys' fees under 15 U.S.C. § 1117(a) and (b), an award of reasonable investigative fees of \$1,734.60, and an award of costs pursuant to 15 U.S.C. § 1117(a)

in an amount to be determined. [Doc. #35, at 36-37]. Defendant does not oppose Plaintiff's motion insofar as it seeks a finding of liability under the Lanham Act and the common law, but opposes a finding that Defendant intentionally infringed Plaintiff's trademarks under 15 U.S.C. § 1117(b). [Doc. # 38]. For the reasons set forth below, Plaintiff's motion [Doc. #35] is GRANTED IN PART.

I. Procedural History

On January 25, 2007, Chanel, Inc. ("Plaintiff") filed this action against Defendant and John Does 1-10 for trademark counterfeiting and infringement under § 32 of the Lanham Act (15 U.S.C. § 1114), false designation of origin under § 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), trademark dilution (15 U.S.C. § 1125(c)), common law trademark infringement, and common law unfair competition. [Doc. #1]. Plaintiff sought a preliminary and permanent injunction, treble the amount of damages and profits or, at Plaintiff's election with respect trademark infringement under the Lanham Act, statutory damages of \$1,000,000 per each counterfeit mark used and product sold under 15 U.S.C. § 1117(c)(2), punitive damages, pre-judgment interest, reasonable attorneys' fees, and investigators' fees. [Doc. #1, at 16-18]. Defendant Bryan failed to answer, and Plaintiff moved for an entry of default judgment. [Doc. #3, #5]. The Clerk entered default on March 6, 2007. Defendant Bryan then filed a response in opposition to Plaintiff's motion for default judgment and moved to set aside the entry of default. [Docs. #10, #11]. Plaintiff filed a reply to Defendant's opposition and a response in opposition to Defendant's motion to set aside default. [Docs.

#14, #15]. On October 5, 2007, the Court denied Plaintiff's motion for a default judgment and granted Defendant Bryan's motion to set aside default. [Doc. #17]. Defendant Bryan then filed an answer denying the allegations in Plaintiff's Complaint. [Doc. #18].

On April 7, 2008, Plaintiff moved for partial summary judgment as to Defendant Bryan on all counts, seeking a finding that Defendant knowingly used counterfeits of Plaintiff's trademarks in connection with the offering for sale and sale of goods in commerce and that such use was likely to cause consumer confusion, a permanent injunction, an award of reasonable attorneys' fees under 15 U.S.C. § 1117(a) and (b), an award of reasonable investigative fees of \$1,734.60, and an award of costs pursuant to 15 U.S.C. § 1117(a) in an amount to be determined. [Doc. #35]. Defendant filed a response, consenting to a judgment that she is liable under the Lanham Act and common law, but opposing Plaintiff's motion as to her intent to commit infringement such that treble damages and attorneys' fees must be awarded under 15 U.S.C. § 1117(a) or (b). [Doc. #38]. Plaintiff has filed a reply in response to Defendant's opposition. [Doc. #39].

## II. Factual Background

The following facts are undisputed unless otherwise noted.

Chanel is the owner of the following federally registered trademarks (the "Chanel Marks"):

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
CHANEL	0,612,169	September 13, 1955
CHANEL	0,902,19	November 10, 1970
CC MONOGRAM	1,501,898	August 30, 1988

which are registered in International Class 14 and are used in connection with the manufacture and distribution of, among other products, high quality costume jewelry, including earrings, necklaces, and rings (the "Chanel Marks"). [Doc. #35-2, at 3; Doc. #35-3]. The Chanel Marks are symbols of Chanel's quality, reputation, and goodwill and have never been abandoned. [Doc. #35-2, at 4]. Chanel has used the Chanel Marks in the United States in connection with the sale of high quality products for over 70 years. [Doc. #35-2, at 2]. Chanel's genuine products are marketed, advertised, and/or sold in boutiques throughout the United States, in retail stores, and via the Internet. [Doc. #35-2, at 2]. Chanel has spent a sizeable amount of money in the advertising, promotion and distribution of genuine Chanel jewelry products bearing the Chanel Marks at issue in this proceeding. [Doc. #35-2, at 2]. Defendant has never been assigned or licensed any rights to use the Chanel Marks. [Doc. #18, at 3; Doc. #35-2, at 3].

Defendant owns the "eInspiredCreations.com" domain name through her corporation Bryan Enterprises, Inc. [Doc. #35-16; Doc. #35-4, at 13]. In May of 2006, Defendant opened a retail store called "Inspired Creations," located at 4511 Olde Perimeter Way, Atlanta, GA 30346. [Doc. #35-4, at 5, 7]. From September 2005 until January 1, 2007, Bryan was also an owner of the

Inspired Creations retail store located at The Mall at Shelter Cove, 24 Shelter Cove Lane, Suite 160, Hilton Head, South Carolina 29928. She sold the Hilton Head location, effective as of January 2007, to her brother-in-law and three daughters. [Doc. #35-4, at 20]. The eInspiredCreations.com website promotes both the Atlanta and Hilton Head retail storefronts. [Doc. #35-9, at 3].

Defendant testified that she and her brother-in-law and former business partner, Dustin Bryan, were initially both responsible for purchasing supplies of the goods that were offered for sale on the eInspiredCreations.com website. [Doc. #35-4, at 5]. Around May of 2006, at the same time she opened the Atlanta storefront, Bryan became solely responsible for the purchase of the products being sold on the website as well as for the Atlanta store. [Doc. #35-4, at 5, 7]. Bryan testified in her deposition that she is personally responsible for the management, operation and maintenance of the website, and that she manages the Atlanta retail store and is responsible for the purchase and display of products for sale at the Atlanta retail store. [Doc. #35-4, at 4, 6, 8]. Defendant also occasionally purchases goods for the retail store in Hilton Head, which her brother-in-law manages. [Doc. #35-4, at 10].

Defendant purchased products branded with the Chanel mark from one vendor, Italian Ice. The former owners of the Hilton Head retail store (which was formerly known as "Frankly Fake Copy Jewels") had also purchased goods from this vendor. [Doc. #35-4, at 8, 11; Doc. #38-2, at 3]. Plaintiff has submitted printouts from Defendant's website advertising products such as the "Chanel Replica Wide Band Ring," "Chanel Replica Earrings," and a "Chanel

Replica Necklace." [Doc. 35-12, at 2]. Defendant testified in her deposition that she was aware that the Chanel branded products she was purchasing and offering for sale through her website eInspiredCreations.com and the two retail storefronts in Atlanta and Hilton Head were non-genuine Chanel products. [Doc. #35-4, at 6-7]. Defendant admits that she did not consult a lawyer or contact Chanel regarding the legality of her activities. [Doc. #35-4, at 7].

Defendant personally drafted a disclaimer page for the website, indicating that Chanel branded jewelry products offered for sale by her were "faux" jewelry items. [Doc. #35-4, at 6]. This disclaimer reads as follows:

eInspiredCreations.com does not sell original designer items and is not an authorized representative, affiliated or associated in any way with any of the famous designers whose designs inspire our faux jewelry. Our designer inspired jewelry is just that, replicas similar to the designer original pieces that inspired them and available to you at a fraction of the cost.

[Doc. #35-9, at 4; Doc. #35-10, at 1]. Defendant claims in her Declaration that she researched the internet and found other websites selling "replica goods," and modeled the disclaimer on her eInspiredCreations.com website after the other disclaimers she read. [Doc. #38-2].

Under the instruction of Chanel's counsel, Investigator Robert Holmes began an investigation of Defendant's business operations. In or about August 2006, Holmes placed an order for a necklace bearing the Chanel Marks via Defendant's website eInspiredCreations.com. [Doc. #35-5, at 2]. On September 6, 2006 Holmes received the necklace. The return address on the outer package was Lelia Bryan, (678) 320-0571, Inspired Creations, 4511

Olde Perimeter Way, Atlanta, GA 30346. [Doc. #35-5, at 3].<sup>1</sup> A photograph of the necklace that Holmes purchased from Bryan and a copy of the outer package is attached to Holmes' Declaration. [Doc. #35-5, at 3, 6-8]. On August 24, 2006, Investigator Ronald Simons traveled to the Atlanta location of Inspired Creations and purchased a Chanel branded necklace/pendant bearing the CC Monogram, a photograph of which is attached to Simons' Declaration. [Doc. #35-8, at 2, 5]. On September 22, 2006, Investigator Rick Hawks, retained by Chanel, traveled to Inspired Creations of Hilton Head, South Carolina and also purchased a necklace bearing the CC Monogram, a photograph of which is attached to Hawks' Declaration. [Doc. #35-7, at 2-3, 5]. The jewelry products purchased by Chanel's investigators were analyzed by Chanel and determined to be counterfeit Chanel branded products. [Doc. #35-5, at 3; Doc. #35-2, at 5-6; Doc. #35-7, at 3]. Chanel's Director of Legal Administration, Adrienne Hahn Sisbarro, states in her affidavit that the goods purchased by the private investigators from Defendant's website and retail stores are of inferior quality to genuine Chanel products. [Doc. 35-2, at 6]. The exhibits depicting pages from Defendant's eInspiredCreations.com website indicate that goods sold by Defendant bearing the Chanel Marks are made from sterling silver and cubic zirconia. [Docs. #35-10, #35-11, #35-14].

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<sup>1</sup>In his declaration, Holmes states that he paid for and received a "handbag," but this appears to be a typographical error. [Doc. #35-5, at 3].



Defendant claims that her gross sales of the accused products total under \$11,000 with gross profits of just over \$8,000. [Doc. #38-2, at 4].

### III. Standard of Review

The Court will grant summary judgment when "there is no genuine issue as to any material fact . . . and the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). "A party seeking summary judgment always bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of 'the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any,' which it believes demonstrate the absence of a genuine issue of material fact." Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). To be material, a fact must be identified by the controlling substantive law as an essential element of the non-moving party's case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). Furthermore, the issue must be genuine; summary judgment will not be granted if there is not "sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party." Id. at 249. In reviewing the record, the district court must construe the facts and make all reasonable inferences in favor of the non-moving party. Id. at 255; Reese v. Herbert, 527 F.3d 1253, 1271 (11th Cir. 2008).

### III. Discussion

#### A. Liability

Plaintiff alleges that Defendant is liable for federal trademark counterfeiting and infringement under Section 32 of the

Lanham Act, 15 U.S.C. § 1114(1) (Count I), false designation of origin under Section 43 of the Lanham Act, 15 U.S.C. § 1125(a) (Count II), trademark dilution under 15 U.S.C. § 1125(c) (Count III), common law trademark infringement (Count IV), and common law unfair competition (Count V). Defendant does not oppose Plaintiff's motion for summary judgment insofar as it seeks a finding of liability under the Lanham Act or the common law. [Doc. #38, at 1].

1. Trademark Infringement under the Lanham Act

Trademark infringement under 15 U.S.C. § 1114(1) requires that a Plaintiff show the following elements: 1) ownership of the mark at issue, 2) that Defendant used the mark without authorization from the Plaintiff, and 3) that Defendant's use is likely to cause confusion, mistake, or deception as to the source, affiliation, or sponsorship of the products. Babbit Elec., Inc. V. Dynascan Corp., 38 F.3d. 1161, 1178 (11th Cir. 1994). The Eleventh Circuit Court of Appeals looks at the following factors in assessing whether a likelihood of confusion exists: 1) the type of mark, 2) the similarity of mark, 3) the similarity of products, 4) the similarity of the retail outlets and purchasers, 5) the similarity of advertising media, 6) the defendant's intent, and 7) actual confusion. See id., Lipscher v. LRP Publ'ns, Inc., 266 F.3d 1305, 1313 (11th Cir. 2001). Given that the marks used in Defendant's products are virtually identical to the Chanel Marks, and that Defendant's products bearing such marks were advertised as "Chanel Replica" jewelry on Defendant's website, Plaintiff has presented a compelling case that Defendant's use of the marks on her website and in her retail stores is likely to cause confusion

and that Defendant has committed trademark infringement under 15 U.S.C. § 1114(1) as to her sale of Chanel branded products on her website and in her retail stores.

2. False Designation of Origin under the Lanham Act, Common Law Unfair Competition, and Common Law Trademark Infringement

Plaintiff has also brought claims of false designation of origin under 43(a) of the Lanham Act and common law causes of action for unfair competition and trademark infringement. Section 1125(a) has broader applicability than Section 1114(1) in that it covers false advertising or description whether or not it involves trademark infringement, and it involves the same likelihood of confusion analysis that applies under Section 1114(1).<sup>2</sup> Babbit Elec., Inc., 38 F.3d at 1181. Because Defendant is liable under Section 1114(1), Defendant is also liable under Section 1125(a)

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<sup>2</sup> 15 U.S.C. § 1125(a)(1) provides:

"Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

for false designation of origin. Id. Furthermore, the same likelihood of confusion analysis under Sections 1114(1) and 1125(a) also applies for the purposes of finding liability for Plaintiff's claims of common law unfair competition and common law trade infringement. See Bd. of Regents Univ. Sys. of Georgia v. Buzas Baseball, Inc., 176 F. Supp. 2d 1338, 1350-51 (N.D. Ga. 2001). Therefore, the Court finds that Defendant is liable for common law unfair competition and trademark infringement.

3. Trademark Dilution under the Lanham Act

Plaintiff has also brought a claim of trademark dilution under 15 U.S.C. § 1125(c)(1). To establish such a claim, a plaintiff must show: 1) that the plaintiff's mark is "famous," meaning that "it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner," 2) that the defendant is making a commercial use of the mark in interstate commerce, 3) that defendant's use of the mark began after the mark became famous, and 4) defendant's use of the mark is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. 15 U.S.C. §§ 1125(c)(1), 1125(c)(2)(A); Nike Inc. v. Variety Wholesalers, Inc., 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003), aff'd, 107 Fed. Appx. 183 (11th Cir. 2004). "Dilution by blurring" is an association that arises from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the mark. 15 U.S.C. § 1125(c)(2)(B). "Dilution by tarnishment" is an association that arises from the

similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark. 15 U.S.C. § 1125(c)(2)(C). The Court finds that, based on the facts summarized above, Plaintiff has established a compelling case that Defendant is liable for trademark dilution under Section 1125(c)(1).

