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

Proceeding	91223733
Party	Plaintiff Gucci America, Inc.
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Bruno Mars and his band members wore Gucci Made to Order burgundy notch lapel two button Heritage suits with black dress shirts and black leather loafers with gold horsebit detail to the 2013 Billboard Music Awards at the MGM Grand Garden Arena in Las Vegas on May 19, 2013.

Photo Courtesy of Gucci/Getty Images



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florence welch

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Florence Welch wore a pair of Gucci Spring Summer 2013 blush crocodile horsebit loafers and carried a Gucci Fall Winter 2012-13 Lady Stirrup black leather handbag while departing LAX airport in Los Angeles on April 6, 2013.

Photo Courtesy of Ramey Photo Agency



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James Franco wore a Gucci light blue notch lapel two button Monaco suit with a pale blue shirt, navy tie, and brown suede horsehair loafers while being honored with a star on the Hollywood Walk of Fame March 7, 2013 in Los Angeles, California.

Photo Courtesy of Gucci/Getty Images



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Luca Argentero at the Gucci Men's Spring Summer 2013 show in Milan on June 25, 2012.

Photo Courtesy: Gucci/Getty Images



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Jane Birkin wearing horsebit loafers in Cannes in May 1969.

Photo Courtesy: Rue des Archives



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John Wayne, Gucci Rome store, 1960s.

Photo Courtesy: Gucci



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Scott-Disick-wears-a-long-sleeve-shirt-washed-ripped-jeans-and-Gucci-blue-velvet-horsebit-moccasin-loafers-in-Beverly-Hills

By Allen O. on June 26, 2013

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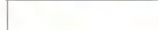
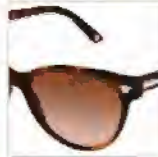
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+ MEN IN FASHION: ROMEO MILLER WEARS VERSACE VE4214 BROWN SUNGLASSES AND GUCCI SUEDE MOCCASINS

Tweet

Romeo Miller was spotted going to the Wendy Williams Show in NYC to promote his new movie "Medea's Witness Protection". The rapper/actor was wearing a pair of Versace VE4214 Brown Tortoise Frame Sunglasses (\$220), a red check jacket, dark navy pants, and a pair of Gucci Horsebit Black Suede Moccasins (\$510). (Via USH)



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BALMAIN GIVENCHY BALENCIAGA KANYE WEST JORDAN CHRIS BROWN CELEBS CRISTIANO RONALDO AIR



Chris Brown in Gucci Suede Moccasins

By Kyle O. on August 26, 2009

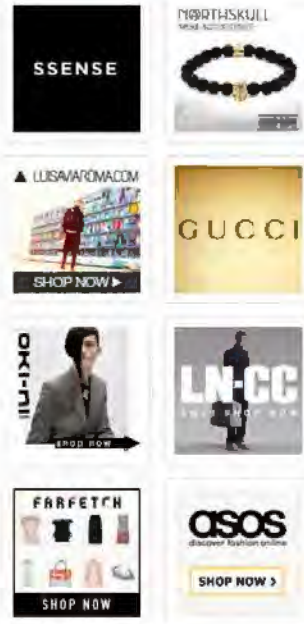
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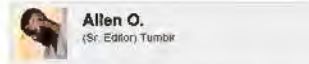
Chris Brown was spotted in a pair of dark blue Gucci Suede Moccasins (\$420) from the Fall/Winter 2009 Collection. The loafer/sneaker combo Gucci Moccasins feature suede, horsebit and G script detailing on the upper portion of the rubber sole. These shoes look very easy to wear providing the right amount of comfort and durability needed to express your own individual style.



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Steiny · 4 years ago

Chris needs to stop with the Waistcoats. He racking them completely wrong, he normally dresses pretty well but these gotta go

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yo , what kind of waistcoat is that ? its mad nice |D

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Anita Ekberg, Rome, 1960's

Kelly, Ursula Andress and all their attendant co-stars, husbands and lovers. Just as many of the Roman couturiers worked on fitting these modern goddesses for film costumes as well as their "real" life, so Gucci's bags, shoes, luggage and accessories also had a life both on and off camera. From then on, it has racked up dozens of movie appearances that span everything from Italian *Neorealismo* such as Rossellini's *Europa '51* (1952; Ingrid Bergman) and Antonioni's *L'Avventura* (1960; Monica Vitti); to *The VIPs* (1963; Liz Taylor), *What's New Pussycat?* (1965; Romy Schneider), all the way up to *Drugstore Cowboy* (1989; Matt Dillon) and *Pulp Fiction* (1994; Harvey Keitel).

By the late Sixties, the Rome store was mobbed, struggling to serve 1,800 overexcited customers daily, mostly Americans. *The International Herald Tribune*, announcing the launch of Gucci loafers for women in 1968, urged its readers it was financially worth it to fly to Rome just to grab them. Judith Harris, assigned to describe the Rome phenomenon in *The New York Times* in 1974, detailed a long list of starry regulars. "Princess Grace and her daughter Caroline recently stopped by to stock up on leather handbags and silk shirts, Jackie O and her sister Lee Radziwill are customers, and so is the cinema aristocracy that commutes between Hollywood and Rome's Cinecittà," she reported counting the heads of "Sophia Loren, Jack Lemmon, Henry Fonda, Burt Lancaster (luggage and loafers), Elizabeth Taylor (gifts for friends), Rod Steiger, and Audrey Hepburn, who is married to a Rome psychiatrist and lives here," among the besiegers. Many of the sell-out pieces they were seeking were already well-known classics. A duffel bag – ideal carry-on luggage – had been in production since the Twenties. The phenomenally popular Gucci loafer with its striped webbing and horsebit detail, dated from 1953, and "the feed-bag Jackie O wears", she reported, "has been around for 20 years."

In the meantime, Gucci was stretching its fame and design portfolio in other ways. Rodolfo Gucci lavished his charm and passion for product at the Milan store on the Via Montenapoleone, which opened in 1951. There, he went to the furthest lengths to commission luxurious items to satisfy customers like Gianni Agnelli and Giovanni Agusta (the owner of Agusta helicopters) and the royal Grimaldis. He sourced unique baby-soft crocodile skins in emerald, cherry, green and yellow for a chain-handled bag that had become a glossy Gucci favourite (chain patented number 112362 in 1965; bag codename 0535) of Audrey Hepburn, Liz Taylor, Ursula Andress and Jackie Kennedy (who selected it to carry during some of her official appearances as First Lady). He sold gold jewellery (so refined that a single chain sold for 80 million lire in 1970); had blankets made in wolf or sable and lined in cashmere and vicugna, and ordered kid slippers from the man who made the Pope's – nothing but the best for his customers' feet.

Franco Gittardi (who managed the Milan store before moving with the company to America and Japan) relates how one of Gucci's star products was designed, virtually on the spot, one day in 1966. "Grace of Monaco visited – with Rainier – asking to see Rodolfo's wife Alessandra, who she knew as an actress in their film days. The Princess bought a green pigskin "bamboo" bag – but Rodolfo also pressed her to take a gift. When she relented and asked for a scarf, he was mortified: he didn't think Gucci had anything special enough. The second she left, he got on the phone to Vittorio Accornero – who was a famous children's illustrator he had met when Accornero was working as a movie-set designer – and begged him to get around there with a design for the most beautiful flowered scarf he could create. Next day, Accornero was there, with his painting." It was the "Flora". Accornero's multicoloured flowered template – a huge seller as a silk headscarf alone – was destined for an unimaginably extended future. That began when Gittardi was detailed by Rodolfo to think up ways of applying the print to Gucci products. "I was Mr Flora! We used it on ties, umbrellas, in the form of jewellery, Limoges ashtrays, organza wedding dresses – everything!" Flora kindled such long-lasting affection among European women that they passed it onto their daughters. One was Caroline of Monaco, who wore a blouse in her "mother's" scarf-print as a teenager; another, the much younger Frida Giannini, whose own mother loved the print as a girl in Rome. Re-connecting with that feeling, Giannini revived Flora on printed canvas bags for summer 2005, for which Gucci was met with overwhelming demand. Other Flora variations, re-sealed, re-coloured and abstracted, made it onto Forties/Seventies print dresses for summer 2006, into jewellery and 3-D decorations for evening bags. They were all hits: living proof of the power of a Gucci phenomenon 40 years after it was first dreamed up.

None of that, however, touched the significance of Gucci's take-off in the slipstream of the Jet Set. Throughout the Sixties and Seventies, scarcely an airport photo appeared without GG-printed Gucci luggage among the flurries of fur coats and dark glasses. Gucci flew with Ringo Starr and Maureen Cox with Michael and Shakira Caine. It was carry-on for Sammy Davis Junior, Liza Minnelli



Britt Eklund in "The Man With The Golden Gun" by Guy Hamilton, 1974

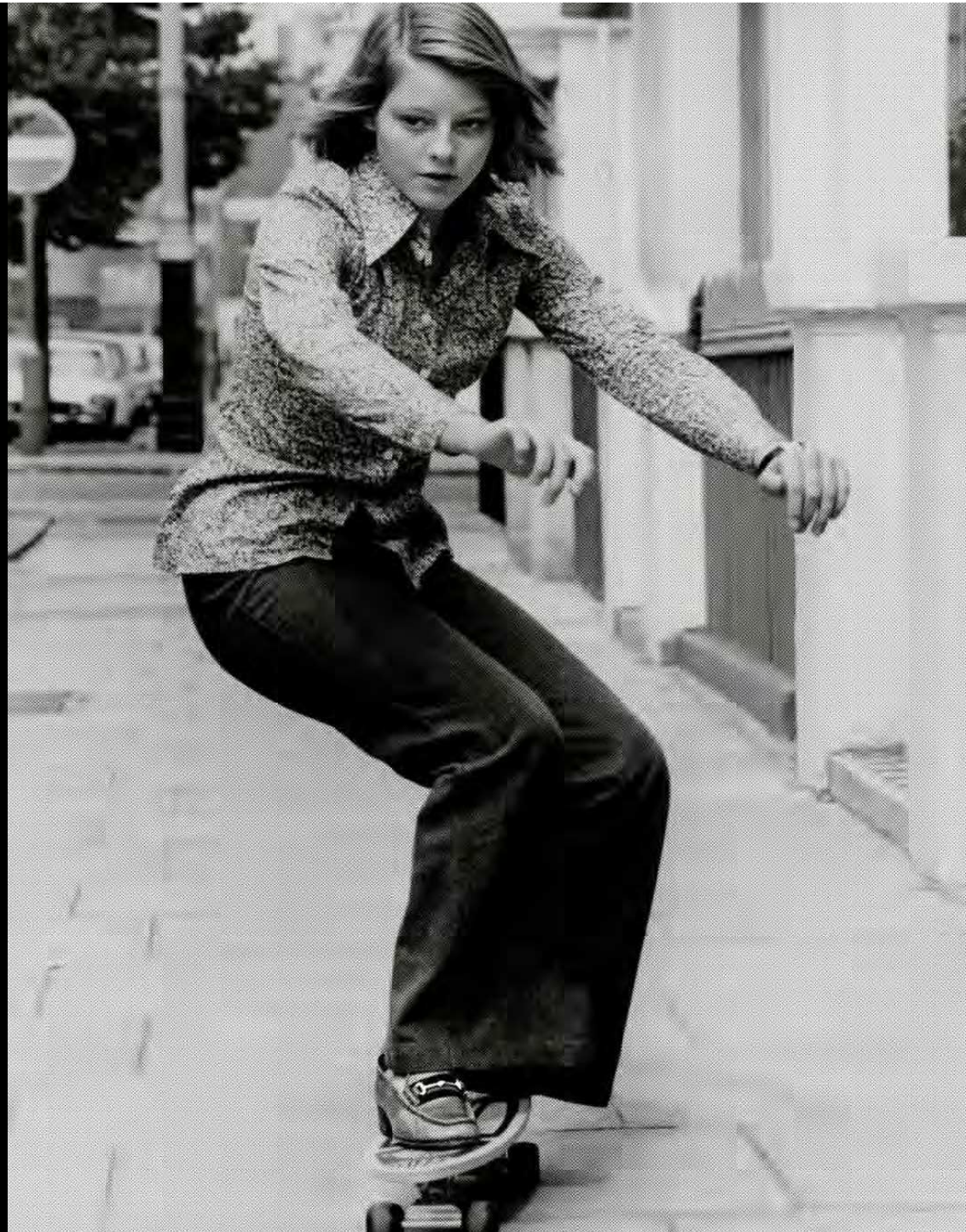


John F. Kennedy, Jr., Palm Beach Airport, 1973

Lawrence Harvey, Gucci Rome Store, 1960's



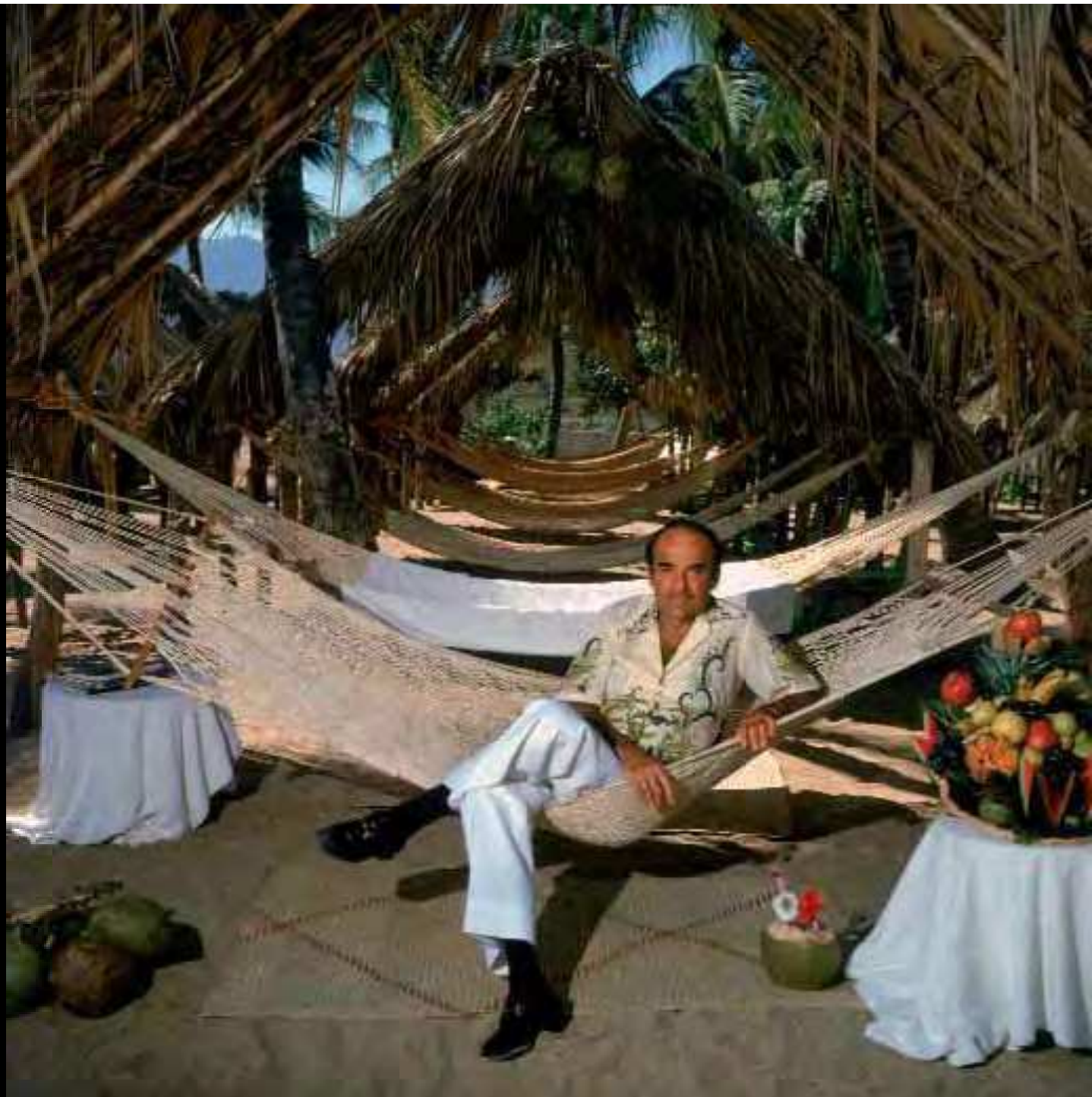
Francis Ford Coppola, San Francisco, 1970



Jodie Foster, 1977



Sophia Loren in "La Maglie del Prete" by Dino Risi, 1971



Johanes Von Thum Und Taxis, Acapulco, January 1978



Dustin Hoffman and Justin Henry in "Kramer Versus Kramer" by Robert Benton, 1980



Fred Astaire in "Funny Face" by Stanley Donen, 1957

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Emma Stone wore Gucci Spring 2013 look 40 black silk cocktail dress with netted top and sheer tulle sleeves to the 'The Croods' Premiere during the 63rd Berlinale International Film Festival at Berlinale Palast in Berlin on February 15, 2013.

Photo Courtesy of Gucci/Getty Images



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Pippa Middleton carried a Fall/Winter 2012-13 brown leather medium Soft Stirrup bag with top-stitching and gold spur detail while out in London on December 5, 2012.

Photo courtesy: Splash News.



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GUCCI DRESSES AMY ADAMS, CAMERON DIAZ, SALMA HAYEK-PINAULT, ROBERT PATTINSON AND EVAN RACHEL WOOD FOR THE SECOND ANNUAL LACMA ART FILM GALA PRESENTED BY GUCCI

OCTOBER 27, 2012, LOS ANGELES – Gucci was the presenter of the Los Angeles County Museum of Art's (LACMA) second annual Art Film Gala honoring filmmaker Stanley Kubrick and artist Ed Ruscha at LACMA. Co-chaired by actor Leonardo DiCaprio and LACMA Trustee Eva Chow, the evening celebrated the art of the moving image and brought together luminaries from both communities.

Robert Pattinson wore a Gucci Pre Fall 2012-13 black shantung silk notch lapel two button tuxedo with white dress shirt, black grosgrain tie and black leather lace ups.

Photo Courtesy: Gucci/Getty Images



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Amy Adams wore a Gucci Spring Summer 2013 deep yellow silk crepe strapless gown with crystal and gold embellished belt detail, beige suede and crystal clutch, 18kt pink gold, morganite and diamond Horsebit earrings with matching cocktail ring.

Photo Courtesy: Gucci/Getty Images.



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Presenter and nominee Zoe Saldana wore a Gucci Cruise 2013 desert rose silk georgette sleeveless pleated gown with jeweled belt to the 2012 NCLR Alma Awards in Pasadena, California on September 16, 2012. She was nominated for best movie actress in a drama/adventure for her role in "Colombiana."

Photo Courtesy of Gucci/Getty Images



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Naomi Watts wore Gucci Spring Summer 2013 pale pink halter neck gown with a high neck and open back to the G'Day USA Los Angeles Black Tie Gala in Los Angeles on January 12, 2013.

Photo courtesy of Gucci/Getty Images.



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MISS VOGUE | GUCCI

Gucci's Girls And Guys

It has only been a few seasons since Alessandro Michele took over the reins at Gucci but in that short time frame his geek-chic designs have attracted a whole new gaggle of famous fans. Opting to wear his pleated skirts, floral corsages, Seventies-print suits and delicate lace shirts for all occasions from red-carpet dos to exclusive fashion dinners, these celebrity fans prove that Michele's designs look just as good on and off the catwalk. Now, as his spring/summer 2016 collection has stormed Milan Fashion Week, we take a look at the girls (and Harry Styles) who love the brand's new look as much as us:

by NAOMI PIKE

26 Apr 2016



The Prada Parade



+ 15



Rita Ora

CREDIT SPLASH



Florence Welch

CREDIT PA PHOTOS



Bel Powley

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Dakota Johnson

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Sai Bennett

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MISS VOGUE | MISS VOGUE WHAT'S UP

Why Ella Purnell Is The Girl Hollywood Needs Right Now

by NAOMI PIKE
4 days ago



Though born and bred in London, Ella Purnell is no stranger to Hollywood. She's had roles in *Maleficent*, *Never Let Me Go* and *Kick-Ass 2*. However, her star turn as the lighter-than-air Emma Bloom in Tim Burton's *Miss Peregrine's Home For Children* truly cements the fact that Ella is ready to step out on her own. And knowing Ella, probably in Gucci platforms.



CREDIT: GETTY

creepy. I tried to act really cool when I met him, but I think he definitely knew that I was freaking out inside.”



CREDIT: REX

Following a rigorous process of auditions, her brothers (huge fans of the 2011 novel of the same name) insisting that she must get the role and her desire to work with the famed director, Ella discovered she was to step into Emma's lead platforms on a day when she seriously needed a pick-me up. "I was just recovering from a break up and had actually bunked school. I was lying in bed with a tub of ice cream and I heard my mum and agent crawling up the stairs and I was thinking 'Oh god, what have I done? Are they going to come and tell me off and that I have to go back to school?' And then she went 'Surprise! You've got the Tim Burton job.' I was balling my eyes out, but look at that – doesn't the universe work in such amazing ways?"

Working with Tim was all Ella could have had hoped for. "It really felt like a collaboration with him and for an actor that is like 'Omg you actually appreciate and value my opinion and we're going to use my line. I really learnt to believe in myself and trust in my own instincts.'"

☐ **Style Crush: Ella Purnell**

VOGUE



Starring in a Hollywood blockbuster brings with it a copious amount of photo opportunities, and the need for a pretty frock or two. She may already boast a wardrobe that rivals the credits in a *Vogue* shoot, but being the pretty girl is not Ella's style prerogative. "I'd like to be smart, fun and real. It's very easy to just put together a pretty dress, some heels and some jewels. I don't want to be that girl. It's all about being brave, taking risks. Sometimes it works, sometimes it doesn't. I'm blessed with being quite secure. Not necessarily about my looks but if someone says 'I don't like what you're wearing' I am never going to go and cry about it. I think that does come with age though. I think when I was younger, I was very insecure but now I feel more confident and something that I enjoy doing is actually being able to try new things and experiment with this kind of stuff. I'm really digging the style at the moment."

The risks so far have included [wearing a custom Prada jumpsuit](#) ("my mum wants to frame it") on the red carpet at the Venice Film Festival. A style decision her agent was not so keen she take. "I told my agent that I feel like a jumpsuit could look really cool and she was like 'No. No one has worn a jumpsuit in Venice', and I said 'Well watch me wear this jumpsuit.' I like to prove people wrong. If someone says I can't do something I always think I'm going to totally do this to annoy you." You can take the girl out of the East End...

"The phrase 'stronger female roles in Hollywood' is now so over used that it's basically its own hashtag. All women are strong and we don't need to write stronger female roles, what we need to start writing is real women that have emotions and have real-life thoughts," she insists.

Having just turned 20, an age that now allows her to reach for those leading roles, Ella has noticed a massive shift. "So many of the scripts I read nowadays are for the young, pretty, attractive eye candy or it's the girlfriend of the main character, who is always a man. I had a chat with my agent and said I'm not up for this anymore. I didn't know that this was such an issue until last year. I think that women's sexuality is a wonderful beautiful thing that I'm not opposed to women showing their bodies but personally I am not attracted to scripts that have a lot of nudity. I don't agree with slut shaming, I think that is absolutely terrible and I think women need to work on being nicer to other women in general."

Ella even admits that when presented with the script for *Miss Peregrine's Home For Children* she had reservations about the characterisation of the young heroine. "When I first read the script I was a little bit like how can I make her a real woman instead of the pretty one who just happens to fall in love with the lead? I really hope that it does come across. She has so many other things going on for her other than falling in love with this boy."

CREDIT: REX

Much like Emma, Ella too has much more going on for her other than breaking Hollywood. As its website lists, she is the events manager and PR consultant for Educate2Eradicate. A charity headed up by her "amazing and incredibly inspiring" best friend, Arifa Nasim, which aims to teach young people about the horrors of FGM (forced marriages and honour-based violence). For Ella, these issues come down to one thing: violence against women. An issue she is "hugely, hugely passionate about."

CREDIT:REX

Along with her crucial work with the charity, Ella hopes to expand her CV beyond the realms of acting. "I absolutely adore acting and I wouldn't be doing it if I didn't



One thing is for sure, Ella Purnell is the kind of girl that Hollywood needs in 2016. She's smart, savvy and an impassioned feminist who is fast becoming a role model for young women. But the best thing? She's actually just really nice, and nice girls always finish first.

- MISS VOGUE
- MISS VOGUE WHAT'S UP
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EXHIBIT 22



UNICEF's corporate partnerships

UNICEF and Corporate Engagement

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Our partners

Major corporate partners

How to partner with UNICEF

Newsline

Gucci



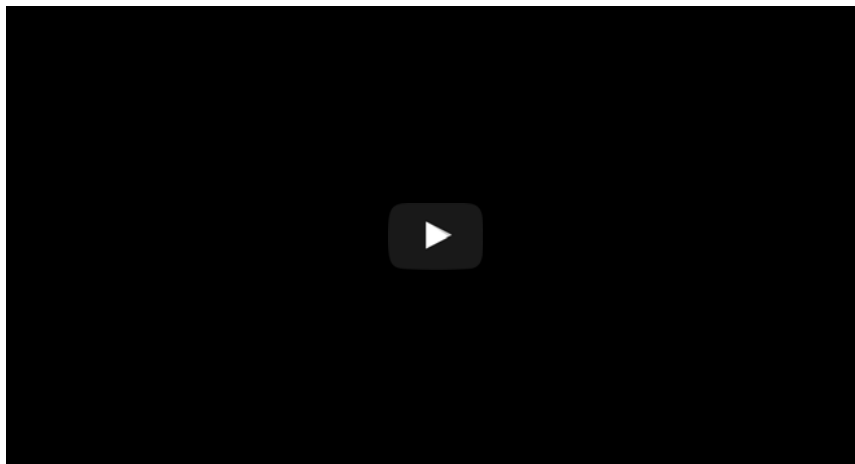
© Ronan Gallagher for Gucci

Since 2005, Gucci has contributed more than US \$20 million to UNICEF's work, focusing on the 'Schools for Africa' initiative which helps the most disadvantaged children, including girls, orphans and those living in extreme poverty, gain access to quality education. To date, this partnership has positively impacted the lives of more than 7.5 million children living in sub-Saharan Africa and China.

A DECADE OF PARTNERSHIP

Gucci has consistently supported UNICEF's programs in Malawi and Mozambique, with a view to creating sustainable change for the children, families and communities in these two countries.

To mark 10 years of partnership and in support of UNICEF's work, Gucci released a short film, Growing Tall on 2 June 2015. Narrated by children, teachers and parents in a rural community in Mozambique, the film highlights progress made in education over a decade, and illustrates the power of education to transform lives, particularly for girls and women.



Watch the full film [here](#)

CHIME FOR CHANGE

Founded by Gucci, Beyoncé and Salma Hayek Pinault in 2012, CHIME FOR CHANGE is a global campaign focused on girls' and women's empowerment. It serves to convene, unite and strengthen voices speaking out for girls and women around the world, and to raise funds, through crowd-funding, for non-profit organizations pursuing change in the areas of education, health and justice.

UNICEF has received support from CHIME's network for activities such as providing school scholarships for girls, and immunizations to women in order to eliminate maternal and newborn tetanus.

With UNICEF, Salma Hayek Pinault visited Syrian refugees in Lebanon in 2015 to draw attention to the urgent humanitarian needs of children and families whose lives have been upended by the conflict in Syria. CHIME for the Children of Syria, is a crowd-funding appeal to help UNICEF provide children with learning opportunities and psycho-social support services. Individuals can learn more and make a donation at www.crowdrise.com/chimeforthechildrenofSyria

CURRENT COMMITMENT

Gucci has committed to make a further €1 million (about US\$ 1.3 million) contribution to UNICEF's work before the end of 2016. In consultation with UNICEF, Gucci is channeling this new donation towards education initiatives in Burkina Faso, a

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Children need your help



Children worldwide need your help right now. Please donate what you can today.

DONATE NOW

Growing Tall

A film by Gucci in support of UNICEF. Watch [here](#)

10 year anniversary

[Press Release](#) - June 2 2015

CHIME for the children of Syria

[Press Release](#) - 27 April 2015

Gucci website

Visit [here](#)

country where only 65% of girls go to school, compared to 76% of boys.

UNICEF

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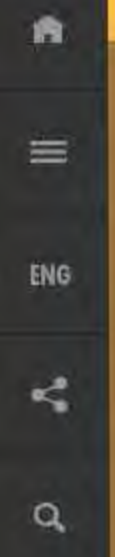
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EXHIBIT 23



CHIME

FOR CHANGE
FOUNDED BY GUCCI

CHIME FOR CHANGE is a global campaign to raise funds and awareness for girls and women around the world. Join the movement and take action to promote Education, Health and Justice.

OUR IMPACT

TAKE ACTION





THE SOUND OF CHANGE LIVE TOMORROW

CHIME FOR CHANGE presents THE SOUND OF CHANGE LIVE, a global concert event highlighting girls' and women's issues to 1 billion people globally

Headlined by Co-founder and Artistic Director of CHIME FOR CHANGE, Beyoncé the line-up also includes performances from Ellie Goulding, Florence + the Machine, HAIM, Iggy Azalea, John Legend, Jennifer Lopez, Laura Pausini, Rita Ora and Timbaland

Simon Le Bon also confirmed to perform

Show starts at 6pm BST tomorrow at London's Twickenham Stadium

Friday 31* June 2013, London, UK – Tomorrow, Beyoncé will be joined by a star-studded line-up for THE SOUND OF CHANGE LIVE concert event, including Ellie Goulding, Florence + the Machine, HAIM, Iggy Azalea, John Legend, Jennifer Lopez, Laura Pausini, Rita Ora, Timbaland and a number of other surprise guests including Simon Le Bon. They will take to the stage to support Gucci's new global campaign for girls' and women's empowerment, CHIME FOR CHANGE. Tomorrow's concert event, which takes place at London's Twickenham Stadium, will be broadcast to up to 1 billion people globally in six continents, and will bring together some of the world's most talented artists and internationally renowned activists to raise awareness of the issues affecting girls and women.

Simon Le Bon said: "In the year which marks the centenary of the Suffragette Movement, I am excited to be a performer at the Twickenham CHIME FOR CHANGE show this Saturday. As the father of three determined daughters, and as a man who was raised by a strong, inspirational woman, I unreservedly support women's rights and the drive for equality world wide. So prick up your ears, because Chime is coming to town."

Presenters and performers at THE SOUND OF CHANGE LIVE will include:

Aishwarya Rai * Abhishek Bachchan* Archbishop Desmond Tutu * Beyoncé * Blake Lively * Ellie Goulding * Florence + the Machine * Freida Pinto * Frida Giannini * Gloria Steinem * Gordon and Sarah Brown * HAIM * Humaira Bachal * Iggy Azalea * Jada Pinkett Smith * James Franco * Jennifer Lopez * Jessica Chastain *John Legend * Laura Pausini * Leymah Gbowee * Madonna * Mpho Tutu * Rita Ora * Salma Hayek Pinault * Sharmeen Obaid-Chinoy * Timbaland * Zoe Saldana *

CHIME FOR CHANGE Co-founder and THE SOUND OF CHANGE Artistic Director, Beyoncé Knowles-Carter, who will perform a 45 minute special set, said: "Our goal is to call for change for girls and women in the loudest voice possible," said Knowles-Carter. "I am



excited for us to come together and bring the issues of Education, Health and Justice for girls and women to the world stage."

In addition to live performances and collaborations from leading global artists, the concert will also serve as a platform to broadcast inspirational and provocative short films and stories spotlighting girls' and women's issues globally. One such film has already received critical acclaim at the Women Deliver conference in Kuala Lumpur, Malaysia, on the 30th and 31st May. 'HUMAIRA: THE DREAM CATCHER' is directed by Emmy and Oscar® winning documentary filmmaker, Sharmeen Ohaid-Chinoy. The film chronicles the life of a young woman who is fighting to educate girls in her community in Pakistan. Through sheer determination, she has set up a school that now educates more than 1,200 children.

Other films that will be featured at THE SOUND OF CHANGE LIVE concert will include: **SEPIDEH: LETTERS TO EINSTEIN** by Berit Madsen, the story of Sepideh, a young Iranian astronomer who dreams of becoming an astronaut; **REACHING FOR THE SUN** by Jehane Noujaim which follows the journey of 30 grandmothers chosen from remote corners of the globe who are trained as solar engineers, enabling them to solar power their own villages and pass on their knowledge to other women; and Dan Reed's **#SHOUTING BACK** which explores accounts of women's experiences of sexual harassment in the UK.

A series of graphics will be displayed around Twickenham Stadium listing powerful statistics highlighting the issues affecting women and girls around the world, including shocking figures such as two thirds of the world's illiterate adults are women, 80% of maternal deaths could be easily prevented, 80% of the estimated 800,000 people trafficked annually are girls and women, 800 women die during pregnancy and childbirth every day and 70% of women experience physical or sexual violence in their lifetime.

Legendary UK promoter, Harvey Goldsmith, responsible for the world's biggest global charity concerts, such as Live Aid and Live 8, will produce the four-hour concert alongside Executive Producers Kevin Wall and Aaron Grosky from Control Room (Live Earth, Live 8, FIFA World Cup Kick Off) who have worked with Harvey on many of these great events.

In a world first, every ticket buyer will be able to personally choose which project the money from his or her ticket will fund. Gucci is underwriting the concert event so that all ticket sales (less VAT and service fees) will support selected projects. A sell-out concert is guaranteed to fund at least 120 projects supporting girls and women in more than 70 countries from ticket sales alone. Viewers around the world will also have the opportunity to lend their support by donating online at chimeforchange.org and fb.com/chimeforchange, and through a mobile text-to-give campaign. Partner organizations include UNICEF, UN Women, The Global Fund for Women, GEMS, Plan International, Vital Voices, CAST, Equality Now, Doctors of the World, Girl Up, PATH, KIND, Pro Mujer, and Women Deliver, to name a few.

CHIME FOR CHANGE brings together a coalition of organizations and individuals to effect meaningful change for girls and women worldwide. The campaign's strategic partners include the Kering Foundation, the Bill & Melinda Gates Foundation, Facebook, Hearst Magazines, and Catapult. The International Herald Tribune and the Thomson Reuters Foundation are



partners of the CHIME FOR CHANGE journalism platform and The Huffington Post as digital media partner.

Mariane Pearl, Managing Editor of CHIME FOR CHANGE, has this week led a Thomson Reuters Foundation journalism course, 'Reporting Women' - a five-day journalism course which put a spotlight on women's rights, empowerment and the media. Mariane Pearl worked directly with journalists from across the world, selected for their ability to bring expertise and experience to the project, to explore topics ranging from the safety of female journalists, to female stereotypes and female narratives in the media.

The Advisory Board of CHIME FOR CHANGE includes Hafsat Abiola, Muna AbuSulayman, Jimmie Briggs, Gordon and Sarah Brown, Lydia Cacho, David Carey, Joanne Crewes, Minh Dang, Juliet de Baubigny, Waris Dirie, Helene Gayle, Yasmeen Hassan, Arianna Huffington, Musimbi Kanyoro, Alicia Keys, John Legend, Pat Mitchell, Alyse Nelson, Sharmeen Obaid Chinoy, Francois-Henri Pinault, Julia Roherts, Jill Sheffield, Jada Pinkett Smith, Caryl Stern, Meryl Streep, Archbishop Desmond Tutu and his daughter Mpho Tutu, among others.

To stay informed, visit www.chimeforchange.org and join our community on Facebook at www.facebook.com/chimeforchange.

To stay informed, visit www.chimeforchange.org and join our community on Facebook at www.facebook.com/chimeforchange.

To download the imagery, logos, biographies and the press pack for the CHIME FOR CHANGE campaign please click <http://www.chimeforchange.org/>

To access B-roll footage from the Concert Announcement please go to:

<https://mediaserver2.specialtreats.co.uk:443/cgi-bin/filemanager/>

Username: GUCCI_SCREENING 2013

Password: gUcc15cR33n

THE SOUND OF CHANGE LIVE Performers

Visit www.chimeforchange.org/soundofchange for the latest information about performers

For media accreditation and ticketing for THE SOUND OF CHANGE LIVE, please contact:

Johanna.Whitehead@freud.com

Sam.Fane@freud.com

+44 (0) 20 3003 6300

For information about the CHIME FOR CHANGE campaign please contact:

Caroline.Preston@freud.com



Amy.dowd@freud.com
+44 (0) 20 3003 6300

CHIME FOR CHANGE Founding Committee
Frida Giannini, Beyoncé Knowles-Carter and Salma Hayek Pinault

GUCCI

Founded in Florence in 1921, Gucci is one of the world's leading luxury fashion brands. Alongside the values of quality, creativity and Italian artisanal craftsmanship, for which the brand is renowned, Gucci also believes in the importance of a responsible attitude towards people, the environment and the communities in which it operates. Corporate citizenship is a fundamental part of the mission and operating philosophy of the company. For more information about Gucci, please visit www.gucci.com

The Kering Foundation*

The Kering Foundation combats violence against women and promotes their empowerment. Launched in January 2009, the Foundation supports community-based projects and encourages employee involvement to sustain women's causes around the world. Through four programmes, it supports local and international NGOs as well as social entrepreneurs, helps raise awareness and establishes joint projects with the Kering brands. In 2012, more than 80,000 women benefited from its support in 16 countries. *In line with PPR's change of name, the PPR Corporate Foundation for Women's Dignity and Rights will become the Kering Corporate Foundation, subject to approval at the Foundation's board meeting on 26 June 2013. www.keringfoundation.org @KeringForWomen

Facebook

Founded in 2004, Facebook's mission is to make the world more open and connected. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them.

Catapult

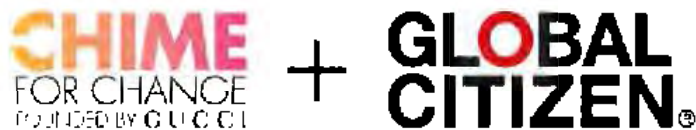
Catapult is the first crowd-funding platform solely dedicated to advancing the lives of girls and women around the world. Catapult connects trusted organizations with a new global audience to increase funds and engagement. Organizations can post projects online, and donors can browse and fund the issues that speak to them most. Every dollar donated goes to the organization and donors receive reports about the project's progress. Catapult beta-launched on October 11, 2012, with the support of notable partners, including the Bill & Melinda Gates Foundation, the Global Fund for Women and the United Nations Population Fund. For more information go to www.catapult.org, and follow Catapult on Twitter: @wecatapult and Facebook at facebook.com/catapult.org. Catapult is a project of WOMEN DELIVER, a 501c(3) organization. Invest in girls and women. It pays!

Hearst Magazines

Hearst Magazines is a unit of Hearst Corporation, one of the nation's largest diversified communications companies. Hearst Magazines is the largest publisher of monthly magazines in the U.S. (ABC 2012), reaching 83 million adults (Fall 2012 MRI) with its 20 titles. In addition the company published more than 300 editions around the world. Hearst Magazines Digital Media, dedicated to creating and implementing Hearst Magazines' digital strategy, has more than 28 websites and 14 mobile sites for brands such as Cosmopolitan, Popular Mechanics, ELLE, ELLE DECOR, Esquire,



Good Housekeeping, Marie Claire and Seventeen, as well as digital only sites such as Delish.com, a food site in partnership with MSN; MisQuinceMag.com; and RealBeauty.com. Hearst Magazines has published more than 150 apps and digital editions. In addition, the company includes iCrossing, a global digital marketing agency.



**GUCCI AND CHIME FOR CHANGE PARTNER WITH GLOBAL CITIZEN
FOR THE 2015 GLOBAL CITIZEN FESTIVAL**

*CHIME FOR CHANGE Co-Founders Beyoncé Knowles-Carter and Salma Hayek Pinault
Take the Stage to Call for Gender Equality*

September 28th, 2015 – CHIME FOR CHANGE, the global campaign founded by Gucci to raise funds and awareness for girls' and women's empowerment, celebrated its new partnership with Global Citizen focused on gender equality, during the 2015 Global Citizen Festival on September 26 in New York City.

This year marks the fourth annual Global Citizen Festival, bringing together artists, celebrities, world leaders and activists to create a lasting movement to end extreme poverty by 2030.

CHIME FOR CHANGE Co-Founder Beyoncé headlined the festival along with Pearl Jam, Ed Sheeran and Coldplay, joining fellow CHIME Co-Founder Salma Hayek Pinault, who took the stage as a co-host. Gucci and CHIME FOR CHANGE served as Presenting Partners of the festival, welcoming 60,000 concertgoers to the Great Lawn in Central Park. Gucci CEO Marco Bizzari joined Global Citizen CEO Hugh Evans on stage to announce the historic partnership. François-Henri Pinault, CEO of Gucci's parent company, Kering, was also present at the festival to support the partnership.

The power of music has always been an important facet of the CHIME campaign – on June 1, 2013, Gucci and CHIME FOR CHANGE presented THE SOUND OF CHANGE LIVE in London, the first global concert event in history dedicated to girls' and women's issues. The show was broadcast in 80 countries reaching one billion people.

Beyoncé also surprised two lucky fans at the festival by meeting them backstage after they used Shazam's new visual recognition functionality on Shazam-enabled CHIME FOR CHANGE banners throughout the park to receive the contest details and enter to win.

The Global Citizen Festival shed light on the UN's new Global Goals for Sustainable Development, which represent key targets for the next 15 years. CHIME FOR CHANGE and Global Citizen are working together specifically around Goal 5, which aims to achieve gender equality, and empower all women and girls.

"This is an exceedingly important moment for girls and women, and every voice matters in this effort," said Ms. Hayek Pinault. "Together, CHIME and Global Citizen are committed to creating a world where girls and women are protected and given the opportunity to thrive. This is something that cannot be achieved unless we all come together and raise our voices for gender equality. Now is the time for change."

Ms. Hayek Pinault also joined youth ambassadors representing various nonprofit organizations, including UNICEF, on stage to raise awareness about the plight of refugee children suffering as a result of the Syrian conflict. Through corporate support and the power of crowdfunding, CHIME FOR CHANGE and Ms. Hayek Pinault have helped raise more than \$347,000 for programming for women and children affected by the crisis.

Since the campaign's launch in 2013, CHIME FOR CHANGE has raised \$7.3M to fund more than 420 Education, Health and Justice projects, directly benefitting more than 400,000 girls and women. To learn more about CHIME FOR CHANGE and its partnership with Global Citizen, please visit chimeforchange.org.



About CHIME FOR CHANGE

CHIME FOR CHANGE, founded by Gucci, is a global campaign to convene, unite and strengthen the voices speaking out for girls and women around the world, with a focus on using innovative approaches to raise funds and awareness for Education, Health and Justice projects. Through the power of crowdfunding, CHIME FOR CHANGE has funded more than 420 projects in 88 countries through 153 non-profit partners reaching hundreds of thousands of girls and women around the world. CHIME FOR CHANGE co-Founders Salma Hayek Pinault and Beyoncé Knowles-Carter continue to lead the campaign with its coalition of partner organizations. Founding Partners include the Kering Foundation, the Bill & Melinda Gates Foundation, Facebook, Hearst Magazines and Catapult. Strategic Partners include P&G Prestige, Twitter and Kellogg's Special K. CHIME is powered by crowdfunding partners GlobalGiving and CrowdRise. The CHIME FOR CHANGE Advisory Board includes Hafsat Abiola, Muna AbuSulayman, Valerie Amos, Humaira Bachal, Jimmie Briggs, Gordon and Sarah Brown, Lydia Cacho, David Carey, Minh Dang, Juliet de Baubigny, Waris Dirie, Carolyn Everson, Helene Gayle, Laymah Gbowee, Yasmeen Hassan, Hung Huang, Arianna Huffington, Musimbi Kanyoro, Alicia Keys, John Legend, Lee Young-Ae, Madonna, Pat Mitchell, Phumzile Mlambo-Ngcuka, Alyse Nelson, Sharmeen Obaid Chinoy, Francois-Henri Pinault, Julia Roberts, Jill Sheffield, Alison Smole, Jada Pinkett Smith, Peter Soer, Caryl Stern, Meryl Streep, the Archbishop Desmond Tutu, Mpho Tutu, Monique Villa and Yang Lan. To stay informed, visit www.chimeforchange.org.

About Global Citizen

Global Citizen is a content and campaigning platform where people can learn about and take action on the world's biggest issues. Global Citizen works in partnership with and supports some of the most effective organizations working to end extreme poverty. Committed to providing the most interesting stories, effective actions and powerful campaigns, Global Citizen aims to unlock the power of every individual to play his or her part in the movement to end extreme poverty in the next 15 years. For more information, visit GlobalCitizen.org and follow @GlbCitzn Twitter, Facebook and Instagram using #GlobalCitizen.

Global Citizen has partnered with leading organizations for the 2015 Global Citizen Festival, including: action/2015, CARE, Concern Worldwide U.S., The Earth Institute, Every Woman Every Child, Gavi, the Vaccine Alliance, The Global Fund to Fight AIDS, Tuberculosis and Malaria, The Global Partnership for Education, Global Polio Eradication Initiative, Heifer International, The Hunger Project, Kiva, The ONE Campaign, Opportunity International, Oxfam, Pencils of Promise, RESULTS, Save the Children Action Network, The United Nations Foundation, UNICEF, USA for UNHCR, WaterAid, World Bank Group, World Vision and Water Supply and Sanitation Collaborative Council.

###



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Chime for Change Concert in London Raises \$3.9 Million for Women Across the Globe

London's Chime for Change concert-featuring headliner Beyoncé-raised \$3.9 million to support 210 projects for girls and women across the globe.

By *Caitlin Scott* Jul 19, 2013



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Beyoncé and **Chime for Change** win best concert forever.

Chime for Change's "**The Sound of Change Live**" concert raised an incredible \$3.9 million for girls and women around the world at London's Twickenham Stadium on June 1.

The global campaign, co-founded by Beyoncé, Salma Hayek Pinault and Gucci creative director Frida Giannini, was established to raise funds and awareness for girls' and women's empowerment, a cause that brought celebs out in droves—Jennifer Lopez, Ellie Goulding, Florence Welch, Freida Pinto, Blake Lively, and Jada Pinkett Smith all made appearances at the organizations first charity concert.

Even the boys proved to be all about girl power! Timbaland, James Franco, and John Legend also hit the stage in London to show their support for the cause.

Each of the 50,000 concertgoers donated the full value of their ticket to projects of their choice, allowing Chime for Change to fully fund four incredible projects:

\$25,150 to help Syrian refugees access healthcare through Doctors of the World

\$50,020 to showcase the stories of sex trafficking survivors through Equality Now

\$15,005 to send 30 girls in Houston to Camp SMART through Girls Inc.

\$57,750 to build the first floor of Humaira Bachal's Dream Model street school in Pakistan—further supported by a matching grant from Madonna's Ray of Light Foundation to complete the school building.

Pretty cool to see exactly where your money goes, right? We're all about kickass women and girl



Want more from Caitlin? Follow her on Twitter [@caitlynnscott](#).

Photo: Getty Images

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EXHIBIT 24

*Lex Machina
Trademark Litigation
Report 2016*



 **Lex Machina™**
a LexisNexis® Company

*by Brian C. Howard J.D./M.A.
Legal Data Scientist & Director of Analytics Services
and Jason Maples J.D./LL.M.
Legal Data Expert*

Published May 2016

Lex Machina's Trademark Litigation Report surveys and summarizes the key trends and insights, and also profiles in detail a few of the major players.

Based on the same data driving Lex Machina's platform, this report examines timing to remedy, case findings and resolutions, and damages to showcase the power of Legal Analytics.

Executive Summary

Lex Machina's Trademark Litigation Report showcases the power of Legal Analytics™ to inform business decisions around trademark litigation.

From precise timing metrics on injunctions that can improve budgeting for outside counsel and in-house counsel alike, to trends in the top trademark parties and law firms, Legal Analytics provides, data-driven, customized insights that supplement traditional research and accumulated experience. In today's world, leveraging this data gives companies and firms a competitive edge - companies can choose better counsel based on their performance, and counsel can increase their performance by understanding how data influences decisions from motion practice to damages demands and settlement thresholds.

This report examines several important metrics (and their interactions) for trademark litigation in aggregate across cases filed from January 2009 through the end of the first quarter of 2016.

Areas of focus and key insights for the first part include:

Injunctions and Other Remedies

- The median time to a temporary restraining order in trademark cases is 6 days. For preliminary injunctions, the median time to issuance is just over 1 month. For permanent injunctions, the median is 6 months.
- Cybersquatting cases reach preliminary injunction slightly faster than trademark cases generally (0.8 months median vs 1.1 months median), but false advertising cases tend to take longer to reach both preliminary (2 months to 1.1) and permanent injunction (7.2 months to 6) compared to trademark cases generally.



Chanel, Deckers, Tiffany, Louis Vuitton, Gucci, and Coach are the most common parties to win relinquishment of a domain name.

Findings and Judgments

- Default judgments happen frequently, often result in findings of a Lanham Act violation, and account for 68.0% of all Lanham Act violation findings.
- Equitable and fair use issues are usually determined on summary judgment more often than not.

Damages

- Damages in trademark litigation come almost entirely from default judgments, and majority of the rest come from consent judgments.
- Of damages resulting from decisions on the merits, juries have awarded more damages than judges.
- Chanel has won the most damages (\$1 billion) followed by Burberry Limited (\$523 million), and Gucci (\$208 million).
- Excluding damages resulting from consent or default judgments, Coach (\$66 million) won the most damages followed by PODS Enterprises (\$60 million) and Neurovision Medical Products (\$60 million).

Districts

- Central District of California (4,164 cases) is the most popular district, although it has seen a decline since 2015 corresponding to an overall decline in all trademark cases filings.
- For cases involving allegations of cybersquatting, the Southern District of Florida leads with 486 cases, followed by the Northern District of Illinois (429 cases), and the Central District of California (361 cases).
- For cases involving allegations of false advertising, The Central District of California tops the chart with 785 cases, followed by the Southern District of New York (389 cases) and the Northern District of Illinois (274 cases).

Parties

- Coach is the leading plaintiff in trademark cases filed from January 2009 through March 2016 with 730 cases, followed by Chanel (330 cases) and Microsoft (203 cases).
- The National Football League (NFL) is the top defendant with 548 cases related to a single dispute over use of former players likeness; the other top defendants are Syngenta Seeds (184 cases), Big Bad Limo Service (109 cases), Amazon.com (66 cases), and Walmart (59 cases).

Law Firms

- Top law firms representing plaintiffs include Goldberg, Perksy & White (542 cases), Stephen M. Gaffigan (539 cases), the Blakely Law Group (371 cases), and Kilpatrick Townsend & Stockton (366 cases).
- On the defense side, Greenberg Traurig is the top firm (with 161 cases), followed by Kilpatrick Townsend & Stockton (146 cases), and Lewis Brisbois Bisgaard & Smith (110 cases).

This report provides a starting point for understanding the impact of Legal Analytics on the business and practice of trademark law. It sheds light on the big trends in trademark litigation. But the full power of Legal Analytics is revealed when users engage with the platform to produce actionable and strategic insights tailored to their particular context and circumstance. When users have the ability to “twist the dials,” their results provide them a competitive advantage in landing clients, winning cases, and closing deals by making data-driven decisions.

Lex Machina's Data and Methodology

This report draws on data from Lex Machina's proprietary intellectual property litigation database. Although some of our data is derived from litigation information publicly available from PACER (the federal court system's document website), Lex Machina applies additional layers of intelligence to bring consistency to, and ensure the completeness of, the data. Beyond the automation, key areas of Lex Machina's data are either human-reviewed or hand-coded by a dedicated team of attorneys to ensure accuracy.

Lex Machina's trademark content covered in this report focuses on U.S. district court cases pending from January 1, 2009 through March 31, 2016. Cases are identified as trademark based on the primary filing codes Nature of Suit (NOS) 840 and Cause of Action codes for Trademark Infringement and then verified; additional cases with trademark claims are found from cases filed as NOS 820 and NOS 830. Terminated cases are coded for injunctive relief, merits decisions on the claims brought and defenses raised, and damages awarded for Lanham Act violations. Damages may be compensatory (including defendant's profits, plaintiff's actual damages, reasonable royalties, and statutory damages) or non-compensatory (including attorneys' fees, costs, and prejudgment interest). Damages enhanced for willfulness are also distinguished.

Lex Machina considers a trademark case to be a case with one or more claims involving violations of the Lanham Act (the federal trademark statute) including for trademark infringement, trademark dilution, unfair competition or cybersquatting. This definition excludes cases with only state claims of infringement or unfair competition, trademark ownership disputes, and appeals from TTAB or USPTO decisions.

Two primary sub-categories of trademark cases are presented in this report, in addition to analysis of all trademark cases (comprising all charts not specifically labeled with one of the two sub-categories below):

- **Cybersquatting Cases:** Trademark cases involving claims of cyberpiracy prohibited under 15 U.S.C. § 1125 (d) of the the Lanham Act.
- **False Advertising Cases:** Trademark cases involving claims of false advertising prohibited under 15 U.S.C. § 1125 (a)(1)(B) of the Lanham Act.

A trademark finding is defined as a court-enforceable finding regarding one of the claims or defenses listed below. Findings may also include negatives like "No Lanham Act Violation," when such is found in a granted order (denied orders do not rule one way or the other and are not counted).

- **Lanham Act Violation** – Activity of trademark / trade dress infringement, trademark / trade dress dilution, unfair competition, or cybersquatting prohibited by the Lanham Act.
- **Trademark Ownership / Validity** – Proof that the party enforcing the trademark or trade dress owns the right to do so and that the trademark or trade dress is valid.
- **Equitable Defense** – A defense against a claim of Lanham Act Violation involving license, acquiescence or laches.
- **Fair Use Defense** – An affirmative defense permitting the limited use of a protected trademark under the Lanham Act, including statutory fair use, nominative use, comparative advertising, and parody.

Lex Machina's data is focused on the U.S. District Courts and does not include appeals or modifications of judgments on appeal.

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Injunction and Remedy Timing

Fig. 1: Timing for permanent and preliminary injunctions granted, for cases filed Jan 2009 - Mar 2016

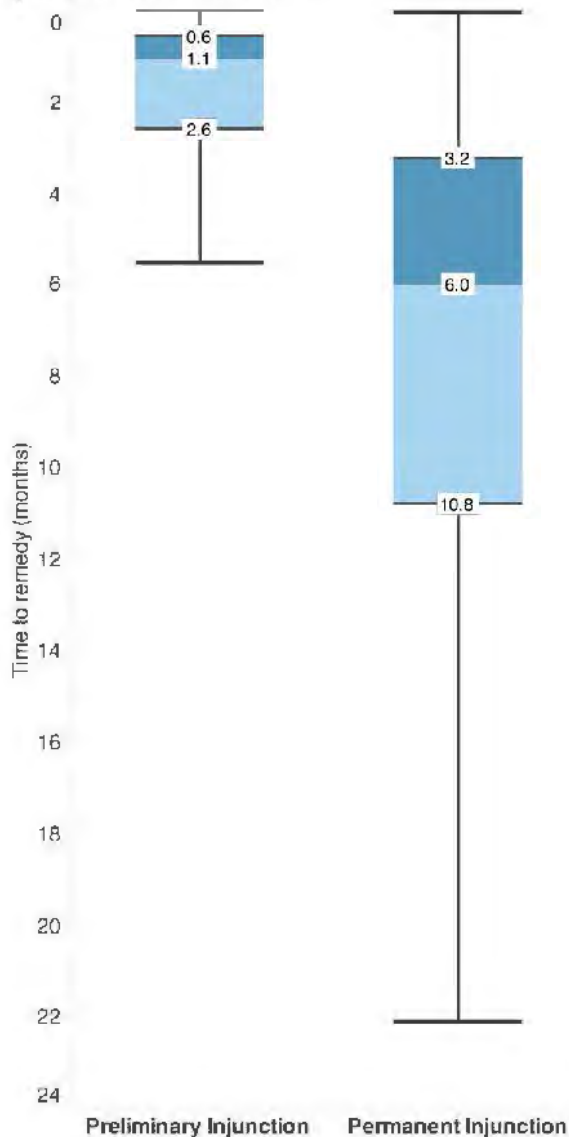


Fig. 2: Timing for temporary restraining orders granted, for cases filed Jan 2009 - Mar 2016

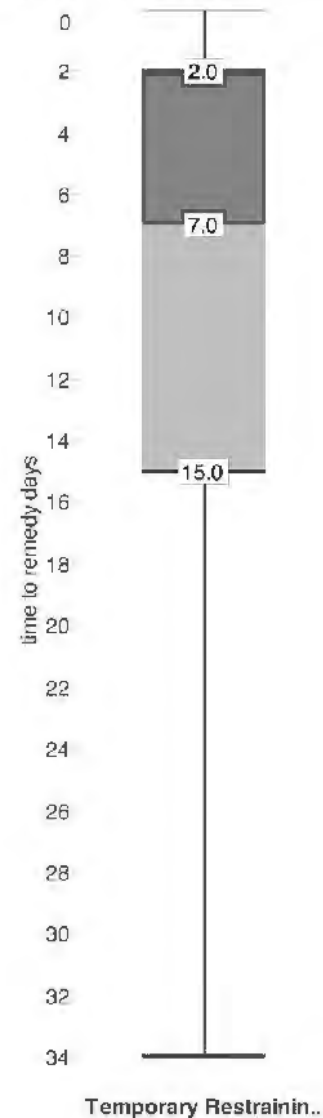
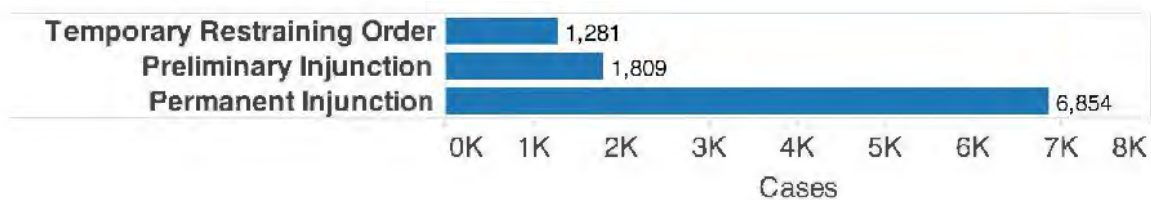


Fig. 3: Total number of injunctions and temporary restraining orders, for cases filed Jan 2009 - Mar 2016



Note: All charts reflect trademark litigation in the U.S. District Courts unless otherwise stated. The charts in this section only show injunctions and temporary restraining orders granted through March 31, 2016.

Time to Injunction

Understanding the timing of injunctive relief can help practitioners form expectations of when the relief will be granted and to budget accordingly.

Nation-wide data on injunctions and remedies from 2009 through the first quarter of 2016 show some interesting trends:

- The median time to a temporary restraining order in trademark cases is 6 days.
- For preliminary injunctions, the median time to issuance is just over 1 month. For permanent injunctions, the median is 6 months.
- Cybersquatting cases reach preliminary injunction slightly faster than trademark cases generally (0.8 months median, 50% between 0.6 and 1.5 vs 1.1 months median, 50% between 0.6 and 2.6).
- False advertising cases tend to take longer to reach both preliminary and permanent injunction compared to trademark cases generally:

	Preliminary injunction:	Permanent injunction:
False advertising:	2 months median, 50% between 0.8 and 4.8	7.2 months median, 50% between 3.8 and 13
Trademark generally:	1.1 months median, 50% between 0.6 and 2.6	6 months median, 50% between 3.2 and 10.8

- Getting a domain name relinquished takes a median of 4.6 months (50% between 2.4 and 8.0) and the parties most frequently winning include Chanel, Deckers, Tiffany, Louis Vuitton, Gucci, and Coach.

The data shown in this section and the insights below provide only an example of what is possible with Lex Machina's timing data, which combines timing data with other criteria to, for example, let in-house counsel choose faster lawyers and outside counsel find the fastest districts. The real power of analytics is the ability to interactively harness the data relevant to your specific context to tailor an answer to your specific question.

Fig. 4: Total cases filed for trademark subtypes with granted injunction, for cases filed Jan 2009 - Mar 2016

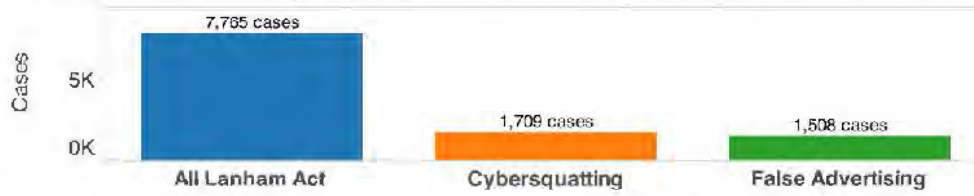


Fig. 5: Time to grant of permanent injunction in cybersquatting cases, for cases filed Jan 2009 - Mar 2016

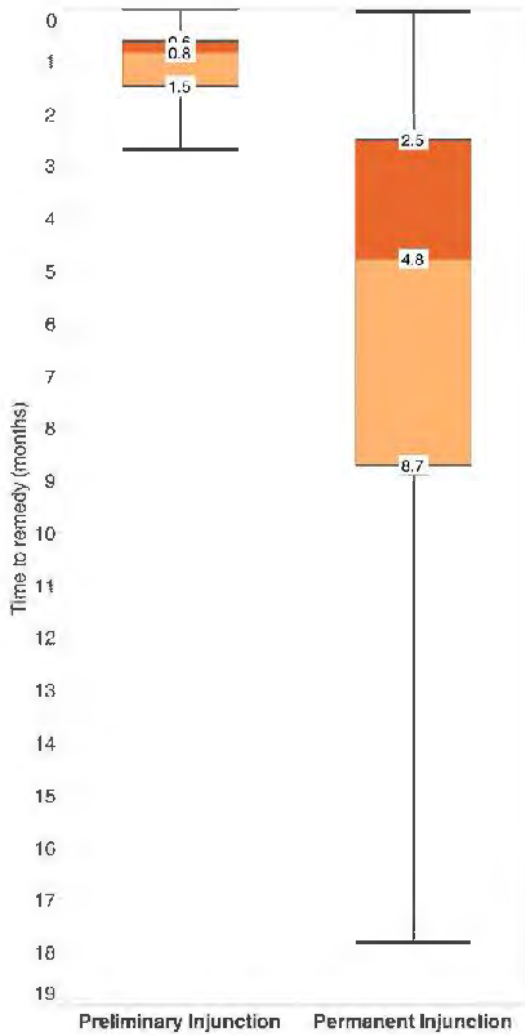


Fig. 7: Number of granted of permanent injunction in cybersquatting cases, for cases filed Jan 2009 - Mar 2016

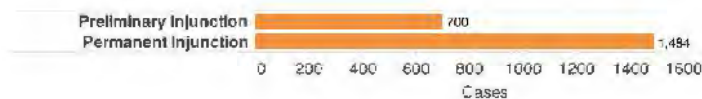


Fig. 6: Time to grant of permanent injunction in false advertising cases, for cases filed Jan 2009 - Mar 2016

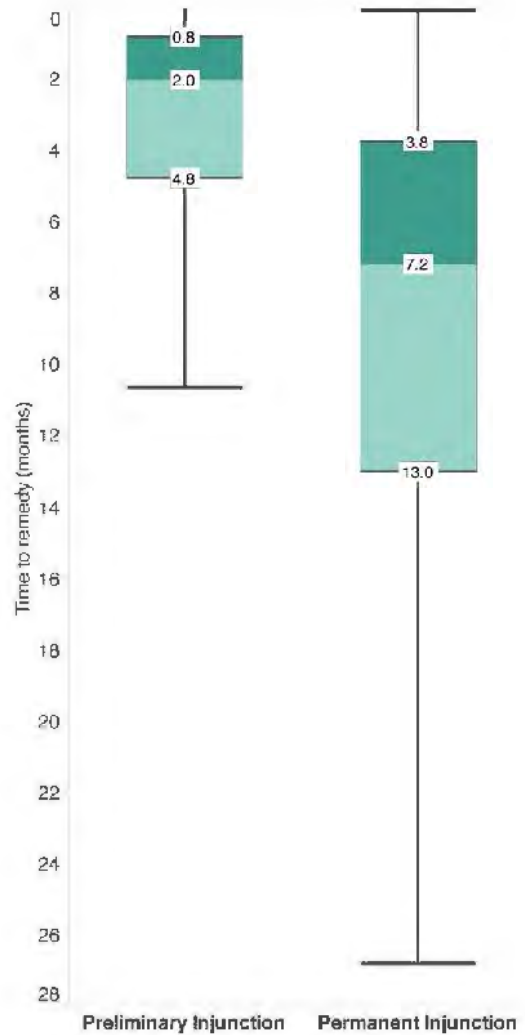


Fig. 8: Time to grant of permanent injunction in false advertising cases, for cases filed Jan 2009 - Mar 2016



Fig. 9: Top parties (10 or more cases with grant of relinquishment of domain name), for cases filed Jan 2009 - Mar 2016

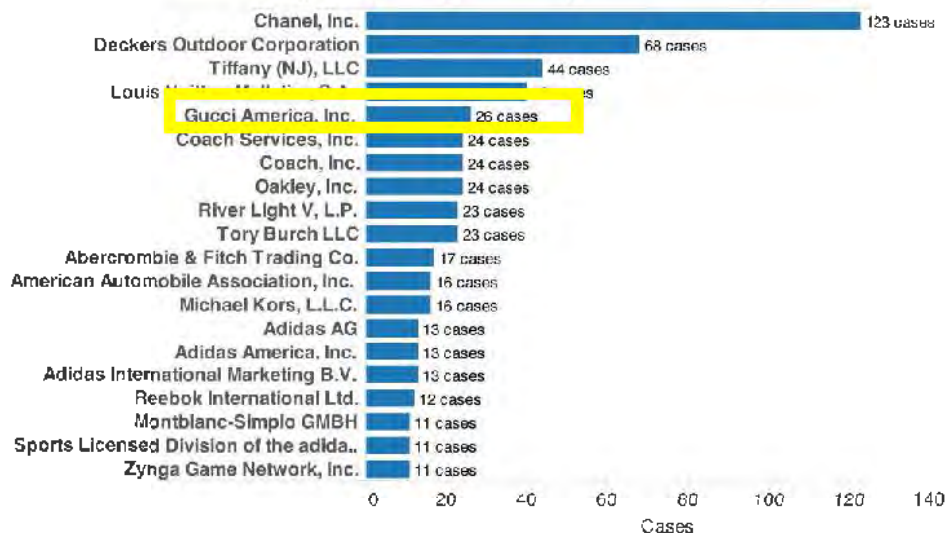


Fig. 10: Time to grant of relinquishment of domain name, for cases filed Jan 2009 - Mar 2016

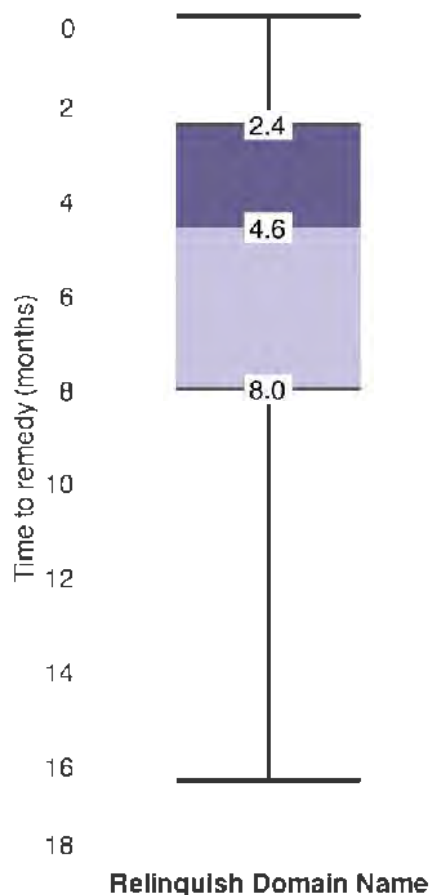
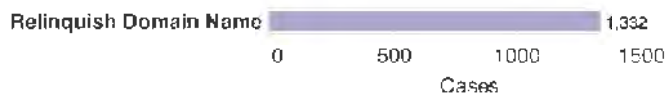
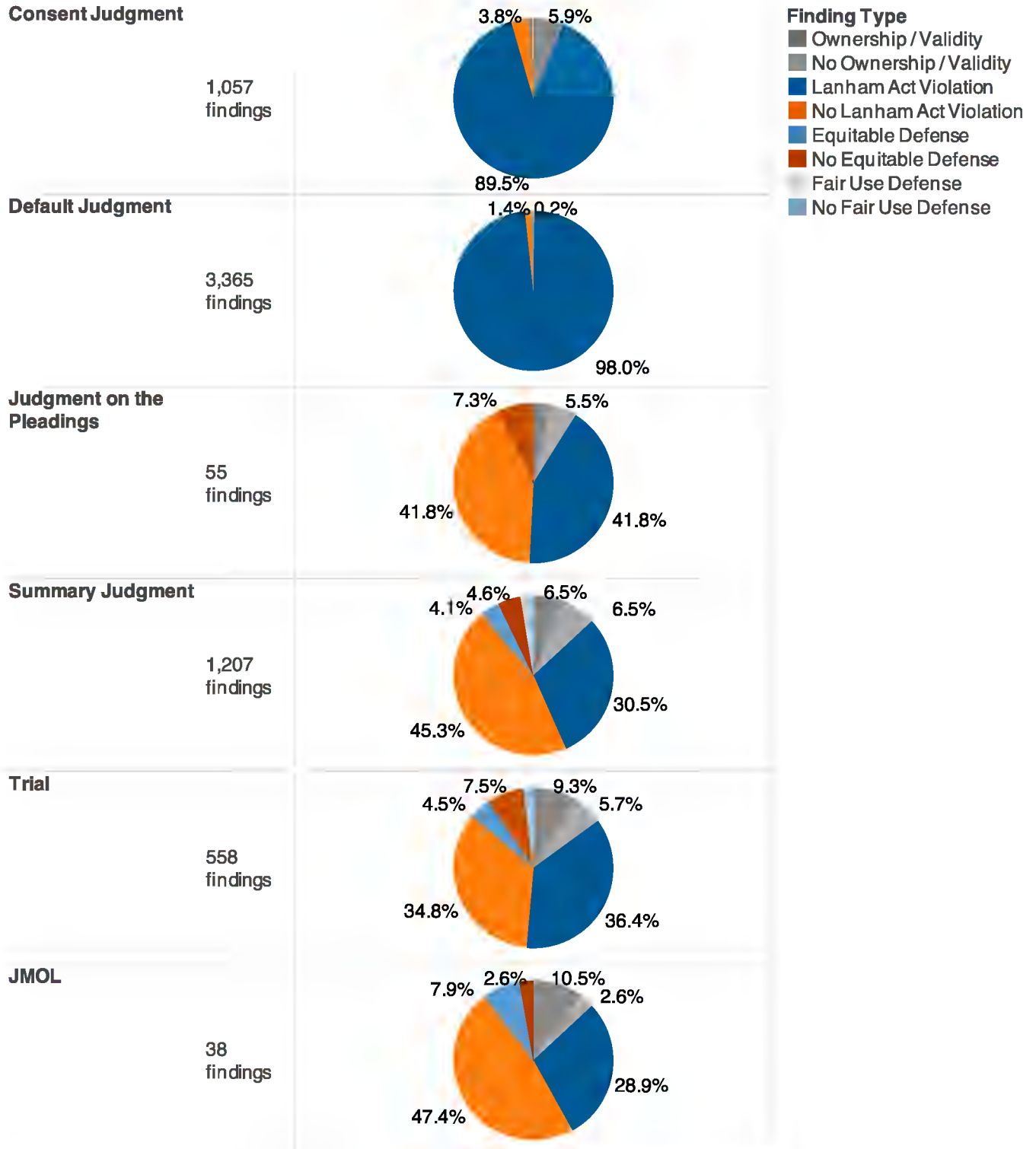


Fig. 11: Number of grants of domain name relinquishment, for cases filed Jan 2009 - Mar 2016



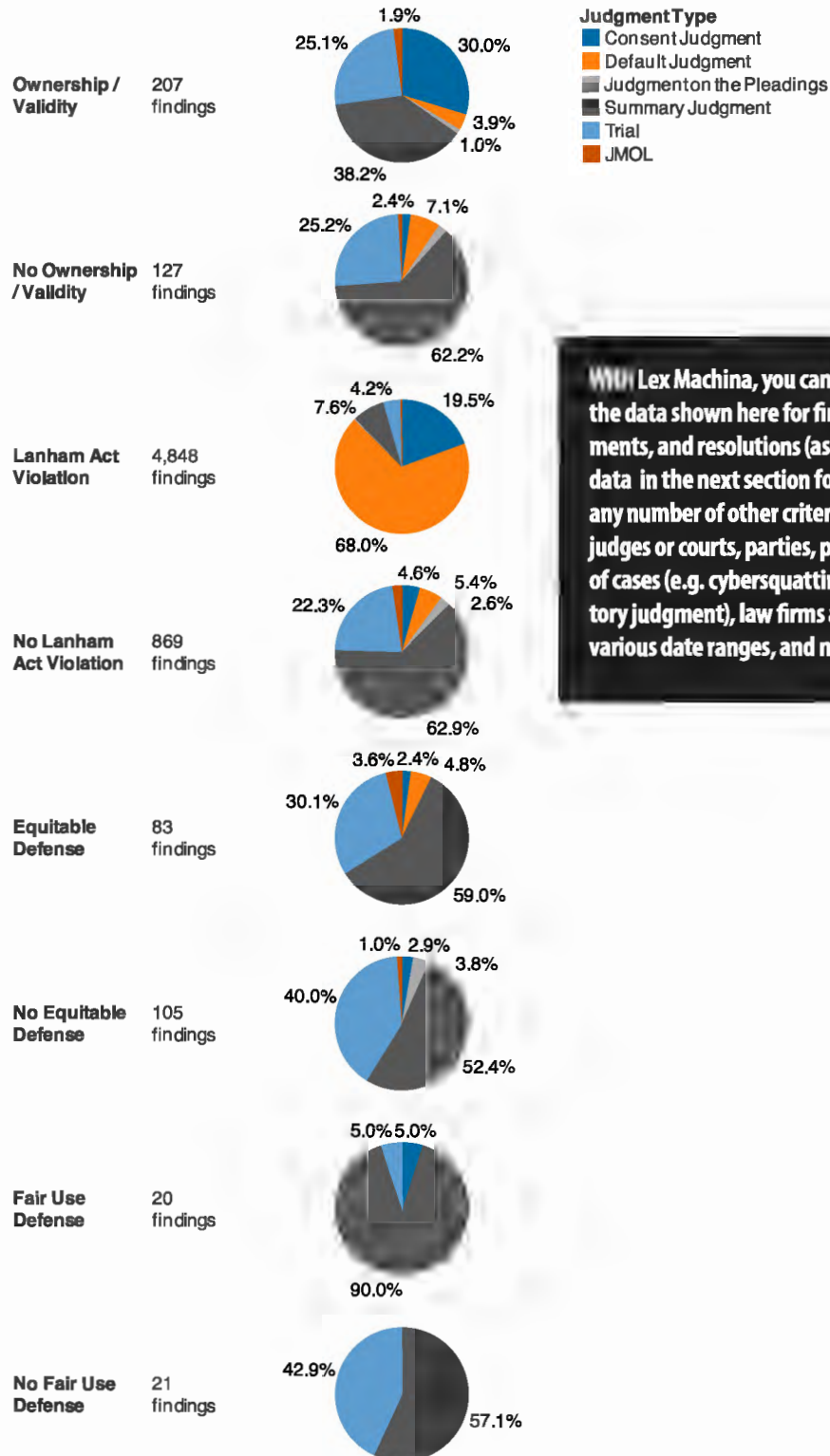
Findings and Judgments

Fig. 12: Judgment type by finding, in cases terminated Jan 2009 - Mar 2016



Note: percentage labels for small slices may be omitted in this and the next figure.

Fig. 13: Finding by judgment event, in cases terminated Jan 2009 - Mar 2016

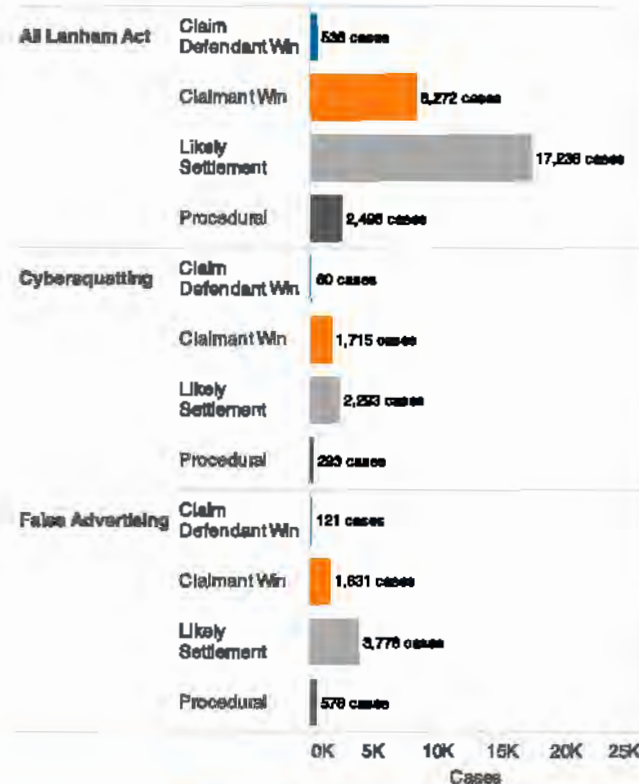


With Lex Machina, you can drill down on the data shown here for findings, judgments, and resolutions (as well as the data in the next section for damages) by any number of other criteria including judges or courts, parties, particular kinds of cases (e.g. cybersquatting or declaratory judgment), law firms and lawyers, various date ranges, and much more!

Fig. 14: Findings and judgments table, in cases terminated Jan 2009 - Mar 2016

	Consent Judgment	Default Judgment	Judgment on the Pleadings	Summary Judgment	Trial	JMOL
Ownership / Validity	51 cases	8 cases	2 cases	77 cases	48 cases	4 cases
No Ownership / Validity	3 cases	8 cases	3 cases	78 cases	32 cases	1 cases
Lanham Act Violation	841 cases	3,149 cases	15 cases	358 cases	183 cases	11 cases
No Lanham Act Violation	38 cases	47 cases	23 cases	510 cases	170 cases	18 cases
Equitable Defense	2 cases	4 cases		49 cases	25 cases	3 cases
No Equitable Defense	3 cases		4 cases	55 cases	40 cases	1 cases
Fair Use Defense	1 cases			18 cases	1 cases	
No Fair Use Defense				12 cases	9 cases	

Fig. 15: Case resolutions, in cases terminated Jan 2009 - Mar 2016



Default judgments happen frequently, often result in findings of a Lanham Act violation, and account for 68.0% of all Lanham Act violation findings. Consent judgments are slightly less frequent, but account for another 19.5% of all Lanham Act violation findings. Ownership / Validity is most often resolved on consent judgment (30.0% of those findings), while No Ownership / Validity was most found on summary judgment (62.2% of those findings).

Equitable and fair use issues are usually determined on summary judgment (in each of the four findings shown at bottom on the previous page, summary judgments accounts for 50% or more).

Damages

Fig. 16: Top parties by damages won, Jan 2009-March 2016 in cases filed Jan 2005 - Mar 2016

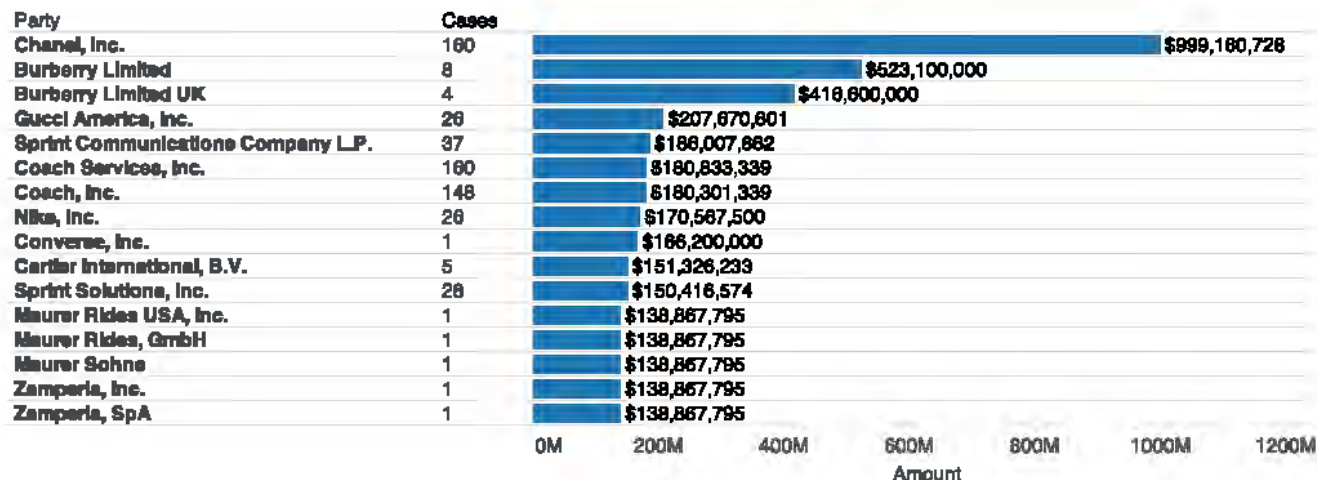


Fig. 17: Top parties by damages won (omitting consent and default judgments), Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016



Damages in trademark litigation come almost entirely from default judgments, and majority of the rest come from consent judgments. Of damages resulting from decisions on the merits, juries have awarded more damages than judges.

Chanel has won the most damages (\$1 billion) followed by Burberry Limited (\$523 million), and Gucci (\$208 million).

Excluding damages resulting from consent or default judgments, Coach (\$66 million) and PODS Enterprises (\$60 million) have won the most damages followed by Neurovision Medical Products (\$60 million).

Fig. 18: Damages by judgment type, damages awarded Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016

Damages Type	Judgment Type			
	Consent Judgment	Default Judgment	Judge	Jury Trial
Statutory Damages	\$36,273,483 33 cases	\$614,379,250 514 cases	\$22,641,450 57 cases	\$9,204,000 5 cases
Statutory Damages - Willful	\$67,075,212 24 cases	\$2,700,060,913 551 cases	\$106,520,035 37 cases	\$41,471,500 6 cases
Corrective Advertising		\$1,460,262 28 cases	\$88,884 6 cases	
Infringer's Profits	\$583,061 4 cases	\$300,213,422 87 cases	\$39,258,153 49 cases	\$113,055,529 31 cases
Trademark Owner's Actual Damages	\$12,784,185 18 cases	\$103,591,523 132 cases	\$33,686,737 16 cases	\$65,265,399 26 cases
Other / Mixed Damage Types	\$319,352,007 223 cases	\$369,182,388 325 cases	\$84,784,431 45 cases	\$53,706,802 22 cases

Fig. 19: Damages and judgment types chart (damages awarded Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016)

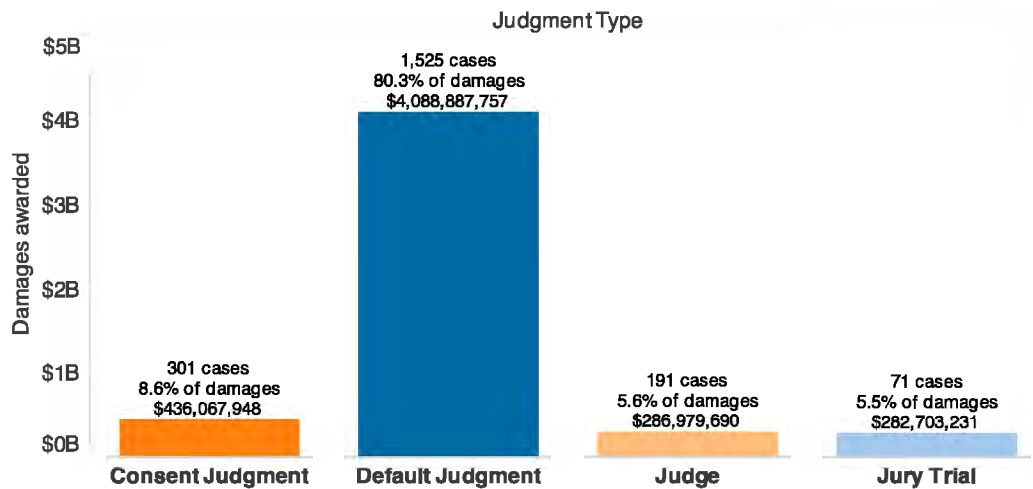
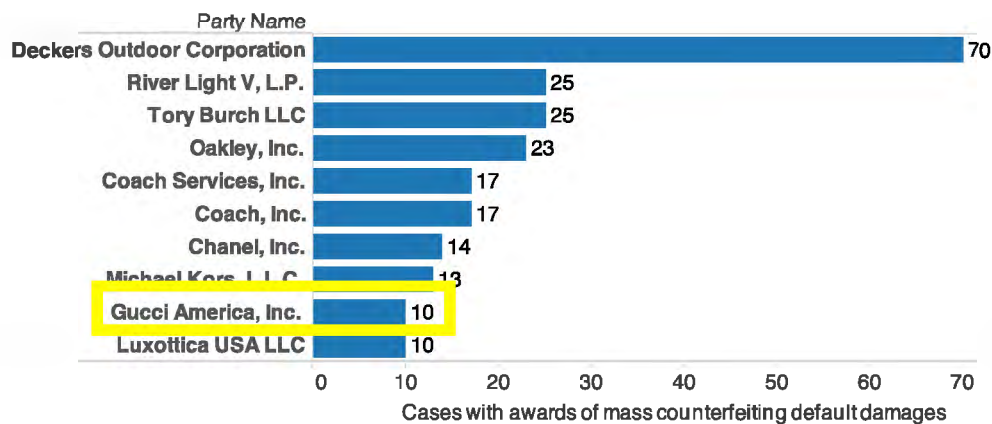


Fig. 20: Top parties winning mass counterfeiter default damages awarded Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016



Note: The damages charts in this section exclude damages in cases including one or more claims for infringement of a non-design patent.

Fig. 21: Mass counterfeiter default damages awarded Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016 (showing amounts with at least 3 cases)

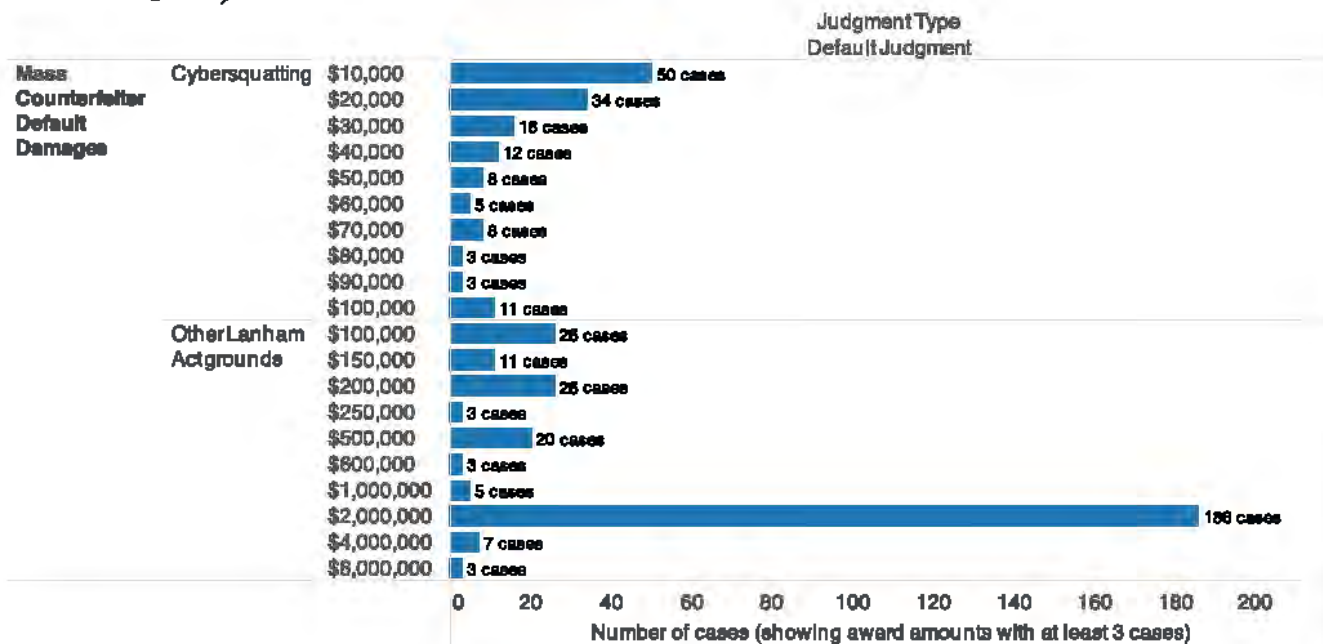


Fig. 22: Average mass counterfeiter default damages awarded Jan 2009 - Mar 2016 in cases filed Jan 2005 - Mar 2016

Judgment Type	Default Judgment	Cases	Average Amount
Mass Counterfeiter Default Damages	Cybersquatting	62 cases	\$41,939
		292 cases	\$1,894,679

Lex Machina has introduced Mass Counterfeiter Default Damages as a type of trademark damages to capture scenarios where plaintiffs are awarded statutory damages on default judgment en masse against many defendants accused of counterfeiting. Typically, the defendants are websites, paypal accounts, aliases, or other entities, often with overlapping identity, provided by plaintiffs in a list or schedule, and the damages award are awarded as a rate (e.g. \$2,000,000 per defendant, where each defendant is separately liable) instead of as a lump sum (e.g. \$10,000,000 against all defendants, where defendants are jointly and severally liable).

Due to the nature of these cases, the total amount of damages is often very high but almost never collected. Moreover, because the actual number of defendants is unknown or unclear from the court record, the total amount of damages awarded in the case cannot be reliably calculated. Consequently, these damages have been isolated in the new damages type, which helps prevent the other totals from becoming artificially inflated.

The damages "rate" per defendant tends to be lower when the award is based on cybersquatting (when compared to other Lanham act grounds).