B. Treble damages and Attorneys' Fees

The Lanham Act provides that where a defendant has intentionally used a mark knowing that such mark is a "counterfeit" mark, a court must award three times the amount of profits or damages and reasonable attorneys' fees unless "extenuating circumstances" are present. Section 1117(b) provides:

[I]n assessing damages under subsection (a) of this section, the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a reasonable attorney's fee, in the case of any violation of section 1114(1)(a) of this title... that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark... in connection with the sale, offering for sale, or distribution of goods or services.

15 U.S.C. § 1117(b). The Lanham Act defines "counterfeit" as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. Once a court finds that the mental state in Section 1117(b) is satisfied, the court is mandated to award treble damages and reasonable attorneys' fees unless it finds "extenuating circumstances." 15 U.S.C. § 1117(b); Babbit Elec., Inc., 38 F.3d at 1183.

Plaintiff seeks treble damages and attorneys' fees under 15 U.S.C. § 1117(b).<sup>3</sup> [Doc. #35, at 35]. Defendant argues that an award of treble damages and attorneys' fees is improper both because there is a genuine dispute of material fact as to whether Defendant intentionally infringed the Chanel Marks, and because extenuating circumstances exist. [Doc. #38, at 39-11]. The Court finds that Plaintiff has established the requisite mental state under Section 1117(b) as a matter of law, and that no extenuating circumstances exist.

1. Knowledge and Intent under § 1117(b)

Defendant argues that the evidence in this case does not establish her "intentional infringement" because she had no actual knowledge of the federal registration of the Chanel Marks before she received Plaintiff's Complaint [Doc. #38-2], and she did not know that selling "replica jewelry" is prohibited by the Lanham Act. [Doc. #38, at 6]. Defendant's Declaration states that she "believed that Italian Ice was a reputable business" because she knew that the vendor had been in operation for about 16 years, sold products to large corporations and cruise ships, and ran a store at the Miami Mart. [Doc. #38-2, at 3]. Furthermore, Defendant contends that based on her investigation of other websites selling "replica jewelry" and Italian Ice, she believed that selling "replica jewelry," including the Chanel branded

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<sup>3</sup>Plaintiff has alternatively asked for attorneys' fees under 15 U.S.C. § 1117(a) because this is an "exceptional case." [Doc. #35, at 34]. Because the Court finds that Plaintiff is entitled to treble damages and reasonable attorneys' fees under 15 U.S.C. § 1117(b), the Court need not address whether this is an "exceptional case" under Section 1117(a).

goods, was not illegal and did not violate the rights of the name-brand designers that "inspired" the "replica jewelry." [Doc. #38-2, at 4].

In order to be found liable for treble damages or profits and attorneys' fees under Section 1117(b), a defendant need not know that the marks she is using are federally registered trademarks. The Lanham Act defines the term "counterfeit mark" as "a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered." 15 U.S.C. § 1116 (emphasis added). For the purposes of bringing a civil suit, "it is irrelevant whether the defendant knew that the mark in question is registered on the principal register in the Patent and Trademark Office... [I]t need not be shown that the defendant was aware of a mark's status at the Patent and Trademark Office." Joint Statement on Trademark Counterfeiting Legislation, 130 Cong. Rec. H12076-77 (daily ed. Oct. 10, 1984); Louis Vuitton S.A. v. Lee, 875 F.2d 584, 587 (7th Cir. 1989) ("[S]ection 1117(b), while imposing stiff monetary penalties only for the knowing use of counterfeit registered marks; does not require that the defendant know they are registered"). The mental state requirement of Section 1117(b) only requires "that the defendant be shown to have acted 'intentionally' in dealing in the goods or materials in question, and to have 'known' that the items were counterfeit." 130 Cong. Rec. H12083 (daily ed. Oct. 10, 1984).

The Court finds that Plaintiff has presented enough evidence to show that Defendant had the requisite mental state as a matter of law under Section 1117(b). Defendant has testified and does not dispute that she knew that the products she purchased from Italian Ice and sold in her retail stores and on her website were copies of Chanel products.<sup>4</sup> [Doc. #35-4, at 6]. Furthermore, she has testified that she intentionally purchased such products and sold them in her store and on her website. [Doc. #35-4, at 6]. Defendant's ignorance of Plaintiff's federal registration, her belief that her supplier was "reputable," and her belief that her actions were legal under the Lanham Act are immaterial to the analysis under Section 1117(b).

Defendant cites Chanel, Inc. v. Italian Activewear of Florida, Inc. as support for her argument that where there is only circumstantial evidence of intent, summary judgment is improper. In that case, the Eleventh Circuit Court of Appeals found that intent was an issue that should be determined by a jury, and stated that "[A]s a general rule, a party's state of mind (such as

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<sup>4</sup>Defendant does not appear to contest the fact that the Chanel marks on the products she sold were counterfeit. The Lanham Act defines "counterfeit" as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. A comparison of the products on Defendant's website [Docs #35-9 through #35-14] with Plaintiff's certificate of federal registration for the CC Monogram [Doc. #35-3, at 6] shows that the marks used in Defendant's products are virtually identical to the CC Monogram. Moreover, Defendant has referred to her products throughout her filings as "replica jewelry," and her website repeatedly uses the description "Chanel Replica" in connection with products branded with the Chanel Marks. [See, e.g., Doc. #35-10, at 2].



knowledge or intent) is a question of fact for the factfinder, to be determined after trial." 931 F.2d 1472, 1476 (11th Cir. 1991). The Eleventh Circuit acknowledged in a footnote, however, that in a case where no reasonable jury could find otherwise, the issue of intent should be resolved as a matter of law. *Id.* at 1476 n.6. Here, no dispute exists about the fact that Defendant knew the jewelry she was selling was a fake copy of Chanel goods and that she intended to sell that jewelry. As a matter of law, the two-part mental state test in Section 1117(b) is satisfied. Thus, summary judgment as to Defendant's knowledge and intent is proper.

## 2. Extenuating Circumstances

While the Eleventh Circuit Court of Appeals has yet to determine the definition of "extenuating circumstances" under Section 1117(b), the legislative history behind the provision indicates that Congress intended for courts to reduce treble damages and attorneys' fees only "in highly unusual circumstances." Joint Statement on Trademark Counterfeiting Legislation, 130 Cong. Rec. H12083 (daily ed. Oct. 10, 1984). Congress gave one example of such a situation: "[W]hen the defendant is an unsophisticated individual, operating on a small scale, whose conduct posed no risk to the public's health or safety, and for whom the imposition of treble damages would mean that he or she would be unable to support his or her family." *Id.*

Defendant argues that extenuating circumstances apply in this case. [Doc. #38, at 9-11]. Defendant contends that Inspired Creations is the first business she has owned and that her business "is not large and her sales of Chanel jewelry have been small." [Doc. #38, at 11; Doc. #38-2, at 3]. She also argues

that because Plaintiff has sued Defendant personally, she will be personally liable for the full award. [Doc. #38, at 11]. Defendant argues that based on these factors, and the fact that she promptly ceased selling the accused goods upon receiving the Complaint, extenuating circumstances apply in this case. [Doc. #38, at 11].<sup>5</sup>

The Court finds that Defendant has not established that extenuating circumstances exist. Defendant has offered no evidence that she would be unable to support her family if treble damages and attorneys' fees are imposed. Although Defendant has argued that her business and her revenue from the counterfeit goods is small, the Court finds that such facts alone are insufficient to establish extenuating circumstances. As the Seventh Circuit Court of Appeals has noted, if small business owners were exempt from paying treble damages due to their size alone, Section 1117(b) would have little impact on counterfeiting because most counterfeiting is done by small retailers. Louis Vuitton S.A., 875 F.2d, at 588. Because detecting and obtaining an injunction against each and every violator is impossible, the treble damages provision of Section 1117(b) is appropriate to deter counterfeiters where simple damages would underdeter: "[T]he

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<sup>5</sup>Defendant claims that once she received the Complaint, she stopped selling the accused goods, took the pages mentioning Chanel off of her website, and pulled the accused goods from the floor of her Atlanta retail store. [Doc. #38-2, at 4; Doc. #35-4, at 18]. Defendant also contends that her sales records indicate that the last sale of Chanel branded goods at her store was on January 31, 2007, two days after she received the Complaint. [Doc. #38-2, at 4].

violator will know that he won't be caught every time, and merely confiscating his profits in the cases in which he is caught will leave him with a net profit from infringement." Id. The Court finds such reasoning persuasive here.

Finally, the Court does not find that Defendant is an "unsophisticated individual" as she contends. She has been running a commercial website as well as managing a retail store and its employees. In Louis Vuitton S.A., the Seventh Circuit found that two immigrants, who spoke little English and ran a small store, had not established extenuating circumstances where they had produced no evidence that the imposition of the award would prevent them from supporting their family. 875 F.2d, at 589-90. Defendant's case is therefore not an example of the "highly unusual circumstances" in which Congress intended to allow a court to depart from the award of treble damages and attorneys' fees under Section 1117(b). Plaintiff is entitled to reasonable attorneys' fees and three times the amount of damages or profits, whichever is greater. 15 U.S.C. § 1117(b).

C. Permanent Injunction

Plaintiff seeks a permanent injunction under 15 U.S.C. § 1116 enjoining Defendant from violating Plaintiff's intellectual property rights in the Chanel Marks. [Doc. #35, at 32-33]. Defendant does not oppose the entering of a permanent injunction. [Doc. #38, at 12]. A plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must show: 1) that it has suffered an irreparable injury, 2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury, 3)

that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted, and 4) that the public interest would not be disserved by a permanent injunction. Ebay Inc. v. Mercexchange, L.L.C., 547 U.S. 388, 391 (2006); Angel Flight of Georgia, Inc. v. Angel Flight America, Inc., 522 F.3d 1200, 1208 (11th Cir. 2008). Plaintiff contends that it will continue to suffer irreparable harm to its reputation and goodwill as long as Defendant continues to sell Chanel-branded items. [Doc. #35, at 33]. The Court finds that due to the fact that Defendant's goods and advertisements bear marks that are identical to the Chanel Marks, Plaintiff will suffer irreparable harm to its reputation or goodwill, for which no monetary relief is adequate, if future infringement occurs. Furthermore, the burden on the Plaintiff to re-litigate a case of infringement is much greater than the Defendant's ability to cease sales of the infringing goods. Finally, the public will not be disserved by such an injunction. See Angel Flight of Georgia, Inc., 522 F.3d at 1208-1209 (finding that the public has an interest in avoiding confusion from the use of similar marks). Plaintiff's request for a permanent injunction is therefore granted.

D. Remaining Defendants

Plaintiff has yet to serve the ten other defendants in this case, "Does 1-10." Given that the Court grants Plaintiff's motion for summary judgment as to Defendant Bryan, Plaintiff is directed to show cause within fifteen (15) calendar days of the date of this Order as to why its case against Does 1-10 should not be dismissed.

E. Investigative Fees, and Costs of the Action

Because a trial will be necessary to determine the appropriate amount of damages or profits to award, the Court will make a determination regarding the amount of attorneys' fees, including investigative fees, and costs of the action to be awarded at that time. A determination on these issues is currently premature.

IV. Conclusion

The Court has carefully reviewed the parties' filings. In summary, Plaintiff's motion for partial summary judgment as to Defendant Bryan is GRANTED IN PART. [Doc. #35].


The Court ORDERS that Defendant Bryan, her agents, representatives, servants, employees, and all those acting in concert or participation therewith, be ENJOINED from manufacturing or causing to be manufactured, importing, advertising or promoting, distributing, selling or offering to sell goods that bear the Chanel Marks; from infringing, counterfeiting, or diluting the Chanel Marks; from using the Chanel Marks in connection with the sale of any unauthorized goods; and from using any reproduction, counterfeit, copy, or colorable imitation of the Chanel Marks in connection with the publicity, promotion, sale, or advertising of any goods sold by Defendants.

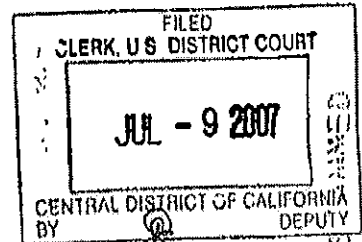
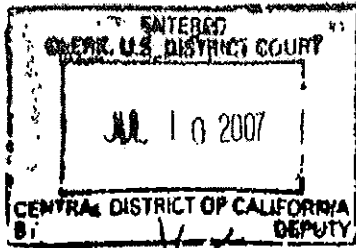
The Court will consider Plaintiff's request for attorneys' fees, investigative fees, and costs at the time that the award of damages is determined.

Plaintiff is hereby directed to show cause within fifteen (15) calendar days of the date of this Order as to why its allegations against Does 1-10 [Doc. #1] should not be dismissed.

Plaintiff and Defendant Bryan are DIRECTED to file a consolidated proposed pre-trial order as to all remaining issues within thirty (30) days of entry of this order.

SO ORDERED, this 18 day of November, 2008.

  
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ORINDA D. EVANS  
UNITED STATES DISTRICT JUDGE



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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

CHANEL, INC.,

Plaintiff,

vs.  
JATINDER PASRICHA SINGH and  
GURINDER SINGH aka HAPPY  
SINGH, individually and jointly, dba  
HANDBAGS BY HAPPY, dba  
HANDBAG BY HAPPY, dba  
HANDBAGSBYHAPPY.COM, dba  
HAPPY HANDBAG, aka HANDBAGS  
BY HAPPY, aka HANDBAG BY  
H A P P Y , a k a  
HANDBAGSBYHAPPY.COM, aka  
HAPPY HANDBAG; and DOES 1-10,

Defendant(s).