Districts

Fig. 23: Top districts for all Lanham Act cases, by cases filed Jan 2009 - Mar 2016

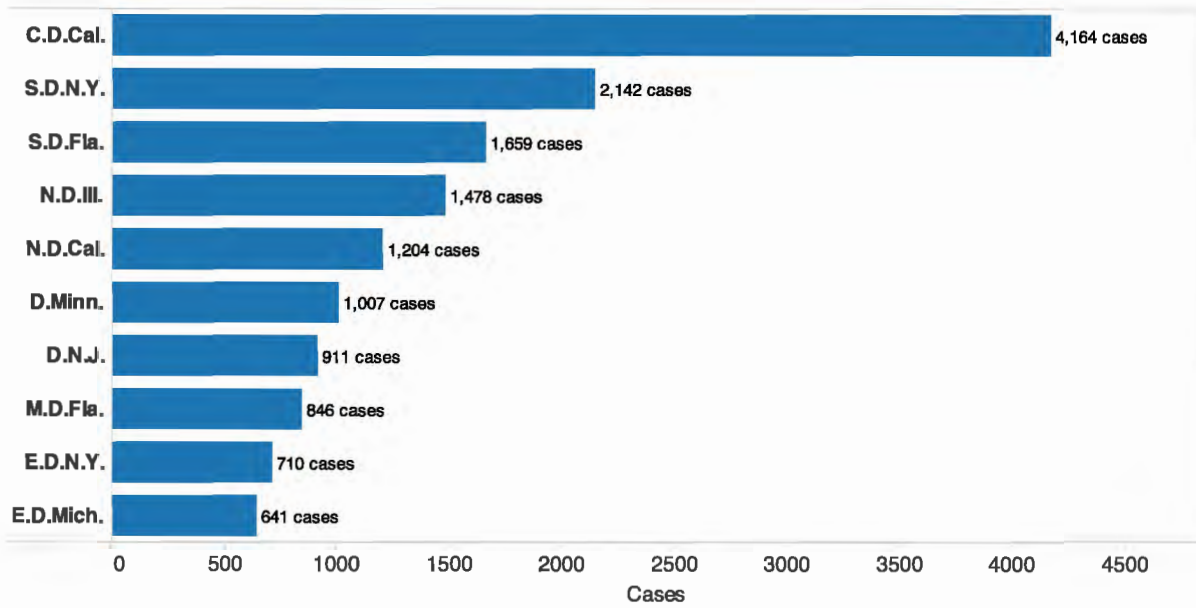


Fig. 24: Top districts 2011-2016 Q1, all Lanham Act cases, by cases filed Jan 2009 - Mar 2016

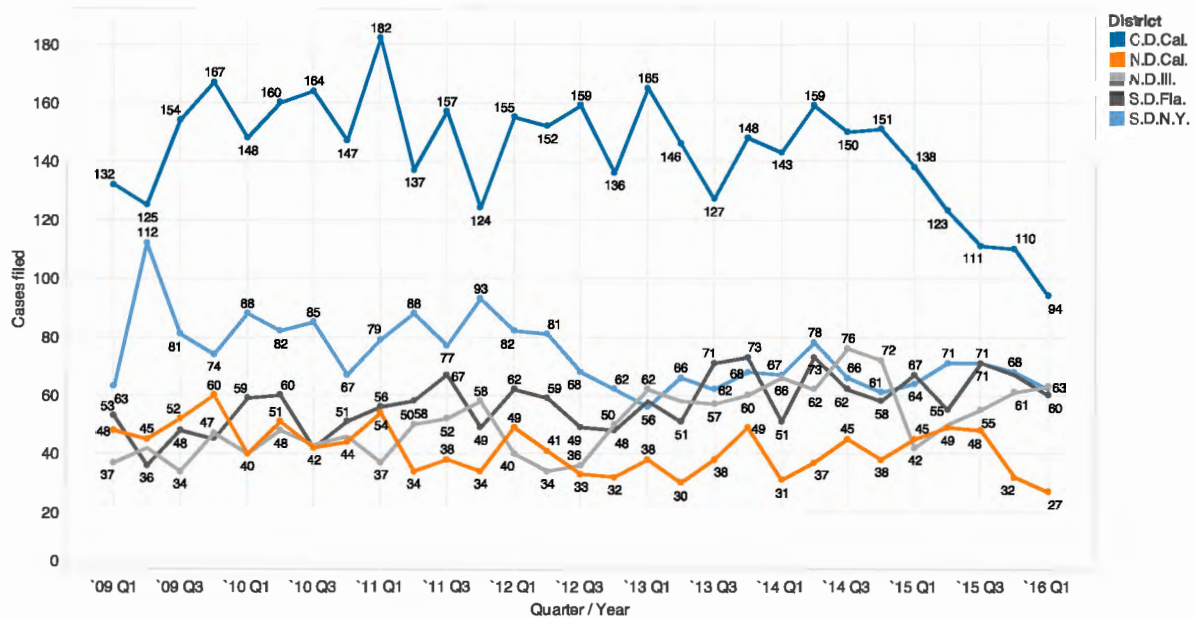


Fig. 25: Top districts for cybersquatting cases, by cases filed Jan 2009 - Mar 2016

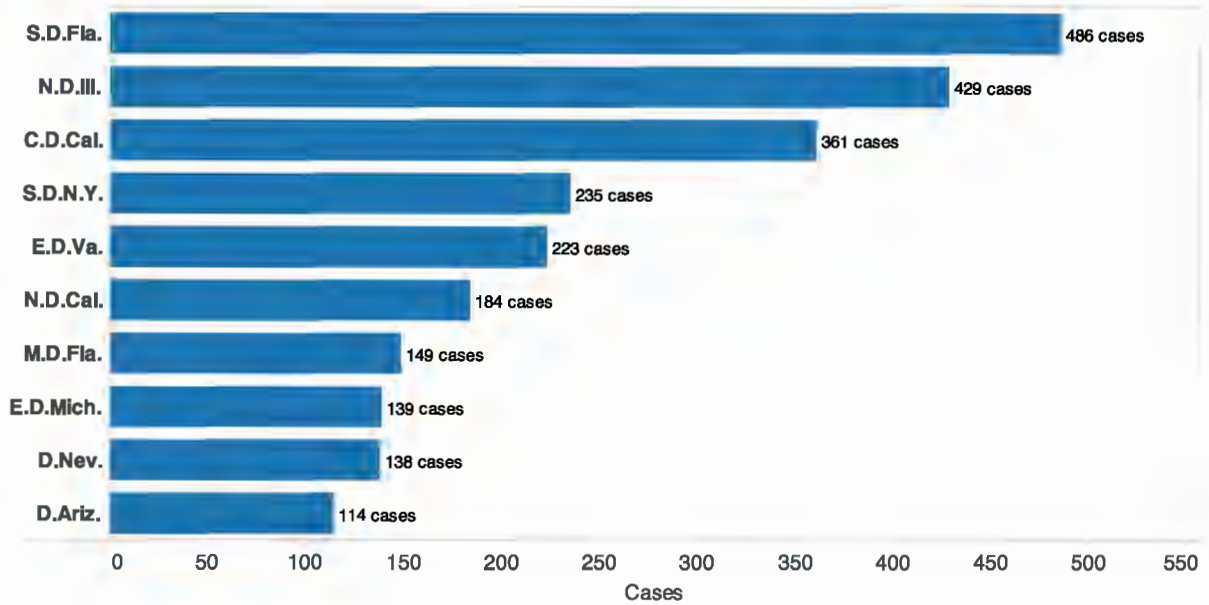


Fig. 26: Top districts 2011-2016 Q1, cybersquatting cases, by cases filed Jan 2009 - Mar 2016

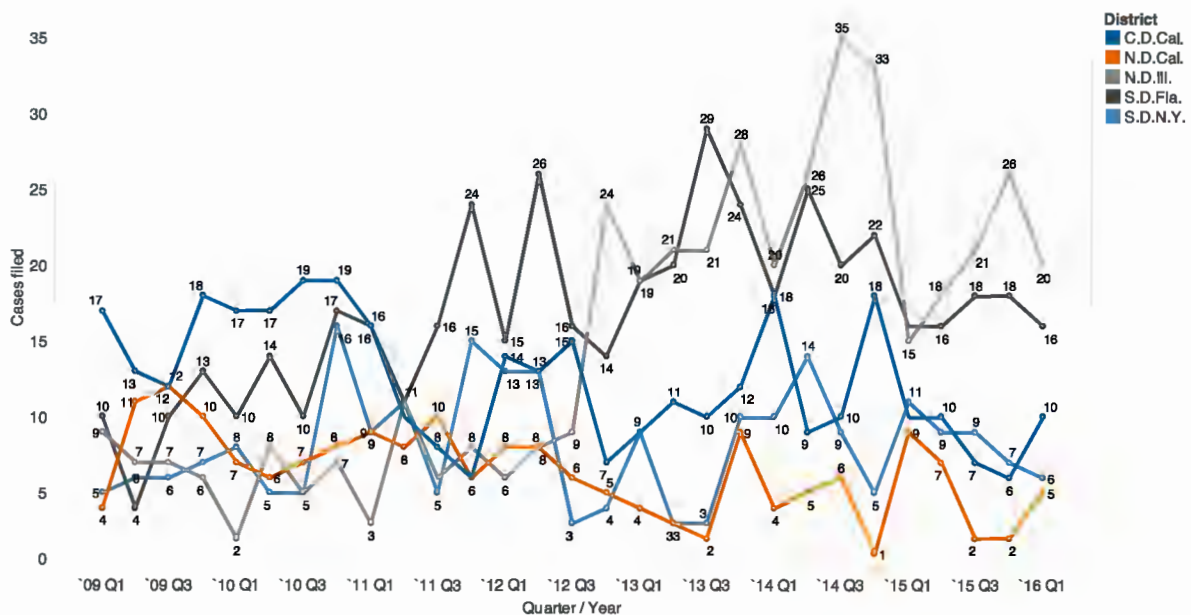


Fig. 27: Top districts for false advertising cases, by cases filed Jan 2009 - Mar 2016

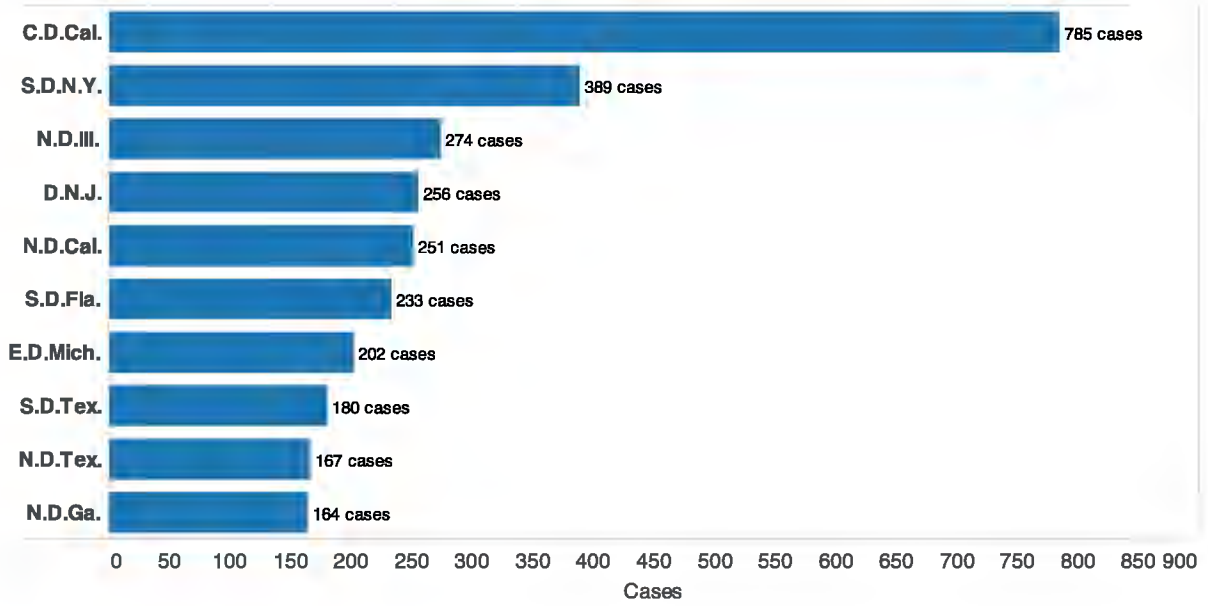
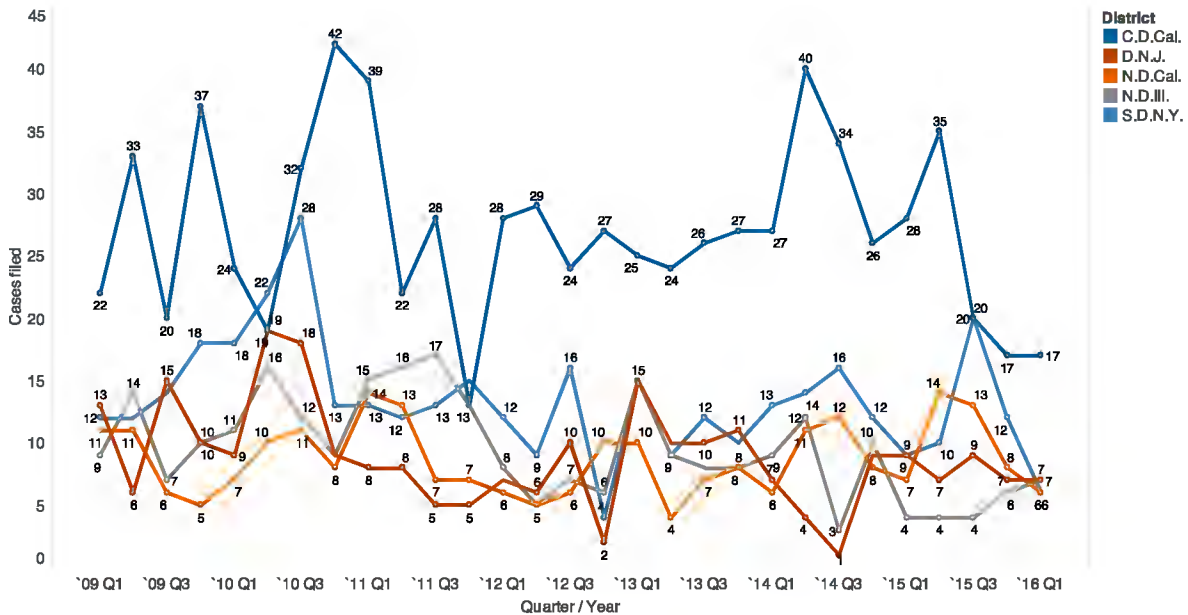


Fig. 28: Top districts 2011-2015 Q1, false advertising cases, by cases filed Jan 2009 - Mar 2016

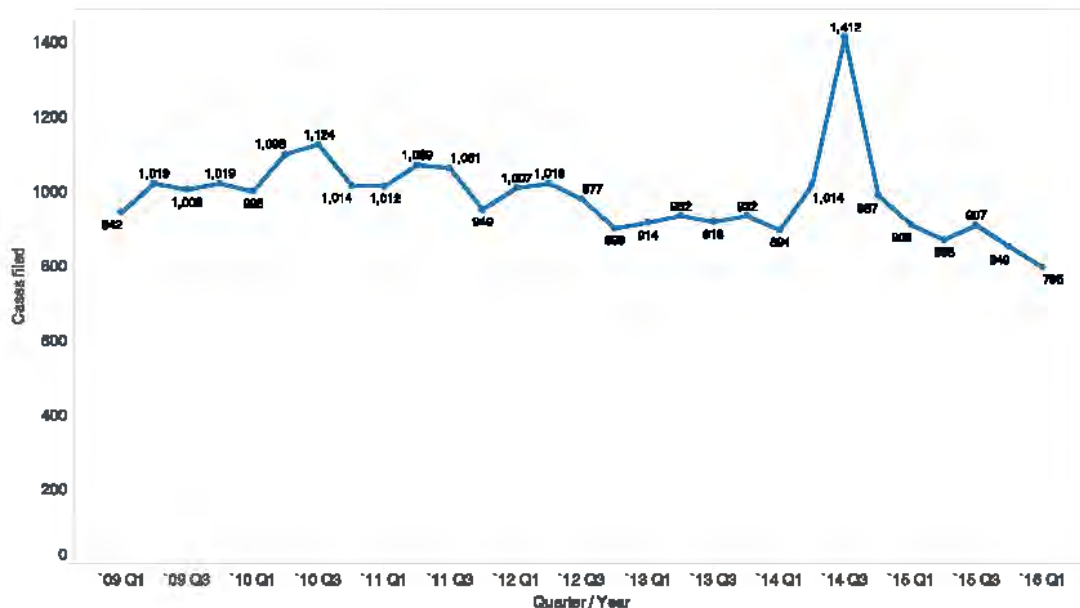


The Central District of California (4,164 cases) is the most popular district by cases filed from January 2009 through March of 2016, followed by the Southern District of New York (2,142 cases) and the Southern District of Florida (1,659 cases). However, the number of cases filed in the Central District of California have declined each quarter since the beginning of 2015, roughly tracking the overall decline in filings of all trademark cases (as shown below). On the other hand, the Northern District of Illinois has seen an increase, though less dramatic, each quarter over the same timeframe.

For cases involving allegations of cybersquatting, the Southern District of Florida leads with 486 cases, followed by the Northern District of Illinois (429 cases), and the Central District of California (361 cases). Looking at the historical trend, the Southern District of Florida and the Northern District of Illinois overtook the Central District of California around 2011, but have traded the lead between themselves since.

For cases involving allegations of false advertising, The Central District of California tops the chart with 785 cases, followed by the Southern District of New York (389 cases) and the Northern District of Illinois (274 cases).

Fig. 29: All trademark cases filed Jan 2009 - Mar 2016



Parties and Law Firms

Fig. 30: Top plaintiffs, by cases filed Jan 2009 - Mar 2016

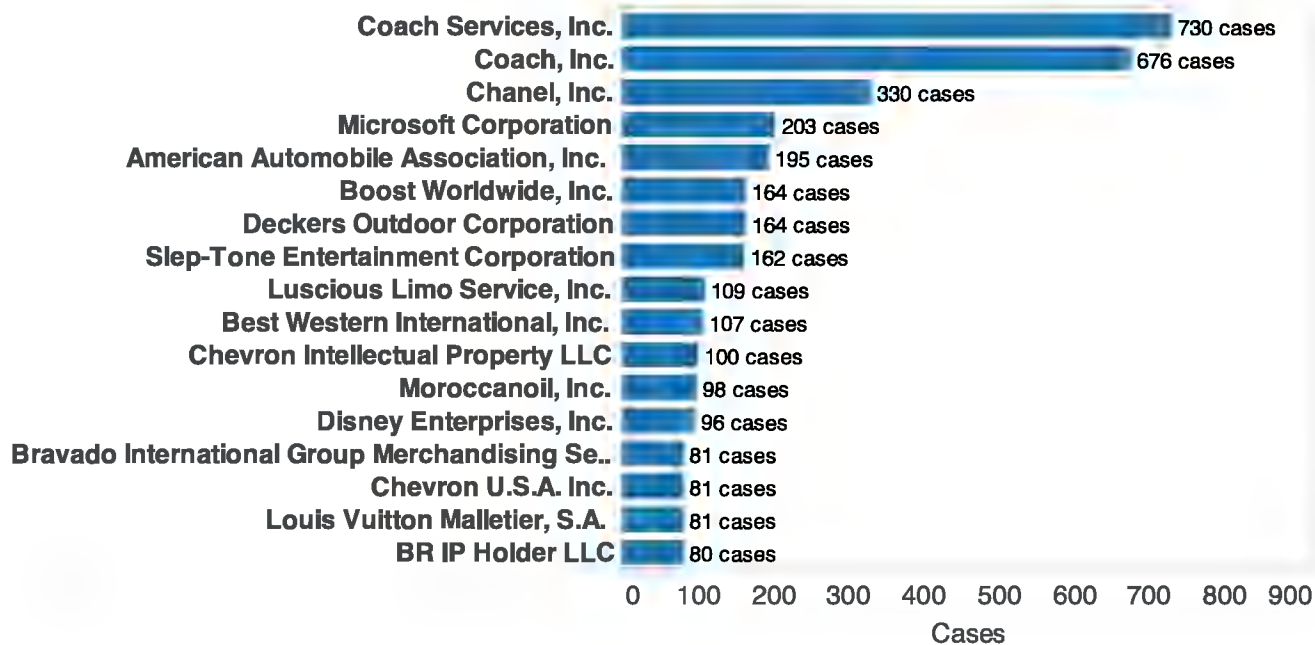
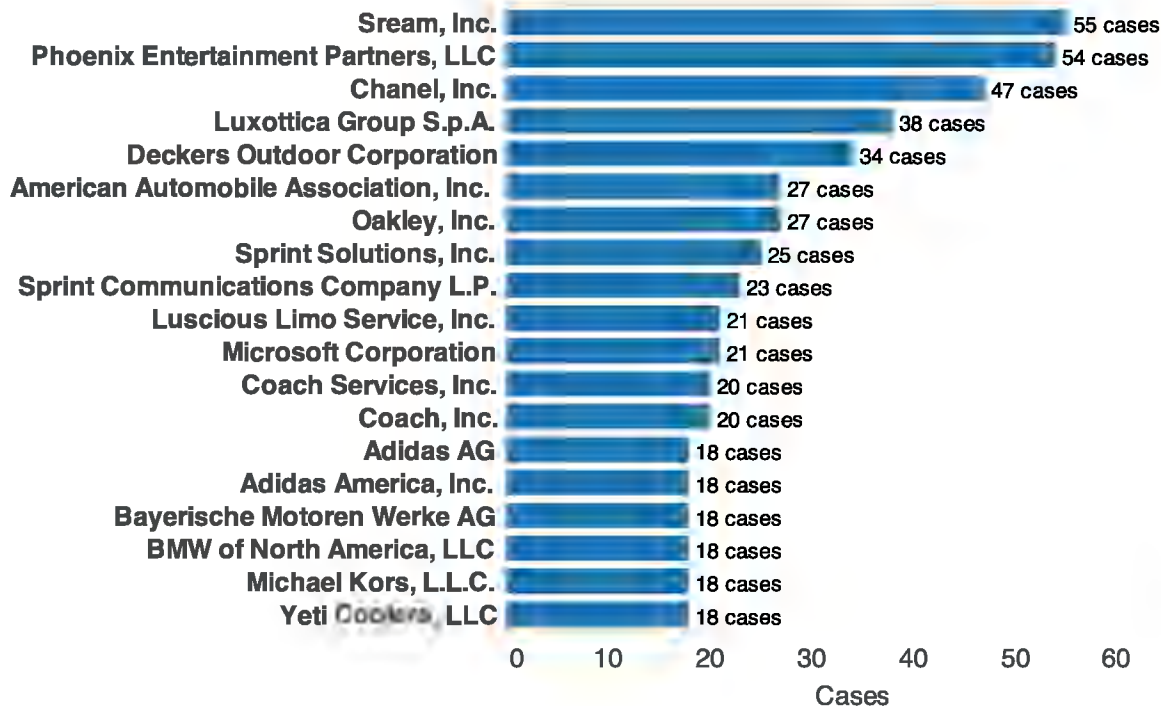


Fig. 31: Top plaintiffs, by cases filed Jan 2015 - Mar 2016



Coach is the leading plaintiff in trademark cases filed from January 2009 through March 2016 with 730 cases, followed by Chanel (330 cases) and Microsoft (203 cases). In the last 5 quarters, both Sream (55 cases - the maker of RooR water pipes) and Phoenix Entertainment Partners (54 cases - a theatrical production and management company that licenses karaoke) have filed more cases than Chanel (47 cases), or Coach (20 cases).

The National Football League (NFL) is the top defendant with 548 cases, although many of those cases are related to a single dispute between the NFL and former players over use of player likeness and were filed together in Q3 2014 in the District of Minnesota. After the NFL, the other top defendants are Syngenta Seeds (184 cases), Big Bad Limo Service (109 cases), Amazon.com (66 cases), and Walmart (59 cases). In the last 5 quarters, Syngenta Seeds is the most frequent defendant (140 cases).

Many of the individuals towards the bottom of the defendant charts may be aliases or pseudonyms - the cases attributed to these names may or may not relate to any single identity. They have been included to show the relative magnitude of litigation against such entities against that of the more recognizable names.

Two of the top defendants, WhoisGuard, and Domains by Proxy, are companies that offer anonymity and spam protection to owners of domain names. When registering a domain for a website, one must provide contact information to be included in the Internet's publically accessible WHOIS database. These companies provide a proxy address and email that customers can list in the WHOIS database. However, counsel attempting to determine the ownership of an infringing website often name them as a party when they appear in the WHOIS data for the website.

Top law firms representing plaintiffs include Goldberg, Perkys & White (542 cases), Stephen M. Gaffigan (539 cases), the Blakely Law Group (371 cases), and Kilpatrick Townsend & Stockton (366 cases). In the last 5 quarters, Stephen M. Gaffigan leads with 115 cases, followed by Greer, Burns & Crain (86 cases).

On the defense side, Greenberg Traurig is the top firm (with 161 cases), followed by Kilpatrick Townsend & Stockton (146 cases), and Lewis Brisbois Bisgaard & Smith (110 cases). In the last 5 quarters, Greenberg Traurig remains the leader (25 cases) with Gorden & Rees (24 cases) close behind.

Fig. 32: Top defendants, by cases filed Jan 2009 - Mar 2016

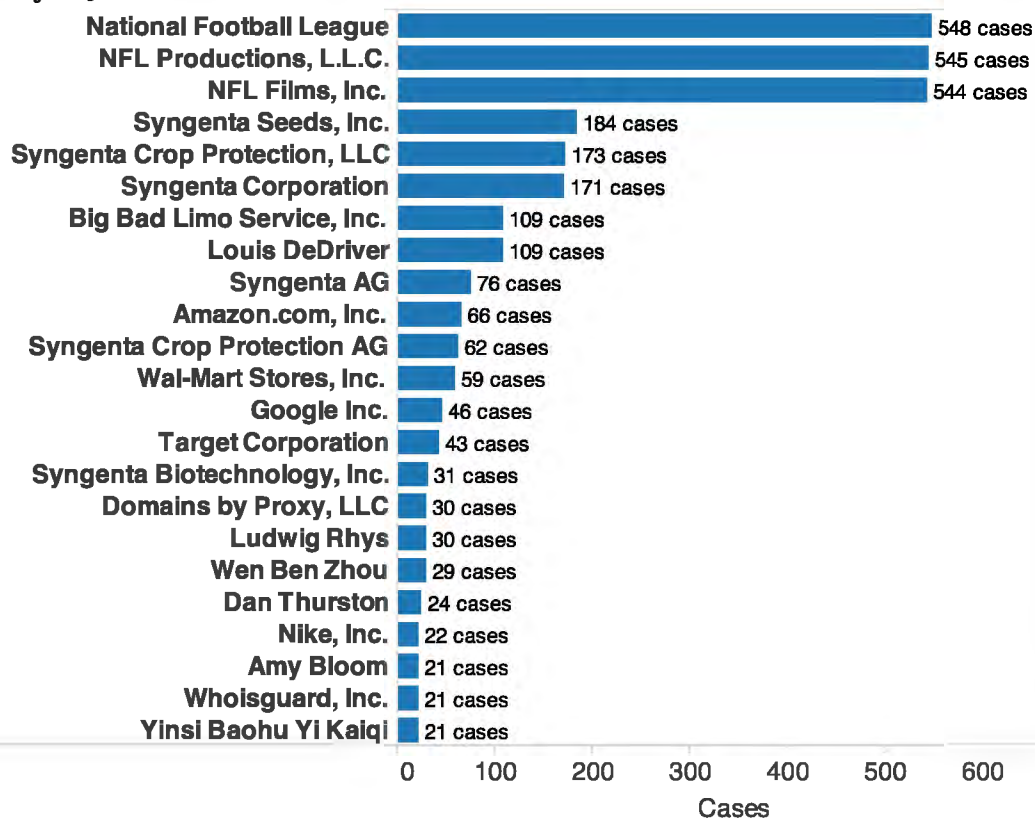


Fig. 33: Top defendants, by cases filed Jan 2015 - Mar 2016

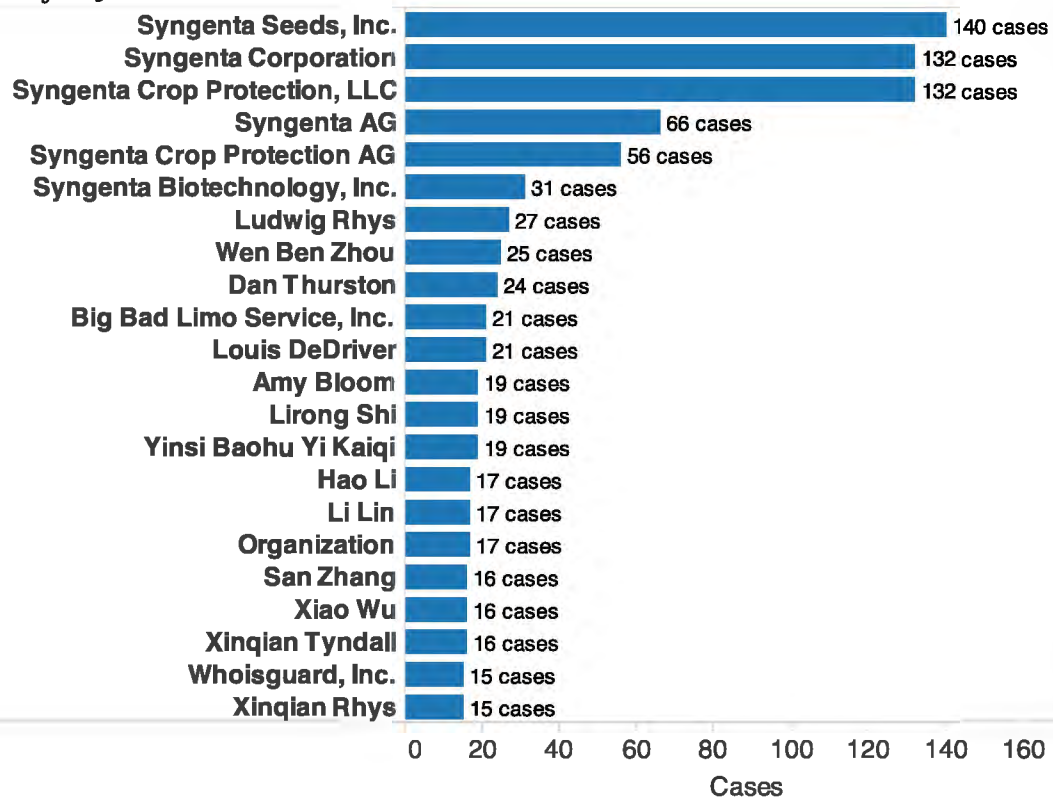


Fig. 34: Top law firms representing plaintiffs, by cases filed Jan 2009 - Mar 2016

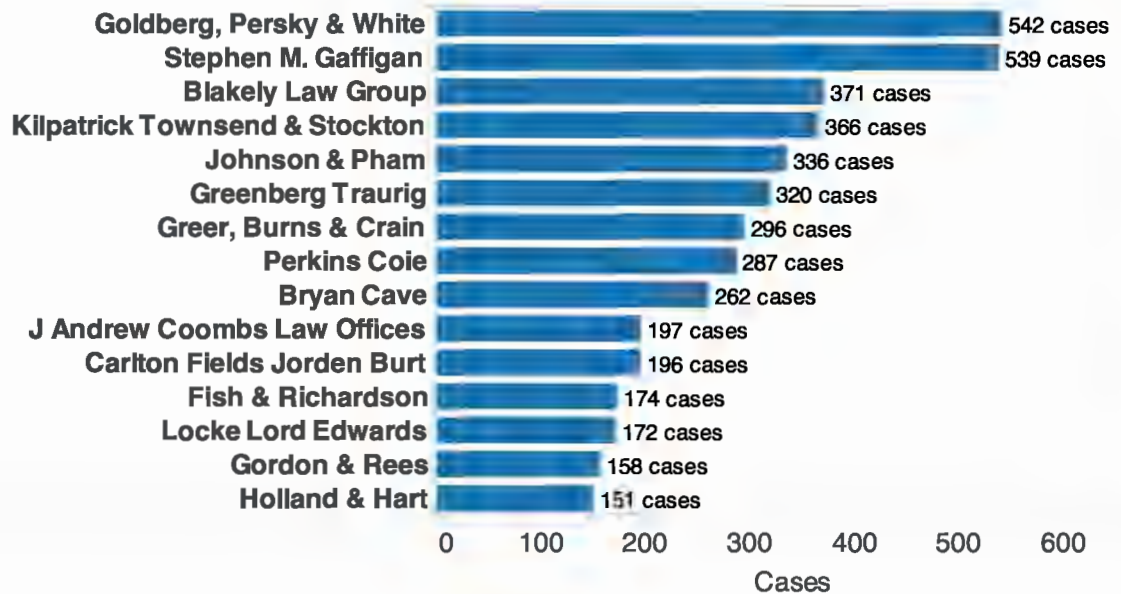


Fig. 35: Top law firms representing plaintiffs, by cases filed Jan 2015 - Mar 2016

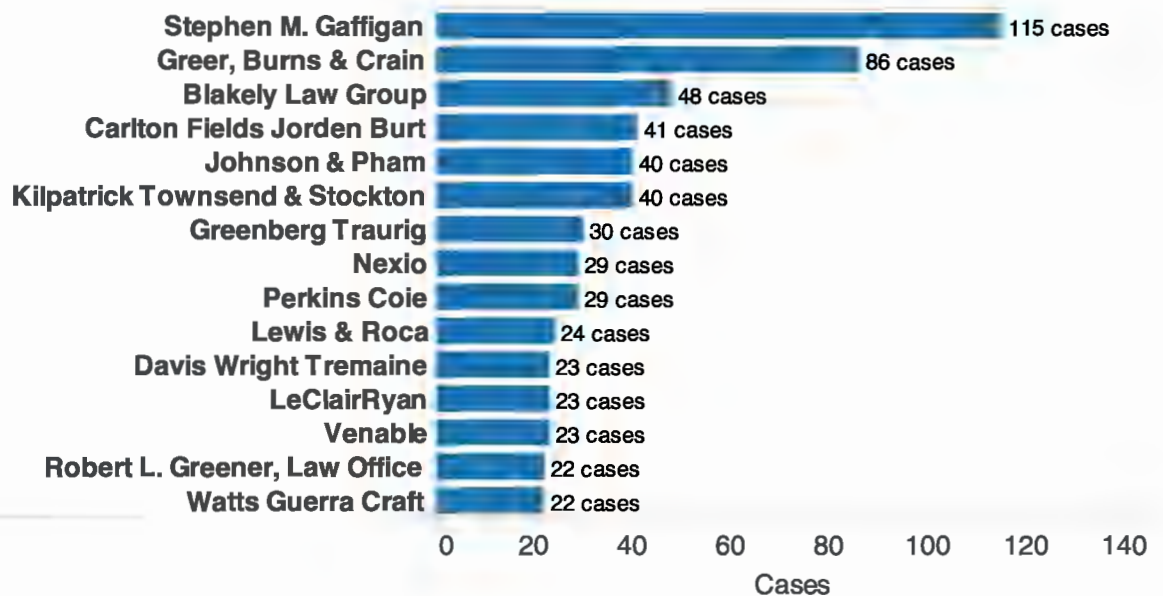


Fig. 36: Top law firms representing defendants, by cases filed Jan 2009 - Mar 2016

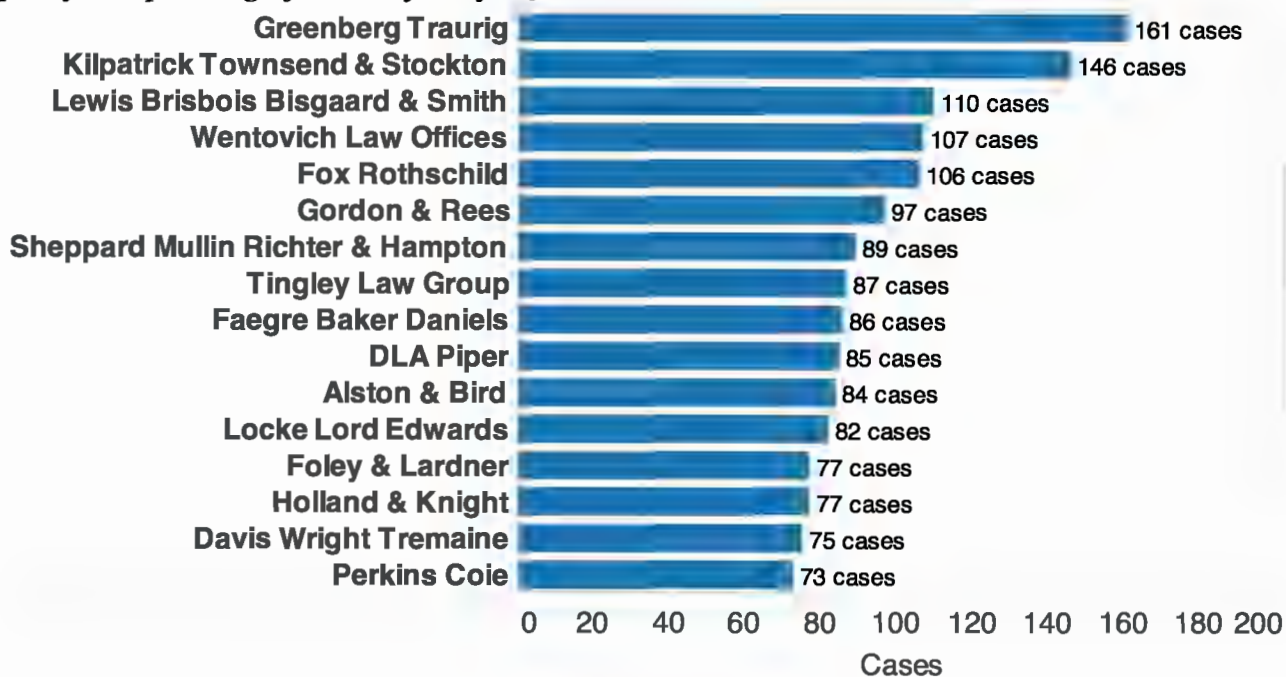
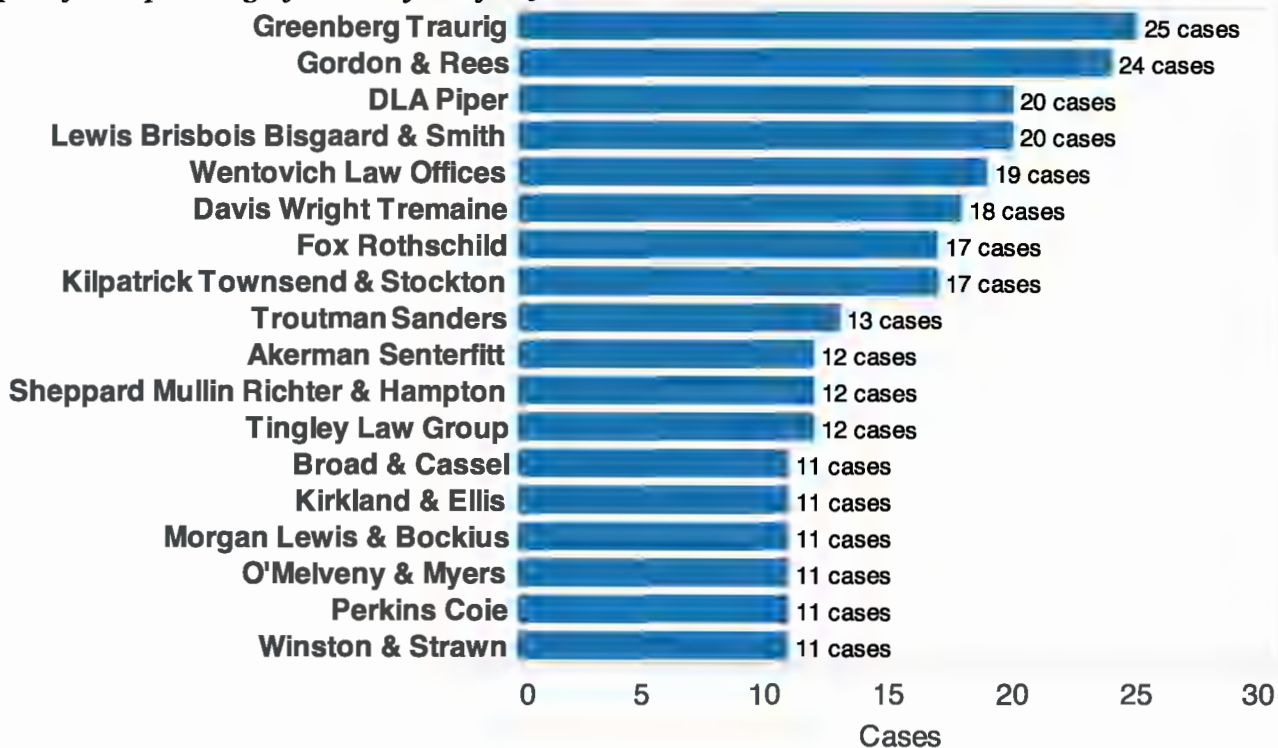


Fig. 37: Top law firms representing defendants, by cases filed Jan 2015 - Mar 2016

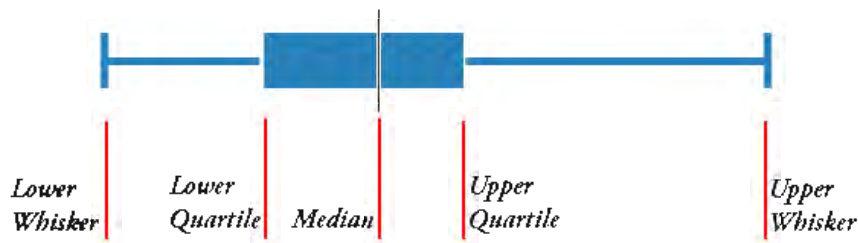


Using Boxplots to Understand Timing

Lex Machina's analytics use a data visualization known as the boxplot to convey information about the timing of significant events in a case. Knowing how to interpret this data gives you an advantage when it comes to strategy, budgeting, and setting expectations, as well as in other decisions that involve case timing.

Consider a newly filed case: Regardless of whether you're an outside counsel, say, trying to determine how large of a flat fee to charge or trying to make sure two trials don't overlap, or an inside counsel estimating legal spend and evaluating a firm's proposed budget, case timing matters. Knowing the lower and upper bounds of how long it may reasonably take the case to reach injunction can give both kinds of counsel a strategic advantage over opponents lacking such nuanced information. Moreover, knowing the best and worst case scenarios for timing, or exactly how likely it is that a case will be active in 6 months enables more far-sighted contingency planning.

A boxplot summarizes a series of data points to help you understand the shape, or distribution of the values in those points. The boxplot is drawn based on five numbers: the median, the upper and lower quartiles, and the whiskers for a distribution.



Paying attention to these key parts of the plot will help you quickly understand what you need to know. Although boxplots provide a wealth of information, the four observations below, in order from simplest onwards, are all one needs to easily grasp the significance of a boxplot.

Median: the middle dividing line of the box splits the data points evenly so that 50% fall to either side. It's a form of average that gives a single number representation of what to reasonably expect.

Box bounds: the box encloses the middle-most 50% of the datapoints (from the 25th percentile to the 75th), with 25% of the datapoints falling outside to either side. This makes the box a good representation of the range one can reasonably expect.

Box compressed or elongated: a more compressed box means that more datapoints fall into a smaller range of time and therefore are more consistent; in contrast a longer box means that the datapoints are spread out over a wider time period and are therefore less predictable.

Whiskers: Whiskers are drawn to show the outside bounds of reasonable expectation, beyond which datapoints are considered outliers.¹

¹ By statistical convention, boxplots define outliers as points beyond more than 1.5 times the width of the box (sometimes called the "interquartile range").



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EXHIBIT 25

Gucci Am., Inc. v. Alibaba Grp. Holding Ltd.

United States District Court for the Southern District of New York

August 4, 2016, Decided; August 4, 2016, Filed

15-cv-3784 (PKC)

Reporter

2016 U.S. Dist. LEXIS 104251

GUCCI AMERICA, INC., BALENCIAGA S.A., BALENCIAGA AMERICA, INC., BOTTEGA VENETA S.A., BOTTEGA VENETA, INC., YVES SAINT LAURENT AMERICA, INC., LUXURY GOODS INTERNATIONAL (L.G.A.) S.A., and KERINGS S.A., Plaintiffs, -against- ALIBABA GROUP HOLDING LTD., et al., Defendants.

Core Terms

Merchant, Marketplaces, Plaintiffs', allegations, counterfeit, com, ecosystem, Supplier, products, individuals, hub-and-spokes, services, online, consumers, common purpose, coordinated, handbag, sellers, manufactured, entity, enterprise's, activities, marketing, interpersonal relationships, course of conduct, perpetration, associates, fraudulent, cigarette, effective

Counsel: [*1] For Gucci America, Inc., Balenciaga S.A., Balenciaga America, Inc., Bottega Veneta S.A., Bottega Veneta Inc., Yves Saint Laurent America, Inc., Luxury Goods International (L.G.I.) S.A., Kering S.A., Plaintiffs: Anne Maureen Coyle, Robert L Weigel, LEAD ATTORNEYS, Kimberly Lindsay Friedman, Gibson, Dunn & Crutcher, LLP (NY), New York, NY USA; Howard Sean Hogan, LEAD ATTORNEY, Gibson, Dunn & Crutcher, LLP (DC), Washington, DC USA.

For Alibaba Group Holding Ltd., Alibaba.Com Hong Kong Ltd., Alibaba.Com Ltd., Alibaba (China) Technology Co., Ltd., Taobao China Holding Ltd., Taobao (China) Software Co., Ltd., Alipay.Com Co., Ltd., Defendants: Jared R. Friedmann, Robert Bruce Rich, LEAD ATTORNEYS, Reed Lawrence Collins, Weil, Gotshal & Manges LLP (NYC), New York, NY USA; Jonathan Bloom, LEAD ATTORNEY, Weil, Gotshal & Manges, LLP, New York, NY USA.

Judges: P. Kevin Castel, United States District Judge.

Opinion by: P. Kevin Castel

Opinion

MEMORANDUM AND ORDER

CASTEL, U.S.D.J.

Plaintiffs Gucci America, Inc. ("Gucci"), Balenciaga, S.A. and Balenciaga America, Inc. ("Balenciaga"), Bottega Veneta International S.A. and Bottega Veneta Inc. ("Bottega Veneta"), Yves Saint Laurent America, Inc. and Luxury Goods International (L.G.I.) [*2] S.A. ("YSL"), and Kering S.A. ("Kering") (collectively, "Plaintiffs"), commenced this action in May 2015 against defendants Alibaba Group Holding Ltd., Alibaba.com Hong Kong Ltd., Alibaba.com Ltd., Alibaba (China) Technology Co., Ltd., Taobao China Holding Ltd., and Taobao (China) Software Co., Ltd., (collectively, "Alibaba"), Alipay.com Co., Ltd. ("Alipay" and together with Alibaba, the "Alibaba Defendants"), and 14 merchants who contracted with and utilized the services of the Alibaba Defendants to market, distribute, and

finance the sale of their goods (the "Present Merchant Defendants").¹ Plaintiffs assert claims pursuant to the Lanham Act, [15 U.S.C. § 1051 et seq.](#), the Racketeer Influenced and Corrupt Organizations Act ("RICO"), [18 U.S.C. § 1961 et seq.](#), and New York state law. The Alibaba Defendants now move pursuant to [Rule 12\(b\)\(6\)](#) to dismiss the Sixth and Seventh Causes of Action of Plaintiffs' Second Amended Complaint ("SAC"), which allege a substantive RICO claim and a RICO conspiracy claim. (Dkt. No. 42.) For the following reasons, the Alibaba Defendants' motion is granted.

BACKGROUND

For the purposes of this motion, all non-conclusory factual allegations are accepted as true, and all inferences are drawn in favor of the plaintiffs, as the non-movant. [Ashcroft v. Iqbal, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 \(2009\)](#).

1. The Plaintiffs

Plaintiffs manufacture, market, and distribute luxury products under the Gucci, Balenciaga, Bottega Veneta, and YSL brands. (SAC ¶ 1.) Such products include shoes, handbags, wallets, watches, and clothing. (SAC ¶¶ 61, 67, 72, 77.) In connection with the sale of their products, Plaintiffs own and use various trademarks that are registered with the United States Patent and Trademark Office ("Plaintiffs' Marks"). (SAC, Ex. 1-4.) Plaintiffs' Marks "have become famous and highly valuable, possessing strong secondary meaning among consumers and both commercial and conceptual strength." (SAC ¶ 56.)