Case No. CV 05-4749-CAS (PJWx)

**ORDER GRANTING PLAINTIFF'S  
MOTION FOR SUMMARY  
JUDGMENT**

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**I. INTRODUCTION**

Plaintiff Chanel, Inc. ("Chanel") is in the business of manufacturing, distributing and selling women's apparel, including, but not limited to, sunglasses and leather goods. On June 29, 2005, Chanel filed a complaint against defendants Jatinder Pasricha Singh ("Jatinder Singh") and Gurinder Singh ("Gurinder Singh"), individually and jointly, dba Handbags by Happy, dba Handbag by Happy, dba Handbagsbyhappy.com, dba Happy Handbag, aka Handbags by Happy, aka Handbag by Happy, aka

1 Handbagsbyhappy.com, aka Happy Handbag (collectively, "Handbags by Happy"); and  
2 Does 1-10. Thereafter, on January 30, 2006, plaintiff sought to substitute defendant  
3 Jatinder Singh Pasricha in place of "Doe 1" and Jupitex California, Ltd. ("Jupitex") in  
4 place of "Doe 6."<sup>1</sup> Plaintiff alleges that defendants intentionally and fraudulently  
5 distributed and sold counterfeit goods bearing Chanel's federally registered trademarks  
6 Chanel and "CC" Monogram (collectively, "Chanel Marks"). Compl. ¶ 20.

7 Chanel asserts claims against defendants for (1) trademark counterfeiting and  
8 infringement, (2) false designation of origin, and (3) common law trademark  
9 infringement and unfair competition. Chanel alleges that defendants' products, namely,  
10 women's handbags and wallets bearing the interlocking "CC" monogram, are  
11 counterfeits and that they infringe the Chanel Marks in violation of section 32 of the  
12 Lanham Act, 15 U.S.C. § 1114, and section 43(a) of the Lanham Act, 15 U.S.C. §  
13 1125(a). Chanel also alleges that defendants used an interlocking "OO" monogram  
14 which was not stitched on the sides so that the unstitched portion could be cut away to  
15 resemble the interlocking Chanel "CC" monogram, and that such conduct evidences  
16 intentional trademark infringement and counterfeiting. See Ex. B1, Page 17 to  
17 Declaration of Jomaira Patricia Ortiz, Ex. C4, page 40 to Declaration of Robert Holmes,  
18 attached to this order.

19 Chanel finally alleges that defendants' actions violate California's common law  
20 of trademark infringement and unfair competition pursuant to California Business and  
21 Professions Code §§ 14330, 14335, 14340 and 17200 et seq.

22 Pursuant to 15 U.S.C. § 1117, Chanel asserts that it is entitled to elect to recover  
23 an award of statutory damages prior to a final judgment being entered. Accordingly, it

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25 <sup>1</sup> There appears to be no suggestion in the record that Jatinder Singh Pasricha and  
26 Jatinder Pasricha Singh are distinct individuals. To the contrary, the Court construes the  
27 addition of Jatinder Singh Pasricha as "Doe 1" as a precautionary attempt to be certain that  
28 defendant is properly named.



1 requests \$5,279,898 in statutory damages, as well as attorneys' fees and costs.

2 On September 15, 2005, a default judgment was entered against Gurinder Singh.  
3 On September 21, 2005, a default judgment was entered against Jatinder Singh. The  
4 default judgment against Jatinder Singh was vacated and set aside on October 15, 2006,  
5 and Jatinder Singh thereafter filed an answer to the complaint and a demand for a jury  
6 trial on October 28, 2005.

7 Chanel filed the present motion for summary judgment against Jatinder Singh and  
8 Jupitex on August 1, 2006. Jatinder Singh and Jupitex filed an opposition on May 17,  
9 2007. Chanel filed a reply thereto on May 14, 2007.<sup>2</sup> On May 14, 2007, the parties  
10 filed a stipulation, waiving oral argument.

## 11 II. LEGAL STANDARD

12 Summary judgment is appropriate where "there is no genuine issue as to any  
13 material fact" and "the moving party is entitled to a judgment as a matter of law." Fed.  
14 R. Civ. P. 56(c). The moving party has the initial burden of identifying relevant  
15 portions of the record that demonstrate the absence of a fact or facts necessary for one  
16 or more essential elements of each cause of action upon which the moving party seeks  
17 judgment. See Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986).

18 If the moving party has sustained its burden, the nonmoving party must then  
19 identify specific facts, drawn from materials on file, that demonstrate that there is a  
20 dispute as to material facts on the elements that the moving party has contested. See  
21 Fed. R. Civ. P. 56(c). The nonmoving party must not simply rely on the pleadings and  
22 must do more than make "conclusory allegations [in] an affidavit." Lujan v. National  
23 Wildlife Fed'n, 497 U.S. 871, 888 (1990); see also Celotex Corp., 477 U.S. at 324.

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24  
25 <sup>2</sup> Drafts of the opposition papers were previously provided to plaintiff's counsel,  
26 which accounts for the apparent confusion in the filing dates of the defendants' opposition  
27 and plaintiff's reply. Stip. Cont. Date for Filing Opp'n to Mot. of Pl. Chanel, Inc. for  
28 Summ. J. (filed May 14, 2007).

1 Summary judgment must be granted for the moving party if the nonmoving party “fails  
2 to make a showing sufficient to establish the existence of an element essential to that  
3 party’s case, and on which that party will bear the burden of proof at trial.” *Id.* at 322;  
4 see also Abromson v. American Pacific Corp., 114 F.3d 898, 902 (9th Cir. 1997).’”

5 In light of the facts presented by the nonmoving party, along with any  
6 undisputed facts, the Court must decide whether the moving party is entitled to  
7 judgment as a matter of law. See T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors  
8 Ass’n, 809 F.2d 626, 631 & n.3 (9th Cir. 1987). When deciding a motion for summary  
9 judgment, “the inferences to be drawn from the underlying facts . . . must be viewed in  
10 the light most favorable to the party opposing the motion.” Matsushita Elec. Indus. Co.  
11 v. Zenith Radio Corp., 475 U.S. 574, 587 (1986) (citation omitted); Valley Nat’l Bank  
12 of Ariz. v. A.E. Rouse & Co., 121 F.3d 1332, 1335 (9th Cir. 1997). Summary judgment  
13 for the moving party is proper when a rational trier of fact would not be able to find for  
14 the nonmoving party on the claims at issue. See Matsushita, 475 U.S. at 587.

### 15 III. DISCUSSION

16 Chanel has manufactured, distributed, promoted and sold high-quality  
17 merchandise, including women’s handbags and wallets, since the 1920’s. Declaration of  
18 Adrienne Hahn Sisbarro, July 21, 2006 (“Hahn Decl.”) ¶ 4. According to Chanel, its  
19 products are marketed via the internet and at Chanel boutiques and prestigious retail  
20 stores across the country, and are therefore on constant, direct display to consumers. *Id.*  
21 at ¶ 6. Chanel contends that because it has spent hundreds of millions of dollars to  
22 advertise and promote its goods extensively, the Chanel Marks have come to symbolize  
23 the enormous goodwill of Chanel’s products throughout the United States and the  
24 world. *Id.* at ¶¶ 6-7. Chanel further contends that no other manufacturer uses the  
25 Chanel Marks or any substantially similar marks, and that the Chanel Marks are vital to  
26 Chanel’s business because they represent the entire value of the company and its  
27 associated image. *Id.* at ¶¶ 6-8. Chanel argues that anytime third parties sell counterfeit  
28 goods bearing identical or substantially similar trademarks, it suffers irreparable harm to

1 its goodwill as well as a direct monetary loss. *Id.* at ¶ 8.

2 Chanel alleges it is the owner of the following federal trademark registrations,  
3 which are used in connection with the manufacture and distribution of, among other  
4 things, women's handbags and wallets:

5 Mark	Registration Number	Registration Date
6 Chanel	0,626,035	May 1, 1956
7 CC Monogram	1,314,511	January 15, 1985
8 Chanel	1,347,677	July 9, 1985
9 Chanel	1,733,051	November 17, 1992
10 CC Monogram	1,734,822	November 24, 1992
11 CC Monogram	1,654,252	August 20, 1991 <sup>3</sup>
12 Chanel	1,510,757	November 1, 1988

13 Compl. ¶ 11; Hahn Decl. ¶ 5.

14 Chanel alleges that the Chanel Marks have never been assigned or licensed to any  
15 of the defendants in this matter, and that defendants' alleged use of the Chanel Marks is  
16 without Chanel's consent or authorization. Compl. ¶¶ 14, 24. Chanel argues that  
17 defendants imported and/or manufactured, advertised and sold low-quality goods using  
18 the Chanel Marks, thereby confusing the consuming public. Compl. ¶ 21. Specifically,  
19 Chanel contends that defendants use the Chanel Marks by importing or manufacturing  
20 womens' handbags and wallets bearing either a counterfeit emblem that is identical to  
21 the Chanel monogram, or bearing an interlocking "OO" monogram, which, as noted  
22 above, is stitched so that it can be cut away to reveal an underlying "CC" mark that is  
23 identical to the Chanel monogram. Compl. ¶ 20.

24  
25 <sup>3</sup> These federal trademark registrations were included in plaintiff's complaint but  
26 did not appear in the declaration of Adrienne Hahn Sisbarro, the director of Legal  
27 Administration for plaintiff Chanel.

1 In support of its claims, Chanel submits trademark registrations and copies of  
2 each of the Chanel Marks to support its allegation that it is the owner of the  
3 aforementioned federal trademark registrations. Compl. ¶ 11, Ex. A. Chanel also  
4 submits declarations from the following individuals: Adrienne Hahn Sisbarro, Chanel's  
5 Director of Legal Administration ("Hahn Decl."); Robert Holmes ("Holmes Decl."), an  
6 officer of The Holmes Detective Agency, a private investigative firm retained by Chanel  
7 to investigate the suspected sale of counterfeit Chanel products by defendants; Jomaira  
8 Patricia Ortiz ("Ortiz Decl."), Kris Buckner ("Buckner Decl.") and Andrew Sweet  
9 ("Sweet Decl."), investigators for Investigative Consultants, Inc., a private investigative  
10 firm retained by Chanel to investigate the suspected sale of counterfeit Chanel products  
11 by defendants; and Larry Richards ("Richards Decl."), a detective with the Los Angeles  
12 Sheriff's department who participated in the search of multiple locations related to  
13 defendants' alleged sale of counterfeit Chanel goods and in the arrest of defendant  
14 Jatinder Singh. Chanel attaches various photographs to each declaration, including  
15 photographs of the allegedly counterfeited goods, the interlocking "OO" marks, the  
16 tools allegedly used to transform the interlocking cut-off "OO" marks into interlocking  
17 "CC" marks, and the boxes in which the goods were allegedly stored in the warehouse.  
18 Hahn Decl. Exs. 1; Ortiz Decl. Exs. 1-4; Holmes Decl. Exs. 1-4; Buckner Decl. Exs. 1;  
19 Sweet Decl. Exs. 1-4; Richards Decl. Exs. 1-4.

20 To support its contentions, Chanel relies on the undisputed fact that Jatinder  
21 Singh was the legal owner of Handbags by Happy, that he and his wife were the only  
22 two people using the desks in the office at the warehouse location where 10,000 pieces  
23 of counterfeit goods were stored, and that a container with handbags bearing the cut-  
24 away "OO" marks and addressed to Jupitex at Jatinder Singh's home address was sitting  
25 in the Port of Los Angeles. Plaintiff's Statement of Uncontroverted Facts ("PSUF") ¶¶  
26 35, 36, 39.

27 Defendant Jatinder Singh admits that he is the president and owner of Jupitex, but  
28 denies any involvement with the alleged counterfeiting and trademark infringement.

1 Defendants' Statement of Genuine Issues ("DSGI") ¶ 11. Jatinder Singh alleges that his  
2 cousin Gurinder Singh is solely responsible for the Handbags by Happy business, and  
3 that Jatinder Singh filed documents in his own name or in the name of Jupitex to aid his  
4 cousin Gurinder Singh, who allegedly was unable to file the paperwork for lack of a  
5 social security number. *Id.* ¶¶ 1-2. Defendants further assert that there is a genuine  
6 issue of material fact as to whether there is a likelihood of confusion with respect to the  
7 goods sold by Handbags by Happy. *Id.* ¶ 13. Apart from Jatinder Singh's declaration,  
8 defendants present no evidence substantiating these claims.

9 Chanel responds that Jatinder Singh's declaration denying involvement in any  
10 wrongful activity is insufficient to overcome the evidence that Chanel has presented in  
11 support of the motion for summary judgment. Reply at 2.

#### 12 **A. Count I: Trademark Counterfeiting and Infringement**

13 In its first claim, Chanel alleges trademark counterfeiting and infringement under  
14 15 U.S.C. 1114(1). Compl. ¶ 8. Under 15 U.S.C. § 1114(1), a defendant may be liable  
15 for trademark infringement if, without the consent of the registrant, a defendant uses in  
16 commerce any reproduction, counterfeit, copy or colorable imitation of a registered  
17 mark which "is likely to cause confusion, or to cause mistake, or to deceive." To  
18 establish a claim under 15 U.S.C. § 1114, a plaintiff must show (1) ownership of the  
19 mark, and (2) a likelihood of customer confusion. Brookfield Communications, Inc. v.  
20 West Coast Entm't Corp., 174 F.3d 1036, 1046 (9th Cir. 1999). Chanel contends that it  
21 owns the Chanel and CC Monogram marks by virtue of the trademark registrations.  
22 Defendants do not dispute the validity of the trademark registrations.

23 The Lanham Act protects consumers from deceptive claims about the nature and  
24 origin of products. 15 U.S.C. § 1114(1)(a) & (b) (use of mark violates Act if "likely to  
25 cause confusion, or to cause mistake, or to deceive"); 15 U.S.C. § 1125(a)(1) (false  
26 designation of origin violates Act if "likely to cause confusion, or to cause mistake, or  
27 to deceive"). Phillip Morris USA Inc. v. Shalabi, 352 F. Supp. 2d 1067, 1073 (C.D. Cal.  
28 2004). In the Ninth Circuit, eight factors are used to analyze the issue of likelihood of

1 confusion: (1) the strength of the mark; (2) the proximity or relatedness of the goods;  
2 (3) the similarity of the marks; (4) evidence of actual confusion; (5) the marketing  
3 channels used; (6) the type of goods and the degree of care likely to be exercised by the  
4 purchaser; (7) the defendant's intent in selecting the mark; and (8) the likelihood of  
5 expansion of the product lines. AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49  
6 (9th Cir. 1979). A district court need not consider each Sleekcraft factor, as the factors  
7 are merely "helpful guidelines." Eclipse Ass'n, Ltd. V. Data General Corp., 894 F.2d  
8 1114 (9th Cir. 1990).