2. The Alibaba Defendants

The Alibaba Defendants consist of seven corporate entities that each play a distinct role in the operation of the online marketplaces Alibaba.com, Taobao.com, and AliExpress.com (the "Alibaba Marketplaces"). (SAC ¶¶ [*4] 85-86.) The Alibaba Marketplaces are online platforms through which merchants primarily located in China can connect with consumers from around the world to sell their products. (*Id.*) Alibaba.com was created "to help small exporters engaged in manufacturing and trading, primarily located in China, to reach global buyers." (SAC ¶ 85 (quoting Alibaba Group Holding Limited Form F-1 Registration Statement, filed May 6, 2014 ("F-1"), at 70).) Taobao.com is a "consumer-to-consumer ('C2C') online marketplace," which also operates the Mobile Taobao App, "China's most popular mobile commerce app and most profitable e-commerce app." (SAC ¶ 87.) AliExpress.com is another online platform "that enables consumers worldwide to purchase products directly from manufacturers and wholesalers in China." (SAC ¶ 88.)

The six Alibaba entities operate and profit, directly and indirectly, from the Alibaba Marketplaces. The remaining Alibaba Defendant, Alipay, is a related but distinct entity that processes credit card transactions and provides escrow services for buyers and sellers in the Alibaba Marketplaces. (SAC ¶¶ 36, 97.) In addition, Alipay compiles sales data that enables Alibaba to improve, among [*5] other things, their marketing and security efforts. (SAC ¶ 276.)

3. The Present Merchant Defendants

The Present Merchant Defendants consist of 14 separate companies that sold counterfeit products bearing Plaintiffs' Marks in the Alibaba Marketplaces. Five of the Present Merchant Defendants, Brand Bag Boutique, Yun Mi's Store, Luxury2000, Burberritti Fashion Plaid Bag, and Sunny Home Store, operated on AliExpress.com. (SAC ¶¶ 38-42.) Six of the Present Merchant Defendants, Kou Kou Dai, Amy Luxury Goods, Europe and E News, Picasso Trend, Lehui Textile Behalf, and Yao Ming and Tracey, operated on Taobao.com. (SAC ¶¶ 43-48.) The remaining three Present Merchant Defendants, Guangzhou Feiteng Junye Gifts Manufacturing Co., Ltd., Shenzhen

¹ A default judgment was entered against 17 merchant defendants in a separate action (the "Former Merchant Defendants"). [Gucci America, Inc. v. Alibaba Group Holding \[*3\] Ltd.](#), No. 14 cv 5119 (PKC). The Former Merchant Defendants, together with the Present Merchant Defendants, are collectively referred to as the "Merchant Defendants."

Lin Jun Leather Co., Ltd., and Yiwu Wirbest E-Commercial Firm, were listed as "Gold Suppliers" on Alibaba.com. (SAC ¶¶ 49-51.) To become a Gold Supplier, a merchant must pass Alibaba's "onsite check and pay a membership fee." (SAC ¶ 104.) Once a Gold Supplier, the merchant may "display the 'Gold Supplier' icon in the Alibaba Marketplace so that Alibaba.com can vouch for the merchant's alleged authenticity and communicate to consumers that it has investigated [*6] the merchant and confirmed that goods sold by the merchant are lawful and legitimate." (*Id.*) Guangzhou Feiteng Junye Gifts Manufacturing Co., Ltd. was also listed on Alibaba.com as an "Assessed Supplier," which is a Gold Supplier "that ha[s] been inspected onsite by a third-party inspection company." (SAC ¶¶ 51, 106.) "Alibaba.com uses the designation 'Assessed Suppliers' to communicate to consumers that it has investigated such merchants and to confirm that the goods sold by 'Assessed Suppliers' are lawful and legitimate." (*Id.*)

4. The Alibaba "Ecosystem"

Alibaba has developed an "ecosystem" around the Alibaba Marketplaces that "includes buyers, sellers, third-party service providers, strategic alliance partners, and investee companies." (SAC ¶ 91 (quoting F-1 at 1). While the Alibaba Marketplaces are "the nexus of this ecosystem," all participants within the Marketplaces, it is alleged, are invested in its continued success. (SAC ¶ 91(a) (quoting Alibaba Group Holding Limited Form 20-F Annual Report for year ended March 31, 2015, filed June 25, 2015 ("20-F"), at 90); see also SAC ¶ 91(d).) That is because the Alibaba ecosystem has "strong self-reinforcing network effects that benefit [*7] [its] marketplace participants." (SAC ¶ 91(b) (quoting 20-F at 54).) As more merchants participate in the Alibaba Marketplaces, additional consumers are attracted to the Marketplaces, which in turn attracts more merchants. (SAC ¶ 91(c).) Furthermore, the different Alibaba Marketplaces "are 'interconnected in that many buyers and sellers on one marketplace also participate in the activities on [Alibaba's] other marketplaces, thereby creating a second-order network effect that further strengthens [Alibaba's] ecosystem.'" (*Id.* (quoting F-1 at 4, 139).)

Within the ecosystem, Alibaba provides various services to help merchants advertise, deliver, and otherwise sell their products. Alibaba offers marketing services on its online marketing platform, Alimama, through which merchants can purchase "keywords that match product or service listings appearing in search or browser results" and "display positions on Alibaba's Marketplaces." (SAC ¶ 99 (quoting F-1 at 123); see also SAC ¶ 93.) In addition, merchants can take advantage of Alibaba's "logistics platform and information system to help facilitate the reliable delivery of their online merchants' products to consumers." (SAC ¶ 93.) Alibaba also [*8] provided loan financing, and "provides certain merchants with 'Trade Assurance,' a program that refunds to purchasers payments made to merchants who fail to honor the terms of the supply contract." (SAC ¶¶ 93-94.)

Alipay also "operates as an integrated part of the Alibaba 'ecosystem.'" (SAC ¶ 278.) Alipay "provides 'substantially all of the payment processing and escrow services' for buyers and sellers on" the Alibaba Marketplaces. (SAC ¶¶ 98, 270 (quoting F-1 at 23).) Alipay was established in 2004, and it is now "critically involved in the majority of purchases made through the Alibaba Marketplaces." (SAC ¶¶ 271-272.) Alipay also compiles "valuable consumer data, free of charge, that . . . Alibaba . . . use[s] for [its] 'data management platform, audience targeting, credit analysis, and detecting, monitoring and investigating traffic hijacking and fraudulent activities.'" (SAC ¶ 276 (quoting F-1 at 203).)

5. RICO Allegations

Plaintiffs allege that the Alibaba Defendants and Merchant Defendants, along with unidentified co-conspirators, "joined together to form an enterprise in fact whose purpose is to sell and profit from the sale of counterfeit goods." (SAC ¶ 375.) The Merchant Defendants [*9] knowingly manufactured and sold counterfeited products bearing Plaintiffs' Marks "using the Alibaba Marketplaces and the Alibaba Defendants' services to effect such sales." (*Id.*) In turn, the Alibaba Defendants knowingly provided the Merchant Defendants with services "to facilitate the sale of counterfeit goods, including marketing, shipping, financing, and payment and/or escrow services that allowed the Merchant Defendants to transact their illegal sales of the Counterfeit Products, and the Alibaba Defendants derived substantial profits from such sales." (*Id.*) The Alibaba Defendants profited from these sales in a number of ways, including by (1) selling "Gold Supplier" and "Assessed Supplier" statuses to merchants selling counterfeited

products (SAC ¶¶ 104, 128), and (2) selling keywords and search terms that include common misspellings of Plaintiffs' Marks and terms such as "replica" and "knockoff." (SAC ¶¶ 15-17, 99.)

Plaintiffs allege that the Alibaba Defendants provided services to the Merchant Defendants even though they knew or should have known that the Merchant Defendants sold counterfeit goods. For example, Merchant Defendant Yiwu Wirbest E-Commercial Firm offered to sell [*10] a handbag bearing Plaintiffs' Marks for \$3.00 to \$15.00 per unit, with a capacity to sell 10,000 units per week. (SAC ¶ 125.) The handbag, which usually retails for \$1,250, was advertised as a "popular imitation handbag" made of synthetic leather. (SAC ¶¶ 123, 125.) Despite offering to sell large quantities of products bearing Plaintiffs' Marks at a price vastly below retail price, Alibaba certified Yiwu Wirbest E-Commercial Firm as a "Gold Supplier," meaning that Alibaba "can vouch for the merchant's alleged authenticity and communicate to consumers that it has investigated the merchant and confirmed that goods sold by the merchant are lawful and legitimate." (SAC ¶¶ 104, 127.) In another example, Merchant Defendant Brand Bag Boutique sold handbags bearing Plaintiffs' Marks on AliExpress.com. (SAC ¶ 228.) The handbag was advertised as "luxury guchi tote bag bucket brand designer handbag," and was displayed in response to a search for "guchi." (*Id.*) The handbag was verified to be counterfeit by Plaintiffs' investigator, who purchased it from Merchant Defendant Brand Bag Boutique on multiple occasions for \$18.99, even though the handbag retails for \$1,250. (SAC ¶¶ 227-30.)

By operating [*11] in the Alibaba ecosystem, the Alibaba Defendants and Merchant Defendants "each contributed to the 'ecosystem' with the purpose of selling Counterfeit Products." (SAC ¶ 376.) Plaintiffs allege that the defendants:

[H]ave organized their activities into a cohesive group with specific and assigned responsibilities and division of tasks, operating in the United States, China, and elsewhere. Merchants including the Merchant Defendants have manufactured the goods for wholesale and retail distribution through the Alibaba Marketplaces. The Alibaba Defendants have developed their self-described "ecosystem" comprising various entities responsible for data collection and online marketing, financing, shipping, and payment processing services to promote and facilitate the sale of counterfeit goods. While the membership of this Enterprise has changed over time, and its members may have held different roles at different times, the Enterprise has generally been structured to operate as a unit in order to accomplish the goals of the criminal scheme, profiting from the promotion and sale of counterfeit goods.

(*Id.*)

LEGAL STANDARD

[Rule 12\(b\)\(6\)](#) requires a complaint to "contain sufficient factual matter, accepted as true, to [*12] 'state a claim to relief that is plausible on its face.'" [Iqbal, 556 U.S. at 678](#) (quoting [Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 \(2007\)](#)). In assessing the sufficiency of the complaint, a court must disregard legal conclusions, because they are not entitled to the presumption of truth. *Id.* Instead, the Court must examine the well-pleaded factual allegations "and then determine whether they plausibly give rise to an entitlement to relief." [Id. at 679](#). "Dismissal is appropriate when 'it is clear from the face of the complaint, and matters of which the court may take judicial notice, that the plaintiff's claims are barred as a matter of law.'" [Parkcentral Global Hub Ltd. v. Porsche Auto. Holdings SE, 763 F.3d 198, 208-09 \(2d Cir. 2014\)](#) (quoting [Conopco, Inc. v. Roll Int'l, 231 F.3d 82, 86 \(2d Cir. 2000\)](#)).

A court reviewing a [Rule 12\(b\)\(6\)](#) motion "does not ordinarily look beyond the complaint and attached documents in deciding a motion to dismiss brought under the rule." [Halebian v. Berv, 644 F.3d 122, 130 \(2d Cir. 2011\)](#). A court may, however, "consider 'any written instrument attached to [the complaint] as an exhibit or any statements or documents incorporated in it by reference . . . and documents that the plaintiffs either possessed or knew about and upon which they relied in bringing the suit.'" [Stratte-McClure v. Morgan Stanley, 776 F.3d 94, 100 \(2d Cir. 2015\)](#) (quoting [Rothman v. Gregor, 220 F.3d 81, 88 \(2d Cir. 2000\)](#)).

DISCUSSION

1. RICO Claim Pursuant to Section 1962(c)

The Alibaba Defendants move to dismiss Plaintiffs' Sixth Cause of Action, which alleges a substantive RICO claim in violation of 18 U.S.C. § 1962(c). Under 18 U.S.C. § 1962(c), it is "unlawful [*13] for any person employed by or associated with any enterprise engaged in . . . interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity" To state a civil claim for relief under this section, a plaintiff "must allege the existence of seven constituent elements: (1) that the defendant (2) through the commission of two or more acts (3) constituting a 'pattern' (4) of 'racketeering activity' (5) directly or indirectly invests in, or maintains an interest in, or participates in (6) an 'enterprise' (7) the activities of which affect interstate or foreign commerce." Moss v. Morgan Stanley Inc., 719 F.2d 5, 17 (2d Cir. 1983). The Alibaba Defendants challenge the sufficiency of the factual allegations for two elements of Plaintiffs' substantive RICO claim. First, the Alibaba Defendants contend that Plaintiffs failed to allege the existence of a RICO enterprise. Second, even if Plaintiffs alleged the existence of a RICO enterprise, they failed to allege that the Alibaba Defendants "participated" in that enterprise within the meaning of RICO.

A RICO enterprise is defined to include "any individual, partnership, corporation, association, [*14] or other legal entity, and any union or group of individuals associated in fact although not a legal entity." 18 U.S.C. § 1961(4). As the statute suggests, the enterprise need not have traditional business-like characteristics, such as "a name, regular meetings, dues, established rules and regulations, disciplinary procedures, or induction or initiation ceremonies." Boyle v. United States, 556 U.S. 938, 948, 129 S. Ct. 2237, 173 L. Ed. 2d 1265 (2009). Rather, individuals may constitute an association in fact enterprise if those individuals "'share a common purpose to engage in a particular fraudulent course of conduct and work together to achieve such purposes.'" First Capital Asset Mgmt., Inc. v. Satinwood, Inc., 385 F.3d 159, 174 (2d Cir. 2004) (quoting First Nationwide Bank v. Gelt Funding Corp., 820 F. Supp. 89, 98 (S.D.N.Y.1993), aff'd, 27 F.3d 763 (2d Cir. 1994)); see also United States v. Turkette, 452 U.S. 576, 583, 101 S. Ct. 2524, 69 L. Ed. 2d 246 (1981) ("The enterprise is an entity, for present purposes a group of persons associated together for a common purpose of engaging in a course of conduct.").

Plaintiffs have alleged the existence of a single RICO enterprise comprised of the Alibaba Defendants, the Merchant Defendants, and other unidentified co-conspirators, who "have joined together to form an enterprise in fact whose purpose is to sell and profit from the sale of counterfeit goods." (SAC ¶¶ 375.) The SAC details in great length the alleged relationship between each Merchant Defendant and the Alibaba Defendants. It describes how the Merchant [*15] Defendants manufactured and sold counterfeit goods in the Alibaba Marketplaces, and how the Alibaba Defendants knowingly aided the sale of those counterfeit goods by providing a plethora of services to the Merchant Defendants. (SAC ¶¶ 93-94, 99, 375-76.) The Alibaba Defendants contend that these allegations amount to nothing more than a classic "hub-and-spokes" association, where one central actor—the hub—forms bilateral and independent relationships with several independent actors—the spokes. The Alibaba Defendants argue that a "hub-and-spokes" association cannot constitute a RICO enterprise, because while the Alibaba Defendants (i.e., the hub) may associate with each Merchant Defendant (i.e., the spokes), the Merchant Defendants did not work together to achieve a common purpose. (Defs.' Br. 11-15.) Plaintiffs disagree, arguing that the RICO enterprise requirement is not so limiting, and even if it is, a relationship between and among the Merchant Defendants can be inferred from the fact that they operate in the Alibaba ecosystem.

Prior to Boyle v. United States, courts largely found "hub-and-spokes" association to be insufficient to constitute a RICO enterprise. See First Nationwide Bank, 820 F. Supp. at 98 (holding that [*16] a "series of discontinuous independent frauds is no more an 'enterprise' than it is a single conspiracy"), aff'd, 27 F.3d 763 (2d Cir. 1994); Cedar Swamp Holdings, Inc. v. Zaman, 487 F. Supp. 2d 444, 451 (S.D.N.Y. 2007) ("[A]n allegation that the perpetrator of a series of independent fraudulent transactions used a different accomplice to aid each transaction is insufficient to justify a conclusion that the perpetrator and the accomplices together constituted an ongoing organization or functioned as a continuing unit."); New York Auto. Ins. Plan, No. 97 cv 3164 (KTD), 1998 U.S. Dist. LEXIS 15645, 1998 WL 695869, at *5 (S.D.N.Y. Oct. 6, 1998). In Boyle, however, the Supreme Court held that a RICO enterprise need not have any particular hierarchical structure or chain of command. 556 U.S. at 948. The enterprise may make decisions in any number of ways, and members may perform different roles during the course of the enterprise's existence. Id. At the same time, the Court emphasized that every RICO enterprise "must have at

least three structural features: a purpose, relationships among those associated with the enterprise, and longevity sufficient to permit these associates to pursue the enterprise's purpose." [Id. at 946](#). The Court explained:

That an "enterprise" must have a purpose is apparent from meaning of the term in ordinary usage, *i.e.*, a "venture," "undertaking," or "project." The concept [*17] of "associat[ion]" requires both interpersonal relationships and a common interest. [Section 1962\(c\)](#) reinforces this conclusion and also shows that an "enterprise" must have some longevity, since the offense proscribed by that provision demands proof that the enterprise had "affairs" of sufficient duration to permit an associate to "participate" in those affairs through "a pattern of racketeering activity."

[Id.](#) (internal quotations and citations omitted). Importantly, the Court noted that inherent in the concept of an association is the need for both a "common interest" and "interpersonal relationships." [Id.](#) Where several individuals "independently and without coordination, engaged in a pattern of crimes listed as RICO predicates . . . [p]roof of these patterns would not be enough to show that the individuals were members of an enterprise." [Id. at 947 n.4](#).

[Boyle](#) explicitly rejects the need for any particular structure to support a RICO enterprise, while also recognizing that every RICO enterprise must have certain structural features. Courts have subsequently disagreed whether "hub-and-spokes" association could satisfy RICO's enterprise requirement. At least one court has held that the particular "hub-and-spokes" association alleged, [*18] if proven, would amount to a RICO enterprise. [See *Schwartz v. Lawyers Title Ins. Co.*, 970 F. Supp. 2d 395, 405 \(E.D. Pa. 2013\)](#). But the majority of courts within this Circuit have found the "hub-and-spokes" associations alleged in the complaints before them were insufficient to constitute a RICO enterprise. [Neiman Marcus Grp., Inc. v. Dispatch Transp. Corp., No. 09 cv 6861 \(NRB\), 2011 U.S. Dist. LEXIS 30681, 2011 WL 1142922, at *7 n.11 \(S.D.N.Y. Mar. 17, 2011\)](#) (observing that allegations of a "hub-and-spokes" association, "assuming they were sufficiently alleged, do not satisfy the enterprise element of a RICO claim."); [In re Trilegiant Corp., Inc.](#), 11 F. Supp. 3d 82, 98-99 (D. Conn. 2014) ("This Court finds that a classic 'hub-and-spoke' formation in which the spokes are separate, distinct and unassociated and whose actions are uncoordinated does not possess the requisite structure to constitute a RICO enterprise, even as that notion was expanded by [Boyle](#), because there is no concerted effort or organized cooperation between the spokes."); [Conte v. Newsday, Inc.](#), 703 F. Supp. 2d 126, 135 (E.D.N.Y. 2010) ("These 'hub and spokes' allegations are insufficient to support a conclusion that the various defendants were associated with one another for a common purpose.").

In [Elsevier Inc. v. W.H.P.R., Inc.](#), Judge McMahon acknowledged the "breadth" of the RICO enterprise under [Boyle](#), but observed that plaintiffs must still allege "something more than parallel conduct of the same nature [*19] and in the same time frame by different actors in different locations." [692 F. Supp. 2d 297, 306-07 \(S.D.N.Y. 2010\)](#). In [Elsevier](#), plaintiffs alleged that an association in fact enterprise existed among individuals who fraudulently sold periodical subscriptions. [Id. at 306](#). Each individual involved in the fraud would purchase academic journal subscriptions at an "individual rate," a rate lower than if an institution were to purchase the subscriptions "as a library copy (i.e., accessible to persons other than the purchaser)." [Id. at 301](#). The individuals then improperly sold their individual copies to institutions for use as library copies. [Id.](#) But while one individual was alleged to have been the "leader of the fraud," the other individuals involved in the fraud were not alleged to have any relationship with one another. [Id. at 301-02](#). Judge McMahon held that plaintiffs failed to adequately allege a relationship among the individuals to constitute RICO enterprise. [Id. at 306-07](#). Importantly, the district court concluded that "not a single fact is pleaded tending to show that the various sets of named defendants . . . had any interpersonal relationships. . . . Nothing in the Complaint explains how these particular people, located in different parts of the country, came to [*20] an agreement to act together—or even how they knew each other." [Id. at 307](#).

Similarly, in [City of New York v. Chavez](#), the City of New York alleged the existence of a RICO enterprise between online cigarette sellers and those sellers' suppliers. [944 F. Supp. 2d 260 \(S.D.N.Y. 2013\)](#), [vacated on other](#)

grounds, [City of New York v. Bello](#), 579 F. App'x 15, 18 (2d Cir. 2014).² In [Chavez](#), online cigarette sellers were alleged to have purchased cigarettes from multiple suppliers outside of New York only to resell them to buyers within New York in violation of the Contraband Cigarette Trafficking Act. [Id. at 262-63](#). The City also alleged that the online cigarette sellers and all of their suppliers constituted a RICO enterprise and conspired to violate RICO. [Id.](#) One of the supplier defendants moved for summary judgment, arguing that no RICO enterprise existed because the City's evidence only "proved separate and parallel vertical, bilateral relationships between one central actor and several independent actors one level removed from the central actor in the scheme." [Id. at 271](#). That is to say, the relationships between the online cigarette sellers and each supplier "were separate, uncoordinated, and entirely independent." [Id.](#) In a well-reasoned opinion, Judge Forrest agreed, concluding that "[a]ll the City can prove is the profit-maximizing, [*21] fraudulent, and potentially illegal actions of several individuals essentially acting independently of one another, although all acting centrally through Israel Chavez." [Id. at 277](#). The court specifically considered whether a "hub-and-spokes" association could constitute a RICO enterprise in light of [Boyle](#). After surveying pre-and post-[Boyle](#) cases, Judge Forrest extracted the following principles:

[A]n "enterprise" must have "ongoing organization"; the enterprise must "function as a continuing unit"; it must "have a common purpose of engaging in a course of conduct"; its members must be in certain ways "dependent" on one another; its members must be in certain ways "joined together as a group"; its members must act in certain ways "to benefit" one another; its members must contribute to the association's goals and purposes in some "necessary and symbiotic" manner; its members' activities must in some manner "rely" on other members' activities. Contrawise, when all the evidence shows is a series of similar but essentially separate frauds carried out by related entities—when those frauds are independent of one another; can be effective without the perpetration of any of the other frauds proven; provide [*22] no benefit or assistance to the perpetration of any of the other frauds proven; and in no way require coordination or collaboration among the actors perpetuating the fraud—then no RICO enterprise exists. The difference can really be boiled down to a simply-stated distinction: If each act of fraud is equally effective without the perpetration of any other act of fraud—even if perhaps effective to a far lesser or different magnitude—then there is no RICO enterprise. If each act of fraud is not effective without the other acts of fraud, then a RICO enterprise exists.

[Id. at 275](#). Like [Boyle](#), [Chavez](#) emphasized the importance of interpersonal relationships among members of the alleged enterprise, and flatly rejected the idea that coterminous, independent parallel conduct is sufficient to establish a RICO enterprise. The court concluded that the City could not prove that anything more than "a 'hub-and-spokes' association ever existed in this case," which it found to be "insufficient to make out a RICO violation as a matter of law." [Id. at 278](#).

The Third Circuit has also concluded that allegations of parallel conduct by individuals alleged to be part of an enterprise are insufficient to support a RICO enterprise. [In re Ins. Brokerage Antitrust Litig.](#), 618 F.3d 300 (3d Cir. 2010). There, plaintiffs alleged the existence of several RICO enterprises, each comprised of a single insurance broker who entered into agreements with multiple insurers to impermissibly steer business to those insurers for commission payments. [Id. at 374](#). Plaintiffs did not allege, though, that the insurers coordinated their efforts in any respect. [Id.](#) The Third Circuit held that without alleging anything more than parallel conduct by each insurer, plaintiffs could not "support the inference that the insurers 'associated together for a common purpose of engaging in a course of conduct.'" [Id.](#) (quoting [Turkette](#), 452 U.S. at 583). Holding otherwise would mean that "competitors who independently engaged in similar types of transactions with the same firm could be considered associates in a common enterprise," which would be counter to [Boyle's](#) definition of a RICO enterprise. [Id. at 375](#). Comparatively, the court found [*24] that a separately alleged association in fact did constitute a RICO enterprise, where the insurers (i.e., the spokes) were required to coordinate their efforts before submitting rigged insurance bids to a broker (i.e., the hub). The court concluded that the allegations of "bid rigging provide[d] the 'rim' to the [broker]-centered enterprise's hub-and-spoke configuration, satisfying [Boyle's](#) requirements." [Id.](#)

²The Second Circuit reversed and remanded on the grounds that genuine issues of material fact remained on Plaintiffs' RICO conspiracy claim. The Second Circuit held that [*23] the appellant-defendants could have agreed to commit substantive RICO violations, even if they could not commit those substantive violations themselves. [Bello](#), 579 Fed. App'x at 18.

Boyle requires that an association in fact have certain structural features to constitute a RICO enterprise. While not every "hub-and-spokes" association will necessarily fail to constitute a RICO enterprise, Boyle requires allegations of something more than parallel conduct by associates of an alleged enterprise. Parallel conduct does not demonstrate that individuals acted in a coordinated manner, or that they "associated together for a common purpose of engaging in a course of conduct." Turkette, 452 U.S. at 583.

Plaintiffs have failed to plausibly allege that the Merchant Defendants engaged in anything but independent conduct, without coordination and for their own economic self-interest. Indeed, the Merchant Defendants' relationships with one another are not alleged to be any different from their relationships [*25] with the millions of other merchants operating on the Alibaba Marketplaces. True, the SAC alleges that each Merchant Defendant—and not legitimate merchants—engaged in fraudulent conduct with the purpose of profiting from the sale of counterfeit products, but it does not allege that they "associated together for a common purpose of engaging in a course of conduct." Boyle, 556 U.S. at 946 (quoting Turkette, 452 U.S. at 583). Nor does the SAC plausibly allege that these competing Merchants "work[ed] together to achieve such purposes." Cruz v. FXDirectDealer, LLC, 720 F.3d 115, 120 (2d Cir. 2013) (internal quotations omitted). The fraud perpetrated by each Merchant Defendant could be accomplished without any assistance from any other Merchant Defendant. The Merchant Defendants all operate from China and happen to sell counterfeit goods bearing Plaintiffs' Marks. But there is no indication that the Merchant Defendants, "located in different parts of the country, came to an agreement to act together—or even how they knew each other." Elsevier, 692 F. Supp. 2d at 307. Plausibly read, the SAC alleges only that each Merchant Defendant engaged in a pattern of racketeering activity "independently and without coordination." Boyle, 556 U.S. at 947 n.4.

Plaintiffs argue that the existence of a relationship between and among the Merchant Defendants can be inferred from [*26] the Merchant Defendants participation in the Alibaba ecosystem. Plaintiffs contend, for instance, that the Merchant Defendants were aware of each other's existence by virtue of operating within the Alibaba ecosystem. But the Alibaba Marketplaces consist of "millions of merchants." (20-F at 54.) Moreover, the Merchant Defendants operated on different Alibaba Marketplaces—some operate on Alibaba.com, and others operate on Taobao.com or AliExpress.com. (SAC ¶¶ 38-51.) In any event, a generalized awareness of the existence of a competitor does not establish the existence of an "interpersonal relationship" as described in Boyle, 556 U.S. at 946.

Plaintiffs also argue that the Merchant Defendants' awareness of one another is evident from the fact that some Merchant Defendants sold counterfeit raw materials (i.e., leather emblazoned with Plaintiffs' Marks), which they contend other Merchant Defendants could purchase to produce counterfeit products. (Pls.' Opp'n Br. 16 (citing SAC ¶¶ 128-31).) But nowhere in the SAC do Plaintiffs allege that those raw materials were marketed to other Merchant Defendants. Nor do Plaintiffs allege that other Merchant Defendants purchased those raw materials. In fact, the SAC asserts that [*27] the two Merchant Defendants who sold raw materials indicated that North America was one of their "main markets," rather than other producers in China. (SAC ¶¶ 129, 131.) Alleging that the Merchant Defendants were aware of one another based on the fact that Merchant Defendants *could* have sold or purchased raw materials from another Merchant Defendant, especially where all the Merchant Defendants did not operate in the same Alibaba Marketplace, amounts to little more than a "'naked assertion' devoid of 'further factual enhancement.'" Iqbal, 556 U.S. at 678 (quoting Twombly, 550 U.S. at 557) (alteration omitted).

Nor does the fact that all the Merchant Defendants obtained common benefits from the Alibaba ecosystem demonstrate that a relationship existed between and among the Merchant Defendants. (Pls.' Opp'n Br. 14-15.) The Merchant Defendants obtained the benefits of the Alibaba ecosystem—such as marketing and shipping services—from the Alibaba Defendants, not from one another. While such allegations may imply a relationship between each Merchant Defendant and the Alibaba Defendants, one cannot infer that the Merchant Defendants acted in a coordinated manner by receiving common benefits. The Merchant Defendants did not "act in certain [*28] ways 'to benefit' one another," rely on one another to accomplish their activities, or otherwise "function as a continuing unit." Chavez, 944 F. Supp. 2d at 275. Nothing about receiving benefits from the same source makes "it plausible that the Court is confronted with something more than parallel conduct of the same nature and in the same time frame by different actors in different locations." Elsevier, 692 F. Supp. 2d at 306-07.

Plaintiffs also argue that the Merchant Defendants benefited from one another as a result of "self-reinforcing network effects that benefit" all participants in the Alibaba Marketplaces. (Pls.' Opp'n Br. 14 (quoting SAC ¶ 91(b).) The Merchant Defendants benefit, Plaintiffs argue, through "online retail clustering because . . . 'more merchants attract more consumers, and more consumers attract more merchants.'" *Id.* (quoting SAC ¶ 91(c)). But the benefit that the Merchant Defendants received from one another as a result of selling counterfeit goods is no greater or different than the benefit that merchants selling genuine goods receive by operating in the Alibaba Marketplaces. Furthermore, these allegations still fail to show that the Merchant Defendants engaged in anything more than parallel conduct. Two stockbrokers, for [*29] example, both of whom engage in similar acts of securities fraud, are not bound by an interpersonal relationship just because their conduct targeted the same stock on the New York Stock Exchange. *Cf. In re Ins. Brokerage Antitrust Litig.*, 618 F.3d at 375 ("Were the rule otherwise, competitors who independently engaged in similar types of transactions with the same firm could be considered associates in a common enterprise."). Boyle's relationship requirement demands more—it demands plausible allegations that individuals operating within the ecosystem coordinated their conduct to accomplish a common purpose. *Boyle*, 556 U.S. at 947 n.4. Such allegations are missing in the present case.

For the first time in their Response in Opposition to the Alibaba Defendants' Motion to Dismiss, Plaintiffs assert that even if the Court were to determine that a RICO enterprise was not sufficiently pled, additional unpled enterprises are supported by the factual allegations in the SAC. Plaintiffs were given an opportunity to amend their complaint—and did, indeed, amend their complaint—in response to the Alibaba Defendants' Premotion Letter. (Dkt. No. 31.) Plaintiffs were subsequently asked by this Court whether they wished to further amend their SAC, but they chose to "stand on the [*30] pleadings that we have." (Pretrial Conference Tr. 6, dated Sept. 25, 2015.) Accordingly, the Court will not consider the sufficiency of unpled alternative enterprises.

2. RICO Conspiracy Claim Pursuant to Section 1962(d)

The Alibaba Defendants also move to dismiss the Seventh Cause of Action, which alleges a conspiracy to commit a RICO violation in violation of 18 U.S.C. § 1962(d). Plaintiffs' RICO conspiracy charge is premised on the substantive RICO violation that they allege in their Sixth Cause of Action. (SAC ¶ 402 ("Defendants have . . . conspired . . . together and with others to violate 18 U.S.C. § 1962(c), as described above in Plaintiffs' Sixth Cause of Action, in violation of 18 U.S.C. § 1962(d).").) Plaintiffs' failure to state a claim for their substantive RICO violation warrants dismissal of their RICO conspiracy claim. *Penguin Bros. v. City Nat. Bank*, 587 F. App'x 663, 669 (2d Cir. 2014) ("The failure to state a claim for a substantive RICO violation . . . is fatal to plaintiffs' RICO conspiracy claim under § 1962(d)." (quoting *First Capital Asset Mgmt., Inc. v. Satinwood, Inc.*, 385 F.3d 159, 182 (2d Cir. 2004))). As noted above, Plaintiffs failed to plausibly allege that the Merchant Defendants were aware of each other's existence. Therefore, the Alibaba Defendants necessarily could not have agreed with the Merchant Defendants "to commit further acts that, had they been carried out, would have satisfied the RICO elements that were deficient [*31] with respect to the substantive RICO counts." *Jus Punjabi, LLC v. Get Punjabi US, Inc.*, 640 F. App'x 56, 59 (2d Cir. 2016).

Accordingly, Plaintiffs failed to allege the existence of a conspiracy to violate 18 U.S.C. § 1962(c) between and among the Alibaba Defendants and Merchant Defendants.

CONCLUSION

For the foregoing reasons, the Alibaba Defendants' motion to dismiss Plaintiffs' Sixth and Seventh Causes of Action (Dkt. No. 42) is GRANTED.

SO ORDERED.

/s/ P. Kevin Castel

P. Kevin Castel

United States District Judge

Dated: New York, New York

August 4, 2016

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As of: October 9, 2016 6:10 PM EDT

[Gucci Am., Inc. v. Gucci](#)

United States District Court for the Southern District of New York

August 5, 2009, Decided; August 5, 2009, Filed

07 Civ. 6820 (RMB)(JCF)

Reporter

2009 U.S. Dist. LEXIS 124888; 2009 WL 8531026

GUCCI AMERICA, INC., Plaintiff, - against - JENNIFER GUCCI, JENCO DESIGNS, LLC, JENNICOR, LLC, JENNY GUCCI COFFEE AND GELATO COMPANY, INC., VERATEX, INC., COLLEZIONE DI CASA, INC., E.L. ERMAN-DEAD SEA COSMETICS CORP., ELE BRANDS ENTERPRISE, INC., GBN WATCH COLLECTION, INC., GBN GLOBAL BUSINESS NETWORK, EDWARD LITWAK d/b/a ED LITWAK & ASSOCIATES, GEMMA GUCCI, GEMMA GUCCI COFFEE AND GELATO COMPANY INC., ABC CORPORATIONS 1-10, and DOES 1-10, Defendants.

Subsequent History: Magistrate's recommendation at [Gucci Am., Inc. v. Gucci, 2010 U.S. Dist. LEXIS 137530 \(S.D.N.Y., Nov. 5, 2010\)](#)

Prior History: [Gucci Am., Inc. v. Gucci, 2009 U.S. Dist. LEXIS 19685 \(S.D.N.Y., Feb. 20, 2009\)](#)

Core Terms

Gucci, trademark, products, licensing, Packaging, REPEATING, Stripe, GREEN-RED-GREEN, marks, Defendants', designer, consumers, infringement, parties, emails, Shops, wine, confused, likelihood of confusion, register, coffee, similarity, handbags, gelato, applicant's, bad faith, well known, injunction, reputation, enjoined

Counsel: [*1] For Gucci America, Inc., Plaintiff, Counter Defendant: Louis Sherman Ederer, LEAD ATTORNEY, John Maltbie, Arnold & Porter, LLP, New York, NY.

For Jennifer Gucci, Edward Litwak, doing business as Ed Litwak & Associates, Defendants, Counter Claimant: Kevin James Harrington, LEAD ATTORNEY, John T.A. Rosenthal, Harrington Ocko & Monk, LLP, White Plains, NY; Frank S. Occhipinti, Stewart Occhipinti, LLP, New York, NY.

For Veratex, Inc., Collezione di Casa, Inc., E.L. Erman-Dead Sea Cosmetics Corp., Defendants: Howard M. Rogatnick, LEAD ATTORNEY, Bryan Ha, Esq, New York, NY; R. Kevin Fisher, LEAD ATTORNEY.

For Louisville Bedding Company, Ele Brands Enterprise, Inc., GBN Watch Collection, Inc., GBN Global Business Network, Defendants: Tamar Y. Duvdevani, LEAD ATTORNEY, Nixon Peabody LLP (NYC), New York, NY.

For Jenny Gucci Coffee and Gelato Company, Inc., Defendant: Kevin James Harrington, LEAD ATTORNEY, John T.A. Rosenthal, Harrington Ocko & Monk, LLP, White Plains, NY.

Gemma Gucci, Defendant, Counter Claimant, Pro se, New York, NY.

For Gemma Gucci, Defendant, Counter Claimant: Kevin James Harrington, LEAD ATTORNEY, John T.A. Rosenthal, Harrington Ocko & Monk, LLP, White Plains, NY.

For Gucci America, [*2] Inc., Counter Defendant: John Maltbie, Arnold & Porter, LLP, New York, NY.

Judges: RICHARD M. BERMAN, UNITED STATES DISTRICT JUDGE.

Opinion by: RICHARD M. BERMAN

Opinion

FINDINGS OF FACT & CONCLUSIONS OF LAW

I. Introduction

On October 2, 2007, Gucci America, Inc. ("Plaintiff" or "Gucci") filed an Amended Complaint ("Complaint") against Jennifer Gucci ("Jennifer Gucci"), Jenco Designs, LLC ("Jenco"), Jennicor, LLC ("Jennicor"), Jenny Gucci Coffee and Gelato Company, Inc. ("Jenny Gucci Coffee"), Veratex, Inc. ("Veratex"), Collezione Di Casa, Inc. ("Collezione"), E.L. Erman-Dead Sea Cosmetics Corp. ("Erman"), ELE Brands Enterprise, Inc. ("ELE"), GBN Watch Collection, Inc. ("GBN Watch"), GBN Global Business Network ("GBN Global"), Edward Litwak d/b/a Ed Litwak & Associates ("Litwak"), Gemma Gucci ("Gemma Gucci"), Gemma Gucci Coffee and Gelato Company, Inc. ("Gemma Gucci Coffee"), ABC Corporations 1-10, and John Does 1-10 (collectively, "Defendants"), pursuant to 15 U.S.C. §§ 1114, 1116, and 1125, New York General Business Law §§ 349 and 360-I, and New York common law, alleging, among other things, that Plaintiff is the owner of the right, title and interest in and to federally registered trademarks for the GUCCI name [*3] ("GUCCI Word Mark"), for a GREEN-RED-GREEN Stripe ("GREEN-RED-GREEN Stripe"), and for a REPEATING GG Design ("REPEATING GG") (collectively, the "Gucci Trademarks") and that the Defendants' licensing and sales of various products bearing the words "Jennifer Gucci" ("JENNIFER GUCCI"), "Gemma Gucci" ("GEMMA GUCCI"), a green-red-green stripe ("GREEN-RED-GREEN Stripe"), and/or a repeating "JG" design ("REPEATING JG") constituted trademark infringement, false designation of origin, trademark dilution, unfair competition, deceptive acts and practices under New York law, and common law trademark infringement.¹ (Compl., dated Oct. 2, 2007, PP 1-19, 21, 29, 43, 50, 56, 65, 71, 76, 81, 89, Ex. A.) Plaintiff seeks injunctive relief, monetary damages, and attorneys' fees. (*Id.*)²

¹References to Jennifer Gucci and/or Gemma Gucci in licensing agreements and/or on products and packaging generally appear herein in capital letters and references to Jennifer Gucci and Gemma Gucci as individuals generally appear in regular font.

²After the original complaint was filed on July 30, 2007, United States Magistrate Judge James C. Francis, IV, to whom this matter was referred for general pre-trial purposes, [*4] entered, on August 20, 2007, a temporary restraining order ("TRO") which prohibited Jennifer Gucci, Jenco, Jennicor, Veratex, Collezione, Erman, and Litwak "from licensing, sublicensing, manufacturing, importing, exporting, advertising, promoting, displaying, distributing, circulating, offering for sale, selling or otherwise disposing of in any manner or removing from their respective business premises (except as otherwise provided herein) any products bearing the JENNIFER GUCCI name" and/or "imitating, copying or making unauthorized use" of the Gucci Trademarks. (TRO at 3.) The TRO was extended, on consent, through trial. (See Memo Endorsement, dated Jan. 14, 2008.) On or about April 8, 2008, Gemma Gucci agreed to be bound, through trial, by the TRO. (Stipulation and Order, dated Apr. 8, 2008, ("Stipulation and Order"), at 3.)

On February 20, 2009, Judge Francis issued an Order of Contempt against Defendant Litwak finding, among other things, that Litwak violated the terms of the TRO "by failing to produce discovery materials as required" and "by failing to provide a copy of [the TRO] to persons with whom he has entered into licensing agreements." (Order, dated Feb. 20, 2009 ("Contempt [*5] Order"), at 15.) During discovery, Judge Francis also ordered the forensic examination of Litwak's computer to recover documents and emails that were either deleted or not previously disclosed, as required by the TRO; and Judge Francis convened a conference on or about November 28, 2007 at which the parties agreed that Plaintiff would conduct a forensic examination of Jennifer Gucci's computer. (See Order, dated Oct. 23, 2007; Order dated Aug. 14, 2008.) These forensic examinations recovered emails and electronically stored documents which were damaging to Defendants' case. (See *infra*. Findings of Fact PP 36-38, 43, 47.) Judge Francis also determined that Litwak "shall be liable to Gucci for the attorneys' fees and costs incurred in connection with discovery necessitated by his failure to abide by the TRO's discovery provisions." (Contempt Order at 15.)

On November 2, 2007, Jennifer Gucci and Litwak answered the Complaint. (Answer of Jennifer Gucci, dated Nov. 2, 2007 ("J. Gucci Answer"); Answer of Litwak, dated Nov. 2, 2007.) On February 27, 2008, Gemma Gucci answered the Complaint. (Answer of Gemma Gucci, dated Feb. 27, 2008 ("G. Gucci Answer").) Jennifer Gucci and Gemma Gucci each [*6] counterclaimed for a declaratory judgment that Jennifer Gucci's and/or Gemma Gucci's "use of a mark containing or comprising of [their respective names] together with 'designed by,' 'created by,' or 'styled by' (or the like) does not infringe upon any rights, if any, of the Plaintiff." (J. Gucci Answer P 103; G. Gucci Answer P 43.)

On June 23, 2008, the Court approved a Consent Final Judgment and Permanent Injunction agreed upon by Plaintiff and Defendants Collezione, Erman, ELE, GBN Watch, GBN Global, and Veratex ("Settling Defendants"), who licensed the JENNIFER GUCCI name for use on various consumer products. The Settling Defendants were "immediately and permanently enjoined and restrained from licensing, sublicensing, manufacturing, importing, exporting, advertising, promoting, displaying, distributing, circulating, offering for sale, selling or otherwise disposing of in any manner any JENNIFER GUCCI Products, or otherwise engaging in any advertisement and promotion of any product using the JENNIFER GUCCI name," or "any product bearing any simulation, reproduction, copy, counterfeit or colorable imitation of the Gucci Trademarks." (Consent Order and Permanent Injunction, dated June [*7] 23, 2008 ("Consent Order"), at 3.)³

In preparation for a bench trial, the parties submitted a Joint Pre-Trial Order (see Jt. Pre-Trial Order, dated June 17, 2008 ("PTO")), [*8] and over 400 trial exhibits. On June 17, 2008, Plaintiff submitted affidavits in lieu of direct testimony of its proposed witnesses (each of whom testified at trial) Jonathan Moss, General Counsel of Plaintiff, dated June 16, 2008, Terilyn Novak, eBusiness Director of Plaintiff, dated June 17, 2008, Yakov Ergas, an officer of Erman, ELE, GBN Watch, and GBN Global, dated June 17, 2008, Brian Jaffe, co-owner of Proportion Fit Products LLC ("Proportion Fit"), dated June 13, 2008, and Richard Gazlay, owner of Awesome Wines, Inc., dated June 17, 2008. On June 17, 2008, Defendants submitted affidavits in lieu of direct testimony of their proposed witnesses, *i.e.*, Jennifer Gucci, Gemma Gucci, Litwak, and Joseph Oliveri.⁴ Also, on June 17, 2008, the parties submitted pre-trial proposed findings of fact and conclusions of law. (See PL's Pre-Trial Proposed Findings of Fact and Conclusions of Law, dated June 17, 2008 ("Pl. Pre-Trial Findings"); Def.'s Pre-Trial Proposed Findings of Fact and Conclusions of Law, dated June 17, 2008 ("Def. Pre-Trial Findings").)

A bench trial was held on June 29, 2009. At trial, the Court had an excellent opportunity to observe witness demeanor and assess witness credibility during cross examination and re-direct examination.

On July 13, 2009, the parties submitted post-trial proposed findings of fact and conclusions of law. (See Pl.'s Post-Trial Proposed Findings of Fact and Conclusions of Law, dated July 13, 2009 ("Pl. Findings"); Def.'s Post-Trial Proposed Findings of Fact and Conclusions of Law, dated July 13, 2009 ("Def. Findings").)

³ Plaintiff does not appear to have served or identified any "ABC Corporations" or "John Does" and, thus, these Defendants are dismissed. See [Shmueli v. City of New York, No. 03 Civ. 1195, 2007 U.S. Dist. LEXIS 42012, at *11 n.4 \(S.D.N.Y. June 7, 2007\)](#).

Jenco, Jennicor, Jenny Gucci Coffee, and Gemma Gucci Coffee appear to have been served with the Complaint but do not appear to have filed an answer. (See Docket Sheet in 07 Civ. 6820.) Plaintiff did not move for a default judgment against these Defendants nor did Plaintiff assert any claims against these parties in the pretrial order, dated June 17, 2008, or Plaintiff's Pre-Trial Findings of Fact and Conclusions of Law, dated June 17, 2008, or Post-Trial Findings of Fact and Conclusions of Law, dated July 13, 2009. Except insofar as they are included in the injunctions issued herein, any remaining claims against these entities are dismissed. See [Desiderio v. Celebrity Cruise Lines, Inc., No. 97 Civ. 5185, 1999 U.S. Dist. LEXIS 9699, at *9-10 \(S.D.N.Y. June 28, 1999\)](#).

⁴ With the consent of the parties, the Court allowed the testimony of Avi Cohen, President and Owner of Veratex and Collezione, to be submitted [*9] in the form of deposition designations. (Trial Transcript, dated June 29, 2009 ("Tr."), at 251:7-12.)

As more fully explained below, the Court concludes that Plaintiff has proven that Defendants willfully infringed and diluted the Gucci Trademarks under the Lanham Act, [New York General Business Law §§ 349](#) and [360-I](#), and New York Common Law.

Pursuant to [Federal Rule of Civil Procedure \("Fed. R. Civ. P."\) 52\(a\)](#), the Court's findings of fact and conclusions of law follow ⁵:

II. Findings of Fact

Parties

1. Plaintiff is organized under the laws of the State of New York with its principal place of business at 685 Fifth Avenue, New York, New York 10022. (Pl. Findings P 1.)

2. Jennifer Gucci (maiden name "Puddefoot") married Paolo Gucci in December 1977. (Pl. Findings P 18; Def. Findings P 1.) "At the time of Jennifer Gucci's marriage to Paolo Gucci, Paolo Gucci was the Chief Designer for the Italian fashion house, Guccio Gucci, S.p.A. ('Gucci S.p.A.')." (Def. Findings P2.) Paolo Gucci died in 1995. (*Id.* P 23.) Jennifer Gucci "was classically trained as an opera singer in both the United Kingdom and Italy." (Decl. of Jennifer Gucci, [*11] dated June 16, 2008 ("J. Gucci Decl."), at P 4.) Jennifer Gucci alleges, among other things, that "during her marriage to Paolo Gucci, [she] was involved in various aspects of Paolo Gucci's business dealings while he was at Gucci S.p.A. . . . [which] included attending meetings and dinners with Gucci S.p.A. officers, employees and customers, and attending meetings with buyers and suppliers" and she "also assisted in the public relations aspect of Gucci S.p.A.'s business, including being involved in setting up fashion shows and other aspects of Gucci S.p.A.'s marketing efforts in the United States and around the world." (Def. Findings P 7.)

3. Gemma Gucci is the daughter of Jennifer Gucci and Paolo Gucci, born on June 3, 1983, in New York City. (Def. Findings P 6.) Gemma Gucci is employed with "Jeffries & Co. . . . an investment bank." (Decl. of Gemma Gucci, dated June 16, 2008 ("G. Gucci Decl."), at P 6.)

4. Litwak resides in the state of California and conducts a licensing and marketing business called Ed Litwak and Associates with its principal place of business at 12868 Via Latina, Del Mar, California. (Compl. P 15.) As of 1980, Litwak acted as Paolo Gucci's licensing agent "after [*12] he [*i.e.*, Paolo Gucci] left Gucci S.p.A. to open his own fashion business." (Decl. of Edward Litwak, dated June 16, 2008 ("Litwak Decl."), at P2.)

5. After Paolo Gucci's death in 1995, Litwak began acting as Jennifer Gucci's licensing agent. (Litwak Decl. 13.) Litwak also acts as Gemma Gucci's licensing agent. (*Id.*)

6. Plaintiff was formerly known as Gucci Shops, Inc. (Pl. Findings P 23.) Guccio Gucci, S.p.A. appears to be Plaintiff's Italian parent company and was founded in 1921 in Florence, Italy by Guccio Gucci, Paolo Gucci's grandfather. (Pl. Findings P 2, 18; Def. Findings at 3.)

Background

7. Plaintiff manufactures, licenses, sells, and wholesales a range of consumer products ("Gucci Products"), including "handbags, luggage, men's apparel, women's apparel, apparel accessories, sunglasses, footwear, jewelry, watches, fragrances, home products and even automobiles" which bear the Gucci Trademarks. (Pl.

⁵Except as otherwise noted, all Findings of Fact and Conclusions of Law are supported by a preponderance of the evidence. See [Savin Corp. v. Savin Group](#), 391 F.3d 439, 449 (2d Cir. 2004); [Starter Corp. v. Converse, Inc.](#), 170 F.3d 286, 300 (2d Cir. 1998); [*10] [Tiffany Inc. v. eBay, Inc.](#), 576 F. Supp. 2d 463, 493 (S.D.N.Y. 2008); [Philip Morris USA Inc. v. Felizardo](#), No. 03 Civ. 5891, 2004 U.S. Dist. LEXIS 11154, at *21 (S.D.N.Y. June 18, 2004). While the Second Circuit does not appear to have adopted the clear and convincing standard approved by the Fifth Circuit in [CJC Holdings, Inc. v. Wright & Lato, Inc.](#), 979 F.2d 60, 65 (5th Cir. 1992) for awarding attorneys' fees under the Lanham Act, attorneys' fees in this case are supported by clear and convincing evidence (as are punitive damages).

Findings PP 4, 7.) "Gucci spends many millions of dollars each year advertising the Gucci Products" and has realized "sales totaling in the billions of dollars in the United States alone." (Pl. Findings PP 6, 8.)

8. Plaintiff owns the Gucci Trademarks which are registered with the United [*13] States Patent and Trademark Office ("USPTO"). (Pl. Findings P17; Pls. Exs. 206-233.)⁶

9. "Defendants Jennifer Gucci and Gemma Gucci concede, and do not contest, that the GUCCI trademark is well-known and famous." (Pl. Findings P 132; see also [*14] Tr. 64:4-8 (J. Gucci: "Q: Do you agree, Ms. Gucci, that the Gucci Company name is well known? A: Of course."); Tr. 147:24-148:4 (G. Gucci: "Q: Would you agree that the Gucci Company name is well known, Ms. Gucci? A: Yes.") At trial, Jennifer Gucci referred to Plaintiff as "Big Gucci," and referred to herself as "Little Gucci." (Tr. 79:22-78:2 ("The Court: Big Gucci would be who? A: Gucci Incorporated. The Court: The plaintiffs in this case? A: Yes, the plaintiffs. The Court: Who is little Gucci? A: Me. I'm little Gucci."))

10. "Neither Jennifer Gucci nor Gemma Gucci have any experience or reputation in the United States as designers of any consumer products." (Pl. Findings P 28; Tr. 63:17-18 (J. Gucci: "Q: Do you recall testifying at your deposition in this case that you did not consider yourself to be a well known designer in the U.S.? A: That's correct. Q: Do you recall also indicating that if someone in the U.S. were to hear your name, their first thought would be that you were Paolo Gucci's wife? A: Yes."); 147:7-9, 17-19 (G. Gucci: "Q: You are not currently working professionally as a designer, are you? A: Unfortunately, no. . . Q: Would it be fair to say, Ms. Gucci, that you [*15] do not currently have a reputation as a designer in the United States? A: That's correct."); 158:11-23 (Litwak: "Q: Back in September 2007, when this case first started, Jennifer Gucci was not well known as a designer in the United States, is that correct? . . . A: Not as a designer. The Court: What about Gemma Gucci? . . . A: Not as a designer."))

11. At the time of Jennifer Gucci's marriage to Paolo Gucci, as noted, Paolo Gucci "was the Chief Designer for the Italian fashion house, Guccio Gucci S.p.A." (Def. Findings P 2.)

12. "In or about 1980, Paolo Gucci was terminated from Guccio Gucci S.p.A." and, thereafter, began "working to open his own fashion store in New York and design his own fashion[s] under his own name." (Def. Findings P 12.)

13. In or about June 1983, Paolo Gucci sued Gucci Shops, Inc. (Plaintiff's predecessor) in the United States District Court for the Southern District of New York and "sought a declaration that he had the right to use the name Paolo Gucci as a trademark on products." (Pl. Findings P 23); see [Paolo Gucci v. Gucci Shops, Inc., 688 F. Supp. 916 \(S.D.N.Y. 1988\)](#).

14. Following a bench trial, United States District Judge William C. Conner held on June [*16] 17, 1988, in a thirty-three page Opinion and Order, among other things, that Paolo Gucci "committed federal trademark infringement under 15 U.S.C. § 1114(1)(a), false designation of origin under 15 U.S.C. § 1125(a) [and] common law trademark infringement" by "design[ing] handbags and other leather goods for an Italian company called Italia Italia and licens[ing] that company to use his full name Paolo Gucci in connection with such products." [Gucci Shops, Inc., 688 F. Supp. at 919](#). Judge Conner determined that "the great strength of the 'Gucci' mark, the very close similarity between the mark 'Gucci' and the name 'Paolo Gucci' and the near identity of the nature of the primary products bearing those names creates a likelihood that an appreciable number of ordinarily prudent purchasers will be misled or confused as to the source or sponsorship of goods which bear [Paolo Gucci's] name as a trademark or trade name." [Id. at 919](#). Judge Conner also determined that "on three separate occasions the [USPTO] has refused to

⁶ Plaintiff owns the following federally registered trademarks for the GUCCI Word Mark: No. 876,292 (Reg. Date 9/9/69); No. 959,338 (Reg. Date 5/22/73); No. 972,078 (Reg. Date 10/30/73); No. 1,093,769 (Reg. Date 6/20/78); No. 1,140,598 (Reg. Date 10/21/80); No. 1,168,477 (Reg. Date 9/8/81); No. 1,169,019 (Reg. Date 9/15/81); No. 1,168,922 (Reg. Date 9/15/81); No. 1,200,991 (Reg. Date 7/13/82); No. 1,202,802 (Reg. Date 7/27/82); No. 1,321,864 (Reg. Date 2/26/85); and No. 1,340,599 (Reg. Date 6/11/85). Plaintiff owns the following federally registered trademarks for the GREEN-RED-GREEN Stripe design: No. 1,122,780 (Reg. Date 7/24/79); No. 1,123,224 (Reg. Date 7/31/79); and No. 1,483,526 (Reg. Date 4/5/88). And, Plaintiff owns the following federally registered trademarks for the REPEATING GG design: No. 2,680,237 (Reg. Date 1/28/03); No. 3,072,547 (Reg. Date 3/28/06); and No. 3,027,549 (Reg. Date 3/28/06). (Pl. Findings P 17; Pls. Exs. 206-233.)

register marks consisting of or including the name 'Paolo Gucci' based on a likelihood of confusion with the 'Gucci' mark"; and "the USPTO has initially refused to register the [*17] expression 'Paolo Gucci Designs for Riviera,' finding that 'Gucci is a dominant feature of the mark' and would thus create confusion with products bearing the 'Gucci' mark." *Id. at 927*. And, Judge Conner held that "in order to protect the interests of [Gucci Shops] in the 'Gucci' name, Paolo is enjoined from using 'Paolo Gucci' as a trademark or trade name." *Gucci Shops, Inc., 688 F. Supp. at 927-28* ("Judge Conner Opinion and Order").⁷

15. Judge Conner also determined that in order "to enable Paolo to exploit his own talents and identity [as 'a designer and stylist of many Gucci products']," Paolo Gucci may "use his name to identify himself as the designer of products sold under a separate trademark which does not include the name 'Gucci.' To avoid confusion, the name Paolo Gucci must always appear after the trademark in advertisements and on labels, and must be no more prominent than the trademark. Moreover, [Paolo Gucci] must use a disclaimer, similar to the one he now employs, which notifies consumers that he is no longer affiliated with any of the Gucci entities." *Gucci Shops, 688 F. Supp. at 918, 928*.⁸

16. Judge Conner also held that "the rights granted to, and the obligations imposed upon [Paolo Gucci] by this Final Judgment are personal to Paolo Gucci." (Final Judgment at 7.)

17. Defendants argue that they may license the Jennifer Gucci and Gemma Gucci names to third parties as long as they and their licensees follow the restrictions Judge Conner placed upon Paolo Gucci, even though they were not parties to the *Gucci Shops* case. (See J. Gucci Decl. P 23 ("it was my understanding. . . that I would be permitted to use my name 'Jennifer Gucci' in conjunction with marketing licensing and sale of certain goods, as long as I . . . abided by the strictures of Judge Conner's 1988 decision relating to my husband Paolo Gucci's use of his name."); Tr. 155:4-16; 156:23-157:14 (Litwak: "Q: Prospective licensees . . . can use Jennifer Gucci's name and Gemma Gucci's name on licensed products as long as they follow the [*20] guidelines laid out by Judge Conner, is that right? A: That is correct.").)

18. Gemma Gucci argues that she may license her name to third parties in the United States based upon a consent judgment, presumably entered on April 19, 2000, by the Regional Trade Court in Hamburg, Germany in a case between Flitsch & Benayan GmbH ("Flitsch") and Gucci, S.p.A. (Def. Findings P 30; Def. Ex. 25.) In 2000, Gemma Gucci had "entered into agreements with Flitsch" which related to the "design, marketing and sale of jewelry by Gemma Gucci in Europe." (Def. Findings P 28.) Gemma Gucci argues, among other things, that "the parties to that [German] legal action agreed that Gemma Gucci could sell jewelry under her name as long as the products and/or packaging contained the words 'designed' or 'styled' by before the name 'Gemma Gucci.'" (Def. Findings P 30.) Also, in 2000, "Flitsch brought a legal action against Gucci S.p.A. in a German court in Hamburg, Germany regarding the use of the Gemma Gucci name" associated with "certain jewelry products sold under the Gemma Gucci name." (Def. Findings P 30.) The German Court appears to have approved an agreement between Flitsch and Gucci, S.p.A. "that [Flitsch] [*21] is entitled to associate the name of the designer "Gemma Gucci" with the

⁷ Judge Conner enjoined Paolo Gucci and his "agents, servants, employees, representatives [presumably including Litwak], licensees, and all persons in active concert or participating with any of them who receive actual notice of this Court's Final Judgment are hereby enjoined in the United States of America from registering, attempting to register, using, advertising, marketing, promoting or authorizing the use of the names "GUCCI" or "PAOLO GUCCI," any logo or symbol consisting of the letters "G," "PG," or "GG," or any other name, mark or symbol that is confusingly similar to any such names or logos, as or as part of a trademark, service mark, business name, or trade name for any product, service or business, or in such a manner as to create the impression [*18] that such name, logo or symbol is the trade name or business name of Plaintiff or any designer, manufacturer, distributor, retailer or other business or the trademark or service mark for any product or service." (Final Judgment, dated July 13, 1998 ("Final Judgment"), at 5.)

⁸ In his Final Judgment entered on July 13, 1988, Judge Conner ruled that Paolo Gucci could use his name "on products or services designed by [Paolo Gucci] or under his supervision or selected by [Paolo Gucci] . . . [if used] as part of the [*19] phrase 'TRADEMARK DESIGNED (OR SELECTED) BY PAOLO GUCCI!"; and all uses of Paolo Gucci's name must be "accompanied by a disclaimer, prominently displayed, unambiguously stating that Paolo Gucci is not affiliated or associated with Gucci or 'GUCCI' products." (Final Judgment at 3-7.)

product," "the word 'designed' or 'styled' is to precede the name [Gemma Gucci]" and; "it is a prerequisite that the designer is actually 'Gemma Gucci' who designed the jewelry marked with the identification 'Gemma by Gemma Gucci.'" (Def. Ex. 25.)⁹

19. Plaintiff counters, among other things, that the judgment of the German Court is irrelevant to Gemma Gucci's use of her name in the United States because "trademark rights are inherently territorial, and exist in each country only according to and to the extent of that particular country's statutory scheme" and "none of the parties to the German Order are parties to the instant action."¹⁰ (Pl. Findings PP 118, 122.)

20. At trial, Litwak acknowledged that he was not an attorney (Tr. 155:17-18), and that he did not have a written opinion from an attorney interpreting Judge Conner's Opinion and Order, or reaching the (legal) conclusion that Jennifer Gucci and Gemma Gucci (and Litwak) may license their names if they follow the restrictions Judge Conner placed upon Paolo Gucci. (Tr. 156:23-157:13 [*23] ("The Court: Did you ever consult with an attorney to draw the legal conclusion that you have drawn that Gemma Gucci and Jennifer Gucci have the same rights that Paolo Gucci had deriving from Judge Conner? A: Yes, from Donald Parson [i.e., Litwak's "lawyer at the time"]. . . The Court: Did he give you a written opinion to that effect? A: He drafted the contract but he never gave me a written opinion. The Court: So do you have any written legal basis for drawing the legal conclusion that you have drawn? . . . A: No.").)

Jennifer Gucci's and Gemma Gucci's Trademark Applications Denied

21. On March 9, 1998, Jennifer Gucci filed two applications with the USPTO to register the trademark "COLLEZIONE DI JENNIFER GUCCI." (Pl. Findings P 48.) These trademark applications were abandoned by Jennifer Gucci and never granted. (Pl. Ex. 90, 91.)

22. On March 22, 2001, Jennifer Gucci filed application No. 76/228,124 with the USPTO to register the trademark "JENNIFER DESIGNED BY JENNIFER GUCCI" for use with jewelry, housewares, and clothing. (Pl. Ex. 92.) In support of this application, Jennifer Gucci submitted an affidavit, dated January 14, 2002, stating, among other things, that the "mark was designed [*24] to avoid any confusion with Gucci [i.e., Plaintiff] and to follow all the guidelines described in the 1988 Final Judgment signed by Judge Conner in the case of *Gucci v. Gucci Shops*." (Pl. Ex. 92.)

23. On July 10, 2003, application No. 76/228,124 was denied by the USPTO because the "similarities between the marks" Jennifer Gucci and Gucci "are so great as to create a likelihood of confusion" and "given the fame of the GUCCI line of marks, there can be little doubt that consumers are likely to be confused as to the source of the respective parties' goods." (Pl. Ex. 92 (emphasis added).)

24. Jennifer Gucci was aware that this trademark application was denied by the USPTO. (Tr. 72:23-24 ("Q: This trademark application was refused, was it not? A: Of course, yes."))

25. On October 11, 2002, Gemma Gucci filed trademark application No. 78/173,379 with the USPTO for the trademark "GEMMA GUCCI." (Pl. Ex. 227.) **On or about April 22, 2003, the USPTO denied this application**

⁹The terms of the judgment entered by the German Court, on April 19, 2000, appear to be that "the parties agreed mat the petitioner [Flitsch] is entitled to associate the name of the designer 'Gemma Gucci' with the product. In this presentation the word 'designed' or 'styled' is to precede the name; the phrase 'styled/designed by Gemma Gucci' is to be shown preferably in cursive lettering ahead of 'Gemma' and is to be distinguished in such a way that shoppers recognize the reference to the designer. Moreover, the reference to the designer must not appear in a 'signal' color. It must also differ in color from the 'Gemma' designation. The notation 'styled/designed' and the 'by Gemma Gucci' wording are not to be shown against different color backgrounds and the notation "styled/designed' and the 'by Gemma Gucci' may not appear in lettering of a different color. It is [*22] a prerequisite that the designer is actually 'Gemma Gucci' who designed the jewelry marked with the indentification 'Gemma by Gemma Gucci.'" (Def. Ex. 25.)

¹⁰ Plaintiff has not argued that this Court should exercise extraterritorial jurisdiction under the Lanham Act. See [Sterling Drug v. Bayer AG](#), 14 F.3d 733, 745-46 (2d Cir. 1994); [Vanity Fair Mills, Inc. v. T. Eaton Co.](#), 234 F.2d 633 (2d Cir. 1956).

because "the applicant's mark . . . [is] likely to cause confusion, or to cause mistake, or to deceive" and "although applicant's mark adds another term to the well known GUCCI name, this is not controlling. . . the mere addition [*25] of a term to a registered mark is not sufficient to overcome a likelihood of confusion." (Pl. Ex. 227 (emphasis added).)

Trademark Infringement Trademark Dilution, and False Designation of Origin

26. On February 2, 2004, Jennifer Gucci granted Litwak the "exclusive right and authority to license the use of the trademark JENNIFER DESIGNED BY JENNIFER GUCCI on a worldwide basis, for all products, for a period of twenty (20) years." (Pl. Findings P 59; Pl. Ex. 5.) This is the same trademark that was rejected by the USPTO on July 10, 2003. (Pl. Ex. 92; *see supra* PP 21, 22.)

27. Litwak testified that he was granted a verbal license by Jennifer Gucci to use Gemma Gucci's name when Gemma Gucci was 15 years old, *i.e.* in or about 1998. (Tr. 204:24-204:5 ("Q: You say that you have a license from Gemma Gucci to license the use of her name with regard to various projects, is that correct? A: That is correct. Q: That's a verbal license, is that right, Mr. Litwak? A: It is a verbal license and it was a license that Jenny's -- Gemma's mother gave me when Gemma was 15.").

28. On or about February 2, 2004, Litwak purportedly entered into a written license agreement with Gemma Gucci for the "exclusive right [*26] and authority to license the use of the trademark GEMMA DESIGNED BY GEMMA GUCCI on a worldwide basis, for all products, for a period of twenty (20) years." (Pl. Findings P 95; Pl. Ex. 277.) At trial, Gemma Gucci testified that she never signed this document and that her "signature" on this document was forged. (Tr. 122:25-123:15 ("Q: Is that your signature on the signature page? A: No. Q: Do you know who signed your name to this document, Ms. Gucci? A: I don't. . . . Q: Whoever signed your name to that agreement, did you authorize them to do that? A: No.").

29. At trial, Gemma Gucci "acknowledged that she has a verbal agreement with Litwak permitting him to enter into license agreements regarding the use of the GEMMA GUCCI name." (Pl. Findings 197: *see also* Tr. 124:22-24 (Q: You had a verbal agreement with [Litwak] that he could [license the GEMMA GUCCI name], correct? A: Yes.").

30. On or about July 16, 2008, Gemma Gucci declined to sign a draft letter provided to her by Litwak which states, among other things, "I, Gemma Gucci, when and if I win the [instant] court case now proceeding with Gucci America will give a license to Martin Simone/Ed Litwak for coffee and gelato shops and [*27] the products that go inside." (Tr. 145:10-17.) Gemma Gucci also testified that she may give Litwak and Mr. Simone the right to use her name in connection with a coffee shop venture if she prevails in the instant case. (Tr. 145:21-23 ("Q: Do you plan to give Mr. Litwak and Mr. Simone the right to use your name in a coffee shop venture if you win this case? A: Perhaps.").

Litwak's Licensing of the JENNIFER GUCCI and GEMMA GUCCI Names

31. Litwak arranged licenses with third parties to use the JENNIFER GUCCI and GEMMA GUCCI names on various consumer products and informed potential licensees that Jennifer Gucci and Gemma Gucci "have the same rights to use their names on products and services as Paolo Gucci did." (Pl. Findings P 40.)

JENNIFER GUCCI Licenses

32. Although Jennifer Gucci has no professional experience in the coffee business (Tr. 96:25-97:2), on August 18, 2006, Litwak licensed the Jenny Gucci Coffee company to use the JENNIFER GUCCI name in connection with establishing JENNIFER GUCCI coffee shops. (Pl. Findings P 62; Pl. Ex. 7.) At trial, Litwak acknowledged that "he had raised \$ 50,000 from an investor in connection with the 'JENNIFER GUCCI' coffee shop license." (Pl. Findings [*28] P 63.) Jennifer Gucci testified that she is still considering a coffee project, including placing her name on coffee shops and coffee products. (Tr. 96:16-24 ("Q: Are you aware, Ms. Gucci, of a project involving Jennifer Gucci coffee shops? A: Yes. Q: As far as you know, is that project still under consideration? A: It is. Q: The idea is to use your name on coffee shops and on coffee products that go into the coffee shops, correct? A: That's correct.").

33. In early 2007, Litwak began negotiating a license agreement with Avi Cohen, President and Owner of Veratex and Collezione, for use of the JENNIFER GUCCI name on bedding products. (Pl. Findings PP 69-73.) On or about February 2, 2007, Litwak provided Cohen, by facsimile, with various JENNIFER GUCCI proposed logo designs. (Pl. Exs. 203, 210.) The fax cover sheet from Litwak to Cohen stated "Here are some ways to use the logo." (Pl. Exs. 203, 210.) The logo designs included, among other things, a GREEN-RED-GREEN Stripe, variations of the initials "JG" (some of which were interlocking), and a repeating diamond pattern with interlocking "GG's." (Pl. Findings P 75; Pl. Exs. 203, 210.) Litwak acknowledged that some of the logo designs "would [*29] be impermissible" under the *Gucci Shops* case. (Tr. 179:5-9 ("The Court: So that is a second . . . page [with a REPEATING JG design] that you think would not be permissible? A: That is correct. The Court: With an interlocking JG? A: That is correct.").)

34. Veratex developed packaging ("Veratex Packaging") for a JENNIFER GUCCI bedding line which included the following features: the words "designed by JENNIFER GUCCI" were placed on the packaging below, but in a size similar to, the words "COLLEZIONE DE CASA"; the name JENNIFER GUCCI appears in the center of a crest design; a REPEATING JG appears in a diamond pattern; there is a GREEN-RED-GREEN Stripe as a border; and the following description of Jennifer Gucci's involvement: "Throughout my life, I have commissioned some of the most exquisite pieces of linen for my personal collection. These fine pieces of linen, inspirations of beauty, are exceptional objects. Never before have I put forth so much effort in attaining aesthetic perfection and combining it with painstaking craftsmanship." (Pl. Exs. 22,23,24,26,27.) Among other problems, the Veratex Packaging did not contain a disclaimer that Jennifer Gucci was not affiliated with Plaintiff [*30] or Plaintiff's products. (See Pl. Exs. 22, 23, 24, 26, 27.)

35. On February 10, 2007, an article was published in *Home Textiles Today* in which Litwak was quoted as stating that the JENNIFER GUCCI bedding line "will have a Gucci-esque look with some horse themes." (Pl. Ex. 28.)

36. Jennifer Gucci testified that when she viewed the Veratex Packaging she was "very concerned" that it did *not* comply with Judge Conner's Opinion and Order but in an email, dated February 28, 2007, from Jennifer Gucci to Cohen she stated, "Great looking packaging." (Pl. Findings P79; Tr. 84:2-5; Pl. Ex. 95.)

37. On March 1, 2007, Cohen emailed the Veratex Packaging to Jennifer Gucci stating, among other things, that "[t]his is the final drawing." (Tr. 84:13-19.) Jennifer Gucci responded on March 2, 2007, stating, "OK, Avi, that is fine whatever you think will sell better, that's what it's all about." (Tr. 84:17-24; Pl. Ex. 100.) The Veratex Packaging had included the JENNIFER GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG, which are very similar in appearance -- and, consequently, likely confusing to consumers - to Plaintiff's GUCCI Word Mark, its GREEN-RED-GREEN Stripe, and its REPEATING GG trademarks. [*31] Jennifer Gucci's approval of this packaging shows, at a minimum, a reckless disregard for infringement of the Gucci Trademarks.¹¹

38. Jennifer Gucci testified that the emails referred to in paragraphs 36 and 37 were recovered through a forensic examination of her computer conducted by Plaintiff and that she "had made a mistake" in deleting and/or not disclosing those emails during discovery. (Tr. 79:15-21 ("Q: So your testimony is that Gucci, through the forensic examination of your computer, found your emails to Veratex designers in which you commented on the designs that they were showing you; is that your testimony? A: Yes. Because that's what you wanted. . . . I call them 'big Gucci,' as opposed to 'little Gucci.' Big Gucci wanted those emails, and I had made a mistake.").)

39. On May 15, 2007, a Veratex subsidiary, Collezione, entered into a license agreement with Litwak and Jennifer Gucci to use the JENNIFER GUCCI name on bed and bath products. (Pl. Findings P 82; Pl. Ex. 63.)

40. In [*32] June 2007, the Veratex Packaging was used at a trade show exhibiting "the proposed 'CASA DI COLLEZIONE BY JENNIFER GUCCI' line of bedding for potential buyers." (Litwak Decl. P 42.) As noted, the Veratex Packaging bore highly similar -- and likely confusing - versions of the Gucci Trademarks, *i.e.* the JENNIFER GUCCI name, a GREEN-- RED-GREEN Stripe, and a REPEATING JG.

¹¹ Moreover, the Veratex Packaging did not comport with the restrictions placed upon Paolo Gucci by Judge Conner because, it appears, Jennifer Gucci was more concerned with what "will sell better."

41. Jennifer Gucci testified that, after she saw the Veratex Packaging for the JENNIFER GUCCI bedding line at the trade show in June 2007, she told Litwak that "he was pushing the envelope again" (Tr. 116:9-11), presumably because the Veratex Packaging bore marks similar to the Gucci Trademarks. There is no evidence that Jennifer Gucci informed Litwak that he was "pushing the envelope" in February and March of 2007. (See Findings of Fact PP 36, 37.)

42. Although Jennifer Gucci had no experience in the design of hosiery products and testified that she "[n]ever heard of a company called Proportion Fit" until trial and "[n]ever review[ed] any samples of JENNIFER GUCCI hosiery products" (Tr. 76:13-18), on January 26, 2007, Litwak licensed Proportion Fit to use the JENNIFER GUCCI name on hosiery products. (Pl. Findings P 64.) [*33] On February 14, 2007, Brian Jaffe, co-owner of Proportion Fit, designed a hosiery package using an interlocking "JG" and emailed the design to Litwak. (Pl. Ex. 35.) Litwak responded that the design "did not work." (*Id.*) At trial, Litwak testified that he believed Defendants "couldn't use an interlocking 'JG.'" (Tr. 177:2.)

43. On February 21, 2007, Litwak emailed Jaffe the Veratex Packaging stating, "See if this works better for you." (Pl. Ex. 23, 26.) Jaffe understood that Litwak was directing him to use design elements, such as a REPEATING JG in a diamond pattern and a GREEN-RED-GREEN Stripe, upon the packaging which were very similar to Plaintiff's REPEATING GG and GREEN-RED-GREEN Stripe. (Tr. 32:12-24 ("Q: Did you take this packaging design into account in doing the packaging designs that you were working on? A: Yes. Q: Ok. You'll notice that there is an interlocking JG on this packaging? A: Mm-hmm. Q: There is also a green-red-green stripe design, is there not? A: Yes. Q: So when you did your packaging, did you draw from these two examples that I just showed you? A: That's exactly what I did.")) Litwak appears to have sent Jaffe this email with the intent that Jaffe would use [*34] the GREEN-RED-GREEN Stripe and REPEATING JG design elements -- which Litwak knew were very similar to Plaintiff's GREEN-RED-GREEN Stripe and REPEATING GG -- on the Proportion Packaging.

44. Thereafter, Jaffe developed packaging for hosiery products ("Proportion Packaging") which included the following features: the words JENNIFER GUCCI displayed in a block font in the center of the packaging; a GREEN-RED-GREEN Stripe design; and the back panel has an REPEATING JG in a diamond pattern. (Pl. Exs. 36, 87.) The Proportion Packaging had included the JENNIFER GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG, which are very similar in appearance -- and, consequently, likely confusing to consumers -- to Plaintiff's GUCCI Word Mark, its GREEN-RED-GREEN Stripe, and its REPEATING GG trademarks. The Proportion Packaging also did not contain a disclaimer that Jennifer Gucci was not affiliated with Plaintiff or Plaintiff's products. (*See id.*)

45. At trial, Litwak testified that he "absolutely told" Jaffe that he could not use this packaging referred to in paragraph 44, but Jaffe credibly testified at trial that Litwak and/or Litwak's associate Danny Lee never informed him that Proportion [*35] Fit could not use this proposed packaging design. (Tr. 34:24-35:2 (Jaffe: "Q: Now, this letter [dated July 31, 2007 from Litwak to Jaffe] says, 'Mr. Jaffe, according to Mr. Lee, on numerous occasions you were told this package was unacceptable and, if used, would cause serious problems.' Did that ever happen? A: Never."); Tr. 188:19-189:14.)

46. In or about May 2007, Erman developed a packaging design ("Erman Packaging") for a JENNIFER GUCCI cosmetics line which included the following features: the name JENNIFER GUCCI displayed in a block font in the center of the package; and a REPEATING JG in a diamond pattern on the package. (*See* Pl. Ex. 45.) The Erman Packaging had included the JENNIFER GUCCI name and a REPEATING JG, which are very similar in appearance - and, consequently, likely confusing to consumers -- to Plaintiff's GUCCI Word Mark and its REPEATING GG trademarks. The Erman Packaging also did not contain a disclaimer that Jennifer Gucci was not affiliated with Plaintiff or Plaintiff's products. (*See id.*)

47. In an email, dated May 31, 2007, Jennifer Gucci responded to an email from Cohen (which had attached pictures of the Erman Packaging) and stated, "I simply love the red [*36] packaging very chic and rich lookin[g]."

(Tr. 94:19-95:1.) Jennifer Gucci's approval of this packaging shows, at least, a reckless disregard for the fact that the Erman Packaging may infringe upon the Gucci Trademarks. ¹²

48. Although Erman had been developing a skin care and cosmetics product line under the JENNIFER GUCCI name since May 2007, Veratex did not execute a sublicense with Erman "to develop a line of skin care and cosmetics products" until July 13, 2007. (Pl. Findings P 84; Pl. Ex. 57.) Litwak "gave his approval" to the agreement even though he knew that the USPTO rejected registration of this trademark. (*Id.*)

49. Although Jennifer Gucci does not have any professional experience in the bottled water business (Tr. 95:9-11 ("Q: Now, Ms. Gucci, do you have any professional experience in the bottled water business? A: No.)), on November 8, 2007, Litwak sent a proposed license agreement for JENNIFER GUCCI bottled water to JCB and Associates of Verona, Wisconsin. (Pl. Findings P 83.) Again, Litwak sent this license agreement knowing that the USPTO had rejected the registration [*37] of this trademark.

50. Jennifer Gucci was aware that, in 2007, Litwak "was trying to negotiate a bottled water license." (Tr. 95:4-8.) Litwak "solicited a \$ 10,000 payment" in connection with this license agreement. (Contempt Order at 5, 6.)

51. After entry of the TRO by Magistrate Judge Francis on August 20, 2007, a bottled water product appeared on the website http://jennifergucci.com/international_design.html, (see Pl. Ex. 338), including the name JENNIFER GUCCI. ¹³ "Jennifer" was written in cursive while "Gucci" was displayed in a block text. (*Id.*) The water bottle had included the JENNIFER GUCCI name which is very similar in appearance -- and, consequently, likely confusing to consumers - to Plaintiff's GUCCI Word Mark. And, the appearance of the word "GUCCI" on the water bottle in block text similar to that used by Plaintiff on its products only served to enhance the likelihood of consumer confusion between the JENNIFER GUCCI name and the GUCCI Word Mark. The water bottle also did not have a disclaimer that Jennifer Gucci was not affiliated with Plaintiff or Plaintiff's products. (*See id.*)

52. Litwak appears to have profited from his licensing activities because he "received numerous payments from investors and/or licensees for ventures involving the use of the names Jennifer Gucci and Gemma Gucci." (Pl. Findings P 129.)

53. At trial, Jennifer Gucci and Litwak conceded that their use of a GREEN-RED-GREEN Stripe design and/or a REPEATING JG in a diamond shaped pattern on packaging for licensed products would result in customer confusion with Plaintiff's GREEN-RED-GREEN Stripe design and its REPEATING GG pattern design. (Pl. Findings P 131; see *also* Tr. 119:6-18 (J. Gucci: ("The [*39] Court: do you think that that [repeating diamond shaped] JG design is permissible, as you understand [Judge Conner's] order? A: No, I don't think it is permissible. . . . The Court: And what about this [GREEN-RED-GREEN Stripe] that goes around your picture? . . . A: I don't think it is permissible."); 180:16-19 (Litwak: "The Court: And why could [Avi Cohen not use a particular design]? A: Because . . . there were repeating diamonds in the back or repeating JGs."); 184:15-185:4 (Litwak: "I found out . . . that there are trademarks to the red-and-green that I never knew about, and so, therefore, we would never even think of using it. We do not want confusion. . . . The Court: So do you think it would be confusing? A: That would be confusing, yes.")) Jennifer Gucci and/or Litwak, however, approved of the use of these marks anyway. In light of Litwak's awareness of Gucci's use of a GREEN-RED-GREEN Stripe on its products, the Court found Litwak's remarks to be disingenuous and, frankly, not credible.

54. Jennifer Gucci also testified that, although Litwak had specifically informed potential licensees of the details of an alleged movie about Jennifer Gucci's life being made in August 2007 [*40] (Pl. Ex. 28 ("The movie will be shot starting in August in Toronto for 30 days then moving on to Milan and Florence for the next 30 days")), such a movie

¹² The Erman Packaging did not comport with the restrictions placed upon Paolo Gucci by Judge Conner.

¹³ Litwak initially failed to disclose this license but the forensic examination of Litwak's [*38] computer "unearthed numerous additional documents, including those related to the water license." Judge Francis held Litwak in contempt of the TRO, on February 20, 2009, because, among other reasons, these documents "came within the TRO's requirements for disclosure." (Contempt Order at 12; see *also supra* n.2.)

was never made. (Tr. 98:16-23 ("The Court: But was that movie that is referred to in the email, was it shot in August in Toronto for 30 days? A: No, your Honor. The Court: Did it then move on to Milan and Florence for the next 30 days? A: No. The Court: So that never happened? A: It never happened.")) The Court concludes that this was, at best, inaccurate sales promotion by Litwak.

55. Defendants Jennifer Gucci and Gemma Gucci appear not to have any experience or expertise associated with the products at issue and appear to have exercised little or no quality control over any of the products licensed under the JENNIFER GUCCI (and/or GEMMA GUCCI) name(s). (Findings of Fact PP 32, 37, 44, 51.) And, Litwak knew this.

GEMMA GUCCI Licenses

56. Although Gemma Gucci did not design handbags (Tr. 135:23-25), on December 3, 2003, Litwak licensed De Riera, a company owned by John Macaluso, to use the GEMMA GUCCI name on handbags. (Pl. Findings P 99; Pl. Ex. 258.) Litwak granted this license even though the USPTO had rejected a trademark application [*41] for the word GEMMA GUCCI on April 22, 2003. (Findings of Fact P 25.)

57. Macaluso "developed a line of 'GEMMA BY GEMMA GUCCI' handbags under the license issued by Litwak" which "were introduced at the Phoenix (Arizona) Fashion Week . . . in early November 2007." (Pl. Findings P 105.) The handbags were shown at the Phoenix fashion show under the GEMMA GUCCI name which is very similar -- and, consequently, likely confusing to consumers - to Plaintiff's GUCCI Word Mark. There was no indication that the handbags had a disclaimer that Gemma Gucci was not affiliated with Plaintiff or Plaintiff's products. There was no evidence that these handbags were sold to customers.

58. On November 14, 2007, Litwak canceled the license granted to De Riera because of Macaluso's failure to make royalty payments. (See Tr. 214:6-11.) On February 14, 2008, approximately seven months after the initiation of the instant litigation, Litwak sent Macaluso an email stating that if Macaluso filed suit against Gucci in Arizona, then Litwak would give Macaluso "a credit of up to five times what will be spent defending the case up to a maximum of \$ 300,000, and that credit will be applied to a new contract for the gelato [*42] or the handbag license." (Tr. 215:6-11.) At trial, Litwak acknowledged that he wanted Macaluso to bring a lawsuit against Gucci simply because Gucci had sued Defendants. (See Tr. 217:10-12 ("The Court: So essentially you wanted to sue them just because they sued you? A: That is correct."))

59. Although Gemma Gucci had no experience with gelato products and she had "never seen a GEMMA BY GEMMA GUCCI gelato product" prior to this lawsuit (Tr. 134:2-7), on December 3, 2003, Litwak licensed Gemma Gucci Gourmet Foods, Inc. ("Gemma Gucci Gourmet"), another company owned by Macaluso, to use the GEMMA GUCCI name in connection with food products, including ice cream. (Pl. Findings P 99; Pl. Ex. 257.) Litwak granted this license even though the USPTO had rejected a trademark application for the word GEMMA GUCCI. (Findings of Fact P 25.)

60. Macaluso offered for sale a GEMMA BY GEMMA GUCCI gelato product. (Pl. Findings P 103.) Litwak acknowledged that the gelato "was sold at a retail location in Arizona." (Pl. Findings P 103.) The gelato packaging bore the words GEMMA BY GEMMA GUCCI which is very similar - and, consequently, likely confusing to consumers - to Plaintiff's GUCCI Word Mark. It also [*43] did not have a disclaimer that Gemma Gucci was not affiliated with Plaintiff or Plaintiff's products. (Pl. Ex. 189.)

61. On September 28, 2005, Litwak licensed Gemma Gucci Wines, Inc. ("Gemma Gucci Wines"), a corporation in which Litwak was a partner with Richard Gazlay, to use the GEMMA GUCCI name in connection with wine distribution. (Pl. Findings P 112; Pl. Ex. 182.) Litwak granted this license even though the USPTO had rejected a trademark application for the word GEMMA GUCCI. (Findings of Fact P 25.)

62. Gazlay selected the wines to be sold under the GEMMA GUCCI name. (Pl. Findings P 115.) "Gazlay never discussed with Gemma Gucci what types of wine she preferred, nor was she involved in actually selecting the

wines that he ultimately chose." (Pl. Findings P 115; Witness Statement of Richard Gazlay, dated June 17, 2008 ("Gazlay Stmt."), P 7.)

63. A wine bottle label was developed by Litwak and Gazlay and included the following features which likely confused consumers of GEMMA GUCCI wine with Paolo Gucci, The House of Gucci, and the Gucci Family: the front label includes the words GEMMA BY GEMMA GUCCI; and the back label states, "For over a half century The Gucci Family have hosted [*44] lavish dinners and parties for heads of state, queens, kings and celebrities worldwide. Gemma Gucci, daughter of patriarch Paolo, former head of design for The House of Gucci and granddaughter of Aldo Gucci has selected this special wine for the most discriminating taste. As I am no longer affiliated with my parents' former company Guccio Gucci SPA I now bring my Florentine tradition especially for you." (Pl. Ex. 183, 342, 343.) Litwak provided the text for the label. (Tr. 57:6-10.)

64. Gazlay ordered approximately 800 cases of GEMMA BY GEMMA GUCCI wine from a California vineyard and approximately 600 of these cases were sold. (Pl Findings P 116; Tr. 55:24-25.)

65. Gemma Gucci testified that she was not kept abreast of all of the licensing activities involving her name that were undertaken by Litwak. (Tr. 130:14-17 ("Q: So are you saying you were not being kept abreast of all the licensing that was going on with respect to your name when you were younger? A: Not every single one of them, no.")) Gemma Gucci, however, allowed Litwak to license her name for use on products - even though the USPTO had rejected an application for the use of her name - without regard to whether such use would [*45] infringe upon the Gucci Trademarks.

66. Defendants Jennifer Gucci and Gemma Gucci appear not to have any experience or expertise associated with the products at issue and appear to have exercised little or no quality control over any of the above products licensed under the GEMMA GUCCI name. (Findings of Fact PP56, 59, 60, 62.)

67. Finally, Litwak also testified that he would like Plaintiff Gucci America, Inc. to buy out Jennifer Gucci's and Gemma Gucci's names for \$ 20 million. (Tr. 227:14-228:1 ("Q: Mr. Litwak, isn't this all about you trying to get Gucci to buy you out? A: Would I like Gucci to buy me out? . . . I would love it if they would pay me \$ 20 million. Jenny and I could go off and have a nice time and Jenny could live comfortably up there and I could live in Belmar. Q: Did you ever write the words, 'In my perfect world, the Guccis would buy out Gemma's and Jennifer's names?' A: Probably, yes. To this day I still believe that."))

III. Conclusions of Law

Plaintiff has Proven Trademark Infringement and False Designation of Origin under the Lanham Act

1. Plaintiff's claims for [i] trademark infringement under 15 U.S.C. § 1114, and [ii] false designation of origin under 15 U.S.C. § 1125(a) [*46] are analyzed under substantially the same standard. See W.W.W. Pharm. Co. v. Gillette Co., 984 F.2d 567, 570-71 (2d Cir. 1993) ("In order to prevail on its claims of false designation of origin under 15 U.S.C. § 1125(a) or trademark infringement under 15 U.S.C. § 1114, [Plaintiff] must show a likelihood of confusion.")

2. Plaintiff has shown that its marks are valid trademarks. Tri-Star Pictures, 14 F. Supp. 2d at 353. Indeed, there is no dispute that Plaintiff's marks are valid and entitled to protection and, thus, "the analysis turns to the likelihood of confusion." Franklin Res., Inc. v. Franklin Credit Mgmt, Corp., 988 F. Supp. 322, 326 (S.D.N.Y. 1997).

3. Plaintiff has proven likelihood of confusion between its GUCCI Word Mark and the names JENNIFER GUCCI and GEMMA GUCCI, between its GREEN-RED-GREEN Stripe and Defendants' use of a GREEN-RED-GREEN Stripe, and between its REPEATING GG design, and Defendants' use of a REPEATING JG under "the non-exclusive multi-factor test" developed by Judge Henry J. Friendly of the United States Court of Appeals for the Second Circuit in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961), which considers: "[i] the strength of [*47] the mark, [ii] the similarity of the . . . marks, [iii] the proximity of the products, [iv] actual confusion, [v] the likelihood of plaintiff's bridging the gap, [vi] defendant's good faith in adopting its mark, [vii] the quality of

defendant's products, and [viii] the sophistication of the consumers." [Louis Vuitton Malletier v. Dooney & Bourke, Inc., 454 F.3d 108, 116 \(2d Cir. 2006\)](#).

4. Plaintiff has also proven that the Defendants willfully infringed upon the Gucci Trademarks because, among other reasons, they had knowledge that their use of the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe, and/or a REPEATING GG infringed upon the Gucci Trademarks and/or they demonstrated a reckless disregard for Plaintiff's trademark rights in adopting their marks. "Willful infringement may be attributed to the defendant's actions where [they] had knowledge that [their] conduct constituted infringement or where [they] showed a reckless disregard for the owner's rights." [Yurman Studio, Inc. v. Castaneda, No. 07 Civ. 1241, 2008 U.S. Dist. LEXIS 99849, at *6 \(S.D.N.Y. Dec. 1, 2008\)](#).

Strength of Plaintiff's Marks

5. The Gucci Trademarks at issue, *i.e.*, the GUCCI Word Mark, the GREEN-RED-GREEN [*48] Stripe, and the REPEATING GG, are strong marks because, among other reasons, Plaintiff's trademark registrations (*i.e.* for the GUCCI Word Mark and the GREEN-RED-GREEN Stripe, and the REPEATING GG) are "registered trademarks [which] are presumed to be distinctive and should be afforded the utmost protection." [Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 \(2d Cir. 1986\)](#). And, Plaintiff's trademark registrations for the GUCCI Word Mark and the GREEN-RED-GREEN Stripe have been in place for more than five years, thus their "entitlement to protection is incontestable" and they are "deemed to be strong and to have developed secondary meaning." [24 Hour Fitness USA, Inc. v. Tribeca Fitness, LLC, 277 F. Supp. 2d 356, 361 \(S.D.N.Y. 2003\)](#).