9 1. Strength of the Mark

10 "A strong mark is inherently distinctive, for example, an arbitrary or fanciful  
11 mark; it will be afforded the widest ambit of protection from infringing uses."  
12 Sleekcraft, 599 F.2d at 349. A descriptive mark, which tells something about the  
13 product, will be protected only if the plaintiff shows secondary meaning.<sup>4</sup> Id. Between  
14 descriptive and distinctive marks lie suggestive marks, which subtly connote something  
15 about the products. Id. A suggestive mark can be protected without proof of secondary  
16 meaning. Id. According to Sleekcraft, the primary criterion is the "imaginativeness  
17 involved in the suggestion." Id. The Ninth Circuit further articulated the test in Rodeo  
18 Collection, Ltd. v. West Seventh, 812 F.2d 1215, 1218 (9th Cir. 1987), where it called  
19 for the application of an "imagination test" and a "need test" to determine the strength  
20 of a mark. The "imagination test" asks how much imagination a consumer must use to  
21 associate a given mark with the goods or services it identifies. Id. at 1218. The more  
22 imagination required, the stronger the mark is. Id. The "need test" focuses on the  
23 extent to which a mark is actually needed by competitors to identify their goods or  
24 services. Id.

25  
26 <sup>4</sup> Secondary meaning refers to the consumer's mental association of the mark with  
27 the source of the product. Miss World (UK), Ltd. v. Mrs. America Pageants, Inc., 856  
28 F.2d 1445, 1448 (9th Cir. 1988)

1 Chanel argues that a consumer must use a great deal of imagination to associate  
2 the Chanel Marks with the goods that the marks identify. Memorandum of Points and  
3 Authorities in Support of the Motion for Summary Judgment (“Pl.’s Memo”) at 5.  
4 Chanel further argues that competitors do not need to use those terms in describing the  
5 goods the competitors are selling and thus there is little need. Id. Therefore, Chanel  
6 argues, the Chanel Marks are arbitrary or fanciful and are afforded much protection  
7 from infringing uses. Id.

8 Chanel argues that, in the alternative, the Chanel marks are suggestive because  
9 they have acquired a secondary meaning. Id. Chanel credits this to its extensive  
10 investment of time, labor, skill and expense in developing and advertising the Chanel  
11 Marks, and asserts that as a result, the consuming public recognizes the Chanel Marks.  
12 Id. To support its claim that the marks have acquired a secondary meaning, Chanel  
13 points to its status as the source of some of the best selling luxury goods in the United  
14 States. Chanel further argues that since a suggestive mark can be protected without  
15 proof of secondary meaning, the Chanel Marks are protected even if they are not found  
16 to be arbitrary or fanciful. Id. at 5-6.

17 Defendants do not present any evidence to rebut the strength of the Chanel  
18 Marks. Opp’n at 5. However, defendants argue that since the mark is “merely 2 Cs  
19 together,” the marks may not be as strong as Chanel asserts. Id.

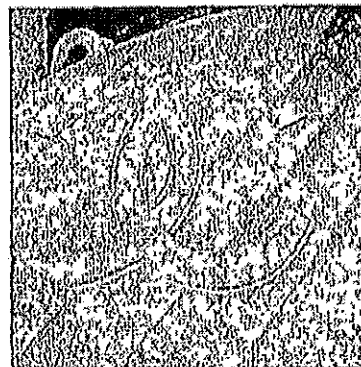
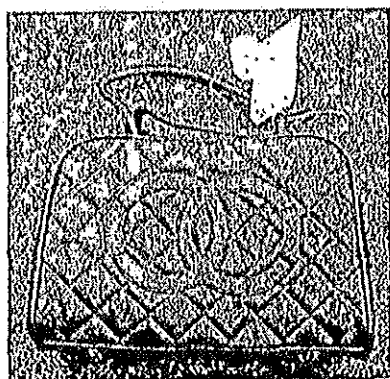
## 20 2. Proximity of the Goods

21 Chanel argues that, to the average consumer, defendants’ goods appear to be  
22 substantially similar to Chanel’s genuine products. Pl.’s Memo at 6. Chanel contends  
23 that this similarity is in appearance only, as the products that defendants allegedly  
24 imported, advertised and sold are of inferior quality and are not sponsored by Chanel.  
25 Id. Standing alone, Chanel argues, this similarity is sufficient to establish a likelihood  
26 of confusion. Id. Chanel presents as evidence photos of the defendants’ goods as well  
27 as renderings of the Chanel Marks. Compare Pl.’s Compl. at 4, Ex. A with Ortiz Decl.  
28 Ex. 1-4; Holmes Decl. Ex. 3; and Sweet Decl. Exs. 1-3.

1 Defendants dispute Chanel's contention that the defendants' goods appear to be  
2 substantially similar to Chanel's genuine products. Opp'n at 6. Defendants argue that  
3 the average consumer purchasing Chanel products would know the product well enough  
4 to realize he is not purchasing the genuine article, however, defendants do not offer  
5 evidence to support this argument. Id.

6 3. Similarity of the Marks

7 In considering the similarity of the marks, the marks must be evaluated in their  
8 entirety as they appear in the marketplace. Sleekcraft, 599 F.2d at 351. Where the  
9 goods are directly competitive, the degree of similarity of the marks required to show  
10 likelihood of confusion is less. Id. at 350. Chanel argues that defendants are using  
11 marks which are identical to the Chanel Marks, and present extensive evidence to  
12 support this allegation. Compare Pl.'s Compl. at 4, Ex. A with Ortiz Decl. Exs. 1-4;  
13 Holmes Decl. Ex. 3; and Sweet Decl. Exs. 1-3. Chanel alleges that, although the marks  
14 on defendants' goods look like interlocking "OO" marks, defendants designed the  
15 marks so that a portion of the "OO" mark which was not stitched onto the bags and  
16 wallets could be cut away to reveal the underlying Chanel "CC" mark. Pl.'s Memo at 6.  
17 Chanel also alleges that defendants' employees performed the cutting service for their  
18 customers, and supports this allegation with the declaration of the private investigator  
19 who, after purchasing defendants' goods, was offered the cutting service. Ortiz Decl. ¶  
20 8. Defendants' handbag with the "OO" mark is depicted in the left photograph below  
21 while the Chanel "CC" mark is depicted in the right photograph below.





1 Defendants concede that there is similarity in the appearance of the marks. Opp'n  
2 at 6.

3 4. Evidence of Actual Confusion

4 Chanel contends that actual confusion is unnecessary to establish infringement  
5 since the test is likelihood of confusion. Pl.'s Memo at 7 (citing Eclipse Association  
6 Ltd. v. Data General Corp., 894 F.2d 1114 (9th Cir. 1990)). Chanel further argues that  
7 under Sleekcraft, failure to prove actual confusion is not dispositive because of the  
8 difficulty in garnering such evidence. Id. (citing Sleekcraft, 599 F.2d at 352).  
9 Moreover, Chanel argues that, in 1962, Congress struck language in the Lanham Act  
10 which required confusion, mistake or deception of "purchasers as to the source of origin  
11 of such goods and services." Id. Chanel contends that several courts have noted this  
12 expansion of the test of infringement and have held that it supports a finding of  
13 infringement when even non-purchasers are deceived. Id. (citing McCarthy, Thomas J.,  
14 McCarthy on Trademarks and Unfair Competition, Vol. 3, Sec. 23.7 (West 4th Ed.  
15 2001); Rolex Watch U.S.A., Inc. v. Canner, 645 F. Supp. 484 (S.D. Fla. 1986). See also  
16 United States v. Hon, 904 F.2d 803 (2d Cir. 1990), cert. denied, 498 U.S. 1069 (1991)  
17 (The "likely to confuse" standard is not limited to purchasers or potential purchasers but  
18 also includes the general public)). Chanel cites to additional authority for the  
19 proposition that the Lanham Act was intended to protect a company's reputation as well  
20 as protecting consumers at the point of sale. Pl.'s Memo at 8 (citing Ferrari S.p.A.  
21 Esercizio Fabriche Automobili E Corse v. Roberts, 944 F.2d 1235 (6th Cir. 1991)).

22 Although it does not provide evidence of confusion, Chanel asserts that it is  
23 obvious that consumers purchasing and viewing defendants' goods, especially in a post-  
24 sale setting, would be actually confused since the goods bear the Chanel Marks. Pl.'s  
25 Memo at 7. Chanel argues that such post-sale confusion is actionable. Id.; Academy of  
26 Motion Picture Arts & Sciences v. Creative House Promotions, Inc., 944 F. 2d 1446  
27 (9th Cir. 1991) (finding infringement, reasoning that while the original purchaser of  
28 OSCAR look-alike award would know it is not a genuine OSCAR, a secondary

1 audience of viewers might assume the award was somehow associated with the Oscar).

2 Defendants emphasize the lack of evidence showing actual confusion and assert  
3 that actual confusion is "unlikely given the nature of the stores where the products are  
4 being sold, the relative pricing and the sophisticated consumer base who purchase  
5 Chanel products." Opp'n at 6. Defendants provide no evidence to demonstrate a lack  
6 of actual confusion by consumers or in the post-sale market.

#### 7 5. Marketing Channels Used

8 Convergent marketing channels increase the likelihood of confusion. Sleekcraft,  
9 599 F. 2d at 353. Chanel argues that defendants are marketing their goods to the same  
10 retail consumer base and using at least two identical marketing channels as Chanel,  
11 retail stores and an internet website. Pl.'s Memo at 8. Chanel relies on declarations  
12 from Chanel employee Adrienne Hahn, private investigator Patricia Ortiz and private  
13 investigator Robert Holmes as evidence that defendants imported, advertised and sold  
14 their products through a retail store and an internet site. See Hahn Decl. ¶ 9; Ortiz Decl.  
15 ¶¶ 4, 7, 8, 10; Holmes Decl. ¶ 4, 7.

16 Defendants argue that the differences in location, prestige and pricing are obvious  
17 and make the defendants' marketing channels distinct from those used by Chanel.  
18 Opp'n at 6. Defendants assert that there is a significant difference between a prestigious  
19 Chanel boutique or department store selling genuine goods at high prices and a retail  
20 store in downtown Los Angeles selling different goods at much lower prices. DSGI ¶  
21 15. Defendants present no evidence to support this assertion.

#### 22 6. Type of Goods and Degree of Care Likely to be Exercised by a 23 Purchaser

24 The greater the price of a product, the more careful the typical potential purchaser  
25 is expected to be, thereby reducing the likelihood of confusion. See McGregor Doniger,  
26 Inc., v. Drizzle, Inc., 599 F. 2d 1126 (2d Cir. 1979). Chanel argues that since the  
27 defendants' goods are relatively inexpensive products, consumers may not spend a great  
28 deal of time selecting them and may therefore not use a high degree of care in selecting

1 them. Pl.'s Memo at 9. Chanel further argues that a detailed analysis of defendants'  
2 finished counterfeit products by a consumer in a post-sale setting would not reveal that  
3 they are distinguishable from Chanel's genuine goods since the trademarks being used  
4 are identical or altered to be identical to the Chanel Marks. Id. Chanel presents as  
5 evidence the renderings of the trademarked Chanel Marks and the photos of the  
6 defendants' goods. Compare Pl.'s Compl. at 4, Ex. A with Ortiz Decl. Exs. 1-4; Holmes  
7 Decl. Ex. 3; and Sweet Decl. Exs. 1-3.

8 Defendants argue that a consumer who intends to purchase a genuine Chanel  
9 article would use a great deal of care. Opp'n at 7. Defendants present no evidence in  
10 support of this proposition, although it is clear that a consumer seeking to purchase a  
11 genuine Chanel would likely purchase it at a high end department store or at a Chanel  
12 boutique.

#### 13 7. Defendants' Intent in Selecting the Marks

14 Chanel argues that defendants intentionally copied the Chanel Marks for the  
15 purpose of (1) deriving the benefit of Chanel's reputation, and (2) defrauding the public.  
16 Pl.'s Memo at 9. Chanel asserts that an intent to deceive the public may be presumed  
17 when an infringer knowingly adopts a mark similar to another's. Pl.'s Memo at 10; See  
18 Official Airline Guides, Inc. v. Goss, 6 F.3d 1385, 1392 (9th Cir. 1993). Chanel  
19 contends that since defendants knowingly used the Chanel Marks, they are presumed to  
20 have attempted to deceive the public. Id. Further, Chanel argues that defendants' intent  
21 to deceive the public is strong evidence of a likelihood of confusion. Id. (citing Contra  
22 Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, n.11 (9th Cir.  
23 1998)).

24 Chanel further alleges that defendants acted with willful blindness to or reckless  
25 disregard for Chanel's trademark rights. Pl.'s Memo at 10. Chanel cites as evidence the  
26 declaration from Jomaira Patricia Ortiz detailing Ortiz's visit to defendants' retail store,  
27 Handbags by Happy. See Ortiz Decl. ¶ 4. During the visit, Ortiz spoke with Gurinder  
28 Singh, who showed her handbags and wallets bearing the cutaway "OO" mark and told

1 her she could cut off the portions of the "OO" mark which were not stitched down to  
2 make the item resemble the "CC" Monogram. *Id.* ¶ 5. During a subsequent visit  
3 Gurdiner Singh allegedly offered to do the cutting for Ms. Ortiz. *Id.* ¶ 8. Chanel further  
4 argues that evidence of defendants' intent to capitalize from the reputation and goodwill  
5 of the Chanel Marks is the apparently large inventory of finished and unfinished goods  
6 seized on June 29, 2005, during the criminal seizure of the defendants' retail store,  
7 warehouse, Gurinder Singh's home and car.<sup>5</sup> Declaration of Kris Buckner, July 21,  
8 2006 ("Buckner Decl.") ¶¶ 6, 8, 10 and Ex. 1.

9 Defendants dispute that they intended to deceive the public because Gurinder  
10 Singh allegedly informed the customers that the interlocking "OO" marks could be cut  
11 away to reveal an interlocking "CC" monogram. Opp'n at 7. Since Gurinder Singh  
12 willingly shared this information, defendants contend, there is no evidence of an intent  
13 to fool the customer. *Id.* Defendants do not respond to Chanel's assertions that they  
14 intended to derive the benefit of Chanel's reputation.

#### 15 8. Likelihood of Expansion of the Product Lines

16 A strong possibility that either party may expand his business to compete with the  
17 other will weigh in favor of finding that the present use is infringing. *Sleekcraft*, 599  
18 F.2d 341 at 354. Chanel argues that since it already distributes products similar to those  
19 being sold by defendants, analysis of this factor is unnecessary. Pl.'s Memo at 12.

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21 <sup>5</sup> "Finished" handbags and wallets refer to handbags and wallets on which the  
22 emblem bearing the Chanel Marks has already been affixed. According to Kris Buckner's  
23 declaration, Los Angeles Sheriffs seized 11 finished handbags, 1,285 unfinished handbags,  
24 23 finished wallets and 159 unfinished wallets from the defendants' retail store Handbags  
25 by Happy. Buckner Decl. ¶ 6. Sheriffs also seized 2,953 Chanel emblems, 3111 No. 5  
26 emblems, 229 finished handbags, 2,307 stamped tags, 3,782 unfinished handbags, 73  
27 finished wallets and 980 unfinished wallets from defendants' warehouse, where Jatinder  
28 Singh's office was located. *Id.* ¶ 10. During the inspection of Gurinder Singh's car, 880  
Chanel emblems and four unfinished handbags were seized. *Id.* ¶ 8.

1 There is no evidence in the record that either party is diversifying its product lines to  
2 compete with the other, only the ongoing competition. The Court therefore agrees with  
3 plaintiff that it need not consider this factor.

4 The Court concludes that plaintiff's mark is strong, and plaintiff's and  
5 defendants' marks are sufficiently similar to create a likelihood of confusion. In  
6 particular, the cut-away "OO" marks, when transformed into "CC" marks, are  
7 sufficiently similar to the Chanel Marks to create confusion in the marketplace. Further,  
8 the evidence shows that in addition to cut-away "OO" marks, defendants had actual  
9 counterfeit "CC" emblems which could create confusion both in the marketplace and in  
10 the purchaser of the good. Although defendants may be accurate in contending that the  
11 actual purchaser of defendants' goods may not be confused given the location of  
12 defendants' retail store, this assertion is not dispositive. Others in the marketplace  
13 could easily mistake defendants' goods for genuine Chanel products, which, given their  
14 inferior quality, compromise the integrity of Chanel's trademark in the marketplace and  
15 impairs the brand as a status symbol. Moreover, the lack of evidence of actual  
16 confusion or intent to infringe by defendants does not affect the balance of the factors.  
17 Defendants have not provided sufficient evidence to establish that a genuine issue of  
18 material fact exists as to the question of whether defendants infringed the Chanel Marks  
19 as required in order to survive summary judgment. For these reasons, the Court  
20 concludes that the balance of the Sleekcraft factors favors a finding of likelihood of  
21 confusion.  
22

23  
24  
25 As discussed above, Jatinder Singh admits being the president and owner of  
26 Jupitex. DGSI ¶ 11. He further admits to filing documents in his name or in the name  
27 of Jupitex, but alleges that he did so only to facilitate the operation of Handbags by  
28

1 Happy on behalf of his cousin Gurinder Singh, who allegedly could not file the required  
2 paperwork for lack of a social security number.<sup>6</sup> Id. ¶ 2. Jatinder Singh alleges that his  
3 cousin Gurinder Singh is solely responsible for the Handbags by Happy business,  
4 including its retail store (located at 1210 East 12th Street, Los Angeles, 90015),  
5 warehouse (located at 1151 South Los Angeles Street, Los Angeles, 90015), and  
6 shopping website. Id. ¶ 1. Defendants argue that at no time was Jatinder Singh or  
7 Jupitex actually an owner of Handbags by Happy, notwithstanding what was indicated  
8 on the “governmental papers” signed by Jatinder Singh and/or Jupitex as the owner of  
9 Handbags by Happy. Id. ¶ 4. Jatinder Singh denies any involvement with or knowledge  
10 of the alleged counterfeiting and trademark infringement. Id. ¶¶ 8, 11. Jatinder Singh  
11 states that he was not a manager or an employee of Handbags by Happy, and had no  
12 control over the operation of that company’s business. Id. ¶¶ 6-7. Jatinder Singh admits  
13 to maintaining a desk in the office in the Handbags by Happy warehouse, but contends  
14 that his activities in the warehouse concerned a part-time matrimonial service business  
15 and were unrelated to the sale of goods by Handbags by Happy. Id. ¶ 9. He admits that  
16  
17  
18  
19

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20 <sup>6</sup> The documents that Jatinder Singh filed in his name or the name of Jupitex,  
21 allegedly on behalf of his cousin, include: business sellers’ permits from the California  
22 Board of Equalization (Deposition of Jatinder Pasricha Singh (“Jatinder Singh Depo.”),  
23 April 5, 2006 at 44); documents reflecting Jupitex as a consignee of incoming goods  
24 and/or Jatinder Singh’s home address as the consignee address of incoming goods  
25 (Richards Decl. ¶ 10 Ex. 2; Jatinder Singh Depo. at 127); an application for a line of credit  
26 listing Jatinder Singh as president of Handbags by Happy (Richards Decl. ¶ 14 Ex. 3);  
27 bank account records reflecting Jupitex or Jatinder Singh as the account holder (Jatinder  
28 Singh Decl. ¶ 4); and fictitious name registrations (Holmes Decl. ¶ 5 Ex. 2). Jupitex  
claimed the revenues of Handbags by Happy on its tax returns (Jatinder Singh Depo. at 77-  
78).

1 he accepted incoming goods and packages addressed to him or Jupitex at his home, but  
2 contends he did so on behalf of his cousin Gurinder Singh. Id. ¶ 10. Jatinder Singh  
3 further alleges that he was unaware that any of the goods sold by Handbags by Happy  
4 were counterfeit goods until his arrest on July 7, 2005. Id. ¶ 8. Finally, defendants  
5 assert that there is a genuine issue of material fact as to whether there is a likelihood of  
6 confusion with respect to the goods sold by Handbags by Happy. Id. ¶ 13. Apart from  
7 Jatinder Singh's declaration, defendants present no evidence substantiating these  
8 claims.  
9

10 Courts have held that the Lanham Act imposes strict liability for trademark  
11 infringement. Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc., 453 F.3d 377 (6th  
12 Cir. 2006) (sellers bear strict liability for violations of the Lanham Act and a defendant  
13 cannot be excused from liability due to ignorance); see also 15 U.S.C. § 1114(a); 15  
14 U.S.C. § 1125(a). Similarly, intent to engage in an unlawful business practice is not an  
15 element in the California state trademark infringement statutes, which impose strict  
16 liability. Cal. Bus. & Prof. Code §17200; Hewlett v. Squaw Valley Ski Corp., 54 Cal.  
17 App. 4th 499, 520 (Cal. Ct. App. 1997). Hence, Jatinder Singh's claims that he was  
18 unaware that the goods were illegal do not raise a genuine issue of material fact. By  
19 Jatinder Singh's own admission, he and Jupitex were listed as the legal owners of  
20 Handbags by Happy. They are therefore strictly liable to Chanel for the injuries caused  
21 by their illegal activity.  
22  
23

24 Even if the Lanham Act did not impose strict liability for violations, there is  
25 significant undisputed evidence in the record from which the Court may determine that  
26 defendants intended to engage in activity that was likely to cause confusion and thus  
27  
28

1 constitute trademark infringement. The record reflects that Jatinder Singh was the legal  
2 owner of Jupitex. Holmes Decl. ¶ 6. Jatinder Singh signed and filed a fictitious  
3 business name statement for Handbags by Happy, indicating the business was a general  
4 partnership and listing Gurinder Singh as a co-registrant. Holmes Decl. ¶ 5, Ex. 2. A  
5 container in the port of Los Angeles containing counterfeit goods listed Jupitex as the  
6 consignee and was addressed to Jatinder Singh's home address. Jatinder Singh Depo.  
7 at 91, 127. A letter dated June 24, 2005 regarding the contents of the container bore  
8 Jatinder Singh's signature and was faxed to U.S. Customs on behalf of Jupitex.  
9 Richards Decl. ¶ 10, Ex. 3. As per Jatinder Singh's deposition testimony, he and his  
10 wife were the only people who used the two desks in the warehouse, where more than  
11 10,000 pieces of defendants' counterfeit goods were stored and where defendants cut  
12 away the "OO" marks into "CC" marks. Jatinder Singh Depo. at 53:8-9; 55:15 - 56:18.  
13  
14 The very nature of the interlocking "OO" monogram appears to be an attempt by  
15 defendants to evade prosecution for trademark infringement, even though defendants  
16 freely instructed purchasers of their goods on how to transform the "OO" mark into the  
17 trademarked "CC" monogram. Ortiz Decl. ¶¶ 5-9. During the search of Jatinder Singh's  
18 home, officers from the Los Angeles Sheriff's department discovered a copy of a  
19 Goodman Factor, Ltd. application for a line of credit for Handbags by Happy filled out  
20 by Jatinder Singh in his own handwriting. Richards Decl. ¶ 14, Ex. 3. Furthermore,  
21 Jupitex claimed the revenues of Handbags by Happy on its federal income tax returns.  
22 Jatinder Singh Depo. at 77:13 - 78:24; Jatinder Singh Decl. ¶ 4. With this undisputed  
23 evidence, the Court concludes that defendants intended to engage in activities that  
24 violated Chanel's trademarks.  
25  
26  
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28



1 In light of the foregoing, the Court concludes that summary judgment is  
2 appropriate. Plaintiffs have met their burden to show that defendants infringed Chanel's  
3 trademarks by importing and selling goods bearing the Chanel Marks. Defendants have  
4 not raised a genuine issue of material fact to rebut the claim of trademark infringement.  
5 To defeat summary judgment, a nonmoving party must do more than make "conclusory  
6 allegations," such as those found in the sole piece of evidence offered by defendants,  
7 Jatinder Singh's declaration. Lujan, 497 U.S. at 888; see also Celotex Corp., 477 U.S.  
8 at 324. Plaintiff's motion for summary judgment is therefore GRANTED on its first  
9 claim of trademark infringement.  
10

11 **B. Count II: False Designation of Origin**

12 Chanel's second claim is for false designation of origin pursuant to 15 U.S.C. §  
13 1125(a). Pl.'s Memo at 12. Chanel argues that under the Lanham Act, the ultimate test  
14 for false designation of origin is whether the public is likely to be deceived or confused  
15 by the similarity of the marks. Id. at 13 (citing Smith v. Chanel, Inc., 402 F. 2d 562 (9th  
16 Cir. 1968); Hesmer Foods, Inc. v. Campbell Soup Co., 346 F. 2d 356, 359 (7th Cir.  
17 1965), cert. denied 371 U.S. 839 (1965); Quabaug Rubber Co. v. Fabiano Shoe Co., 567  
18 F.2d 154 (1st Cir. 1977)); U.S.C. § 1125(a)(1). Chanel asserts that the "likelihood of  
19 confusion" test for false designation of origin is identical to the test for trademark  
20 infringement under the Lanham Act.  
21  
22

23 Defendants do not address Chanel's second count for false designation of origin  
24 in their opposition to the motion for summary judgment.  
25

26 In analyzing whether a defendant has violated 15 U.S.C. § 1125(a), the Court  
27 applies the same likelihood of confusion test employed for determining trademark  
28

1 infringement pursuant to 15 U.S.C. § 1114. Autozone, Inc. v. Tandy Corp., 373 F.3d  
2 786, 791-92 (6th Cir. 2004). Further, such claims are subject to the strict liability  
3 standard set forth in the Lanham Act. 15 U.S.C. § 1125(a). The Court therefore  
4 GRANTS summary judgment on plaintiff's second claim.

5 **C. Count III: Common Law Trademark Infringement and Unfair**  
6 **Competition**

8 Chanel also alleges a claim for state and common law trademark infringement and  
9 unfair competition pursuant to California Business & Professions Code § 17200.

10 Chanel argues that the elements of California state claims for trademark infringement  
11 and unfair competition are substantially similar to those of comparable federal claims  
12 because each requires establishing that the defendant is using a mark confusingly  
13 similar to a valid, protectable trademark of the plaintiff. Brookfield Communications,  
14 174 F.3d 1045 (9th Cir. 1999); Clearly v. News Corp., 30 F.3d 1255 (9th Cir. 1994);  
15 Mallard Creek Industries, Inc. v. Morgan, 56 Cal. App. 4th 426, 438 (Cal.Ct. App.  
16 1997) ("The ultimate test for unfair competition is exactly the same for trademark  
17 infringement: whether the public is likely to be deceived or confused by the similarity of  
18 the marks.").

21 Defendants do not address Chanel's third claim for state and common law  
22 trademark infringement and unfair competition in their opposition to the motion for  
23 summary judgment.

25 Analysis of state claims for trademark infringement and unfair competition are  
26 substantially similar to those under the Lanham Act. Clearly, 30 F.3d at 1262-63.  
27 Moreover, California Business & Professions Code § 17200 does not require an intent  
28

1 to engage in unlawful behavior. Hewlett, 54 Cal. App. 4th at 520. In light of the  
2 Court's finding that defendants violated 15 U.S.C. §§ 1114(1) and 1125(a), the Court  
3 concludes that defendants also violated California Business and Professions Code §  
4 17200 and are strictly liable to plaintiffs. Plaintiffs' motion for summary judgment on  
5 its third claim is therefore GRANTED.