6. Several courts in this district have found that the Gucci Trademarks are strong marks. See [Gucci Am., Inc. v. Action Activewear, Inc., 759 F. Supp. 1060, 1064 \(S.D.N.Y. 1991\)](#) ("The Gucci marks at issue consist, inter alia, of variations of a "GG" symbol, green and red stripes [and the Gucci word mark] . . . constitute 'strong' trademarks, which are accorded the broadest protection against infringement."); [Gucci Am., Inc. v. Dart, Inc., 715 F. Supp. 566, 568 \(S.D.N.Y. 1989\)](#) [*49] ("The green-red-green stripe device is a strong mark"); [Gucci Shops, 688 F. Supp. at 925](#) (finding "great strength of the 'Gucci' marks").

7. This [Polaroid](#) factor weighs strongly in favor of Plaintiff.

Similarity of the Marks

8. Plaintiff argues, among other things, that "the primary names in question here - JENNIFER GUCCI and GEMMA GUCCI on the one hand and GUCCI on the other hand - are for all intents and purposes, identical" and "the green-red-green stripe design and the repeating diamond-shaped pattern, which Jennifer Gucci and Litwak encouraged and/or approved for use, are highly similar, if not identical to Gucci's GREEN-RED-GREEN Stripe Design and REPEATING GG Pattern marks." (Pl. Findings P 45.)

9. There is strong similarity between Plaintiff's registered GUCCI Word Mark and the names JENNIFER GUCCI and GEMMA GUCCI as used by Defendants, *i.e.*, Defendants' licensing products and/or selling products which bear the names JENNIFER GUCCI and/or GEMMA GUCCI creates a likelihood that an appreciable number of ordinarily prudent purchasers will be misled or confused as to the source or sponsorship of the goods. See [Carl Zeiss Stiftung v. Veb Carl Zeiss Jena, 433 F.2d 686, 706 \(2d Cir. 1970\)](#) [*50] ("Here the key words are 'Zeiss' and 'Carl Zeiss.' These names represent trademarks . . . and [c]onfusion is not avoided by adding the words 'VEB' and 'Jena'"); see also [Gucci Shops, 688 F. Supp. at 925](#); [A.V. by Versace, Inc. v. Gianni Versace, S.P.A., 87 F. Supp. 2d 281, 285 \(S.D.N.Y. 2000\)](#) (preliminary injunction "prohibited Mr. [Alfredo] Versace from using his name as a trademark"); [Petrie Method, Inc. v. Petrie, No. 88 Civ. 3289, 1988 U.S. Dist. LEXIS 14189, at *5 \(E.D.N.Y. Dec. 6, 1988\)](#) ("The name Petrie is not only the salient feature of the trademark, however, but also David Petrie's family name."); [Bertolli USA, Inc. v. Filippo Bertolli Fine Foods, Ltd., 662 F. Supp. 203, 207 \(S.D.N.Y. 1987\)](#) (there is "close similarity of the Bertolli trademark" and Filippo Bertolli's use of his surname in "the name 'Filippo Bertolli Fine Foods'").

10. Consumers would be justified reasonably in believing that products bearing the names JENNIFER GUCCI and/or GEMMA GUCCI come from the same source as Plaintiff's products because of the presence of "Gucci" in Defendants' licensed products, particularly where JENNIFER GUCCI and GEMMA GUCCI are used as "the dominant part of the mark." [Versace, 2003 U.S. Dist. LEXIS 14858, at *38](#) [*51] ("Both marks have the surname 'Versace' as the 'focal point' of the designation").

11. For example, the typeface used by Defendants for the JENNIFER GUCCI name on the bedding, hosiery, cosmetics, and water packaging is nearly identical to the block typeface used by Plaintiff on its products. (*Compare* Pl. Ex. 22, 23, 24, 25, 36, 87, 338 *with* Pl. Ex. 233); *see* [Banff, Ltd. v. Federated Dept. Stores, Inc., 638 F. Supp. 652, 656 \(S.D.N.Y. 1986\)](#) ("Similarity of typefaces must be considered as aggravating the similar impression generated by the two closely worded labels").

12. As noted, the USPTO denied Jennifer Gucci's and Gemma Gucci's applications) to register trademarks including the "Gucci" name based upon the "similarity between the marks." (Pl. Ex. 92 (similarities between the marks of Jennifer Gucci and Gucci "are so great as to create a likelihood of confusion" and "given the fame of the GUCCI line of marks, there can be little doubt that consumers are likely to be confused as to the source of the respective parties' goods."), Pl. Ex. 227 ("the applicant's mark [GEMMA GUCCI] . . . [is] likely to cause confusion, or to cause mistake, or to deceive" and "although applicant's mark adds [*52] another term to the well known GUCCI name, this is not controlling . . . the mere addition of a term to a registered mark is not sufficient to overcome a likelihood of confusion."); *see also* [M&G Elecs. Sales Corp. v. Sony Kabushiki Kaisha, 250 F. Supp. 2d 91, 98 \(E.D.N.Y. 2003\)](#) ("courts in the Second Circuit must give great weight to the USPTO's refusal to register a defendant's mark").

13. Jennifer Gucci and Litwak acknowledged that there was similarity -- and potential consumer confusion -- between Plaintiff's GREEN-RED-GREEN Stripe design and its REPEATING GG Pattern trademarks and Defendants' use of a GREEN-RED-GREEN Stripe and/or a REPEATING JG in a diamond shaped pattern. (Findings of Fact P 52; *see also* Tr. 119:6-18 (J. Gucci: ("The Court: do you think that that [repeating diamond shaped] JG design is permissible, as you understand [Judge Conner's] order? A: No, I don't think it is permissible. . . . The Court: And what about this green-red-green stripe that goes around your picture? . . . A: I don't think it is permissible."); 180:16-19 (Litwak: "The Court: And why could [Avi Cohen not use a particular design]? A: Because . . . there were repeating diamonds in the back or repeating [*53] JGs."); 184:15-185:4 (Litwak: "I found out. . . that there are trademarks to the red-and-green that I never knew about, and so, therefore, we would never even think of using it. We do not want confusion. . . . The Court: So do you think it would be confusing? A: That would be confusing, yes.")).

14. This [Polaroid](#) factor weighs strongly in favor of Plaintiff.

Proximity of the Products

15. Proximity concerns "whether the products or services sold under the parties' marks compete with one another." [O'Keefe v. Ogilvy & Mather Worldwide, Inc., 590 F. Supp. 2d 500, 522 \(S.D.N.Y. 2008\)](#). "The inquiry includes both market and geographic proximity. Market proximity asks whether the two products are in related areas of commerce while geographic proximity looks to geographic separation of the products." [Juicy Couture v. L'Oreal USA, Inc., No. 04 Civ. 7203, 2006 U.S. Dist. LEXIS 20787, at *70 \(S.D.N.Y. Apr. 19, 2006\)](#).

16. Plaintiff sells a product line of handbags, luggage, men's apparel, women's apparel, apparel accessories, sunglasses, footwear, jewelry, watches, fragrances, home products and (even) automobiles. (Findings of Fact P 7.) Defendants licensed and/or planned to sell handbags, women's [*54] apparel, cosmetics, and home products which would bear either the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe, and/or a REPEATING JG design. Because Defendants' products would "compete in the same market[,] there is a large degree of competitive proximity." [Landscape Forms, Inc. v. Columbia Cascade Co., 117 F. Supp. 2d 360, 367 \(S.D.N.Y. 2000\)](#).

17. Defendants' licenses and/or sales of wine, coffee, gelato, and water may not compete directly with Plaintiff's product line but "direct competition between the products is not a prerequisite to relief," because "competitive proximity must be measured with reference to the first two *Polaroid* factors." [Mobil Oil Corp. v. Pegasus Petroleum Corp.](#), 818 F.2d 254, 258 (2d Cir. 1987); (see Concl. of Law PP7, 14.) The significant strength of the Gucci Trademarks requires that they be given broad protection against infringers. *Id.* And, the substantial similarity between the Gucci Trademarks and the marks used by Defendants (*i.e.*, the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe, and/or a REPEATING JG Design) "entitles [Gucci's] marks to protection over a broader range of related products." *Id.* at 258; see [*55] also [Sears, Roebuck & Co. v. Sears Realty Co.](#), No. 89 Civ. 1350, 1990 U.S. Dist. LEXIS 16395, at *34 (N.D.N.Y. 1990) ("[w]here strong and well known marks are used by others, the scope of protection, will extend far to other product fields."); [Quality Inns Int'l, Inc. v. McDonald's Corp.](#), 695 F. Supp. 198, 221 (D. Md. 1988) (proximity between fast food restaurants and motels); [John Walker & Sons, Ltd. v. Bethea](#), 305 F. Supp 1302 (D.S.C. 1969) (proximity between scotch whiskey and motels).

18. "The degree of proximity between the products [or services] is relevant here primarily insofar as it bears on the likelihood that customers may be confused as to the source of the products, rather than as to the products themselves, and the concern is not direct diversion of purchasers but indirect harm through loss of goodwill or tarnishment of reputation." [McGregor-Doniger, Inc. v. Drizzle, Inc.](#), 599 F.2d 1126, 1135 (2d Cir. 1979); see also [Gucci Shops](#), 688 F. Supp. at 925.

19. Although Plaintiff does not currently sell coffee, water, wine, or gelato, "it is reasonable to assume that consumers may believe that [Defendants' products are] produced by the same company . . . or that the produce[s] [*56] [are] a joint effort," [Guinness United Distiller v. Anheuser-Busch, Inc.](#), No. 02 Civ. 861, 2002 U.S. Dist. LEXIS 12722, 2002 WL 1543817, at *4 (S.D.N.Y. July 12, 2002), because the Gucci Trademarks are "'famous' and 'well known' . . . [there is a] greater likelihood that use [of the JENNIFER GUCCI or GEMMA GUCCI names] on noncompetitive products will cause confusion," [Sears, Roebuck & Co.](#), 1990 U.S. Dist. LEXIS 16395, at *34; (see also USPTO Application No. 76/228,124, Pl. Ex. 92 (similarities between the marks of JENNIFER GUCCI and GUCCI "are so great as to create a likelihood of confusion" and "given the fame of the GUCCI line of marks, there can be little doubt that consumers are likely to be confused as to the source of the respective parties' goods."); USPTO Application No. 78/173,379, Pl. Ex. 227 ("the applicant's mark [GEMMA GUCCI] . . . [is] likely to cause confusion, or to cause mistake, or to deceive" and "although applicant's mark adds another term to the well known GUCCI name, this is not controlling . . . the mere addition of a term to a registered mark is not sufficient to overcome a likelihood of confusion.")).

20. Moreover, the text on the GEMMA BY GEMMA GUCCI wine labels (purposefully) exploits [*57] the Gucci Trademarks by discussing Gucci family tradition (Pl. Ex. 183, 342, 343 ("The Gucci Family have hosted lavish dinners and parties for heads of state, queens, kings and celebrities worldwide. Gemma Gucci, daughter of patriarch Paolo, former head of design for The House of Gucci and granddaughter of Aldo Gucci has selected this special wine for the most discriminating taste")). "The talk about family tradition undoubtedly further tended to promote confusion." [John B. Stetson Co. v. Stephen L. Stetson Co.](#), 85 F.2d 586, 588 (2d Cir. 1936).

21. But, even if consumers do not consciously conclude or speculate that Defendants' product is affiliated with Plaintiff's, there is the likelihood that consumers will be attracted to Defendants' product "by the 'good will' and positive image" established by the Gucci Trademarks. "The trademark laws are designed to avoid this type of subtle confusion, even if it might be dispelled by the consumer herself upon further investigation." [Frank Brunckhorst Co. v. G. Heileman Brewing Co.](#), 875 F. Supp. 966, 970 (E.D.N.Y. 1994).

22. The parties' products are also in geographic proximity because "Plaintiff distributes its goods nationally so that whichever [*58] area [D]efendants enter, [P]laintiff will have preceded them." [Polo Fashions, Inc. v. Extra Special Prod., Inc.](#), 451 F. Supp. 555, 561 (S.D.N.Y. 1978).

23. This [Polaroid](#) factor weighs in favor of Plaintiff.

Bridging the Gap

24. Plaintiff and Defendants occupy the same market for cosmetics, bedding, handbags, and hosiery and with respect to these products (which bore either the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe, and/or a REPEATING JG design) "there is no gap to bridge." [Rush Indus. v. Garnier LLC, 496 F. Supp. 2d 220, 228 \(E.D.N.Y. 2007\)](#).

25. Although Plaintiff has not previously sold coffee, water, wine, or gelato "the trademark owner does not lose. . . merely because it has not previously sold the precise good or service sold by the secondary user." [Virgin Enters. v. Nawab, 335 F.3d 141, 150 \(2d Cir. 2003\)](#). "Consumers may well assume 'in this era of corporate diversification that the parties are related companies.'" [Frank Brunckhorst, 875 F. Supp. at 980](#) (quoting [Lambda Elecs. Corp. v. Lambda Tech., Inc., 515 F. Supp. 915, 926 \(S.D.N.Y. 1981\)](#)).

26. This [Polaroid](#) factor weighs in favor of Plaintiff.

Actual Confusion

27. Actual confusion is "highly probative [*59] of the likelihood of confusion, and proof of actual confusion is generally shown through consumer surveys or anecdotal evidence of confusion," [R.F.M.A.S., Inc. v. So, No. 06 Civ. 13114, 619 F. Supp. 2d 39, 2009 U.S. Dist. LEXIS 45907, at *110-11 \(S.D.N.Y. May 13, 2009\)](#), or "empirical studies or expert testimony," [Atlantic Richfield Co. v. Arco Globus Int'l Co., No. 95 Civ. 6361, 1997 U.S. Dist. LEXIS 9397, at *24 \(S.D.N.Y. May 29, 1997\)](#).

28. Plaintiff did not present any expert testimony as to actual confusion and, although Plaintiff argues that "various websites, including [www.gucci.news.newslib.com](#); [www.transnationale.org](#), and [www.zib.com](#)" listed articles and press releases concerning the activities of Defendants' third-party licensees as recent news about Gucci, (Pl. Findings P 47), these websites were not entered as trial exhibits.

29. Plaintiff did not conduct, as far as the Court is aware, a customer survey and "[a]lthough consumer surveys are not necessary to prove a likelihood of confusion, the lack of survey evidence weighs against any finding of actual confusion between the parties' marks." [Patsy's Italian Rest., Inc. v. Banas, 531 F. Supp. 2d 483, 486 \(E.D.N.Y. 2008\)](#).

30. Although "the Second [*60] Circuit recognizes that evidence of actual confusion is substantial proof that strongly supports its likelihood," [Register.com. Inc. v. Domain Registry of Am., No. 02 Civ. 6915, 2002 U.S. Dist. LEXIS 24795, at *39 \(S.D.N.Y. Dec. 27, 2002\)](#), a "Plaintiff need not provide evidence of a single instance of actual confusion to prevail on the merits," [Generation X Int'l Corp. v. No Excuses Sportswear, No. 98 Civ. 1935, 1998 U.S. Dist. LEXIS 4693, at *22 \(S.D.N.Y. Apr. 3, 1998\)](#).

31. There is ample evidence in the record that Defendants' use of the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG on the products detailed above in the Court's Findings of Fact creates a strong likelihood that an appreciable number of ordinarily prudent purchasers would be misled or confused as to the source or sponsorship of goods which bear these marks because, among other reasons, of (i) the strength of Plaintiff's GUCCI Word Mark, its GREEN-RED-GREEN Stripe and its REPEATING GG; (ii) the similarity between Defendants' marks as compared with the Gucci Trademarks; and (iii) the Defendants adopted their marks in bad faith and intended to trade upon the goodwill of the Gucci [*61] Trademarks. (See Findings of Fact PP 10, 22-25, 28, 30, 33, 35-38, 40-43, 47; Concl. of Law PP 33-41.) And, the Defendants' bad faith in adopting very similar versions of the Gucci Trademarks for use on their own products "raises the presumption of a likelihood of confusion." [Tri-Star Pictures, 14 F. Supp. 2d at 357](#).

32. This [Polaroid](#) factor weighs in favor of Plaintiff.

Defendants' Bad Faith

33. A defendant's bad faith in adopting a senior user's trademark "raises the presumption of a likelihood of confusion." *Tri-Star Pictures, 14 F. Supp. 2d at 357*. This factor focuses on "whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product." *Lang v. Retirement Living Pub. Co., 949 F.2d 576, 583 (2d Cir. 1991)*. Bad faith can be demonstrated through "a showing of actual or constructive knowledge of the prior user's mark." *Versace, 2003 U.S. Dist. LEXIS 14858, at *36*.

34. Defendants acted with bad faith. Among other things, Defendants were fully aware of the Gucci Trademarks; and they were also fully aware of the USPTO's findings that the similarities between the marks of JENNIFER GUCCI [*62] and GUCCI "are so great as to create a likelihood of confusion" and "given the fame of the GUCCI line of marks, there can be little doubt that consumers are likely to be confused as to the source of the respective parties' goods" and "the applicant's mark [GEMMA GUCCI] . . . [is] likely to cause confusion, or to cause mistake, or to deceive" and "although applicant's mark adds another term to the well known GUCCI name, this is not controlling . . . the mere addition of a term to a registered mark is not sufficient to overcome a likelihood of confusion." (Pls. Ex. 92, 227.) They nevertheless sought to trade upon the "Big Gucci" name. (Tr. 64:4-8 (J. Gucci: "Q: do you agree, Ms. Gucci, that the Gucci Company name is well known? A: Of course."); Tr. 147:24-148:4 (G. Gucci: "Q: Would you agree that the Gucci Company name is well known, Ms. Gucci? A: Yes.")).

35. Defendants also failed to obtain a written legal opinion as to the scope of Jennifer and/or Gemma Gucci's rights before embarking upon an extensive licensing campaign. (Tr. 156:23-157:13 ("The Court: Did you ever consult with an attorney to draw the legal conclusion that you have drawn that Gemma Gucci and Jennifer Gucci have the [*63] same rights that Paolo Gucci had deriving from Judge Conner? A: Yes, from Donald Parson [Litwak's "attorney at the time"] . . . The Court: Did he give you a written opinion to that effect? A: He drafted the contract but he never gave me a written opinion. The Court: So do you have any written legal basis for drawing the legal conclusion that you have drawn? . . . A: No.")).

36. Litwak conceded that the Veratex bedding "will have a Gucci-esque look with some horse themes" (Findings of Fact P 35); Jennifer Gucci granted Litwak the right to license a trademark that had already been rejected for registration by the USPTO ("Q: This trademark application was refused, was it not? A: Of course, yes."); Gemma Gucci allowed Litwak to license her name even though the USPTO denied her trademark application for the words GEMMA GUCCI (Pl. Ex. 227 ("the applicant's mark . . . [is] likely to cause confusion, or to cause mistake, or to deceive")); Litwak attempted to persuade Macaluso to sue Gucci in Arizona in ("tit for tat") retaliation for Gucci's suit before this Court (Tr. 217:10-12 ("The Court: So essentially you wanted to sue them just because they sued you? A: That is correct.")); Litwak licensed [*64] Gemma Gucci's name although Gemma Gucci's signature on the February 2, 2004 license agreement was apparently forged (Tr. 122:25-123:15 ("Q: Is that your signature on the signature page? A: No. Q: Do you know who signed your name to this document, Ms. Gucci? A: I don't. . . . Q: Whoever signed your name to that agreement, did you authorize them to do that? A: No.")); Gemma Gucci failed to keep abreast of Litwak's licensing activities which relied upon her name (Tr. 130:14-17 ("Q: So are you saying you were not being kept abreast of all the licensing that was going on with respect to your name when you were younger? A: Not every single one of them, no.")); Litwak emailed Jaffe the Veratex Packaging (which bore the JENNIFER GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG) and stated, "See if this works better for you" (Pl. Ex. 23, 26); and Jennifer Gucci reviewed the Veratex Packaging and informed Cohen, "OK, Avi, that is fine whatever you think will sell better, that's what it's all about" (Tr. 84:17-24; Pl. Ex. 100).

37. As further evidence of bad faith, Magistrate Judge Francis held "Litwak violated the terms of the TRO by failing to provide a copy of it to persons with whom [*65] he has entered into licensing agreements and by failing to produce discovery materials as required." (Contempt Order at 15.) As noted, Judge Francis also ordered the forensic examination of Litwak's computer to recover documents and emails that were either deleted or not previously disclosed, as required by the TRO, and Judge Francis convened a conference on or about November 28, 2007 at which the parties agreed that Plaintiff may conduct a forensic examination of Jennifer Gucci's computer, (see Order, dated Oct. 23, 2007; Order dated Aug. 14, 2008), both of these forensic examinations resulted in the recovery of emails damaging to Defendants' case because they tended to show that Jennifer Gucci approved of packaging which had the JENNIFER GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG, and

that Litwak appeared to direct Jaffe to use logo designs on hosiery packaging which were similar to Plaintiff's GREEN-RED-GREEN Stripe and REPEATING GG marks. (See Pl. Ex. 95 (In an email, dated February 28, 2007 from Jennifer Gucci to Cohen about the Veratex Packaging, she stated, "Great looking packaging."; Pl. Ex. 100 (In an email, dated March 2, 2007, Jennifer Gucci reviewed the Veratex [*66] Packaging stated, "OK, Avi, that is fine whatever you think will sell better, that's what it's all about."; Pl. Ex. 23, 26 (Litwak emailed Jaffe the Veratex Packaging stating, "See if this works better for you.").¹⁴

38. Although they were not parties to the *Gucci Shops* litigation (where, in any event, Judge Conner held that "the rights granted to, and the obligations imposed upon [Paolo Gucci] by this Final Judgment are personal to Paolo Gucci," (Final Judgment at 7)), Defendants take the position in this case that they would be on firm legal ground so long as they license Jennifer Gucci and Gemma Gucci's names in accordance with the restrictions Judge Conner placed upon Paolo Gucci. (Findings of Fact P 17.)¹⁵ Even assuming, *arguendo*, that *Gucci Shops* applied to Defendants, Defendants [*67] failed to comply with Judge Conner's directives. For example, when Jennifer Gucci viewed the cosmetics packaging (which used only her name on the bottle and no other trademark), she did not object and, in fact, stated that she "simply love[d] the red packaging very chic and rich lookin[g]." (Findings of Fact P 47.) Her actions did not comport with Judge Conner's directive that Paolo Gucci could only use his full name if it were "as part of the phrase 'TRADEMARK DESIGNED (OR SELECTED) BY PAOLO GUCCI.'" (Findings of Fact P47; Tr. 94:19-95:1; Final Judgment at 4). See [Gucci Shops, 688 F. Supp. at 927](#). In addition, a disclaimer such as the one imposed by Judge Conner on Paolo Gucci (*i.e.*, which was to specify that he "is not affiliated or associated with Gucci or 'GUCCI' products") did not appear on any of the packaging developed in connection with the Jennifer Gucci licensed products, including bedding, cosmetics, hosiery and water (Findings of Fact PP 34, 44, 46, 51). See [Gucci Shops, 688 F. Supp. at 927](#).

39. Similarly, Gemma Gucci did not make a good faith effort to abide by *Gucci Shops* although she claimed that she did so. For example, a disclaimer did not appear on any of the packaging developed in connection with the GEMMA GUCCI handbags or gelato products (Findings of Fact PP 57, 60). The "disclaimer" which was used on the back label of the GEMMA BY GEMMA GUCCI wine bottle served only to increase potential confusion because it included specific references to Paolo Gucci, The House of Gucci, and the Gucci "family tradition" (Findings of Fact P 61; Conclusions of Law P 20). (See Pl. Ex. 183, 342, 343 ("The Gucci Family have hosted lavish dinners and parties for heads of state, queens, kings and celebrities worldwide. Gemma Gucci, daughter of patriarch Paolo, former head of design for The House of Gucci and granddaughter of Aldo Gucci has selected this special wine for the most discriminating taste"))¹⁶

40. In short, Jennifer Gucci and Gemma Gucci's trademarks appear -- with Litwak as the licensing ringleader -- to have been "adopted deliberately with a view to obtain some advantage from the good will, good name, and good

¹⁴ Judge Francis determined that "Litwak shall be liable for contempt sanctions in the amount of \$ 1,000 per day for each day that he fails to comply with the notice requirement of the TRO" and "he shall be liable to Gucci for the attorneys' fees and costs incurred in connection with discovery necessitated by his failure to abide the TRO's discovery provisions." (Contempt Order at 15; *see also supra* n.2.)

¹⁵ Because Paolo Gucci had been a leading designer of Gucci products for many years, it seems implausible to place him in the same legal context as Jennifer Gucci and Gemma Gucci who [*68] had little or no reputation, skill, or experience as designers. (Findings of Fact PP 2, 16; *see also Gucci Shops, 688 F. Supp. at 927*.)

¹⁶ Nor did Gemma Gucci appear to comply with the judgment of a German Court (Findings of Fact PP 18, 57, 60, 63) which required that "the word 'designed' [*69] or 'styled' is to precede the name [Gemma Gucci]," (Def. Ex. 25; *see also* Findings of Fact PP 55, 58, 61), even though, the German judgment stated that "it is a prerequisite that the designer is actually 'Gemma Gucci' who designed the [product] marked with the identification 'Gemma by Gemma Gucci.'" (Def. Ex. 25.) Gemma Gucci played no role in the design of the handbags (Findings of Fact P 57), did not select any of the wines sold under her name (Findings of Fact P 62), and had never seen a GEMMA GUCCI gelato product prior to Plaintiff's bringing this lawsuit (Findings of Fact P 59).

trade" built by Plaintiff in the Gucci Trademarks and, thus, "the inference of likelihood of confusion is readily drawn." [Gucci Am., 759 F. Supp. at 1065.](#)

41. This [Polaroid](#) factor weighs strongly in favor of Plaintiff.

Product Quality

42. There was little, if any, evidence presented as to the quality of Defendants' products, except it was shown that Defendants appear to have exercised little [*70] or no quality control over the products they licensed and that neither Jennifer Gucci nor Gemma Gucci demonstrated any experience or expertise associated with these products and, therefore, were unable to exercise quality control even if they were inclined to do so. (Findings of Fact PP 33, 38, 45, 52, 55, 66); see also [GMA Accessories, Inc. v. Croscill, Inc., No. 06 Civ. 6236, 2008 U.S. Dist. LEXIS 16052, at *30 \(S.D.N.Y. Mar. 3, 2008\).](#)

43. This [Polaroid](#) factor weighs in favor of Plaintiff.

Customer Sophistication

44. "The inquiry into consumer sophistication considers the general impression of the ordinary purchaser buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods." [De Beers LV v. DeBeers Diamond, 440 F. Supp. 2d 249, 279 \(S.D.N.Y. 2006\).](#)

45. In general, "the more sophisticated and careful the average consumer of a product is, the less likely it is that similarities in trade dress or trade marks will result in a conclusion concerning the source or sponsorship of the product." [Bristol Myers Squibb, Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1046 \(2d Cir. 1992\).](#)

46. Some courts have found that [*71] purchasers of designer goods may more likely be confused by similar marks because of their awareness of the status of the brand name. See [Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875 \(2d Cir. 1986\)](#) ("[W]e believe that it is a sophisticated jeans consumer who is most likely to assume that the presence of appellee's trademark stitching pattern on appellants' jeans indicates some sort of association between the two manufacturers."); [Goodheart Clothing Co. v. Laura Goodman Enterprises, No. 87 Civ. 3752, 1988 U.S. Dist. LEXIS 8762, at *16 \(S.D.N.Y. Aug. 10, 1988\)](#) ("On the contrary, we believe that it is a sophisticated scarves consumer who is most likely to assume that the presence of Goodheart's trademark on defendants' scarves indicated some sort of association between the two manufacturers."); see also [Nipon v. Leslie Fay Cos., 216 B.R. 117, 132 \(Bankr. S.D.N.Y. 1997\)](#). Thus, a consumer who is aware of the Gucci Trademarks could, arguably, be misled more easily by Defendants' use of the JENNIFER GUCCI or GEMMA GUCCI names, especially with a GREEN-RED-GREEN Stripe, and/or a REPEATING JG pattern. It "is the 'subliminal confusion' apparent in the relationship between [*72] the entities and the products that can transcend the competence of even the most sophisticated consumer." [Leslie Fay Cos., 216 B.R. at 132.](#)

47. This [Polaroid](#) factor weighs in favor of Plaintiff.

48. The Court finds Defendants' infringement in this case is willful because, among other reasons, Defendants were aware of the Gucci Trademarks; Defendants were aware that Jennifer Gucci's and Gemma Gucci's USPTO trademark applications were denied; Jennifer Gucci approved the Veratex Packaging and the Erman Packaging that included marks which were highly similar to Plaintiff's GUCCI Word Mark, its GREEN-RED-GREEN Stripe, and REPEATING GG; Litwak essentially directed Jaffe to use the GREEN-RED-GREEN Stripe and REPEATING JG marks (both similar to the Plaintiff's GREEN-RED-GREEN Stripe and REPEATING GG marks) upon hosiery packaging; Gemma Gucci failed to keep herself apprised of Litwak's licensing of her name (a mark which was previously rejected by the USPTO); and Litwak failed to obtain a written trademark opinion of counsel as to whether Jennifer Gucci and/or Gemma Gucci could license their names in accordance with Judge Conner's directives before he embarked upon his extensive licensing campaign. [*73] (See Findings of Fact PP 37, 40, 41, 43, 47-49, 56, 57, 63, 65; Concl of Law PP 33-41.) These acts show that Defendants "had 'knowledge that [their] conduct represented

infringement or perhaps recklessly disregarded the possibility." [Hermes Int'l v. Kiernan, No. 06 Civ. 3605, 2008 U.S. Dist. LEXIS 70506, at *11-12 \(E.D.N.Y. Aug. 28, 2008\)](#) (quoting [Kepner-Tregoe, Inc. v. Vroom, 186 F.3d 283, 288 \(2d Cir. 1999\)](#)). Each of the Defendants was aware of the Gucci Trademarks and of the restrictions placed upon Paolo Gucci for the use of the "Gucci" family name but chose to ignore those restrictions and continued to license their names. The Court finds that Defendants "acted with knowledge of the unlawful nature of [their] actions or, at least, with reckless disregard to such unlawful actions." [Hermes, 2008 U.S. Dist. LEXIS 70506, at *12.](#)

49. In sum, for the reasons stated above, upon weighing the [Polaroid](#) factors, the Court concludes that Plaintiff has demonstrated that Defendants willfully infringed the Gucci Trademarks with respect to the licenses granted and/or products sold using the JENNIFER GUCCI and/or GEMMA GUCCI names on handbags, women's apparel, cosmetics, home products, wine, coffee, [*74] gelato, and water in the United States.¹⁷ Plaintiff has proven its claims for [i] trademark infringement under [15 U.S.C. § 1114](#), [ii] false designation of origin under [15 U.S.C. § 1125\(a\)](#), [iii] deceptive acts and practices under [N.Y. General Business Law § 349](#), [iv] common law trademark infringement, and [v] common law unfair competition. See [Carl Zeiss, 433 F.2d at 706](#); see also [Gucci Shops, 688 F. Supp. at 925](#); [Versace, 87 F. Supp. 2d 281, 285 \(S.D.N.Y. 2000\)](#); [Bertolli USA, 662 F. Supp. at 207](#); [Petrie Method, Inc., 1988 U.S. Dist. LEXIS 14189, at *5](#); [Tri-Star Pictures, 14 F. Supp. 2d at 359](#); [Avon Prods., 984 F. Supp. at 800](#).

Trademark Dilution under the Lanham Act [15 U.S.C. § 1125\(c\)](#) and N.Y. General Business Law § 360-1

50. Plaintiff's claim for trademark dilution is governed by the Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (1996) (codified in relevant part at [15 U.S.C. § 1125\(c\)\(1\)](#)) ("TDRA"). "Under the TDRA, to establish a violation of the Act, a plaintiff must show that: [i] its mark is famous; [ii] the defendant is making use of the mark in commerce; [iii] the defendant's use began after the mark became famous; and [iv] the defendant's use is likely to cause . . . dilution by blurring." [Tiffany Inc. v. eBay, Inc., 576 F. Supp. 2d 463, 523 \(S.D.N.Y. 2008\)](#). While it is not entirely clear that the [N.Y. General Business Law § 360-1](#) is coextensive with the TDRA, "both the federal and the state statutes require that plaintiffs show a likelihood of dilution, rather than actual dilution." *Id.* "Thus, while the two statutes may not be identical, they are substantively similar and may be analyzed together." [*76] *Id.*; see also [Burberry Ltd. v. Euro Moda, Inc., No. 08 Civ. 5781, 2009 U.S. Dist. LEXIS 53250, at *26 n.3 \(S.D.N.Y. June 10, 2009\)](#).

51. Plaintiff has established that all of the Defendants violated the Lanham Act and [New York General Business Law § 360-1](#). For one thing, as discussed above (*supra* at Findings of Fact PP 22,24), the Gucci Trademarks are famous and Defendants do not argue otherwise (see Def. Findings PP 118-128; see also Conclusions of Law PP 5-7).

52. Second, among other things, Defendants' promotion of JENNIFER GUCCI bedding at a trade show; their promotion of JENNIFER GUCCI water products on a website; Defendants' display of GEMMA GUCCI handbags at the Phoenix Arizona fashion week; Defendants' licensing of JENNIFER GUCCI cosmetics; Defendants' licensing of JENNIFER GUCCI hosiery products; Defendants' licensing of JENNIFER GUCCI coffee products; and their sale of GEMMA GUCCI wine and gelato are sufficient to show the commercial use of the JENNIFER GUCCI name, the GEMMA GUCCI name, the GREEN-RED-GREEN Stripe and the REPEATING JG marks. (See Findings of Fact P 64 ("approximately 600 cases of GEMMA BY GEMMA GUCCI wine were sold"), Findings of Fact P 60 (Litwak acknowledged [*77] that the GEMMA BY GEMMA GUCCI gelato "Was sold at a retail location in Arizona"); Findings of Fact P 40 (the Veratex Packaging which bore the JENNIFER GUCCI name, the GREEN-RED-GREEN

¹⁷ Plaintiff has also proven its claims under [New York General Business Law § 349](#), common law trademark, and common law unfair competition because these are analyzed under the same standard. See [Tri-Star Pictures v. Unger, 14 F. Supp. 2d 339, 359 n.18 \(S.D.N.Y. 1998\)](#) ("The standards for trademark infringement are essentially the same under the Lanham Act, New York law, and the common law."); [Avon Prods. v. S.C. Johnson & Son, Inc., 984 F. Supp. 768, 800 \(S.D.N.Y. 1997\)](#) ("the standards for bringing a claim under § 43(a) of the Lanham Act [[15 U.S.C. § 1125\(a\)](#)] [*75] are substantially the same as those applied to claims brought under the New York common law for unfair competition and [§ 349](#) . . . of the New York General Business Law.").

Stripe and the REPEATING JG marks were exhibited at a trade show to potential buyers); Findings of Fact P 51 (a bottled water product appeared on the website http://jennifergucci.com/international_design.html); Findings of Fact P 57 (GEMMA BY GEMMA GUCCI handbags "were introduced at the Phoenix (Arizona) Fashion Week . . . in early November 2007."); Findings of Fact P 35 (Litwak licensed the Jenny Gucci Coffee company to use the JENNIFER GUCCI name in connection with establishing JENNIFER GUCCI coffee shops); Findings of Fact P 42 (Litwak licensed Proportion Fit to use the JENNIFER GUCCI name on hosiery products); Findings of Fact P 46 (Erman developed a cosmetics product line under the JENNIFER GUCCI name in May 2007)); see also [Cintas Corp. v. UNITE HERE, 601 F. Supp. 2d 571, 580 \(S.D.N.Y. 2009\)](#) ("The 'commercial use in commerce' requirement of Section 1125(c) must be performed for profit.").

53. Third, Defendants' use of the JENNIFER GUCCI name, the GEMMA GUCCI name, the GREEN-RED-GREEN Stripe and the [*78] REPEATING JG marks began after Plaintiff's marks became famous. (See Findings of Fact PP 8, 9, 25, 27); [Audi AG v. Shokan Coachworks, Inc., 592 F. Supp. 2d 246, 281 \(N.D.N.Y. 2008\)](#).

54. "The likelihood of blurring is generally assessed by a six-factor test: [i] similarity of the marks, [ii] similarity of the products covered, [iii] sophistication of the consumers, [iv] predatory intent, [v] renown of the senior mark, and [vi] renown of the junior mark." *Id.* The first five factors are closely analogous to the *Polaroid* factors already analyzed in evaluating Plaintiff's Lanham Act claims. [Landscape Forms, 117 F. Supp. 2d at 370](#); see paragraphs 4 through 50, above.

55. As the Court has found, there is [i] a high degree of similarity of Plaintiff's and Defendants' marks (Concl. of Law PP 13, 15; Findings of Fact PP 23, 25, 53); [ii] the products and markets upon which the marks were used are legally similar (Concl. of Law PP 24, 28; Findings of Fact PP 7, 32, 33, 41, 44, 48, 55, 57, 59); [iii] Plaintiff's sophisticated customers are likely to be confused (Concl. of Law PP 44-47); [iv] Defendants acted in bad faith and clearly intended to trade upon the Gucci name (Concl. of Law PP 33-41; [*79] Findings of Fact PP 9, 19, 25, 30, 35, 37, 42, 50, 56); and [v] Gucci's Trademarks are well-known and famous (Findings of Fact P 9; Concl. of Law PP 5-7; see also Concl. of Law PP 7, 14, 41).

56. As to the sixth dilution by blurring factor, *i.e.*, "renown of the junior mark," there was no evidence presented that Jennifer Gucci's and/or Gemma Gucci's names -- apart from their unlawful association with Plaintiff Gucci -- have any renown. Quite the opposite. (Tr. 102:11-14 (J. Gucci: "Q: Let me ask you, Ms. Gucci, with all respect, do you think anyone would have an interest in licensing the use of your name for any products or services if it were Jennifer Pudefoot? A: No.") Tr. 149:1-6 (G. Gucci: "Q: Do you think that anyone would be interested in licensing your name today if you had decided to go by the married name Mairs? . . . A: I think it's hard to say. In general, no.") Thus, this factor weighs in favor of the Plaintiff. The Jennifer Gucci and/or Gemma Gucci names are "not well known, and . . . will likely lead consumers to associate [their] products with [Gucci]." [Carrier, Inc. v. Deziner Wholesale, L.L.C., No. 98 Civ. 4947, 2000 U.S. Dist. LEXIS 4157, at *21 \(S.D.N.Y. Apr. 3, 2000\)](#).

57. [*80] Plaintiff has proven by that Defendants' use of the JENNIFER GUCCI name, the GEMMA GUCCI name, a GREEN-RED-GREEN Stripe and a REPEATING JG Design causes a likelihood of dilution of Plaintiff's GUCCI Word Mark, GREEN-RED-GREEN Stripe, and REPEATING GG Design under the Lanham Act and [N.Y. General Business Law § 360-I](#). See [Burberry Ltd, 2009 U.S. Dist. LEXIS 53250, at *26](#).

Relief

58. To obtain a permanent injunction, Plaintiff "must demonstrate [i] actual success on the merits and [ii] irreparable harm." [Gucci Am., Inc., 286 F. Supp. 2d at 289](#). "In cases of trademark infringement, a showing of likelihood of confusion establishes the element of irreparable harm." [Cartier v. Aaron Faber, Inc., 512 F. Supp. 2d 165, 171 \(S.D.N.Y. 2007\)](#). Plaintiff is clearly entitled to a permanent injunction. *Id.*

59. "[I]f an individual enters a particular line of trade for no apparent reason other than to use a conveniently confusing surname to his advantage, the injunction is likely to be unlimited." [Taylor Wine Co. v. Bully Hill Vineyards, Inc., 569 F.2d 731, 735 \(2d Cir. 1978\)](#). "An absolute ban on the use of a surname is appropriate where the enjoined

party's only interest in the use of the surname is to [*81] free ride on the reputation of a better known party." [A.V. by Versace, Inc. v. Gianni Versace, S.p.A., No. 96 Civ. 9721, 2002 U.S. Dist. LEXIS 16323, at *42 \(S.D.N.Y. Sept. 22, 2002\)](#).

60. Plaintiff requests that this Court "enjoin Defendants from [i] making any commercial use of the names Jennifer Gucci and/or Gemma Gucci; and [ii] copying and using any other designs or indicia that infringe upon other famous Gucci trademarks, including Gucci's famous GREEN-RED-GREEN Stripe Design and REPEATING GG Pattern Design marks" because, among other reasons, "there is simply no credible evidence that Jennifer Gucci or Gemma Gucci have any renown for design in the United States, or that Defendants' ventures were motivated by anything more than a desire to exploit and trade on the world famous Gucci Trademarks." (Pl. Findings at 44-45.) "Sweeping injunctive relief is needed to ensure that Defendants will not continue to further their scheme of licensing the Gucci name for any product or service for which an investor or licensee will pay them money." (Pl. Findings at 44-45.)¹⁸

61. Defendants argue unpersuasively, among other things, that the broad injunction requested by Plaintiff should not be entered because "Gemma Gucci has always maintained that she does not want to engage in any activities that would be the cause of likely confusion for consumers"; "Jennifer Gucci acted at all times in good faith belief that she had a right to use her family name under very strict guidelines, such as those provided in the *Paolo Gucci* Decision of Judge Conner"; and both Jennifer Gucci and Gemma Gucci are "willing to stipulate to this Court's entry of a permanent injunction [*83] and order which limits her to the use of her name in accordance with the terms of the Court Ordered stipulation between Gucci S.p.A. and Gemma Gucci [by the German court], and to abide by any restrictions similar in nature to those provided by Judge Conner's Judgment and Order in the *Paolo Gucci* case." (Def. Findings at 7-8.)

62. "In trademark cases involving the use of surnames . . . a later competitor who seeks to use the same or similar name must take reasonable precautions to prevent mistake." [Abraham Zion Corp. v. Lebow, 761 F.2d 93, 104 \(2d Cir. 1985\)](#) (internal quotations omitted); see also [Anheuser-Busch, Inc. v. Balducci Publ., 28 F.3d 769 \(8th Cir. 1994\)](#); [E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280 \(9th Cir. 1992\)](#); [A.B.C. Carpet Co. v. Naeini, No. 00 Civ. 4882, 2002 U.S. Dist. LEXIS 1129, at *10 \(E.D.N.Y. Jan. 22, 2002\)](#); [Ford Motor Co. v. Ford Fin. Solutions, Inc., 103 F. Supp. 2d 1126 \(N.D. Iowa 2000\)](#). The Defendants did not take such reasonable precautions. (See Findings of Fact PP 33, 41, 46, 50, 52, 55, 58, 61.)

63. Defendants have flouted, rather than abided by, the legal restrictions placed upon Paolo Gucci in *Gucci Shops* - and presumably placed upon Litwak [*84] by Judge Conner as Paolo Gucci's licensing agent or representative. (See Findings of Fact PP 32-34, 36-37, 43-47, 51, 53, 60, 63; Concl. of Law P 38 n.15.)

64. This case calls for a broad injunction because, among other things, of the Court's findings (i) of bad faith by Litwak, Jennifer Gucci, and Gemma Gucci; (ii) Defendants were fully aware of the Gucci Trademarks; (iii) Defendants were fully aware of the USPTO's findings that the similarities between the marks of JENNIFER GUCCI and GUCCI "are so great as to create a likelihood of confusion" and "given the fame of the GUCCI line of marks, there can be little doubt that consumers are likely to be confused as to the source of the respective parties' goods" and "the applicant's mark [GEMMA GUCCI] . . . [is] likely to cause confusion, or to cause mistake, or to deceive" and "although applicant's mark adds another term to the well known GUCCI name, this is not controlling . . . the mere addition of a term to a registered mark is not sufficient to overcome a likelihood of confusion" (Pls. Ex. 92, 227); (iv) Litwak masterminded an extensive unlawful licensing scheme even though he was aware of (and apparently included within) Judge Conner's [*85] injunction as an agent of Paolo Gucci and even though he was aware of the USPTO's rejections of Jennifer Gucci and Gemma Gucci's trademark applications; (v) Defendants

¹⁸ The TRO entered on consent on August 20, 2007 prohibits "licensing, sublicensing, manufacturing, importing, exporting, [*82] advertising, promoting, displaying, distributing, circulating, offering for sale, selling or otherwise disposing of in any manner or removing from their respective business premises (except as otherwise provided herein) any products bearing the JENNIFER GUCCI name" and/or "imitating, copying or making unauthorized use" of the GUCCI Word Mark, a GREEN-RED-GREEN Stripe, and/or a REPEATING GG Pattern. (TRO at 3; Order, dated Apr. 8, 2008.) As noted, on or about April 8, 2008, Gemma Gucci agreed to be bound, through trial, by the TRO. (Stipulation and Order, dated Apr. 8, 2008, ("Stipulation and Order"), at 3.)

failed to obtain a written legal opinion as to the scope of Jennifer and/or Gemma Gucci's licensing rights, if any, before embarking upon the extensive licensing campaign devised by Litwak; (vi) Litwak conceded that the Veratex bedding "will have a Gucci-esque look with some horse themes"; (vii) Jennifer Gucci granted Litwak the right to license a trademark that had already been rejected for registration by the USPTO; (viii) Gemma Gucci allowed Litwak to license her name even though the USPTO denied her trademark application for the words GEMMA GUCCI (Pl. Ex. 227); (ix) Litwak attempted to persuade Macaluso to sue Gucci in Arizona in ("tit for tat") retaliation for Gucci's suit before this Court; (x) Litwak licensed Gemma Gucci's name although Gemma Gucci's signature on the February 2, 2004 license agreement was apparently forged; (xi) Gemma Gucci failed to keep abreast of Litwak's licensing activities which relied upon her name; (xii) Litwak emailed Jaffe the Veratex Packaging (which bore the JENNIFER GUCCI name, a [*86] GREEN-RED-GREEN Stripe, and a REPEATING JG and, thus infringed Plaintiff's marks), and stated, "See if this works better for you"; (xiii) Jennifer Gucci reviewed the Veratex Packaging and informed Cohen, "OK, Avi, that is fine whatever you think will sell better, that's what it's all about" (Tr. 84:17-24; Pl. Ex. 100); (xiv) Magistrate Judge Francis was constrained to find that "Litwak violated the terms of the TRO by failing to provide a copy of it to persons with whom he has entered into licensing agreements and by failing to produce discovery materials as required"; and (xv) Judge Francis was also required to issue an order authorizing the forensic examination of Litwak's computers and to convene a conference on or about November 28, 2007 at which the parties agreed that Plaintiff may conduct a forensic examination of Jennifer Gucci's computer both of which resulted in the recovery of emails and documents damaging to Defendants. (See Findings of Fact PP 10, 22-25, 28, 30, 33, 35-38, 40-43, 47, 50, 51, 58, 65; Conclusions of Law PP 33-41.)