#### 6 7 **IV. REMEDIES**

##### 8 **A. Permanent Injunction**

9 Chanel argues that defendants should be permanently enjoined from infringing  
10 any of plaintiff's trademarks, even those not at issue in this case, because the risk of  
11 infringement is likely due to strong consumer demand for plaintiff's products.<sup>7</sup> Pl.'s  
12 Memo at 14. Chanel contends that it will continue to suffer irreparable injury to its  
13 reputation and goodwill if defendants are allowed to return to their counterfeiting  
14 activities. Id. Chanel relies on Rodeo Collection, Ltd. v. West Seventh, 812 F.2d 1215  
15 (9th Cir. 1987), for the proposition that irreparable harm is presumed once a plaintiff  
16 has established a likelihood of confusion, thus warranting a permanent injunction. Id.  
17 Chanel further argues that a finding of irreparable harm is "virtually always made in a  
18 case such as this, where the Plaintiff has demonstrated that it will lose control of its  
19 reputation as a result of the Defendants' activities." Id. (citing Power Test Petroleum  
20 Distributors, Inc. v. Calcu Gas, Inc., 754 F.2d 91 (2d Cir. 1985)).

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22  
23 Defendants argue that Chanel has not made any showing, to the extent there has

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25  
26 <sup>7</sup> Chanel notes that earrings, necklaces, sunglasses, sunglass cases, tags and  
27 emblems unattached to any goods were also found during the June 29, 2005 seizure.  
28 Chanel does not include these items in its calculation for damages but does include them  
in its request for injunctive relief. Pl.'s Memo at 19.

1 been infringement on its trademarks, that infringement will continue to occur. Opp'n at  
2 8. Defendants also assert that there has been no showing of irreparable harm in the  
3 moving papers, and contends that Chanel's argument that it will lose control of its  
4 reputation as a result of defendants activities is "nonsensical at best." *Id.* Finally,  
5 defendants argue that there is a triable issue with respect to the need for equitable  
6 remedies.  
7

8 The Court concludes that Chanel has made an appropriate showing that  
9 infringement may occur in the future. The record contains no evidence that Gurinder  
10 Singh and Jatinder Singh are in custody or are no longer in business; therefore, there is a  
11 substantial likelihood that they may infringe again. The Court therefore GRANTS  
12 plaintiff's request for a permanent injunction.  
13

#### 14 **B. Statutory Damages**

15 Chanel contends that, pursuant to 15 U.S.C. §1117(c), a plaintiff may elect an  
16 award of statutory damages at any time before final judgment is rendered in the sum of  
17 not less than \$500, nor more than \$100,000 per counterfeit mark, per type of goods.  
18 Pl.'s Memo at 15; 15 U.S.C. §1117(c). Chanel further contends that a court may impose  
19 damages up to \$1,000,000 per infringement if it finds that defendants' counterfeiting  
20 activities were willful. *Id.*, 15 U.S.C. §1117(c)(2). According to Chanel, defendants  
21 have not produced any records reflecting sales and profits, and thus defendants' profits  
22 or the actual damage to Chanel cannot be calculated. *Id.* at 15. Chanel argues that in  
23 light of the alleged large quantity of counterfeit products advertised and sold by  
24 defendants, the significant number of federal registrations defendants were infringing,  
25 the inference that Chanel's limited investigation did not capture the full scale of  
26 defendants operation, and the lack of documentation of defendants' sales, defendants'  
27  
28

1 profits would be almost impossible to ascertain and thus an award of statutory damages  
2 is proper. Id.

3 Chanel further argues that it is entitled to enhanced damages based upon  
4 defendants' allegedly willful counterfeiting. Chanel contends that Congress enacted the  
5 statutory damages remedy in trademark counterfeiting cases because evidence of a  
6 defendant's profits in such cases is almost impossible to ascertain. Id. at 16 (citing S.  
7 REP. NO. 104-177, pt. V(7)(1995) (discussing purposes of Lanham Act statutory  
8 damages)). Chanel argues that defendants' desire and purpose to trade upon Chanel's  
9 goodwill is clear because defendants sold goods using marks which are identical or  
10 altered to be identical to the Chanel Marks. Id. at 17. Chanel cites the declaration of  
11 Jomaira Patricia Ortiz as evidence to support the contention that defendants had full  
12 knowledge of Chanel's ownership of the Chanel Marks and that they were aware that  
13 the products they imported, advertised and sold were non-genuine.<sup>8</sup> Id. Chanel further  
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17  
18 <sup>8</sup> In her declaration, Ortiz testified that on June 20, 2005, she visited the retail  
19 Handbags by Happy location at 110 East 12th Street, Los Angeles, California, 90015, and  
20 engaged in conversation with Gurinder Singh, Jatinder Singh's cousin. Ortiz Decl. ¶ 5.  
21 Ortiz testified that Gurinder told her that if she cut the sides where the stitches were on the  
22 interlocking "OO" marks, they become interlocking "CC" marks and the item would then  
23 be a Chanel item. Id. Ortiz further testified that Gurinder told her the store would be  
24 receiving a shipment the following week that would contain Chanel goods which could  
25 be cut away to create the "CC" marks. Id. Ortiz stated that later that day she visited the  
26 Handbags by Happy website at HandbagsByHappy.com, where she observed several  
27 handbags displayed for sale that were described as being inspired by Chanel and bore the  
28 cut away "OO" marks. Id. ¶ 7. On June 21, 2005, Ortiz returned to the retail location and  
purchased four handbags. Id. ¶ 9. When Ortiz asked Gurinder how to cut away the "OO"  
marks to transform them into "CC" marks, he offered to have them cut for her. Id. ¶ 8.  
The store contained approximately 100 generic handbags (handbags that bore no emblem)  
for sale. Id. ¶ 5. In reference to the generic handbags, Gurinder stated that they did not  
come with the Chanel "OO" but that he attaches a Chanel emblem, and proceeded to show

(continued...)

1 argues that defendants acted in concert and should be held jointly and severally liable.  
2 Id. at 17. Based on the large quantity of counterfeit products and amount of time<sup>8</sup> over  
3 which defendants conducted their illegal activities, and to ensure they do not continue  
4 their infringement, Chanel seeks a significant statutory damage award. Id. at 17-18.  
5 Chanel asserts that Sara Lee Corp. v. Bags of New York, Inc. can be read to assert that  
6 there need not be a mathematical relationship between the size of a statutory award  
7 under §1117(c) and the profitability of the defendant's wrongful activity because the  
8 purpose of the statute is to compensate the injured, to deter other infringers, and to  
9 redress wrongful conduct. Id. at 18; Sara Lee, 36 F. Supp. 2d 156 (citing Gucci AM,  
10 Inc. et al. v. Gold Ctr. Jewelry, et al., 997 F. Supp. 399, 404 (S.D. N.Y. 1998)). Chanel  
11 further contends that statutory damages is appropriate even when no actual damages can  
12 be proven. Pl.'s Memo at 18 (citing Sara Lee, 36 F. Supp. 2d at 166); see also Playboy  
13 Enters., Inc. v. Universal Tel-A Talk, Inc., 1998 U.S. Dist. LEXIS 17282 (D. Pa. Nov. 3,  
14 1998) (defendants had no profits and plaintiff failed to prove actual damages but  
15 plaintiffs may nevertheless elect to recover statutory damages).  
16  
17

18  
19 Chanel contends that, if the Court were awarding actual damages pursuant to 15  
20 U.S.C. § 1117(a), defendants' profits would be an appropriate measure. Absent  
21 evidence from defendants, Chanel calculates defendants' profits by assuming they  
22 turned an inventory of 5,311 handbags at \$22 and 1236 wallets at \$15 each month for  
23 27 months (June 30, 2003, the date on which Handbags by Happy first filed as a  
24 fictitious business name, to September 7, 2005, the date the second defendant was  
25 served with the Complaint in this matter). Pl.'s Memo at 19-20. Chanel then assumes a  
26

27  
28 <sup>8</sup>(...continued)

Ortiz how he affixes the emblems. Id.

1 profit of 60% to estimate a total profit of \$1,759,966. Id. at 20. Chanel argues that,  
2 pursuant to §1117(b), the award would be subject to mandatory trebling because the  
3 defendants' conduct was intentional, arriving at a figure of \$5,279,898 in its calculation  
4 of actual damages. Id. Chanel then contends that an equivalent amount would  
5 constitute a reasonable statutory damage award pursuant to §1117(c). Id. According to  
6 Chanel's calculation, this requested damage amount equates to \$377,135.57 per  
7 registered mark counterfeited (seven) per type of goods (two). Id. Chanel contends that  
8 this amount is reasonable in light of the number of items being sold by defendants, the  
9 possibility that Chanel's investigation did not reveal the entire scope of defendants'  
10 counterfeiting activities, and defendants' alleged disregard for Chanel's exclusive rights  
11 to use the Chanel Marks. Id. at 21.

12  
13  
14 Defendants argue that the amount of appropriate statutory damages varies greatly  
15 based on the evidence, and therefore it is inappropriate to be decided as a matter of law.  
16 Opp'n at 8. Further, defendants dispute the willfulness of the alleged counterfeiting,  
17 citing to Jatinder Singh's declaration as evidence that he did not willfully or knowingly  
18 counterfeit. Id. at 9. Defendants argue that, if the Court should decide that enhanced  
19 damages are appropriate, it is a matter which needs to be tried along with other factors  
20 which would be used to determine an appropriate award of enhanced damages. Id.

21  
22 The Court concludes that plaintiff is entitled to the full measure of damages it  
23 requested. The Court therefore awards statutory damages to plaintiff in the amount of  
24 \$5,279,898.

### 25 26 **C. Attorneys' Fees and Costs**

27 Chanel contends that it is entitled to recovery of reasonable attorneys' fees  
28 pursuant to 15 U.S.C. § 1117(b) in the amount of \$27,999.96 and asserts that attorneys'

1 fees are mandatory upon finding intent and knowledge.<sup>9</sup> Pl.'s Memo at 22 (citing Fendi  
2 S.a.S.di Paola v. Cosmetic World, 1 U.S.P.Q.2d 1508, 1511 (S.D.N.Y. 1986)); 15  
3 U.S.C. § 1117(b). Chanel contends that the Court may limit such recovery only if  
4 extenuating circumstances are pled as an affirmative defense, but asserts here that no  
5 affirmative defense was pled by defendants. Pl.'s Memo at 22 (citing Louis Vuitton  
6 S.A. v. Pun Yan Lee, 875 F.2d 584, 588 (7th Cir. 1989)). Chanel further requests  
7 investigative charges in the amount of \$42,582.77, which it contends are recoverable  
8 under the Lanham Act. Id. (citing Fila U.S.A. v. RunRun Trading Co., 1996 U.S. Dist.  
9 LEXIS 6893 (S.D.N.Y. 1996); Louis Vuitton S.A. v. Downtown Luggage Center, 706 F.  
10 Supp. 839, 842 (S.D. Fla. 1988); see also the Joint Statement on Trademark  
11 Counterfeiting: "to the extent that an investigator acts under the direction of an attorney  
12 . . . his or her fees may be recovered by a prevailing plaintiff as part of an award of  
13 attorney fees." 130 CONG. REC. H12083 (October 10, 1984)). Chanel finally requests  
14 costs in the amount of \$1,126.92. Pl.'s Memo at 23.

17 Defendants dispute plaintiff's claim that intent and knowledge can be found.  
18 Opp'n at 9; DSGI ¶ 11. Defendants submit that the matter of attorney fees and costs  
19 would raise a triable issue as to their reasonableness. Opp'n at 9. However, Chanel has  
20 submitted declarations of its counsel, maintained in the ordinary course of their  
21 business, stating that the rates charged by counsel are customary in the Los Angeles  
22 legal community. Based on this evidence, the Court awards plaintiffs' counsel its  
23

25  
26 <sup>9</sup> Counsel for plaintiff spent 83.49 hours in this case in connection with investigative  
27 oversight, litigation and settlement discussions. Pl.'s Memo at 22. Plaintiff's counsel  
28 charged the rates of \$325 (Lussier) and \$350 (Gaffian) per hour for their services. Kevin  
R. Lussier Declaration, July 31, 2006, and Stephen M. Gaffian Declaration, July 19, 2006.



1 requested attorneys' fees and costs.

2 **IV. CONCLUSION**

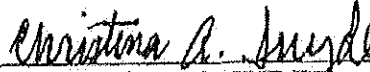
3 In accordance with the foregoing, the Court hereby GRANTS plaintiffs' motion  
4 for summary judgment against defendants on all claims.

5 The Court hereby awards statutory damages to plaintiff in the amount of  
6 \$5,279,898.

7  
8 The Court awards attorneys' fees to plaintiff in the amount of \$27,999.96;  
9 investigative fees in the amount of \$42,582.77; and costs in the amount of \$1,126.77.

10 **IT IS SO ORDERED.**

11 Dated: July 5, 2007

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15 CHRISTINA A. SNYDER  
16 UNITED STATES DISTRICT JUDGE  
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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 05-61883-CIV-DIMITROULEAS

CHANEL, INC., a New  
York corporation,

Plaintiff,

vs.

SHARON MASON, d/b/a  
CHICWHOLESALE.COM, et al.,  
and DOES 1-10,

Defendants.

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**ORDER GRANTING PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

THIS CAUSE is before the Court on Plaintiff Chanel's Motion for Summary Judgment Against Defendant Sharon Mason, filed herein on September 5, 2006. [DE-26]. The Court has carefully considered Plaintiff's Motion, Defendant's Response [DE-30], Plaintiff's Reply [DE-31], the exhibits filed in support of the Motion, and is otherwise fully advised in the premises.

I. BACKGROUND

Plaintiff Chanel, Inc. ("Chanel") filed its five-count Complaint against Defendants on December 13, 2005, alleging claims for Count I: Trademark counterfeiting and infringement; Count II: False designation of origin pursuant to § 43(a) of the Lanham Act; Count III: Trademark dilution; Count IV: Common law unfair competition; and Count V: Common law trademark infringement. Chanel is in the business of, *inter alia*, manufacturing and distributing, in the United States and overseas, handbags, wallets, travel bags, business card cases, tote bags, cosmetic bags, sunglasses, belts and other items under its Federally-registered trademarks

(hereinafter “the Chanel marks”).