65. Jennifer Gucci, Gemma Gucci, and Litwak were using the Gucci name in areas in which they had no reputation, skill, or professional experience; [*87] neither Jennifer Gucci nor Gemma Gucci has a reputation, skill or knowledge as a designer of any of the products at issue; and Jennifer Gucci and Gemma Gucci are unknown as designers in the United States. "[T]he crucial factor of reputation [skill, and/or knowledge] is wholly absent in the present situation." [Bertolli, 662 F. Supp. at 207](#) ("Hence, we fail to see any legitimate interest of defendants which would counsel in favor of allowing them to use Filippo Bertolli's name even in the restricted fashion suggested."); see also [Lazzaroni USA Corp. v. Steiner Foods, No. 05 Civ. 4476, 2006 U.S. Dist. LEXIS 20962, at *19 \(D.N.J. Apr. 10, 2006\)](#) ("Even if this Court were to consider 'Paolo Lazzaroni' to be a personal name, Defendants, as junior users of a mark likely to cause confusion, should be enjoined from its use" because, among other reasons, "it is more than conceivable that this is a blatant attempt to free-ride on the goodwill adhering to the 'Lazzaroni' mark."); [Versace, 2002 U.S. Dist. LEXIS 16323, at *41](#) ("an absolute ban on the use of a surname is appropriate where the enjoined party's only interest in the use of the surname is to free ride on the reputation of a better known [*88] party."). "Bad faith' in infringement cases is germane to a court's choice of remedy." [Indep. Living Aids, Inc. v. Maxi-Aids, Inc., 127 Fed. Appx. 533, 536 \(2d Cir. 2005\)](#); (see also Tr. 63:17-18 (J. Gucci: "Q: Ms. Gucci, you are not claiming in this case that you have the same reputation as a designer that Paolo Gucci had, are you? A: No, I am not. Q: Do you recall testifying at your deposition in this case that you did not consider yourself to be a well known designer in the U.S.? A: That's correct. Q: Do you recall also indicating that if someone in the U.S. were to hear your name, their first thought would be that you were Paolo Gucci's wife? A: Yes."); 147:7-9, 17-19 (G. Gucci: "Q: You are not currently working professionally as a designer, are you? A: Unfortunately, no. . . Q: Would it be fair to say, Ms. Gucci, that you do not currently have a reputation as a designer in the United States? A: That's correct."); 158:11-23 (Litwak: "Q: back in September 2007, when this case first started, Jennifer Gucci was not well known as a designer in the United States, is that correct? . . . A: Not as a designer. The Court: What about Gemma Gucci? . . . A: Not as a designer.").

66. Thus, [*89] the appropriate injunction here is one that makes permanent the restrictions contained in the TRO (on consent) by Judge Francis as to the instant products licensed by Defendants, with some modifications for any new products or services sought to be offered by Defendants going forward noted below. (See TRO at 3); see also [Bertolli, 662 F. Supp. at 207](#); [Lazzaroni, 2006 U.S. Dist. LEXIS 20962, at *19](#); [Versace, 2002 U.S. Dist. LEXIS 16323, at *41](#).

67. Jennifer Gucci, Gemma Gucci, and Litwak, and their agents, servants, employees, successors and assigns, and all persons in active concert or participation with them, are hereby (i) permanently enjoined in the United States from making any commercial use of the JENNIFER GUCCI and/or GEMMA GUCCI name, including licensing,

sublicensing, manufacturing, importing, exporting, advertising, promoting, displaying, distributing, circulating, offering for sale, selling or otherwise disposing of in any manner with any products which are the subject of this lawsuit (e.g., coffee, bedding, housewares, cosmetics, hosiery, handbags, wine, and gelato); (ii) permanently enjoined from registering or attempting to register a trademark with the USPTO (or any other [*90] U.S. trademark agency) for the names JENNIFER GUCCI or GEMMA GUCCI, or any other name, mark or symbol that is confusingly similar to any of the Gucci Trademarks for the use upon any of the products which are the subject of this lawsuit; and they are (iii) permanently enjoined from imitating, copying or making unauthorized use of designs and indicia that infringe upon the Gucci Trademarks, including the following federally-registered trademarks owned by Gucci, including U.S. Trademark Registration Nos. 876,292, 959,338, 972,078, 1,093,769, 1,140,598, 1,168,477, 1,169,019, 1,168,922, 1,200,991, 1,202,802, 1,321,864, and 1,340,599 for the GUCCI Word Mark; U.S. Trademark Registrations Nos. 1,122,780, 1,123,224, and 1,483,526 for Gucci's GREEN-RED-GREEN Stripe design; and U.S. Trademark Registration Nos. 2,680,237, 3,072,547, and 3,072,549 for Gucci's REPEATING GG Design.

68. Notwithstanding the need for and imposition of a broad injunction in this case, because injunctions should be "drawn as narrowly as possible," [*Joseph Scott Co. v. Scott Swimming Pools, Inc.*, 764 F.2d 62, 67 \(2d Cir. 1985\)](#), Jennifer Gucci and Gemma Gucci may in the future be permitted to use their full names on any new [*91] products or services not included in paragraph 67 consistent with the following conditions:

- (a) they shall have received prior written approval for any such proposed use from the USPTO; and
- (b) they shall serve a copy of any USPTO application upon Plaintiff or Plaintiff's successor contemporaneously with the filing of any USPTO application; and
- (c) they shall have obtained a written opinion from recognized trademark counsel that any such use is lawful;
- (d) any such use shall relate to products or services actually designed by (or selected by) Jennifer Gucci and/or Gemma Gucci; and
- (e) Jennifer Gucci and/or Gemma Gucci shall have acquired demonstrable reputation(s), skill and knowledge with respect to such products or services; and
- (f) all uses of JENNIFER GUCCI and/or GEMMA GUCCI in connection with such products or services in advertisements or hang tags or promotional materials must be accompanied by a disclaimer, prominently displayed and unambiguously stating, that Jennifer and/or Gemma Gucci, respectively, is not affiliated or associated in any way with Gucci or "GUCCI" products; and
- (g) Jennifer and Gemma Gucci shall adhere to the requirements of paragraphs 9 through 12 of Judge Conner's [*92] Final Judgment in *Gucci Shops* as entered on July 13, 1988.

Monetary Damages

69. "A party that has established a violation of section 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\)](#) is entitled to recover "[i] defendant's profits . . . and [ii] the costs of the action." *de Venustas v. Venustas Int'l, LLC*, No. 07 Civ. 4530, 2008 U.S. Dist. LEXIS 86581, at *3 (S.D.N.Y. Oct. 24, 2008) (quoting [15 U.S.C. § 1117\(a\)](#)). "The court in exceptional cases may award reasonable attorney fees to the prevailing party." [15 U.S.C. § 1117\(a\)](#).

Accounting of Profits

70. Plaintiff "seeks an account of all monies received by Litwak in connection with Defendants' various licensing ventures." (Pl. Findings at 83.)

71. "In order to recover an accounting of an infringer's profits, a plaintiff must prove that the infringer acted in bad faith." [MasterCard Int'l, Inc. v. First Nat'l Bank of Omaha, Inc.](#), No. 02 Civ. 3691, 2004 U.S. Dist. LEXIS 2485, at *34 (S.D.N.Y. Feb. 23, 2004). Profits include a "defendant's sales, while 'defendant must prove all elements of cost or

deduction claimed." [AAA v. AAA Auto. Club of Queens, Inc., No. 97 Civ. 1180, 1999 U.S. Dist. LEXIS 8892, at *33 \(E.D.N.Y. Feb. 17, 1999\)](#).

72. As discussed [*93] above, Plaintiff has shown that Defendants, including Litwak, acted in bad faith. [GTFM, Inc. v. Solid Clothing, Inc., 215 F. Supp. 2d 273, 304 \(S.D.N.Y. 2002\)](#); (see also Findings of Fact PP 10, 22-25, 28, 30, 33, 35-38, 40-43, 47, 50, 51, 58, 65; Cond. of Law PP 33-41.)

73. "A finder of fact may also consider [i] the degree of certainty that the defendant benefited from the unlawful conduct, [ii] availability and adequacy of other remedies, [iii] the role of a particular defendant in effectuating the infringement, [iv] plaintiff's laches; and [v] plaintiff's unclean hands, to determine whether, on the whole, the equities weigh in favor of an accounting." [Id.](#)

74. Clearly, Litwak accepted fees and funds from investors in Jennifer Gucci and/or Gemma Gucci licensing business ventures (Findings of Fact PP 33, 53), and appears to have profited from representing Jennifer Gucci and Gemma Gucci. See [Altadis U.S.A. v. De Tabacos, No. 96 Civ. 4209, 2001 U.S. Dist. LEXIS 6892, at *8 \(S.D.N.Y. May 17, 2001\)](#); see also [Ptak Bros. Jewelry, Inc. v. Ptak, No. 06 Civ. 13732, p2009 U.S. Dist. LEXIS 50299, at *5 \(S.D.N.Y. June 1, 2009\)](#) (defendants' sales showed "no doubt defendants benefitted from their unlawful [*94] conduct."); [Gidatex, S.r.L. v. Campaniello Imports, Ltd., 82 F. Supp. 2d 136, 144 \(S.D.N.Y. 2000\)](#) ("under deterrence rationale, a court may award a defendant's profits solely upon a finding that the defendant fraudulently used the plaintiff's mark").

75. The Court's imposition of an injunction is not adequate to remedy Defendants' past conduct because the injunction "only prevents future conduct." [Gidatex, S.r.L., 82 F. Supp. 2d at 144](#).

76. Defendants, especially Litwak, were personally involved in "effectuating the infringement" by licensing the Jennifer Gucci and Gemma Gucci names for use on a wide range of commercial products even though, among other things, the USPTO had rejected trademark applications filed by Jennifer Gucci and Gemma Gucci. (See Pl. Exs. 92, 227; Findings of Fact PP 20-25, 28, 31, 32, 43, 44, 48, 54, 57, 59); see also [Mastercard, 2004 U.S. Dist. LEXIS 2485, at *34](#). They did not take precautions to avoid infringing Plaintiff's marks. (Findings of Fact PP 31, 32, 34, 43, 45, 47, 52, 61, 63; Concl. of Law PP 33-41.)

77. Plaintiff is not barred by laches because "a maximum of six months delay [i.e., from February 10, 2007 when a *Home Textiles Daily* article was published [*95] in which Litwak discussed the debut of a JENNIFER GUCCI bedding line] does not constitute 'unreasonable delay.'" [Playboy Enters, v. Chuckleberry Publ., 939 F. Supp. 1032, 1040 n.7 \(S.D.N.Y. 1996\)](#); see also [Eppendorf-Netheler-Hinz GmbH v. Enterton Co. Establishment, 89 F. Supp. 2d 483, 486 \(S.D.N.Y. 2000\)](#) ("A showing of laches requires," among other things, "unreasonable delay.").

78. And, there is no evidence in the record (nor do Defendants argue) that Plaintiff has "unclean hands."

79. Having weighed the factors for determining whether to require an accounting of profits, the Court finds that an "accounting of profits is warranted, based on . . . the . . . evidence of [Defendants'] willful deception and the likelihood that [they] benefited from copying of the [Gucci Trademarks]." [AAA, 1999 U.S. Dist. LEXIS 8892, at *33](#).

80. Magistrate Judge Francis is respectfully requested to determine Plaintiff's monetary damages, if any, based upon an accounting of Defendants' "profits" and to determine which Defendants owe damages and in what proportion to one another (e.g., individually, jointly and severally, etc.). See [W. E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 664 \(2d Cir. 1970\)](#) ("It is [*96] essential to deter companies from willfully infringing a competitor's mark, and the only way the courts can fashion a strong enough deterrent is to see to it that a company found guilty of willful infringement shall lose all its profits from its use of the infringing mark."); [AAA, 1999 U.S. Dist. LEXIS 8892, at *33](#) ("Plaintiff will only bear the burden of proving Defendants' sales, while 'defendant must prove all elements of cost or deduction claimed.") (quoting [15 U.S.C. § 1117\(a\)](#)); see also [Nike, Inc. v. Top Brand Co., No. 00 Civ. 8179, 2005 U.S. Dist. LEXIS 42374, at *39 \(S.D.N.Y. July 3, 2005\)](#).

Punitive Damages

81. Plaintiff has requested punitive damages because, among other reasons, "a punitive component is especially appropriate in this case, given Defendants' repeated disobedience of numerous orders of this Court." (Pl. Findings P 133.)

82. "Punitive damages will only be awarded on a showing of aggravation or outrage, such as spite or 'malice,' or a fraudulent or evil motive on the part of the defendant, or such a conscious and deliberate disregard of the interests of others that the conduct may be called willful or wanton." *Menashe v. V Secret Catalogue, Inc.*, 409 F. Supp. 2d 412, 426 (S.D.N.Y. 2006); [*97] see e.g., *Pelonis USA, Ltd. v. Del-Rain Corp.*, No. 94 Civ. 587S, 2000 U.S. Dist. LEXIS 15279, at *12 (W.D.N.Y. Sept. 5, 2000). This is such a case. "While the Lanham Act does not authorize an additional award of punitive damages for willful infringement, punitive damages are available under New York law." *Pelonis USA*, 2000 U.S. Dist. LEXIS 15279, at * 108 (citing *Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 109 (2d Cir. 1988)).

83. The Court awards Plaintiff punitive damages against Litwak (only) in an amount to be determined by Magistrate Judge Francis, because, among other things, (i) Litwak masterminded the licensing schemes which the Court determined were unlawful; (ii) Litwak knew of the USPTO rejections; (iii) Litwak tried to instigate a revenge lawsuit against Gucci by Macaluso; (iv) Litwak was held in contempt of the TRO; and (v) Litwak had knowledge of and, appears to have been included in, the injunction in *Gucci Shops*. (See Findings of Fact PP 10, 22-25, 28, 30, 33, 35-38, 40-43, 47, 50, 51, 58, 65; Concl. of Law PP 33-41.)

84. Although it is a closer call, the Court does not find that Jennifer Gucci's and/or Gemma Gucci's "conduct so outrageous or egregious [*98] as to justify punitive or exemplary damages," against them. *L & L White Metal Casting Corp. v. Joseph*, 387 F. Supp. 1349,1358-59 (E.D.N.Y. 1975); *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, 348 F. Supp. 2d 217, 254 (S.D.N.Y. 2004).

Attorneys' Fees & Costs

85. "In a suit under the Lanham Act, attorney fees should be awarded only in exceptional cases and only on evidence of fraud or bad faith." *Gordon and Breach Science Publ. S.A. v. Amer. Inst. of Physics*, 166 F.3d 438, 439 (2d Cir. 1999); see also *Playboy Enters.* 687 F.2d at 564 (affirming district court's "granting permanent injunctive relief . . . award[ing] attorney fees but den[ying] any punitive damages."); *L & L White Metal*, 387 F. Supp. at 1358-59 ("award[ing] to the plaintiff reasonable attorney's fees" but "defendants' conduct [was not] so outrageous or egregious as to justify punitive or exemplary damages.").

86. Plaintiff is entitled to recover against Defendants its reasonable attorneys' fees in this case because, as shown above, Defendants' acts of infringement involved violating Judge Francis' TRO and were otherwise in bad faith (Conclusions of Law PP 33-41). Since "Defendants' infringement of [Plaintiff's] trademark [*99] was done in bad faith . . . this case is deemed exceptional, and it is well within this Court's discretion to award [Plaintiff] its reasonable attorney's fees." *Fruit of the Loom, Inc. v. Am. Mktg. Enters.*, No. 97 Civ. 3510, 1999 U.S. Dist. LEXIS 3944, at *6-7 (S.D.N.Y. Mar. 26, 1999); *N.Y. State Soc'y of CPA's v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 348 (S.D.N.Y. 1999) ("Defendant had not developed a reputation to speak of, [so] it simply helped itself to that of the plaintiff").

87. Defendants had notice of Plaintiff's trademark registrations and rights, and of Plaintiff's claims in this case, and of the Court's entry of a TRO, *Bear U.S.A., Inc. v. JooAn, Co.*, No. 98 Civ. 7649, 2001 U.S. Dist. LEXIS 637, at *29 (S.D.N.Y. Jan. 25, 2001), but nevertheless, improperly licensed the JENNIFER GUCCI and GEMMA GUCCI names (Findings of Fact PP 25-32, 41, 45, 47, 50, 55, 58, 60), and continued negotiating licenses of the JENNIFER GUCCI name after the entry of the TRO (Contempt Order at 15).

88. Also, Defendants' conduct in discovery caused Judge Francis to enter an order for the forensic examination of Litwak's computers to recover emails and documents that were not disclosed, as required [*100] by the TRO and Judge Francis convened a conference on or about November 28, 2007 at which the parties agreed that Plaintiff

may conduct a forensic examination of Jennifer Gucci's computer. (See Order, dated Oct. 23, 2007; Order, dated Aug. 14, 2008). The materials recovered were damaging to Defendants' case, including emails, in which Jennifer Gucci approved of packaging which had the JENNIFER GUCCI name, a GREEN-RED-GREEN Stripe, and a REPEATING JG, and in which Litwak appeared to direct Jaffe to use logo designs on hosiery packaging which were similar to Plaintiff's GREEN-RED-GREEN Stripe and REPEATING GG marks. (See Pl. Ex. 95 (In an email, dated February 28, 2007 from Jennifer Gucci to Cohen about the Veratex Packaging, she stated, "Great looking packaging."; Pl. Ex. 100 (In an email, dated March 2, 2007, Jennifer Gucci reviewed the Veratex Packaging stated, "OK, Avi, that is fine whatever you think will sell better, that's what it's all about."; Pl. Ex. 23, 26 (Litwak emailed Jaffe the Veratex Packaging stating, "See if this works better for you.")). See also [GTFM, Inc., 215 F. Supp. 2d at 306](#).

89. The Court finds that "a particular need for deterrence is present in this case because [*101] of the defendants' bad faith violation of the [Lanham] Act." [Mobius Mgmt. Sys. v. Fourth Dimension Software, 880 F. Supp. 1005, 1026 \(S.D.N.Y. 1995\)](#); see also [Indep. Living Aids, Inc., 25 F. Supp. 2d at 130](#); [Goodheart Clothing Co., 1993 U.S. Dist. LEXIS 9173, at *3-4](#) ("the facts of record thoroughly support plaintiff's claim that the defendants' infringement of plaintiff's trademark was made in bad faith . . . [therefore] plaintiff's motion . . . awarding attorney fees and costs is granted.").

90. Plaintiff is also entitled to recover from the Defendants the reasonable costs of this legal action. [Bear U.S.A., Inc., 2001 U.S. Dist. LEXIS 637, at *28](#).

91. The case is referred to Magistrate Judge Francis also to determine Plaintiff's reasonable attorneys' fees and costs and to apportion these among Defendants.

Defendants' Counterclaim for a Declaratory Judgment

92. Defendants request a declaratory judgment for a "permanent injunction [which] will permit Jennifer Gucci and Gemma Gucci to utilize their respective names in the same or similar fashion as Paolo Gucci was permitted the right to use his name in [*Gucci Shops*] or in the same or similar fashion as provided in the [German Judgment]." [*102] (Defs. Findings P 45.) Having determined, among other things, that Defendants do not stand in the shoes of Paolo Gucci, and that Defendants infringed upon the Gucci Trademarks, Jennifer Gucci's and Gemma Gucci's rights are appropriately outlined in paragraphs 67 and 68 *supra*. See also [Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 365 F. Supp. 707, 720 \(S.D.N.Y. 1973\)](#).

Defendants' Counsel's Application to be Relieved as Counsel

93. On or about November 18, 2008, Harrington, Ocko & Monk, LLP ("HOM") applied to be relieved as counsel for Defendants. (See Mem. of Law in Supp. of Mot. of Harrington, Ocko & Monk to be Relieved as Counsel, dated Nov. 18, 2008.) At a conference on February 9, 2009, Plaintiff's counsel proposed that the Court "set a date certain for trial and either Mr. Harrington [Defendants' lead counsel] goes forward or new counsel goes forward." (See Tr. of Proceedings, dated Feb. 9, 2009 ("Feb. 9 Tr."), 3:14-16.) Mr. Harrington replied, "I think that's fair." [*103] (Feb. 9 Tr. 3:18.) Mr. Harrington, in fact, represented Defendants during the trial, and, consequently, HOM's application to be relieved as counsel is denied as moot but also without prejudice.

IV. Conclusion and Order

For the foregoing reasons, the Clerk of Court is respectfully requested to enter judgment in favor of Plaintiff enjoining Jennifer Gucci, Gemma Gucci, and Litwak, and their agents, servants, employees, successors and assigns, and all persons in active concert or participation with them, are hereby (i) permanently enjoined in the United States from making any commercial use of the JENNIFER GUCCI and/or GEMMA GUCCI name, including licensing, sublicensing, manufacturing, importing, exporting, advertising, promoting, displaying, distributing, circulating, offering for sale, selling or otherwise disposing of in any manner with any products which are the subject of this lawsuit (*e.g.*, coffee, bedding, housewares, cosmetics, hosiery, handbags, wine, and gelato); (ii) permanently enjoined from registering or attempting to register a trademark with the USPTO (or any other U.S. trademark

agency) for the names JENNIFER GUCCI or GEMMA GUCCI, or any other name, mark or symbol that [*104] is confusingly similar to any of the Gucci Trademarks for the use upon any of the products which are the subject of this lawsuit; and they are (iii) permanently enjoined from imitating, copying or making unauthorized use of designs and indicia that infringe upon the Gucci Trademarks, including the following federally-registered trademarks owned by Gucci, including U.S. Trademark Registration Nos. 876,292, 959,338, 972,078, 1,093,769, 1,140,598, 1,168,477, 1,169,019, 1,168,922, 1,200,991, 1,202,802, 1,321,864, and 1,340,599 for the GUCCI Word Mark; U.S. Trademark Registrations Nos. 1, 122,780, 1,123,224, and 1,483,526 for Gucci's GREEN-RED-GREEN Stripe design; and U.S. Trademark Registration Nos. 2,680,237, 3,072,547, and 3,072,549 for Gucci's REPEATING GG Design.

Jennifer Gucci and Gemma Gucci may in the future be permitted to use their full names on any new products or services not included in paragraph 67 consistent with the following conditions:

- (a) they shall have received prior written approval for any such proposed use from the USPTO; and
- (b) they shall serve a copy of any USPTO application upon Plaintiff or Plaintiff's successor contemporaneously with the filing of any USPTO application; [*105] and
- (c) they shall have obtained a written opinion from recognized trademark counsel that any such use is lawful;
- (d) any such use shall relate to products or services actually designed by (or selected by) Jennifer Gucci and/or Gemma Gucci; and
- (e) Jennifer Gucci and/or Gemma Gucci shall have acquired demonstrable reputation(s), skill and knowledge with respect to such products or services; and
- (f) all uses of JENNIFER GUCCI and/or GEMMA GUCCI in connection with such products or services in advertisements or hang tags or promotional materials must be accompanied by a disclaimer, prominently displayed and unambiguously stating, that Jennifer and/or Gemma Gucci, respectively, is not affiliated or associated in any way with Gucci or "GUCCI" products; and
- (g) Jennifer and Gemma Gucci shall adhere to the requirements of paragraphs 9 through 12 of Judge Conner's Final Judgment in *Gucci Shops* as entered on July 13, 1988.

Plaintiff is also entitled to an accounting of profits, its reasonable attorneys' fees and costs incurred in prosecuting this action, and punitive damages from Litwak, and these matters are hereby referred to United States Magistrate Judge James C. Francis, IV for a report and [*106] recommendation.

Defendants' counterclaim for a declaratory judgment is resolved at paragraph 92 *supra*. And, for the reasons stated above, HOM's application to be relieved as counsel for the Defendants [# 108] is denied as moot.

The matter is respectfully referred to Judge Francis for further proceedings consistent with these Findings of Fact and Conclusions of Law and with his order(s) in this case.

Dated: New York, New York

August 5, 2009

/s/ Richard M. Berman

RICHARD M. BERMAN, U.S.D.J.



Positive

As of: October 9, 2016 6:22 PM EDT

[Gucci Am., Inc. v. Myreplicahandbag.Com](#)

United States District Court for the Southern District of New York

January 25, 2008, Decided; January 25, 2008, Filed

07 Civ. 2438 (JGK)(DFE)

Reporter

2008 U.S. Dist. LEXIS 49480; 2008 WL 9419361

GUCCI AMERICA, INC., CHLOE SAS, and ALFRED DUNHILL LIMITED, Plaintiffs, - against - MYREPLICAHANDBAG.COM, WHOLESALEREPLICA.COM, REPLICA-WATCH-TOWN.COM, TRADERINASIA CONSULTING LLC, KELVIN CHO a/k/a KELVIN CHO YAW COON a/k/a "CHO YAW KOON", ["]ABC COMPANIES["], and ["]JOHN DOES["], Defendants.

Subsequent History: Adopted by [Gucci Am., Inc. v. Myreplicahandbag.com, 2008 U.S. Dist. LEXIS 14047 \(S.D.N.Y., Feb. 25, 2008\)](#)

Core Terms

com, websites, counterfeit, marks, statutory damages, plaintiffs', infringed, recommend, products, damages, trademarks, awarding, defendants', handbags, Watch, www, Traderinasia, distributed, inquest, replica, bag, severally, default, jointly, permanent injunction, Injunction, maximum, titles, site

Counsel: [*1] For Gucci America, Inc., Chloe SAS, Alfred Dunhill Limited, Plaintiffs: Howard Sean Hogan, LEAD ATTORNEY, Gibson, Dunn and Crutcher (DC), Washington, DC; Robert L. Weigel, LEAD ATTORNEY, Gibson, Dunn & Crutcher, L.L.P., New York, NY.

Judges: DOUGLAS F. EATON, United States Magistrate Judge.

Opinion by: DOUGLAS F. EATON

Opinion

REPORT AND RECOMMENDATION TO JUDGE KOELTL

DOUGLAS F. EATON, United States Magistrate Judge.

This is an uncontested inquest following a September 7, 2007 default judgment against the defendants. Gucci America, Inc. ("Gucci"), Chloe SAS ("Chloe"), and Alfred Dunhill Limited ("Dunhill") seek a permanent injunction and damages for the defendants' infringement of their trademarks and copyrights.

On June 22, 2007, Judge Koeltl granted the plaintiffs' motion for a preliminary injunction. On September 7, 2007, he referred the case to me to conduct an inquest into damages, and to write a Report and Recommendation as to the amount of damages to be awarded against the defendants. On September 25, 2007, I mailed a Scheduling Order to the parties; my five envelopes to the five defendants were eventually returned by the Postal Service marked "not deliverable as addressed, unable to forward." Plaintiffs timely [*2] sent me copies of their inquest papers. My deadline for papers from the defendants was November 9, 2007; they have not sent me any papers.

BACKGROUND

Upon the entry of a default judgment, the Court accepts as true all of the facts alleged in the Complaint, except those relating to the amount of damages. See [Au Bon Pain Corp. v. Arctec Inc., 653 F.2d 61, 65.\(2d Cir. 1981\)](#). Accordingly, I accept the following allegations as fact.

Gucci, Chloe and Dunhill are the sole and exclusive distributors in the United States of high-end luxury items bearing the well-known Gucci, Chloe and Dunhill trademarks. (Compl. PP 6-8, 19, 31.) Gucci is the owner of the rights and titles of the following federally registered trademarks: (1) Gucci; (2) Non-Interlocking GG Monogram; (3) Gucci Crest; (4) Green-Red-Green Stripe; (5) Square G; and (6) Repeating GG Design. (Compl. PP 20-22.) Chloe is the owner of the rights and titles of the following federally registered trademarks: (1) Chloe; (2) Chloe in Stylized Form; (3) Paddington; and (4) Silverado. (Compl. PP 24-26.) Dunhill is the owner of the rights and titles of the following federally registered trademarks: (1) Dunhill; (2) Dunhill in Stylized Form; and [*3] (3) Facet Watch - One Aspect. (Compl. PP 28-30.)

Without authorization, permission or licenses from the plaintiffs, defendants manufacture, distribute and sell counterfeit Gucci, Chloe and Dunhill goods. (Compl. PP 2, 4, 35-36, 48.) Their products use the same color schemes, patterns and designs as the plaintiffs' products, but are inferior in quality and workmanship. Moreover, their websites explicitly identify the counterfeit goods to be "Gucci," "Chloe," and "Dunhill" products. Hence, the defendants' actions have resulted in lost sales for the plaintiffs, and have caused confusion for consumers who may have thought that they were buying the plaintiffs' products instead of counterfeit products. (Compl. PP 2-4, 47, 50.) Plaintiffs claim that the defendants have "collectively sold, offered to sell and/or distributed at least 424 different types of goods bearing counterfeits of Plaintiffs' Marks" on their respective websites. (Compl. P 52.)

DISCUSSION

Jurisdiction

Our Court has subject matter jurisdiction under [15 U.S.C. §1121\(a\)](#) and [28 U.S.C. §§1331, 1338\(a\)](#) and [1338\(b\)](#). It also has personal jurisdiction over the defendants. See Judge Koeltl's June 22, 2007 Order denying the motion of [*4] defendant Kelvin Cho and defendant Traderinasia Consulting LLC to dismiss for lack of personal jurisdiction. Our Court has personal jurisdiction over the other defendants based on their shipments of goods (and their agreements to ship goods) to Yuliya P. Kuklina (a Manhattan-based private investigator retained by the plaintiffs) and to other customers in Manhattan and New York State. (Kuklina Decl. PP 11-17 and Exhs. 1-2; PP 18-23 and Exhs. 3-6; PP 28-33 and Exh. 7; PP 34-39 and Exhs. 8-9; PP 40-45 and Exhs. 10-11; PP 46-51 and Exh. 12; PP 61-69 and Exh. 20; PP 70-75 and Exhs. 22-23; PP 78-84 and Exhs. 24-29; PP 85-90 and Exhs. 30-32; PP 91-94 and Exhs. 33-35; and Hogan 6/19/07 Decl. P 2 and Exh. 1.) See [Baron Philippe de Rothschild, S.A. v. Paramount Distillers, Inc., 923 F.Supp. 433, 436-37 \(S.D.N.Y. 1996\)](#) (Stein, J.).

Monetary Damages

The Lanham Act provides that, at any time before final judgment is rendered, a trademark owner may elect to recover an award of statutory damages, rather than actual damages, for the use of a counterfeit mark in connection with goods or services. [15 U.S.C. § 1117\(c\)](#). Statutory damages may be awarded in the amount of:

- (1) not less than \$ 500 or more than [*5] \$ 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 mark was willful, 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\(c\)](#) (emphasis added). The statute "does not provide guidelines for courts to use in determining an appropriate award as it is only limited by what the court considers just." [Gucci America, Inc. v. Duty Free Apparel, Ltd., 315 F.Supp.2d 511, 520 \(S.D.N.Y. 2004\)](#) (Marrero, J.), quoting [Louis Vuitton Malletier v. Veit, 211 F.Supp.2d 567, 583 \(E.D.Pa. 2002\)](#) and [15 U.S.C. § 1117\(c\)](#). Judge Marrero continued:

However, courts have found some guidance in the caselaw of an analogous provision of the Copyright Act, [17 U.S.C. § 504\(c\)](#), which also provides statutory damages for willful infringement. See, e.g., [Louis Vuitton, 211 F.Supp.2d at 583](#); [Sara Lee Corp. v. Bags of N.Y., Inc., 36 F.Supp.2d 161, 166 \(S.D.N.Y. 1999\)](#). Under the Copyright Act, courts look to factors such as: (1) "the expenses saved and the profits reaped;" (2) "the revenues [*6] lost by the plaintiff;" (3) "the value of the copyright;" (4) "the deterrent effect on others besides the defendant;" (5) "whether the defendant's conduct was innocent or willful;" (6) "whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced;" and (7) "the potential for discouraging the defendant." [Fitzgerald Pub. Co., Inc. v. Baylor Pub. Co., 807 F.2d 1110, 1117 \(2d Cir. 1986\)](#).

[Gucci America, 315 F.Supp.2d at 520](#). Moreover, where "a defendant is shown to have acted wilfully, a statutory damages award should incorporate not only a compensatory, but also a punitive component to discourage further wrongdoing by the defendants and others." [Rolex Watch U.S.A., Inc. v. Jones, 2002 U.S. Dist. LEXIS 6657, 2002 WL 596354, at *5 \(S.D.N.Y. Apr. 17, 2002\)](#) (Maas, M.J.), adopted by Judge Cote on June 18, 2002. When a defendant has defaulted, then by virtue of its default it is deemed to be a willful infringer. [Rodgers v. Anderson, 2005 U.S. Dist. LEXIS 7054, 2005 WL 950021, at *3 \(S.D.N.Y. Apr. 26, 2005\)](#) (Peck, M.J.); [Tiffany v. Luban, 282 F.Supp.2d 123, 124-25 \(S.D.N.Y. 2003\)](#) (Marrero, J.).

In the case at bar, the defendants have not provided any information with respect to [*7] their actual sales. On December 4, 2007, my law clerk tried to access the defendants' websites. She discovered the following:

1. The website for MyReplicaHandbag.com no longer exists.
2. An ask.com search for wholesalereplica.com showed that the site was "active as it undergoes reconstruction." It referred her to other websites that sell replica products.
3. An ask.com search for a close variant (Wholesale-Replica.com) showed that the site was active. She opened the category titled "Gucci Handbags," and was referred to the official Gucci website and to other internet websites that sell authentic and replica Gucci handbags. She then conducted a new search on the category titled "Fake Designer Hand Bags," and was referred to other internet websites that sell replica handbags.
4. An ask.com search for replica-watch-town.com showed that the site was active. She typed in "Gucci" and was referred to the official Gucci website as well as other internet websites that are known to sell authentic Gucci handbags, such as [www.neimanmarcus.com](#) and [www.saks.com](#). She then conducted a search for "Chloe" and was again referred to authentic dealers. However, when she went opened the "Replica Designer Watch" [*8] category, she was referred to UReplicas.com, which said that it sells 137 types of replica Gucci bags and 3 types of replica Dunhill cufflinks. Moreover, that site contained a testimonial from "Amanda K. from New York," who bought a watch from UReplicas.
5. She was unable to access any websites for Traderinasia Consulting LLC. However, a search for Kelvin Cho listed his name and Traderinasia Consulting LLC on the website "SearchWarp.com." That entry had been updated one year earlier, on December 6, 2006, and the total readership of Kelvin Cho's articles was 30. The website said:

Kelvin Cho is the well established self made successful e-traders [sic]; he is running a highly successful trading firm based on [sic] Guangzhou, China as well as an e-commerce consulting firm giving valuable and practical advices [sic] and guidance to online traders to maximize their sourcing and trading needs

The site listed two other websites affiliated with Mr. Cho -- [www.china-buysell.com](#) and [www.wholesale-asia.com](#). She was unable to access those websites due to security restrictions affecting computers in our Courthouse.

6. Kelvin Cho is an author for the website [www.ezinearticles.com](#). That website [*9] said that Mr. Cho has been a basic member since November 23, 2006, and that there were "1,054 views" of his three active articles. It also said that Mr. Cho is affiliated with [www.china-buysell.com](#), [www.traderinasia.com](#), and [www.wholesale-asia.com](#).

Because of defendants' default, the plaintiffs have only sketchy information about the defendants' actual sales figures and profits. (Pl. Memo. PP 109-11.) The Complaint, at P52, put the defendants on notice that "Defendants have collectively sold, offered to sell, and/or distributed at least 424 different types of goods bearing counterfeits of Plaintiffs' Marks." Elaborate details about those "different types" were provided at PP6-10 of the 3/26/07 Declaration of Ms. Kuklina, which was served on the defendants along with the Complaint. Finally, the Complaint, at page 32, put the defendants on notice that the plaintiffs were seeking the maximum statutory damages of "\$ 1,000,000 per counterfeit mark per type of goods . . . sold." Accordingly, the plaintiffs assert that their maximum statutory damages would add up to \$ 424 million (\$ 1 million per type of good). They request "an award of at least \$ 50,000 per type of counterfeit good sold, [*10] attempted to be sold, or distributed, for a total of \$ 21.20 million." (Pl. Memo. P114.)

Under [15 U.S.C. §1117\(b\)](#), the plaintiffs are entitled to reasonable attorneys' fees and costs, but they write: "Rather than order an additional award of attorneys' fees, however, the Court may take into account the need to compensate Plaintiffs for their attorneys' fees in setting the appropriate amount of statutory damages." (Pl. Memo. P 120.)

I accept Paragraph 52 of the Complaint as a fact. However, there remains legal question: whether those 424 "types of goods" should be considered to be the "types of goods" for purposes of measuring damages within the meaning of [15 U.S.C. §1117\(c\)\(2\)](#). For the purpose of awarding damages, it seems unduly artificial to categorize the merchandise into separate "types" for each subtle difference in a particular product's size, shape, color, pattern or fabric. (See Pl. Memo. PP44-47, including the color illustrations.) Instead, I believe that the separate "types" should be based on the functional purpose of the product. In my view, the evidence presented in the Complaint and in the Kuklina Declaration and in the inquest papers shows that the defendants sold replicas [*11] of the following types of goods: (1) handbags (Gucci and Chloe); (2) wallets (Gucci); (3) handbag and wallet sets (Gucci); (4) watches (Gucci and Dunhill); (5) eyeglasses (Gucci); and (6) belts (Gucci). (Compl. PP 36-45, 50; Kuklina Decl. PP 5-8, 11, 12, 17, 18, 52, 58, 78, 79 (Gucci handbags); PP 6-8, 28, 29, 33, 46, 47, 51, 61, 62 (Chloe handbags); PP 6, 18, 19, 24 (Gucci wallets); PP 85, 86 (Gucci handbag and wallet sets); PP 10, 34, 35, 39, 40, 41, 45, 91, 92 (Gucci watches); PP 9, 10, 70, 71, 75 (Dunhill watches); P 8 (Gucci eyeglasses); PP, 61, 62, 69 (Gucci belts).) Accordingly, I find that the defendants infringed a total of 6 different types of goods.

In determining statutory damages, one judge has awarded the maximum amount of \$ 1,000,000 per mark per type of merchandise.¹ Some judges have awarded \$ 1,000,000 but with no multiplication for multiple marks.² However, most judges have issued awards well below the maximums available on the basis of per-mark-per-type-of-goods.³

¹ See [Nike, Inc. v. Top Brand Co. Ltd., 2006 U.S. Dist. LEXIS 76543, 2006 WL 2946472 \(S.D.N.Y. Feb. 27, 2006\)](#) (Ellis, M.J.) (awarding \$ 1,000,000 per infringed mark for each of four Nike trademarks, and consecutively for t-shirts, [*12] sweatshirts and polo shirts, i.e., \$ 12,000,000), adopted by Chief Judge Wood on October 6, 2006. See also [Gucci America, Inc. v. Duty Free Apparel, Ltd., 315 F.Supp.2d 511, 520 n. 8 \(S.D.N.Y. 2004\)](#) (Marrero, J.) (awarding \$ 2,000,000 for two infringed marks under the Lanham Act and [New York General Business Law § 349](#), but noting that "the maximum statutory damages" were "arguably higher than \$ 2 million"); and [Phillip Morris USA, Inc. v. Marlboro Express, 2005 U.S. Dist. LEXIS 40359, 2005 WL 2076921, at * 6 \(E.D.N.Y. Aug. 26, 2005\)](#) (Sifton, J.) (awarding \$ 4,000,000 for four infringed marks, where it was estimated that the defendant's counterfeiting operation earned \$ 4,773,790 from at least 200,000 cartons of cigarettes).

² See [Rolex Watch U.S.A., Inc. v. Brown, 2002 U.S. Dist. LEXIS 10054, 2002 WL 1226863, at *2 \(S.D.N.Y. June 5, 2002\)](#) (Peck, M.J.); [Louis Vuitton Malletier v. Veit, 211 F.Supp.2d at 584-85 \(E.D. Pa. 2002\)](#) (awarding a total of \$ 1,000,000 for six Louis Vuitton marks).

³ See [Pitbull Productions, Inc. v. Universal Netmedia, Inc., 2007 U.S. Dist. LEXIS 82201, 2007 WL 3287368, at *4 \(S.D.N.Y. Nov. 7, 2007\)](#) (Gorenstein, M.J.) (awarding \$ 250,000 per mark); [Chanel, Inc. and Louis Vuitton Malletier v. Craddock, 2006 U.S. Dist. LEXIS 27424, 2006 WL 1128733, at *1 \(D.N.J. Apr. 27, 2006\)](#) (Ackerman, [*13] J.) (granting plaintiffs' request for statutory damages of \$ 100,000 per mark per type of merchandise); [Kenneth Jay Lane, Inc. v. Heavenly Apparel, Inc., 2006 U.S. Dist. LEXIS 23462, 2006 WL 728407, at *6 \(S.D.N.Y. Mar. 21, 2006\)](#) (Daniels, J.) (awarding statutory damages of \$ 125,000 per infringed mark); [Rodgers v. Anderson, 2005 U.S. Dist. LEXIS 7054, 2005 WL 950021, at *4 \(S.D.N.Y. Apr. 26, 2005\)](#) (Peck,

In a case similar to the present one, Judge Kaplan adopted my recommendation and awarded statutory damages in the amount of \$ 100,000 per mark infringed by the defendant. [Louis Vuitton Malletier v. Whenu.com, Inc., 2007 U.S. Dist. LEXIS 6085, 2007 WL 257717, at *6 \(S.D.N.Y. Jan. 26, 2007\)](#). He also agreed with my recommendation to decline the plaintiff's request for an award of punitive damages, attorneys' fees, and costs, because [*14] "the award of \$ 1,100,000 [was] sufficient to compensate plaintiff for its damages, and to serve as a deterrent to Lushbags.com and its principals and others." *Ibid.*, citing [Fitzgerald Pub. Co. v. Baylor Pub. Co., Inc., 807 F.2d 1110, 1117 \(2d Cir. 1986\)](#), and [Gucci America, Inc., 315 F.Supp.2d at 522-23](#).

In the case at bar, I find that a similar award is appropriate. Accordingly, I recommend that Judge Koeltl award the following damages to the plaintiffs:

1. Gucci America, Inc. should receive an award of \$ 3,600,000 (\$ 100,000 x 6 marks x 6 types of goods) against the defendants, jointly and severally.
2. Chloe SAS should receive an award of \$ 400,000 (\$ 100,000 x 4 marks x 1 type of good) against the defendants, jointly and severally.
3. Alfred Dunhill Limited should receive an award of \$ 300,000 (\$ 100,000 x 3 marks x 1 type of good) against the defendants, jointly and severally.

Injunctive Relief

Plaintiffs seek to convert the preliminary injunction into a permanent injunction. "To obtain a permanent injunction, [the plaintiffs] must demonstrate (1) actual success on the merits, and (2) irreparable harm." [Gucci America, Inc. v. Duty Free Apparel, Ltd., 286 F.Supp.2d 284 \(S.D.N.Y. 2003\)](#) [*15] (Marrero, J.). In the case at bar, plaintiffs have established success on the merits because the defendants' default constitutes an admission of liability. [Pitbull Productions, Inc. v. Universal Netmedia, Inc., 2007 U.S. Dist. LEXIS 82201, 2007 WL 3287368, at *6 \(S.D.N.Y. Nov. 7, 2007\)](#) (Gorenstein, M.J.); [Dunkin Donuts, Inc. v. Peter Romanofsky, Inc., 2006 U.S. Dist. LEXIS 58851, 2006 WL 2433127, at *6 \(E.D.N.Y. Aug. 8, 2006\)](#) (Azrack, M.J.).

Irreparable harm in a trademark infringement case 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." [Pitbull, 2007 U.S. Dist. LEXIS 82201, 2007 WL 3287368, at *6](#), quoting [Lobo Enters., Inc. v. Tunnel, Inc., 822 F.2d 331, 333 \(2d Cir. 1987\)](#). Given the fact that the plaintiffs' marks have worldwide renown, the likelihood that a consumer would confuse the defendants' counterfeit products with the plaintiffs' products is very high, particularly since the defendants' websites "make liberal use of the Plaintiffs' Marks to make an explicit connection between their Counterfeit Products and Plaintiffs' Products." (Compl. P 50.) For example, P 79 of the Kuklina Decl. shows a picture of Myreplicahandbag.com [*16] that advertised a "GUCCI Vintage Shoulder Bag" and stated:

... This is authentic and brand new, beautiful Gucci beige signature GG monogram on jacquard fabric with dark green trim bag. ... The bag comes with a Gucci controllato card, serial number, take Care booklet and Gucci dust bag....

Hence, I find that the plaintiffs have shown irreparable harm, and I recommend that Judge Koeltl grant their request for a permanent injunction.

Pursuant to Judge Koeltl's 3/26/07 Temporary Restraining Order and 6/22/07 Preliminary Injunction Order, the plaintiffs froze more than \$ 113,000 contained in various bank accounts associated with Mr. Cho. The details are set forth in the 8/22/07 Declaration of Howard S. Hogan, Esq., and in the Inquest Memorandum at PP 64-69. At P

M.J.) (awarding \$ 250,000 for one mark); [Tiffany v. Luban, 282 F.Supp.2d at 125 \(S.D.N.Y. 2003\)](#) (Marrero, J.) (awarding a total sum of \$ 550,000 for 28 separate counterfeit items, each of which infringed at least four trademarks); [Rolex Watch U.S.A., Inc. v. Jones, 2002 U.S. Dist. LEXIS 6657, 2002 WL 596354, at *5 \(S.D.N.Y. Apr. 17, 2002\)](#) (Maas, M.J.) (awarding \$ 500,000 for nine Rolex marks and \$ 100,000 for one Ralph Lauren mark), adopted by Judge Cote on June 18, 2002.