Plaintiff alleges in its Complaint that Defendants violated Chanel’s rights associated with these marks by importing, displaying and selling goods bearing counterfeits of the Chanel marks, despite a known lack of authority to do so, through two websites: “Chicwholesale.com” and “Yourwholesaledirectory.com”. Plaintiff alleges that these goods bearing counterfeit marks, made available for sale by Defendant in the United States, are virtually indistinguishable from authentic goods to consumers at the point of sale and post-sale. Plaintiff contends that Defendants fraudulent distribution and sale of counterfeit goods constitute infringement and counterfeiting of the Chanel marks as a matter of law.

Before the Court is Plaintiff’s instant Motion for Summary Judgment against Defendant Sharon Mason, seeking judgment on all Counts of the Complaint. Default was previously entered against Defendant UWC Trading & Communications, Inc. (“UWC Trading”) on January 10, 2006 [DE-8], and the Court denied Defendant Mason’s motion to set aside default against UWC Trading on March 2, 2006. [DE-18]. Plaintiff’s claims remain pending as to Defendant Mason.

## II. DISCUSSION

### A. Summary Judgment Standard

The Court may grant summary judgment “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.” Fed. R. Civ. P. 56(c). The stringent burden of establishing the absence of a genuine issue of material fact lies with the moving party. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). The Court should not grant summary judgment unless it is clear that a trial is

unnecessary, Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986), and any doubts in this regard should be resolved against the moving party, Adickes v. S.H. Kress & Co., 398 U.S. 144, 157 (1970).

The movant “bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of [the record] which it believes demonstrate the absence of a genuine issue of material fact.” Celotex Corp., 477 U.S. at 323. To discharge this burden, the movant must point out to the Court that there is an absence of evidence to support the nonmoving party’s case. Id. at 325.

After the movant has met its burden under Rule 56(c), the burden of production shifts and the nonmoving party “must do more than simply show that there is some metaphysical doubt as to the material facts.” Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986). According to the plain language of Rule 56(e), the nonmoving party “may not rest upon the mere allegations or denials of the adverse party’s pleading,” but instead must come forward with “specific facts showing that there is a genuine issue for trial.” Fed. R. Civ. P. 56(e); Matsushita, 475 U.S. at 587.

Essentially, so long as the nonmoving party has had an ample opportunity to conduct discovery, it must come forward with affirmative evidence to support its claim. Anderson, 477 U.S. at 257. “A mere ‘scintilla’ of evidence supporting the opposing party’s position will not suffice; there must be enough of a showing that the jury could reasonably find for that party.” Walker v. Darby, 911 F.2d 1573, 1577 (11th Cir. 1990). If the evidence advanced by the nonmoving party “is merely colorable, or is not significantly probative, summary judgment may be granted.” Anderson, 477 U.S. at 249-50 (citations omitted).

B. Trademark Counterfeiting and Infringement, False Designation of Origin, and Common Law Trademark Claims

Plaintiff moves for summary judgment on its claims for federal trademark infringement and false designation of origin in violation of the Lanham Act and its claims for common law trademark infringement and unfair competition under Florida law. State law trademark claims are determined under the same analysis as federal trademark infringement claims. Bavaro Palace, S.A. v. Vacation Tours, Inc., No. 05-14824, 2006 WL 2847233, \*4 (11th Cir. Oct. 2, 2006) (“[T]he analysis of the Florida statutory and common law claims of trademark infringement and unfair competition is the same as under the federal trademark infringement claim.”) (quoting Gift of Learning Found., Inc. v. TGC, Inc., 329 F.3d 792, 802 (11th Cir. 2003)); see also Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188, 1193 (11th Cir. 2001) (“Courts may use an analysis of federal infringement claims as a ‘measuring stick’ in evaluating the merits of state law claims of unfair competition”); Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C., 931 F.2d 1519, 1521 (11th Cir. 1991).

Under 15 U.S.C. §1114, a defendant is liable for trademark infringement if, without the consent of the registrant, he uses “in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark” which “is likely to cause confusion, or to cause mistake, or to deceive.” Thus, in order to prevail on this type of claim, the plaintiff must show that: (1) the plaintiff owns a valid trademark; (2) the defendant used such mark in commerce without the plaintiff’s consent; and (3) the defendant’s use is likely to cause confusion, mistake, or deception as to the source, affiliation, or sponsorship of his goods. See Int’l Cosmetics Exch., Inc. v. Gapardis Health & Beauty, Inc., 303 F.3d 1242, 1248 (11th Cir. 2002) (to prove infringement

claim, mark holder must show alleged infringer used mark in commerce without consent and that use was likely to deceive, cause confusion or result in mistake); Babbit Elecs., Inc. v. Dynascan Corp., 38 F.3d 1161, 1178 (11th Cir. 1994).

Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a), creates a cause of action for false designation of origin.<sup>1</sup> Under 15 U.S.C. §1125, a defendant is liable for “palming off” or false designation of origin if the defendant adopts a mark confusingly similar to the plaintiff’s mark without the plaintiff’s consent such that there is a likelihood of confusion as to the origin of the goods. See Conagra, Inc. v. Singleton, 743 F.2d 1508, 1512 (11th Cir. 1984); see also Planetary Motion, 261 F.3d at 1193 (to prevail under Section 1125(a), “claimant must show (1) that it had prior rights to the mark at issue and (2) that the defendant had adopted a mark or name that was the same, or confusingly similar to its mark, such that consumers were likely to confuse the two.”).

For both types of claims, the determination of infringement or false designation of origin centers on whether there is a “likelihood of confusion.” See Ross Bicycles, Inc. v. Cycles USA, Inc., 765 F.2d 1502 (11th Cir. 1985); HBP, Inc. v. Am. Marine Holdings, Inc., 290 F. Supp. 2d

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<sup>1</sup>Section 43(a) provides that:

(1) Any person who, or in connection with any goods or services, or any container for goods, uses in commerce any words, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which – (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

1320, 1327 (M.D. Fla. 2003) (quoting Davidoff & CIE v. PLD Int'l Corp., 263 F.3d 1297, 1301 (11th Cir. 2001)). The Eleventh Circuit has adopted a seven-factor test for determining whether there is a likelihood of confusion between two marks. The seven factors to be considered are: (1) the type or strength of the trademark at issue; (2) the degree of similarity of the trademarks; (3) the similarity of the products or services; (4) the identity of retail outlets and customers; (5) the similarity of the advertising media used; (6) the defendant's intent in adopting the mark; and (7) evidence of actual confusion. See Lipscher v. LRP Publ'ns, Inc., 1305, 1313 (11th Cir. 2001); Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc., 122 F.3d 1379, 1382 (11th Cir. 1997).

After carefully reviewing the pending motion and Defendant's response in this case, the Declarations of Adrienne Hahn Sisbarro and Robert Holmes, and all of the attached exhibits, the Court concludes that Chanel has provided satisfactory evidence that there is no genuine issue as to any material fact -- in particular, whether there exists a likelihood of confusion caused by Defendant's conduct. Chanel has established, through declarations and documentary evidence, that it owned that marks at issue, that Defendant adopted similar marks and used those marks without Plaintiff's authorization, offering products bearing Chanel marks through the websites ChicWholesale.com and YourWholesaleDirectory.com, and that Defendant's use of the Chanel trademarks creates a likelihood of confusion. Specifically, Chanel has shown that its marks are strong marks, that Defendant used or is using marks which are identical to the Chanel marks, that the goods offered for sale by Defendant are virtually indistinguishable from genuine Chanel products to the average consumer, that Defendant's goods are marketed and advertised through at least one identical channel used by Plaintiff--the Internet, that Defendant's intent was to derive

the benefit of Plaintiff's reputation, and that there is some evidence of actual confusion. Thus, the factors to be considered in determining likelihood of confusion, Lipscher, 266 F.3d at 1313, weigh in Plaintiff's favor.

Moreover, Defendant Mason has failed to provide any contrary evidence or to come forward with specific facts, other than mere allegations or denials, showing that there is a genuine issue for trial. Ms. Mason's conclusory assertions that her business is not related to Chanel and does not have the resources to do what Chanel alleges in this action is insufficient to satisfy her burden in demonstrating a material issue of fact. Therefore, the Court concludes that Defendant's conduct constitutes infringement and counterfeiting in violation of federal and state trademark law and that Plaintiff is entitled to summary judgment as to Counts I, II, IV and V.

#### C. Trademark Dilution

Plaintiff also moves for summary judgment on its claim for trademark dilution. Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), provides liability for trademark dilution if, without the consent of the registrant, a defendant uses in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark which "causes dilution of the distinctive quality of the mark." To prevail on a federal trademark dilution claim under, a Plaintiff must demonstrate that (1) its mark is famous, (2) the defendant adopted the mark after the plaintiff's mark became famous, (3) the defendant's mark diluted the plaintiff's mark, and (4) the defendant's use is commercial and in commerce. PetMed Express, Inc. v. MedPets.Com, Inc., 336 F. Supp. 2d 1213, 1218 (S.D. Fla. 2004).

Here, Plaintiff has satisfied all four elements. The Chanel marks are owned by Plaintiff



and are distinctive and famous<sup>2</sup>, Defendant's use of those marks began after the marks became famous, and Defendant's use of marks identical to Chanel's marks causes dilution of the distinctive quality of the Chanel marks. See Hahn Decl. ¶¶ 5, 6, and 10; Exs. 1, 2. Additionally, Defendant's use is commercial and in commerce, having offered goods bearing marks similar to the Chanel marks for public sale throughout the United States on its internet websites. See Hahn Decl., Ex. 2, 3.

As with Counts I, II, IV and V, after carefully reviewing the pending motion and Defendant's response in this case, the Declarations of Adrienne Hahn Sisbarro and Robert Holmes, and all of the attached exhibits, the Court concludes that Chanel has provided satisfactory evidence that there is no genuine issue as to any material fact as to its claim for trademark dilution. Defendant Mason has failed to provide any contrary evidence or to come forward with specific facts, other than mere allegations or denials, showing that there is a genuine issue of fact such that summary judgment would not be appropriate. Accordingly, the Court will grant Plaintiff's Motion as to Count II.

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<sup>2</sup>15 U.S.C. § 1125(c)(1) sets forth eight factors to consider in determining whether a mark is distinctive and famous: (1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods with which the mark is issued; (3) duration and extent of advertising and publicity of the mark; (4) geographical extent of the trade area in which the mark is used; (5) channels of trade for the goods with which the mark is used; (6) degree of recognition of the mark in the trading areas and channels of trade used by plaintiff and defendant; (7) nature and extent of use of the same or similar marks by third parties; and (8) whether the mark was registered on the principal register. Here, Plaintiff has used the Chanel marks since the 1920s and has advertised and promoted the Chanel marks since the 1920s throughout the United States and overseas, via retail stores and the internet. See Hahn Decl. ¶¶ 4-7. The marks have widespread recognition and are used exclusively by Chanel, not by any third parties. Id. at ¶ 7-8. Finally, the marks are all registered on the principal register. Id. at ¶ 5. Thus, all eight factors weigh in favor of Plaintiff and Plaintiff has satisfied its burden of demonstrating that the Chanel marks are distinctive and famous.

III. CONCLUSION

For the foregoing reasons, it is **ORDERED AND ADJUDGED** that Plaintiff's Motion for Summary Judgment against Defendant Sharon Mason [DE-26] is hereby **GRANTED**. Plaintiff shall submit a proposed Final Judgment on or before December 15, 2006.

**DONE AND ORDERED** in Chambers at Fort Lauderdale, Broward County, Florida, this 1st day of December, 2006.

  
WILLIAM P. DIMITROCLEAS  
United States District Judge

Copies furnished to:

Stephen M. Gaffigan, Esquire  
Sharon Mason, Pro Se

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA'S CONSTITUTES NOTICE OF ENTRY AS REQUIRED BY FRCP, RULE 77(d)

CHANEL, INC., a New York corporation,  
and GUCCI AMERICA, INC., a New York  
corporation,

Plaintiffs,

v.

JAHANGIR SINAIE d/b/a JOI FASHION  
d/b/a JOI J FASHION, and DOES 1-10,

Defendant(s).

NO. CV 05-6036 SJO (SSx)

ORDER GRANTING PLAINTIFFS' MOTION  
FOR SUMMARY JUDGMENT IN ITS  
ENTIRETY AND ENTERING JUDGMENT IN  
FAVOR OF PLAINTIFFS

This matter is before the Court on Plaintiffs Chanel, Inc. ("Chanel") and Gucci America, Inc.'s ("Gucci") Motion for Summary Judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. Defendant Jahangir Sinaie d/b/a JOI FASHION d/b/a JOI J FASHION ("Sinaie") did not file a timely Opposition to the Motion.<sup>1</sup> Having considered the arguments raised in the

<sup>1</sup> On June 1, 2006, Defendant filed an *Ex Parte* Application for Continuance and Extension of Time to Respond to Motion for Summary Judgment. Defendant did not properly notice the *Ex Parte* Application. See Local Rule 7-19.1. Moreover, Defendant did not provide a memorandum of points and authorities, attach a declaration in support of the Application or lodge the proposed *ex parte* order indicating how much time Defendant required. See Local Rule 7-19. Nor did Defendant lodge a [proposed] Opposition to Plaintiffs' Motion. Having considered the matter, and finding that Defendant failed to make a showing of good cause, the Court summarily DENIED Defendant's *Ex Parte* Application. (See Minute Order dated June 2, 2006.)

1 *unopposed* moving brief, the Court deemed this matter appropriate for decision without oral  
 2 argument. See Fed. R. Civ. P. 78. For the reasons set forth below, the Court GRANTS Plaintiffs'  
 3 Motion and ENTERS JUDGMENT in favor of Plaintiffs.

4 I. BACKGROUND

5 A. Factual Background

6 The following facts are undisputed.<sup>2</sup>

7 Plaintiff Chanel is a corporation duly organized under the laws of the State of New York with  
 8 its principal place of business in New York, New York. (Pls.' Compl. ¶ 2; Pls.' Statement of  
 9 Uncontroverted Facts ("UF") ¶ 1; Pls.' Evid. App. Ex. A, Hahn Sisbarro ("Hahn") Decl. ¶¶ 1, 5.)  
 10 Under the federally registered trademarks CC MONOGRAM and CHANEL (Collectively, "Chanel  
 11 Marks"), Chanel engages in the business of manufacturing and distributing throughout the world,  
 12 including this judicial district, handbags, luggage, business card cases, change purses, tote bags,  
 13 cosmetic bags sold empty and sunglasses. *Id.* Chanel is owner of all rights in and to the following  
 14 federal registered trademarks: CC MONOGRAM, Reg. No. 1,734,822, Reg. Date 12/24/92; CC  
 15 MONOGRAM, Reg. No. 1,314,511, Reg. Date 01/15/85; CHANEL, Reg. No. 1,733,051, Reg. Date  
 16 11/17/92; CHANEL, Reg. No. 0,626/035, Reg. Date 05/01/56; CHANEL, Reg. No. 1,347,677, Reg.  
 17 Date 07/09/85; CC MONOGRAM, Reg. No. 1,654,252, Reg. Date 08/20/91; CHANEL, Reg. No.  
 18 1,510,757, Reg. Date 11/01/88. (Pls.' Compl. ¶ 8; UF ¶ 2; Pls.' Evid. App. Ex. B, Chanel, Inc.'s  
 19 Trademark Registrations.) The Chanel Marks are registered in International Classes nine (9) and  
 20 eighteen (18) and are used in connection with the manufacture and distribution of, among other  
 21 things, handbags, wallets and sunglasses. *Id.*

---

22  
 23  
 24 <sup>2</sup> The "undisputed facts" are taken from Chanel and Gucci's Statement of Uncontroverted  
 25 Facts in Support of Motion for Summary Judgment. The Court acknowledges that Defendant has  
 26 not filed a timely Opposition to Chanel and Gucci's Summary Judgment Motion. Because  
 27 Defendant has failed to oppose this matter, the Court assumes that there is no evidence that  
 28 Defendant could submit to rebut Chanel and Gucci's contentions. See Local Rule 56-3 ("In  
 determining any motion for summary judgment, the Court will assume that the material facts as  
 claimed and adequately supported by the moving party are admitted to exist without controversy  
 except to the extent that such material facts are (a) included in the 'Statement of Genuine Issues'  
 and (b) controverted by declaration or other written evidence filed in opposition to the motion.").

1 Plaintiff Gucci is a corporation duly organized under the laws of the State of New York with  
2 its principal place of business in New York, New York. (Pls.' Compl. ¶ 3.) Under the federally  
3 registered trademarks GUCCI, G design, and GG design (Collectively, "Gucci Marks"), Gucci is  
4 engaged in the business of manufacturing and distributing throughout the world, including this  
5 judicial district, wallets, purses, handbags, pocketbooks, shoulder bags, clutch bags, tote bags,  
6 card cases, partly and wholly of leather, key cases, passport cases, neckties, scarves, belts,  
7 footwear, shirts, sweaters, coats, suits, dressing gowns, hats, socks, dresses and bathing suits.  
8 (Pls.' Compl. ¶ 3; UF ¶ 3; Pls.' Evid. App. Ex. C, Moss Decl. ¶¶ 1, 4.) Gucci is the owner of all  
9 rights in and to the following federally registered trademarks: GUCCI, Reg. No. 0,876,292, Reg.  
10 Date 09/09/89; GG design, 1,107,311, Reg. Date 11/28/78; GUCCI, 1,168,477, Reg. Date  
11 09/18/81; GG design, 1,106,722, Reg. Date 11/21/78; G design, Reg. No. 2,042,805, Reg. Date  
12 03/11/97; G design, Reg. No. 2,068,107, Reg. Date 06/03/97. (Pls.' Compl. ¶ 9; UF ¶ 4; Pls.' Evid.  
13 App. Ex. D.) The Gucci Marks are registered in International Classes eighteen (18) and twenty-  
14 five (25) and are used in connection with the manufacture and distribution of wallets, scarves,  
15 belts, and hats. *Id.*

16 At all times relevant hereto, Defendant did not have the right or authority to use the Chanel  
17 Marks or the Gucci Marks for any purpose. (Pls.' Compl. ¶ 19; UF ¶ 5; Pls.' Evid. App. Ex. A,  
18 Hahn Decl. ¶ 9; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 8.) Notwithstanding Defendant's lack of  
19 authorization, at 1131-A South Los Angeles Street, Los Angeles, California 90015, Defendant  
20 Sinaie imported, displayed, and sold handbags, wallets, and sunglasses bearing the Chanel  
21 Marks, as well as handbags, wallets, scarves, belts and hats bearing the Gucci Marks. (UF ¶ 5;  
22 Pls.' Evid. App. Ex. E, Tiler Decl. ¶¶ 4, 5; Pls.' Evid. App. Ex. F, Buckner Decl. ¶¶ 4, 5.)  
23 Defendant's respective counterfeit goods bearing the Chanel Marks and Gucci Marks were being  
24 promoted, sold, and offered for sale by Defendant within the United States. (UF ¶ 7; Pls.' Evid.  
25 App. Ex. A, Hahn Decl. ¶¶ 9, 10, 12, 14; Pls.' Evid. App. Ex. C, Moss Decl. ¶¶ 9, 10, 12; Pls.' Evid.  
26 App. Ex. E, Tiler Decl. ¶¶ 4, 6.) Defendant did not inform all consumers that his counterfeit goods  
27 were not authorized by Plaintiffs. (UF ¶ 7; Pls.' Evid. App. Ex. E, Tiler Decl. ¶ 6.)  
28

1 On or about August 9, 2005, Plaintiffs' investigator Karin Tiler ("Tiler") visited Defendant's  
2 store, JOI FASHION, located at 1131-A South Los Angeles Street, Los Angeles, California 90015.  
3 Tiler observed approximately forty (40) handbags and twenty (20) wallets that displayed the  
4 Chanel Marks, one hundred (100) handbags and twenty (20) wallets that displayed the Gucci  
5 Marks, and handbags, wallets and scarves that displayed the trademarks of other designer  
6 brands. (UF ¶ 9; Pls.' Evid. App. Ex. E, Tiler Decl. ¶ 4.)

7 On August 10, 2005, Tiler returned to Defendant's retail store. Tiler observed that the  
8 location was again full of handbags including those bearing the Gucci Marks and the trademarks  
9 of other designers. A female employee showed Tiler items in the retail store area, as well as items  
10 that were located in two storage areas. In the first storage area, Tiler observed boxes of  
11 handbags and wallets bearing the trademarks of several designers, including the Chanel Marks  
12 and Gucci Marks. In the second storage location, Tiler observed items bearing the Louis Vuitton  
13 trademarks. The female employee informed Tiler that the second floor of the location contained  
14 sewing machines for the handbags. (UF ¶ 11; Pls.' Evid. App. Ex. E, Tiler Decl. ¶¶ 9-12.)

15 The employee informed Tiler that some of the handbags and wallets at the location were  
16 from China, and that the nicer handbags such as those bearing the Burberry trademarks and  
17 Chanel Marks were from New York. The employee told Tiler that a man who comes into the retail  
18 store once a week takes generic handbags from the location and returns them with the brand  
19 names stamped on them. (UF ¶ 12; Pls.' Evid. App. Ex. E, Tiler Decl. ¶¶ 11, 12.)

20 Tiler purchased one hat bearing the Gucci Marks for ten dollars (\$10.00), one handbag  
21 bearing the Gucci Marks for \$14.00, one handbag bearing the Gucci Marks for fifteen dollars  
22 (\$15.00), one handbag bearing the Chanel Marks for \$15.00, one handbag bearing the Gucci  
23 Marks for fifteen dollars (\$15.00), one wallet bearing the Gucci Marks for five dollars (\$5.00), one  
24 wallet bearing the Gucci Marks for twelve dollars (\$12.00), and one wallet bearing the Chanel  
25 Marks for twelve dollars (\$12.00). These items came to a total of ninety-eight dollars (\$98.00).  
26 Tiler paid cash for the items and was provided a sales receipt. (UF ¶ 13; Pls.' Evid. App. Ex. E,  
27 Tiler Decl. ¶ 13; Pls.' Evid. App. Ex. E, Tiler Decl. Ex. 2.)  
28

1 To confirm the counterfeit nature of Defendant's goods, the handbag and wallet bearing the  
2 Chanel Marks were turned over to representatives of Chanel in New York for evaluation. (UF ¶  
3 14; Pls.' Evid. App. Ex. A, Hahn Decl. ¶ 10.) The handbag and wallet bearing the Chanel Marks  
4 were inspected by a representative of Chanel, Adrienne Hahn Sisbarro ("Sisbarro"), who is familiar  
5 with Chanel's genuine goods and trained to detect counterfeits. (UF ¶ 15; Pls.' Evid. App. Ex. A,  
6 Hahn Decl. ¶ 11; Pls.' Evid. App. Ex. A, Hahn Decl. ¶¶ 1-3.) Sisbarro determined that the handbag  
7 and wallet bearing the Chanel Marks purchased by Tiler from Defendant were counterfeit. (UF  
8 ¶ 15; Pls.' Evid. App. Ex. A, Hahn Decl. ¶ 14; Pls.' Evid. App. Ex. A, Tiler Decl. ¶ 7.)

9 To confirm the counterfeit nature of Defendant's goods, the hat, handbags and wallets  
10 bearing the Gucci Marks were turned over to representatives of Gucci in New York for evaluation.  
11 (UF ¶ 16; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 9; Pls.' Evid. App. Ex. E, Tiler Decl. ¶ 8.) The hat,  
12 handbags and wallets bearing the Gucci Marks were inspected by a representative of Gucci,  
13 Jonathon Moss ("Moss"), who is familiar with Gucci's genuine goods and trained to detect  
14 counterfeits. Moss determined that the hat, handbags and wallets bearing the Gucci Marks  
15 purchased by Tiler from Defendant were counterfeit. (UF ¶ 17; Pls.' Evid. App. Ex. C, Moss Decl.  
16 ¶¶ 9, 12; Pls.' Evid. App. Ex. E, Tiler Decl. ¶ 8.)

17 On August 18, 2005, a criminal seizure took place at Defendant's retail store, JOI FASHION  
18 located at 1131-A South Los Angeles Street, Los Angeles, California 90015. During the seizure,  
19 the Los Angeles Police Department confiscated one hundred eighty-eight (188) handbags, one  
20 hundred eighty-seven (187) emblems, sixty-seven (67) price tags, sixty-six (66) wallets, forty-five  
21 (45) sunglasses, thirty-five (35) sunglass cases, and twelve (12) earrings bearing counterfeits of  
22 the Chanel Marks, and eighty-four (84) blank handbags in the same styles as the handbags  
23 bearing the Chanel Marks. The Los Angeles Police Department also confiscated two thousand  
24 one hundred ninety-five (2,195) handbags, six hundred eight (608) wallets, two hundred five (205)  
25 emblems, thirty-six (36) price tags, twenty-five (25) scarves, fourteen (14) sunglasses, four (4)  
26 jackets, four (4) belts, two (2) hats, and one (1) pair of pants bearing counterfeits of the Gucci  
27 Marks, and three (3) blank handbags in the same styles as the handbags bearing the Gucci  
28 Marks. Photographs of the goods seized were taken by Chanel and Gucci's private investigators.

1 (UF ¶ 18; Pls.' Evid. App. Ex. F, Buckner Decl. ¶ 5.) Representatives of Chanel and Gucci  
2 inspected the photographs of the goods seized from Defendant's retail store and determined that  
3 the goods were counterfeit Chanel and Gucci products, respectively. (UF ¶ 19; Pls.' Evid. App.  
4 Ex. A, Hahn Decl. ¶¶ 13, 14; Pls.' Evid. App. Ex. C, Moss Decl. ¶¶ 11, 12.)

5 Defendant has never been assigned or licensed any rights to use the Chanel Marks or the  
6 Gucci Marks. Moreover, at all times relevant hereto, Defendant has been aware of Plaintiffs  
7 ownership of their respective Chanel Marks and Gucci Marks, the fame of the Chanel Marks and  
8 the Gucci Marks, Plaintiffs' respective exclusive rights to use and license such Marks, and the  
9 substantial goodwill embodied in, and favorable recognition of, the Chanel Marks for handbags,  
10 wallets, and sunglasses, and the Gucci Marks for handbags, wallets, scarves, belts, and hats.  
11 Defendant knew and admitted his goods were counterfeit. (Pls.' Compl. ¶ 19; UF ¶ 20; Pls.' Evid.  
12 App. Ex. E, Tiler Decl. ¶ 5.)

13 Counterfeiting activity poses a serious threat to Plaintiffs' respective businesses. (UF ¶ 21;  
14 Pls.' Evid. App. Ex. A, Hahn Decl. ¶ 8; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 7.) Plaintiffs' Chanel  
15 Marks and Gucci Marks are famous marks as the term is defined in 15 U.S.C. § 1125(C)(1). (UF  
16 ¶ 22; Pls.' Evid. App. Ex. A, Hahn Decl. ¶ 6; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 5.) Chanel has  
17 used the Chanel Marks in connection with the sale of high quality goods for over 70 years. (UF  
18 ¶ 23; Pls.' Evid. App. Ex. A, Hahn Decl. ¶ 6.) Gucci has used the Gucci Marks in connection with  
19 the sale of high quality goods since at least the 1920s and in the United States since at least  
20 December 20, 1953. (UF ¶ 24; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 5.)

21 Plaintiffs' genuine products are marketed, advertised, and sold in boutiques throughout the  
22 United States, at high quality, prestigious retail stores, and via Internet websites. (UF ¶ 25; Pls.'  
23 Evid. App. Ex. A, Hahn Decl. ¶ 6; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 6.) There are no other  
24 companies in the world which use substantially similar marks to the Plaintiffs' respective marks  
25 in connection with the manufacture, import, sale or distribution of the Plaintiffs' respective  
26 handbags, wallets, sunglasses, scarves, belts and hats. (UF ¶ 26; Pls.' Evid. App. Ex. A, Hahn  
27 Decl. ¶ 7; Pls.' Evid. App. Ex. C, Moss Decl. ¶ 6.)  
28