124, the Inquest Memorandum requests our Court to "compel payment" to the plaintiffs of those frozen assets, as partial satisfaction of the monetary judgment. Pursuant to Rule 64 of the Federal Rules of Civil Procedure, as amended effective December 1, 2007, and 15 U.S.C. § 1116(a), I recommend that Judge Koeltl grant this request.

Plaintiffs' last request is that our Court should order "that [*17] judgment apply to Defendants under all their aliases." (Pl. Memo. PP 125-26.) However, plaintiffs submit proof of only one alias: Traderinasia Sdn Bhd. That entity used the same Florida mailing address and fax number as the five defendants who were served. (Kuklina Decl. Exhs. 41 and 42.) Accordingly, I recommend that Judge Koeltl grant this request solely as to Traderinasia Sdn Bhd.

CONCLUSION AND RECOMMENDATION

For the reasons set forth above, I recommend that Judge Koeltl order as follows:

1. Award Gucci America, Inc. \$ 3,600,000 against the defendants, jointly and severally.
2. Award Chloe SAS \$ 400,000 against the defendants, jointly and severally.
3. Award Alfred Dunhill Limited \$ 300,000 against the defendants, jointly and severally.
4. Grant a permanent injunction against the defendants and enjoin them from using any of the plaintiffs' trademarks or copyrights.
5. Award to the plaintiffs, as partial satisfaction of the monetary judgment, the defendants' assets that were "frozen" pursuant to the 3/26/07 Temporary Restraining Order and the 6/22/07 Preliminary Injunction Order. I recommend that the banks named in Paragraphs 64-69 of the Inquest Memorandum be ordered to transfer the money [*18] contained in the specified bank accounts to Gibson, Dunn & Crutcher, LLP. Unless the plaintiffs agree among themselves to some other distribution, Gibson, Dunn & Crutcher, LLP will then distribute said money to the three plaintiffs *pro rata* based on the size of each plaintiff's monetary judgment against the defendants.
6. Order that the final judgment shall apply to Traderinasia Sdn Bhd, as well as to the five defendants that were identified in the caption of the Complaint. (I note that the "John Does" and the "ABC Companies" were not identified.)

Pursuant to 28 U.S.C. § 636(b)(1) and Rule 72(b) of the Federal Rules of Civil Procedure, any party may object to this recommendation within 10 business days after being served with a copy (i.e., **no later than February 14, 2008**) by filing written objections with the Clerk of the U.S. District Court and mailing copies (a) to the opposing party, (b) to the Hon. John G. Koeltl, U.S.D.J. at Room 1030, 500 Pearl Street, New York, NY 10007 and (c) to me at Room 1360, 500 Pearl Street. Failure to file objections within 10 business days will preclude appellate review. Thomas v. Arn, 474 U.S. 140, 106 S. Ct. 466, 88 L. Ed. 2d 435 (1985); Small v. Secretary of Health and Human Services, 802 F.2d 15, 16 (2d Cir. 1989) [*19] (per curiam); 28 U.S.C. § 636(b)(1); Fed.R.Civ.P. 72, 6(a), and 5(e). Any request for an extension of time must be addressed to Judge Koeltl.

/s/ Douglas F. Eaton

DOUGLAS F. EATON

United States Magistrate Judge

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Dated: New York, New York

January 25, 2008

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As of: October 9, 2016 6:12 PM EDT

Gucci Am., Inc. v. Exclusive Imps. Int'l

United States District Court for the Southern District of New York

March 14, 2007, Decided ; March 19, 2007, Filed

99 Civ. 11490 (RCC)

Reporter

2007 U.S. Dist. LEXIS 19532; 2007 WL 840128

GUCCI AMERICA, INC., Plaintiff, -against- EXCLUSIVE IMPORTS INTERNATIONAL, CYRIL ISRAELSON, INNOPEX, LTD., AARON WEXEL, , IMPERIAL TRADING LTD., AND JOHN DOES 1-10, Defendants.

Prior History: [Gucci Am., Inc. v. Exclusive Imps. Int'l, 2002 U.S. Dist. LEXIS 14837 \(S.D.N.Y., Aug. 12, 2002\)](#)

Core Terms

watches, trademark, counterfeit, summary judgment, genuine, declaration, infringement, shipment, willfulness, summary judgment motion, profits, manufacturing, damages, tortious interference, counterclaim, costs, registered, deposition, awarding, offering, lawsuit, records, selling, issues, marks, issue of material fact, serial number, discovery, commerce, database

Counsel: [*1] For Gucci America, Inc., Plaintiff: George M. Borababy, LEAD ATTORNEY, Patton Boggs LLP, Washington, DC; Milton Springut, LEAD ATTORNEY, Kalow, Springut & Bressler, L.L.P., New York, NY; Tal S. Benschar, LEAD ATTORNEY, Kalow & Springut LLP, New York, NY.

For Exclusive Imports International, Cyril Israelson, Innopex, Ltd, Aaron Wexel, Joshua Frankel, Imperial Trading Ltd, Defendants: William J. Thomashower, LEAD ATTORNEY, Kaplan Thomashower & Landau LLP, New York, NY.

For Innopex, Ltd, Imperial Trading Ltd, Joshua Frankel, Aaron Wexel, Exclusive Imports International, Counter Claimants: William J. Thomashower, LEAD ATTORNEY, Kaplan Thomashower & Landau LLP, New York, NY.

For Gucci America, Inc., Counter Defendant: George M. Borababy, LEAD ATTORNEY, Patton Boggs LLP, Washington, DC; Milton Springut, LEAD ATTORNEY, Kalow, Springut & Bressler, L.L.P., New York, NY; Tal S. Benschar, LEAD ATTORNEY, Kalow & Springut LLP, New York, NY.

Judges: Richard Conway Casey, U.S.D.J.

Opinion by: Richard Conway Casey

Opinion

OPINION & ORDER

RICHARD CONWAY CASEY, United States District Judge:

This case involves the Gucci brand trademark and seven allegedly counterfeit watches. The Court [*2] has previously ruled on discovery issues, including a [Rule 72\(a\)](#) appeal by Plaintiff Gucci America, Inc. ("Plaintiff" or "Gucci"). Now before the Court are the parties' cross-motions for summary judgment.

For the following reasons, Plaintiff's motions are **GRANTED** and Defendants' motions are **DENIED**.

I. BACKGROUND

The following facts are undisputed unless otherwise indicated.

Gucci is a New York corporation in the fashion business. Both directly and through related companies and licensees, Gucci manufactures and sells jewelry, watches, handbags, fashion accessories, and apparel. Gucci owns the trademark and trade name GUCCI (the "Gucci Trademark") and has registered a number of related trademarks with the United States Patent and Trademark Office. (Compl. P 2, 12-13.) Plaintiff adopted the Gucci Trademark as early as 1957 for various items of merchandise, including watches.

Defendants include three companies and three individuals (collectively, "Defendants"). Defendant Exclusive Import International, Inc. ("Exclusive Imports") is a New York corporation, formed in 1991, that buys and sells branded merchandise such as pens, ceramics, glassware, and watches. (Israelson [*3] Decl.) Defendant Cyril Israelson is the owner of Exclusive Imports. (Israelson Decl.) Defendant Innopex, Ltd. ("Innopex") is an Ontario, Canada corporation and a seller of chinaware, crystal, and giftware. Defendant Imperial Trading, Ltd. ("Imperial") is a Barbados corporation and a subsidiary of Innopex. Defendant Joshua Frankel is the president of Innopex and a director of Imperial. (Frankel Decl.) Defendant Aaron Wagschal, listed in the complaint as Aaron Wexel, is an employee of Innopex.

This litigation involves approximately 1200 watches purported to be genuine Gucci watches in three different Gucci styles: Gucci models 1400, 1500, and 1900. Gucci only seeks summary judgment on Defendant's liability with respect to seven watches. These watches are seven of nine watches taken as samples (the "Sample Watches") from a shipment of 500 watches sent in October 1999 by defendant Exclusive to Kay International, one of Exclusive's customers located in Woodland Hills, California. Kay International refused the shipment of 500 watches because it had been informed by Gucci that the watches it had been receiving likely were counterfeit. (Hira Decl.)

Exclusive had sent earlier shipments of [*4] purportedly genuine Gucci watches to Kay International in July, August, and September 1999. Exclusive acquired the watches in all of the shipments, including the October 1999 shipment of 500 watches, in New York by from defendants Imperial and Innopex, who, in turn, had obtained the watches from a Singapore supplier named Victron PTE, Ltd.

When Kay International refused the last shipment of 500 watches, sending them back to Exclusive in New York, Israelson, the principle of Exclusive, spoke on the phone with Wagschal and arranged to have the watches picked up for return. Boruch Teitelbaum then picked up the watches from Exclusive and returned them to the ultimate supplier, Victron, in Singapore. Teitelbaum kept the nine Sample Watches as a record of what was returned. These watches were later given to defense counsel and eventually marked as Defendants' Exhibits 3 through 11. For purposes of its summary judgment motion, Gucci relies on seven of these nine watches to show that Defendants infringed the Gucci trademark by selling or offering for sale counterfeit watches.

Plaintiff seeks partial summary judgment on the issue of liability for its Lanham Act trademark infringement claims. [*5] Plaintiff also asks for summary judgment on Defendant's counterclaim for tortious interference with contract. Defendants move for summary judgment on the issues of willfulness; the individual liability of and personal jurisdiction over defendants Innopex, Inc., Joshua Frankel, and Aaron Wagschal; and Plaintiff's claims for injunctive relief. The Court will address each motion in turn.

II. DISCUSSION

A. Standard of Review

The Court will grant summary judgment where "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\(c\)](#). A genuine issue of

material fact exists where "there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party." [Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249, 106 S. Ct. 2505, 91 L. Ed. 2d 202 \(1986\)](#). In determining whether such issues exist, the Court must resolve ambiguities and draw reasonable inferences in favor of the non-moving party, see [Tindall v. Poultney High Sch. Dist., 414 F.3d 281, 284 \(2d Cir. 2005\)](#), [*6] or, "when cross-motions for summary judgment are filed, against the party whose motion is under consideration," *id.* (internal citations and quotations removed).

Of course, "[t]he mere existence of factual issues--where those issues are not material to the claims before the court--will not suffice" to survive a motion for summary judgment. [Quarles v. General Motors Corp., 758 F.2d 839, 840 \(2d Cir. 1985\)](#) (per curiam). The substantive law establishes materiality, and "only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." [Anderson, 477 U.S. at 248](#).

The moving party bears the initial burden of showing an absence of a genuine issue of material fact. See [Celotex Corp. v. Catrett, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 \(U.S. 1986\)](#). Once the moving party makes such a showing, the burden shifts to the non-moving party to "set forth specific facts showing that there is a genuine issue for trial." [Fed. R. Civ. P. 56\(e\)](#); see also [Matsushita Electric Indus. Corp. v. Zenith Radio Corp., 475 U.S. 574, 587, 106 S. Ct. 1348, 89 L. Ed. 2d 538 \(1986\)](#) [*7] (stating that a party opposing a summary judgment motion "must do more than simply show that there is some metaphysical doubt as to the material facts"). "The non-moving party may not rely on conclusory allegations or unsubstantiated speculation" to survive a summary judgment motion. [Scotto v. Almenas, 143 F.3d 105, 114 \(2d Cir. 1998\)](#)

B. Lanham Act Liability

Gucci seeks partial summary judgment on the issue of liability for its Lanham Act claims against Defendants. Under [Rule 56\(c\) of the Federal Rules of Civil Procedure](#), "summary judgment . . . may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages." [Fed. R. Civ. P. 56\(c\)](#).

Gucci claims trademark infringement under both § 32 of the Lanham Act, codified at [15 U.S.C. § 1114](#), and [§ 43\(a\)](#) of the Lanham Act, codified at [15 U.S.C. § 1125\(a\)](#). Under [15 U.S.C. § 1114\(1\)\(a\)](#), a plaintiff may prevail on a trademark claim upon showing that the defendant used in commerce, without plaintiff's consent, [*8] a "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." Similarly, [15 U.S.C. § 1125\(a\)](#) provides civil liability for any person who "in connection with any goods . . . uses in commerce any word, . . . name, symbol, . . . or any combination thereof, or any false designation of origin . . . which . . . is likely to cause confusion . . . or to deceive as to the affiliation . . . or as to the origin . . . of [the] goods."

The Court analyzes both Lanham Act claims under the two-prong test described in [Gruner + Jahr USA Publ'g v. Meredith Corp., 991 F.2d 1072 \(2d Cir. 1993\)](#). See [Virgin Enters. v. Nawab, 335 F.3d 141, 146 \(2d Cir. 2003\)](#). This test asks first whether the plaintiff's mark is valid and entitled to protection, and second whether the defendant's use of the mark is likely to cause confusion as to the origin of the goods. [Gruner, 991 F.2d at 1074](#).

1. Validity of the Mark

[*9] As for the first prong of the [Gruner](#) test, Gucci has provided certified copies of its federal registrations showing the Gucci Trademark has been registered on the Principal Register of the Patent and Trademark Office. These registrations are *prima facie* evidence that the Gucci mark is valid, that Plaintiff owns the mark, and that Plaintiff has the exclusive right to use the mark in commerce. [15 U.S.C. § 1057\(b\)](#); see also [Gruner, 991 F.2d at 1076](#). Further, because Gucci utilized the mark continuously for more than five years, the marks have become incontestible. [15 U.S.C. § 1065](#). Because the mark is now incontestible, its registration "shall be conclusive evidence . . . of [Gucci's] exclusive right to use the registered mark in commerce." [15 U.S.C. § 1115\(b\)](#).

In an attempt to refute this evidence, Defendants point to the deposition testimony of a Gucci witness, Robert Artelt, who at the time of his deposition was a managing director of sales for Gucci Timepieces America, a division of plaintiff Gucci America, Inc. Artelt testified at his deposition that he did not know who owned the [*10] Gucci trademark. Defendants' argument on this point lacks force. That an employee, even a high level executive, does not have knowledge about the ownership of Gucci's marks, is not enough to rebut the conclusive evidence of Gucci's registered mark. See [15 U.S.C. § 1115\(b\)](#).

Defendants have not shown a triable issue of fact as to the validity of Gucci's mark. The mark is valid, strong, and entitled to protection.

2. Likelihood of Confusion

The second prong of the *Gruner* test is the likelihood of confusion. [Gruner, 991 F.2d at 1074](#). In assessing whether a defendant's use of a mark is likely to cause confusion, courts generally weigh the factors articulated by Judge Friendly in [Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 \(2d Cir. 1961\)](#), which include: 1) the strength of plaintiff's mark; 2) the similarity of plaintiff's and defendant's marks; 3) the proximity of the products; 4) the likelihood that plaintiff will "bridge the gap"; 5) actual confusion between products; 6) good faith on the defendant's part; 7) the quality of defendant's product; and 8) the sophistication of the buyers. However, "where [*11] counterfeit marks are involved, it is not necessary to perform the step-by-step examination of each *Polaroid* factor because counterfeit marks are inherently confusing." [Lorillard Tobacco Co. v. Jamelis Grocery, Inc., 378 F. Supp. 2d 448, 455 \(S.D.N.Y. 2005\)](#). Accordingly, the Court need only consider whether there are triable issues of material fact regarding whether the seven accused watches are indeed counterfeit and whether Defendants distributed the watches. *Id.*

a. Plaintiff's Expert

To show that seven of the Sample Watches were counterfeit, Plaintiff relies primarily on the declaration of Jean Michel Guerry, filed under seal with the Court. Guerry serves as the technical and development director for Luxury Timepieces, S.A., a corporate affiliate of plaintiff Gucci America.

Defendants object to the Guerry declaration, but they have not made a formal motion to strike the declaration. Regardless, Defendants' objections are meritless. Defendants object to the declaration on three grounds: 1) that the translator is anonymous and that the foreign language version has not been provided, 2) that Defendants were not allowed to take discovery from Gucci's [*12] foreign affiliates, and 3) that there were only expert reports for three of the seven watches which Guerry determined to be counterfeit. Each of these objections can be easily dismissed.

With regard to the first objection, unlike in the unpublished case cited by Defendants, [Quiroga, S.L. v. Fall River Music, No. 93 Civ. 3914, 1998 U.S. Dist. LEXIS 19039, 1998 WL 851574 at *26 \(S.D.N.Y. 1998\)](#), there is no reason here to question the authenticity of the Guerry declaration. Cf. [Quiroga, 1998 U.S. Dist. LEXIS 19039, 1998 WL 851574 at *26](#) (describing how one version or another of an affidavit appeared to have been "cut and pasted" above the signatures of the notary and the affiant). Further, Gucci has submitted the declaration of Jean-Marc Vuithier, a Swiss attorney who provided the translation.

Defendants' second objection to the Guerry declaration also lacks merit. Contrary to Defendants' assertion, they enjoyed extensive discovery from Gucci Group N.V., and at least two of Gucci's deposition witnesses testified as to the relationship of the Gucci corporate affiliates as well as the manufacturing and quality control activities of Gucci Group N.V.

The case cited by Defendants to support their third objection [*13] to the Guerry declaration, [Revlon Consumer Prods. Corp. v. Estee Lauder Cos., No. 00 Civ. 5960, 2003 U.S. Dist. LEXIS 13004, 2003 WL 21751833 at *4-5 \(S.D.N.Y. 2003\)](#), is not at all pertinent to the situation here. In that case, Magistrate Judge Peck recommended that a defendant's expert affidavit be stricken because the declaration was submitted in direct contradiction to a discovery order previously entered by the magistrate judge. There is no such order in this case, and Defendants were provided with most of the content of the Guerry declaration during discovery.

Thus, the Court can find no reason to strike the Guerry declaration and will therefore consider it for purposes of adjudicating the instant motions.

b. Authenticity of the Sample Watches

In his declaration, Guerry explained his personal knowledge of Gucci's manufacturing procedures and his expertise regarding Gucci's quality-control methods. Guerry detailed the process by which Gucci tracks each watch that it manufactures; specifically, that Gucci records the serial numbers of each watch along with other identifying information in a computer database. According to Guerry, this process begins when Gucci delivers a precise number [*14] of components needed for the assembly of each watch to the assemblers that it hires for that purpose. Guerry also explained that Gucci maintains for each genuine watch a record of that watch's model number, serial number, case and bracelet color, dial color, assembler, work order number, and customer.

Guerry compared the Sample Watches to Gucci's computer records by matching each watch's serial number to the corresponding database entry for that serial number and contrasting each watch's characteristics with what was listed in the database. For the seven of the nine Sample Watches, there were discrepancies in the case, bracelet, and dial colors. Because Gucci records identifying information about each genuine watch that it produces and sells, these discrepancies are very strong indicators that the watches are counterfeit. As for the two Sample Watches whose colors matched the computer records, Guerry notes that it would be necessary to analyze the watch components to determine whether the watches are counterfeit. For its summary judgment motion, Gucci relies on the seven Sample Watches that do not match its own records and does not attempt to show the inauthenticity of the other two [*15] Sample Watches. The Court finds that the Guerry declaration provides prima facie evidence that the seven accused watches are counterfeit.

To overcome Gucci's prima facie evidence that the seven Sample Watches are counterfeit, Defendants must produce specific evidence sufficient to create a genuine question of material fact on this issue. See [Fed. R. Civ. P. 56\(e\)](#); [Island Software & Computer Serv., Inc. v. Microsoft Corp.](#), 413 F.3d 257, 261 (2d Cir. 2005). Defendants' attempt to do so amounts to little more than smoke and mirrors. Defendants emphasize the deposition testimony of Gucci witnesses who testified that Gucci's quality-control efforts were stringent but not foolproof. For example, Sharon Eshett testified that it was possible, but highly unlikely, that human error could cause inaccurate records in Gucci's computer database. Defendants, however, have not provided any specific evidence that mistakes have occurred; their assertions to that effect are mere speculation, not disputed facts.

In addition, the report from Defendants' expert, appraiser Edward Lewand, fails to rebut Gucci's evidence of counterfeit. In his [*16] report, Lewand opined that quality control in the manufacturing of watches was necessarily limited, that he had never seen such good quality counterfeits, and that "so many differences exist in time of manufacturing and manufacturing technology and style that Gucci can not make a definitive conclusion that the [Sample Watches] are not genuine by comparing the accused watches to current production." (Thomashower Decl. Ex. G at 4.) But, Gucci's proof is not based on a comparison of the seven Sample Watches to genuine Gucci watches; rather, the Guerry declaration matches the serial numbers of the Sample Watches to Gucci's computerized database and then cross-checks for other characteristics of those specific watches. Even accepting everything in Lewand's report as true, Defendants have not presented an issue of material fact as to whether the Sample Watches were genuine.

At best, Defendants have shown that the watches were good counterfeits. Defendants have not shown evidence on which a jury could reasonably find that the watches were genuine. See [Scotto](#), 143 F.3d at 114.

c. Distribution

Likewise, there is no triable issue of fact regarding whether Defendants [*17] distributed the Sample Watches. According to the unrefuted declaration of Gobrind Hira, Kay International never took possession of the shipment of watches containing the Sample Watches. Kay International refused to accept the shipment and instructed the shipping company to return the shipment to Exclusive. (Hira Decl. 3.) Defendants themselves explain that when the shipment came back from Kay International, nine sample watches were removed and the rest of the shipment was

sent back to the Defendants' ultimate supplier, Victron, in Singapore. The nine Sample Watches include the seven counterfeit watches on which Gucci bases its summary judgment motion. Clearly, then, Defendants used these seven watches in U.S. commerce by offering them for sale. Defendants' effort to dispute the source of these watches by challenging the credibility of Gobrind Hira, who was involved in a separate but related lawsuit in the Central District of California against defendants Exclusive and Israelson, is insufficient to refute Mr. Hira's declaration. "Broad, conclusory attacks on the credibility of a witness will not, by themselves, present questions of material fact." [Island Software, 413 F.3d at 262](#). [*18] Moreover, Defendant's arguments regarding watches other than the seven counterfeit watches are simply immaterial.

Finally, Defendants dispute summary judgement for defendants Innopex, Frankel, and Wagschal on the grounds that those defendants "did not purchase, sell or inventory the accused watches." (Def.'s Mem. Opp. Pl's Mot. Summ. J. at 22.) Contrary to Defendants' assertions, individual actors, including corporate officers and employees, who participate in trademark infringement can be held liable. Indeed, it has long been the case that for "torts of misfeasance, like the violation of a trade-mark, agents and servants are personally liable to the injured party." [Saxlehner v. Eisner, 140 F. 938, 941 \(C.C.S.D.N.Y. 1905\)](#) (quoting [Estes v. Worthington, 30 F. 465 \(C.C.S.D.N.Y. 1887\)](#)); see also, e.g., [Patsy's Brand, Inc. v. I.O.B. Realty, Inc., 317 F.3d 209, 223 \(2d Cir. 2003\)](#) (affirming summary judgment against an infringing corporation and its controlling officers). The parties have submitted to the Court extensive materials regarding the involvement of each defendant in this action, including Innopex, Frankel, and Wagschal, and the [*19] undisputed facts show that all Defendants participated in the infringing activities. Innopex acted as a selling agent for its foreign subsidiary, Imperial, by communicating Imperial's offer to sell the "Gucci" watches to Exclusive. Frankel controls Innopex and is a director of Imperial, and he was involved with the brokering of the watches at issue. And Wagschal, Innopex's employee, served as the main point of contact for Exclusive and, among other things, communicated the offer for sale to Exclusive and instructed Exclusive regarding what to do with the shipment of 500 watches after Kay International refused to accept it. Thus, it is clear that each of these defendants authorized and facilitated the sale or offering for sale of the accused watches, and that they did so in New York where Exclusive is located.

In sum, the Court finds that the seven watches were counterfeit and that Defendants distributed the watches. Accordingly, the Court finds that there is no genuine issue of material fact regarding the likelihood of confusion. Having established both prongs of the [Gruner](#) test, Plaintiff is entitled to partial summary judgment on the issue of Defendants' Lanham Act liability. [*20] ¹

[*21] B. Plaintiff's Motion for Summary Judgment on Defendant's Counterclaim for Tortious Interference

Gucci also seeks summary judgment with respect to Defendants' counterclaim for tortious interference with contract. (Pl.'s Mem. at 17.) Defendants claim that Gucci interfered with the contracts of "the last shipment of 500 [watches]" and "the additional agreement for sales of Gucci watches that Frankel and Israelson testified were going forward from Imperial to Exclusive, but were terminated due to Gucci's false claims and lawsuit." (Def.'s Mem. Opp. at 23 n.22) Gucci argues that Defendants cannot prove several elements of their claim.

¹ Throughout the course of this litigation, and in their memoranda for the instant motions for summary judgment, Defendants advanced a theory that the watches in this case were genuine, good-quality Gucci products and that Gucci was attempting to control the resale prices of its watches by "bringing litigation to identify and cut off the authorized source which is supplying genuine goods to a defendant who resells at a much lower price than the manufacturer has authorized." (See, e.g., Def.'s Mem. Supp. Def. Mot. Summ. J. at 3.) However, Defendants failed to put forth specific evidence to show that there was a genuine issue of material fact on the counterfeit issue. The Court notes that even if Defendants had successfully shown that the watches were genuine, Defendants likely would still be liable for trademark infringement for the unauthorized distribution of Gucci watches. "One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder's trademark. For this purpose the actual quality of the goods is irrelevant; it is the control of quality that a trademark holder is entitled to maintain." [El Greco Leather Prods. Co. v. Shoe World, Inc., 806 F.2d 392, 395 \(2d Cir. 1986\)](#).

As a preliminary matter, the Court notes that Defendants have not objected to Plaintiff's assertion that New York law applies to the counterclaim, and both parties used New York law to argue their points. Therefore, the Court will apply New York law. See [Merrill Lynch Interfunding, Inc. v. Argenti, 155 F.3d 113, 121 n.5 \(2d Cir. 1998\)](#) ("Jurisdiction in this case is premised on diversity, and the parties both present arguments based on New York law, the law of the forum state. It is therefore appropriate for this Court to apply [*22] New York law.").

Under New York law, to state a prima facie case for tortious interference with contract, a plaintiff must show: (1) the existence of a valid contract between the plaintiff and a third party; (2) defendant's knowledge of the contract; (3) defendant's intentional and wrongful procurement of the third-party's breach of the contract; (4) actual breach of the contract; and (5) damages resulting therefrom. See [Lama Holding Co. v. Smith Barney Inc., 88 N.Y.2d 413, 424, 668 N.E.2d 1370, 646 N.Y.S.2d 76 \(1996\)](#).

Defendants are not able to prove at least one essential element of their counterclaim--that Gucci intentionally and wrongfully procured the breach of a contract. While "it is clear that under New York law litigation or the threat of litigation can give rise to a claim for tortious interference with contractual relations," litigation will give rise to such a claim only if the litigation is "wrongful." [Universal City Studios, Inc. v. Nintendo Co., 797 F.2d 70, 75 \(2d Cir. 1986\)](#). Under the Restatement (Second) of Torts, a lawsuit or the threat of a lawsuit is wrongful "if the actor has no belief in the merit of the litigation . . . [or] if the actor, having some belief [*23] in the merit of the suit, nevertheless institutes or threatens to institute the litigation in bad faith, intending only to harass the third parties and not to bring his claim to definitive adjudication." [Restatement \(Second\) of Torts § 767, comment c](#); see also [Universal City Studios, 797 F.2d at 75](#) (explaining that the New York State Court of Appeals has endorsed the provisions in the Restatement establishing the tort of tortious interference with a contract). In this case, Defendants have not offered any proof that Gucci lacked belief in the merits of this lawsuit. Accordingly, the lawsuit cannot serve as a basis of Defendants' counterclaim, and thus Defendants have failed to establish that Gucci wrongfully interfered with Defendants' contracts. Nor have Defendants provided any other basis on which they could be successful on their counterclaim. Plaintiff's motion for summary judgment on the counterclaim for tortious interference with contract is granted.

C. Defendants' Motions for Summary Judgment

The Court turns now to Defendants' motions for summary judgment.

First, Defendants ask for summary judgement on the absence [*24] of willfulness. Defendants, relying principally on the unpublished opinion of the District of New Jersey in [Gucci America, Inc. v. Daffy's, Inc.](#), No. 00 Civ. 4463 (D.N.J. Aug. 29, 2002), argue that they did not willfully infringe Gucci's trademark and therefore are entitled to summary judgment on all claims for costs and Defendants' profits under section 35(a) of the Lanham Act, codified at [15 U.S.C. § 1117\(a\)](#). According to Defendants, a finding of willfulness is a necessary prerequisite to any award of profits, damages, or costs under [§ 1117\(a\)](#).

[15 U.S.C. § 1117\(a\)](#), provides:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) or (d), or a willful violation under section 43(c), shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. . . . The court in exceptional cases may award reasonable [*25] attorney fees to the prevailing party.

This statute was amended by the Trademark Amendments Act of 1999, [Pub. L. 106-43, § 3\(b\), 113 Stat. 218](#). Prior to the 1999 amendment, [section 1117\(a\)](#) did not include any reference to the term "willful." But courts, including the Second Circuit Court of Appeals, established that a finding of defendant's willful deceptiveness was a prerequisite for the awarding of profits under [§ 1117\(a\)](#). See, e.g., [The George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1537, 1540 \(2d Cir. 1992\)](#). The 1999 amendment replaced the phrase "or a violation under [section 43\(a\)](#)," with the language "a violation under [section 43\(a\)](#), or a willful violation under [section 43\(c\)](#)." [Pub. L. 106-43, § 3\(b\), 113 Stat.](#)

218. Subsequent amendments have changed the violations of the Lanham Act that qualify for profits, damages, and costs under [§ 1117](#). See [Pub. L. 106-113, § 3003\(a\)\(2\) \(1999\)](#); [Pub. L. 107-273, § 13207\(a\) \(2002\)](#). The statute now reads: "a violation under [section 43\(a\)](#) or [\(d\)](#), or a willful violation under [section 43\(c\)](#)."

Congress' 1999 revision makes plain that willfulness is a prerequisite for the awarding of profits, damages, and costs [*26] under [§ 43\(c\)](#) of the Lanham Act. It is not a *statutory* prerequisite for the awarding of profits, damages, and costs under [§§ 43\(a\)](#) and [\(d\)](#). At the same time, the Court notes that Congress explicitly instructed that the awarding of profits, damages and costs under these sections would remain "subject to the principles of equity." [15 U.S.C. § 1117](#). There may be times that principles of equity would require a court to make a finding of willfulness before awarding profits, damages, and costs. And even where such a formal finding is not so required, the degree of a defendant's willfulness or innocence certainly could impact a district judge's discretion in awarding profits under [§ 1117](#). See [The George Basch Co., 968 F.2d 1532, 1537](#) ("Clearly, the statute's invocation of equitable principles as guideposts in the assessment of monetary relief vests the district court with some degree of discretion in shaping that relief.")

To the extent that willfulness remains a factor here, the Court finds that there are genuine issues of fact regarding Defendants' willfulness. Having reviewed the record, the Court cannot conclude that a jury would be unable [*27] to find that Defendants willfully infringed Gucci's trademark. Nor can the Court say that the jury would necessarily find the Defendants to have been willful in their infringement. Therefore, summary judgment on the issue of willfulness is inappropriate.

Next, Defendants assert that the Court lacks personal jurisdiction over Defendants Innopex, Frankel, and Wagschal, and therefore that those defendants are entitled to summary judgment. The New York State long-arm statute governs here. See [Sunward Elecs., Inc. v. McDonald, 362 F.3d 17, 22 \(2d Cir. 2004\)](#). Under [C.P.L.R. § 302\(a\)\(2\)](#), tortious acts committed in New York state permit the exercise of jurisdiction over a foreign defendant. The Court has already explained that Innopex, Frankel, and Wagschal are liable under the Lanham Act because they sold infringing watches to Exclusive in New York who then offered the watches for sale to Kay International. Because defendants Innopex, Frankel, and Wagschal committed the tortious act of selling counterfeit watches in New York, the Court has personal jurisdiction over them. See [Houbigant, Inc. v. ACB Mercantile, 914 F. Supp. 964, 979 \(S.D.N.Y. 1995\)](#) ("Offering [*28] one copy of an infringing work for sale in New York, even if there is no actual sale, constitutes commission of a tortious act within the state sufficient to imbue this Court with personal jurisdiction over the infringers.").

Finally, Defendants seek summary judgment on the claims for injunctive relief. In light of the Court's finding that Defendants infringed Gucci's trademark by selling or offering for sale counterfeit watches, it would be inappropriate to grant summary judgment to Defendants on the remedy of injunctive relief prohibiting future infringement.

III. CONCLUSION

For the above stated reasons, Plaintiff's motions for partial summary judgment on the issue of liability and for summary judgment on Defendants' counterclaim for tortious interference with contract are **GRANTED**. Defendants' motions for summary judgment are **DENIED**.

SO ORDERED.

New York, New York

March 14, 2007

Richard Conway Casey, U.S.D.J.



Positive

As of: October 9, 2016 6:12 PM EDT

[Gucci Am., Inc. v. Pieta](#)

United States District Court for the Central District of California, Western Division

January 23, 2006, Decided; January 23, 2006, Filed

CV 04-9626 ABC (MCx)

Reporter

2006 U.S. Dist. LEXIS 96701; 2006 WL 4725706

GUCCI AMERICA, INC., Plaintiff v. PIETA, Defendant.

Subsequent History: Costs and fees proceeding at, Motion granted by, in part, Motion denied by, in part [Gucci Am., Inc. v. Pieta, 2006 U.S. Dist. LEXIS 96694 \(C.D. Cal., July 17, 2006\)](#)

Core Terms

counterfeit, hats, trademarks, handbags, summary judgment, summary judgment motion, products, infringing, dilution, marks, authentic, contends, likelihood of confusion, trademark infringement, unfair competition, court finds, DENIES, statutory damages, genuine issue, moving party, attorneys', Investigative, declaration, asserts, permanent injunction, constructive trust, merchandise, ownership, services, party's

Counsel: [*1] For Gucci America Inc, Plaintiff: Anthony M Keats, David K Caplan, LEAD ATTORNEYS, Keats McFarland & Wilson, Beverly Hills, CA; Konrad Karl Gatien, LEAD ATTORNEY, Keats McFarland and Wilson, Beverly Hills, CA.

For Pieta, an unknown California business entity, Defendant: Christopher N Lee, LEAD ATTORNEY, Christopher Lee & Associates, Los Angeles, CA; Grant K Riley, LEAD ATTORNEY, Riley and Associates, Los Angeles, CA.

Judges: AUDREY B. COLLINS, UNITED STATES DISTRICT JUDGE.

Opinion by: AUDREY B. COLLINS

Opinion

ORDER RE: PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

Pending before this Court is a motion for summary judgment filed by Plaintiff Gucci America, Inc. ("Plaintiff") against Defendant One Hong, Inc., dba Pieta ("Defendant"). The motion came on for hearing on January 23, 2006. After consideration of the materials submitted by the parties, arguments of counsel, and the case file, the Court hereby GRANTS IN PART and DENIES IN PART Plaintiff's motion for summary judgment.

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff is a designer, manufacturer and distributor of fashion apparel, and is the exclusive owner and distributor in the United States of items bearing the famous Gucci Trademarks, including leather goods, clothing, [*2] jewelry, accessories and home products. (Moss Decl. PP 3, 5-6.) Plaintiff has spent millions of dollars in advertising and promotion of products bearing Gucci trademarks, and for the past year, Plaintiff's gross revenues for the sale of such products were approximately \$ 700 million. (Id. P 11-12.)

On August 18, 2004, Investigator Vinh Dinh ("Dinh"), at the direction of Plaintiff's counsel, traveled to Defendant's place of business, a retail store located at 3250 West Olympic Blvd., Unit 204, Los Angeles, CA 90006. (Dinh Decl.

P 8; Buckner Decl. PP 8-9.) At the time, Dinh was employed by Investigative Consultants, a private investigation company specializing in intellectual property investigations. (*Id.* P 2.) Plaintiff alleges that Dinh observed Defendant offering for sale approximately twenty women's handbags, five women's hats and five men's wallets bearing what appeared to be counterfeits of Plaintiff's trademarks. (*Id.* P 8.) Dinh states that an employee who identified herself as "Nancy" told him that Defendant receives shipments of Gucci products every two months, and that she knew that some of the "Gucci" merchandise offered for sale by Defendant was not authentic. (*Id.*) Dinh further [*3] states that "Nancy" told him that the "Gucci" handbags next to the display window were not authentic. (*Id.* P 8 and Ex. 2.) Plaintiff further alleges that Dinh purchased a women's hat from Defendant for \$ 230 plus tax,¹ bearing counterfeits of two Gucci trademarks: "GUCCI" (Reg. No. 1,168,477) and the Non-interlocking "GG" Monogram (Reg. No. 1,106,722). (*Id.* P 8 and Ex. 1; Moss Decl. P 13.) The receipt provided by Defendant to Dinh identifies the item purchased as a "Gucci hat." (Caplan Decl., Ex. 3 at 231.)

Dinh then forwarded the hat ("Counterfeit Hat")² to Plaintiff. (*Id.* P 13.) Having examined the Counterfeit Hat, Oscar Luna, the Regional Loss Prevention Manager for Plaintiff, states that the hat is not an authentic Gucci women's hat, based on his observations of 1) an improper label sewn to the inside of the hat; 2) an interior lining that is improper and of a different material than that used in an authentic Gucci hat; 3) the leather band on the outside of the hat being of poor quality; and 4) the overall construction [*4] of the hat being improper and of poor quality as compared to an authentic Gucci hat. (Luna Decl. P 4.)

Plaintiff filed a complaint on November 24, 2004, alleging causes of action under both federal and state law for trademark infringement, counterfeiting, false designation of origin and dilution, as well as for unfair competition and constructive trust. On November 14, 2005, Plaintiff filed the instant motion for summary judgment on all claims. Defendant filed its opposition on November 30, 2005,³ and Plaintiff replied on December 5, 2005. Oral argument on the motion was heard on January 23, 2006.

II. LEGAL STANDARD

It is the burden of the party who moves for summary judgment to establish that there is "no genuine issue of material fact, and that the moving party is entitled to judgment as a matter of law." [Fed. R. Civ. P. 56\(c\)](#); [British Airways Bd. v. Boeing Co., 585 F.2d 946, 951 \(9th Cir. 1978\)](#). If, as here, the moving party has the burden of proof at trial (the plaintiff on a claim for relief, or the defendant on an affirmative defense), the moving party must make a showing sufficient for the court to hold that no reasonable trier of fact could find other than for the moving party. See [Calderone v. United States, 799 F.2d 254, 259 \(6th Cir. 1986\)](#) (quoting W. Schwarzer, [Summary Judgment Under the Federal Rules: Defining Genuine Issues of Material Fact, 99 F.R.D. 465, 487-88 \(1984\)](#)). This means that, if the moving party has the burden of proof at [*6] trial, that party "must establish beyond peradventure *all* of the essential elements of the claim or defense to warrant judgment in [that party's] favor." [Fontenot v. Upjohn Co., 780 F.2d 1190, 1194 \(5th Cir. 1986\)](#).

If the opponent has the burden of proof at trial, then the moving party has no burden to negate the opponent's claim. See [Celotex Corp. v. Catrett, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 \(1986\)](#). In other words, the moving party does not have the burden to produce *any* evidence showing the absence of a genuine issue of

¹ The total amount of the purchase was \$ 248.98. (Caplan Decl., Ex. 3 at 231.) The approximate retail price of an authentic Gucci women's hat is \$ 250. (Moss Decl. P 15.)

² As discussed below, Defendant does not dispute Plaintiff's conclusion that the hat examined by Luna and offered as evidence here is not an authentic Gucci hat. Rather, Defendant argues that the hat was not purchased from Defendant's store.

³ Plaintiff requests that the Court strike Defendant's opposing brief and supporting declarations as untimely filed, and because the opposing papers were unsigned, in violation of [FRCP 11](#). However, although the copies of the opposing papers received by the Court lacked any signatures, as, apparently, did the copy served on Plaintiff, the original filed with [*5] the Court does contain the proper signatures of Defendant's counsel and all declarants. Accordingly, the Court denies Plaintiff's request to strike the opposition. However, Defendant is on notice that further violations will result in either monetary sanctions or, if appropriate, constitute consent to granting of Plaintiff's motion.

material fact. See *id. at 325*. "Instead, . . . the burden on the moving party may be discharged by 'showing'—that is, pointing out to the district court—that there is an absence of evidence to support the nonmoving party's case." *Id.*

Once the moving party satisfies this initial burden, "an adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings . . . [T]he adverse party's response . . . *must set forth specific facts* showing that there is a genuine issue for trial." *Fed. R. Civ. P. 56(e)* (emphasis added). A "genuine issue" of material fact exists only when the nonmoving party makes a sufficient showing to establish the essential elements to [*7] that party's case, and on which that party would bear the burden of proof at trial. *Celotex, 477 U.S. at 322-23*. "The mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient; there must be evidence on which a reasonable jury could reasonably find for plaintiff." *Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)*. The evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in favor of the nonmovant. See *id. at 248*. However, the Ninth Circuit has held that a party cannot avoid summary judgment by submitting affidavits to contradict earlier testimony in an attempt to create "sham" issues. *Kennedy v. Allied Mutual Insurance Co., 952 F.2d 262, 266-67 (9th Cir. 1991)*. District courts should make a factual determination as to whether the contradictions are "sham" issues or legitimate clarifications of confused deposition testimony. See *id.*

III. DISCUSSION

Plaintiff moves the Court for summary judgment as to its claims for federal trademark counterfeiting and infringement, unfair competition, trademark dilution, and the related state and common law claims, based on Defendant's alleged sale of counterfeit [*8] Gucci women's hats and handbags. Plaintiff further moves for statutory damages of \$ 250,000, an order enjoining Defendant from further infringing use of Plaintiff's trademarks, and attorneys' fees. The Court finds that Defendant has raised genuine issues of material fact sufficient to avoid summary judgment as to all of Plaintiff's claims regarding the sale of counterfeit handbags, but not as to the sale of counterfeit women's hats. Accordingly, the Court GRANTS summary judgment on all claims as to the sale by Defendant of women's hats bearing two Gucci trademarks. Further, the Court finds that Plaintiff is entitled to the requested statutory damages related to the sale of such hats, in the amount of \$ 50,000 per good per counterfeit mark, for a total of \$ 100,000.

A. Plaintiff's Motion for Summary Judgment on Trademark Counterfeiting is GRANTED IN PART and DENIED IN PART

Section 1114 of the Lanham Act prohibits the use of "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 [*9] mistake, or to deceive[.]" 15 U.S.C. § 1114. A counterfeit mark is defined as "a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods and 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).

A plaintiff asserting a claim of trademark counterfeiting in violation of 15 U.S.C. § 1114 must show (1) ownership of a valid trademark and (2) counterfeiting of that trademark. "A trademark is counterfeited if the defendant, without authorization from the trademark owner, uses an original mark or a copy of a mark in connection with the sale of goods." *H-D Michigan v. Bikers Dream, 48 U.S.P.Q. 2d 1108, 1111 (C.D. Cal. 1998)* (citing *Westinghouse Electric Corp. v. General Circuit Breaker & Electric Supply Inc., 106 F.3d 894, 899 (9th Cir. 1997)*).

In the instant action, there is no dispute as to the existence and validity of Plaintiff's trademarks. (See Def. Statement of Genuine Issues ("DSGI") PP 7-22.) Thus, the Court must determine whether Defendant has raised a genuine issue [*10] precluding summary judgment with respect to whether it counterfeited Plaintiff's trademarks.

Plaintiff contends that it is entitled to summary judgment on its trademark counterfeiting claim because it has conclusively established that Defendant has offered for sale and sold women's hats and handbags bearing counterfeits of Plaintiff's Gucci trademarks. Defendant does not dispute that it sold "Gucci" products, but contends

that all such products were authentic. (See, e.g., Caplan Decl. Ex. 1 at 28:19-22; Ex. 2 at 46:11-23.) Defendant thus argues that it has raised a genuine issue as to whether Defendant ever sold counterfeit Gucci merchandise on the following grounds: 1) that Defendant has never employed anyone named Nancy; 2) that Plaintiff has failed to establish a chain of custody for the Counterfeit Hat; 3) that the Counterfeit Hat could have been seized in a search of another business done by Investigative Consultants, rather than from Defendant's business; and 4) that Dinh lacks credibility. Accordingly, Defendant argues that a triable issue has been raised as to whether the counterfeit Gucci hat offered as evidence by Plaintiff was in fact purchased from Defendant's store, and [*11] thus, whether Defendant ever sold counterfeit Gucci merchandise. The Court discusses each of Defendant's contentions in turn below.

First, the Court finds that the evidence offered by Defendant in its opposition regarding the employee "Nancy" must be disregarded, as it contradicts prior deposition testimony. [*Kennedy v. Allied Mutual Insurance Co.*, 952 F.2d 262, 266-67 \(9th Cir. 1991\)](#). Specifically, in her deposition, Jin Sook Kim ("Kim"), Defendant's manager, stated that she did not know whether Defendant had an employee named Nancy. (Caplan Decl., Ex. 1 at 15:7.) Conversely, Kim now declares that, during her employment with Defendant, "there has never been a person by the name of Nancy working for Pieta." (Kim Decl. P 4.) Similarly, Chung Hwa Choi ("Choi"), Defendant's owner, stated in her deposition that she could not confirm the list of Defendant's employees provided by Defendant in discovery, that her employees generally use their Korean names, and that she only visits the store for approximately ten minutes per month. (Caplan Decl., Ex. 2 at 21:18-22:15; 27:14-16.) However, in opposition to the instant motion, Choi declares that "there has never been a person by the name of Nancy [*12] working for Pieta." (Choi Decl. P 12.) Not only are Choi's statements inconsistent, her declaration fails to establish any basis upon which she could have personal knowledge of her employees' names, as she states that she has allowed Defendant's employees "to run the business pretty much autonomically without my substantial participation." (*Id.* P 7.) Thus, Defendant has failed to provide any evidence sufficient to raise a triable issue as to the existence of "Nancy."

Further, even if it is true that Defendant has never employed anyone named Nancy, the Court rejects Defendant's contention that this fact would invalidate Plaintiff's evidence that Dinh purchased the Counterfeit Hat from Defendant. Defendant does not offer any evidence to rebut Dinh's identification of Defendant's address as the location where he purchased the hat. Defendant also does not even attempt to invalidate the receipt from the purchase of the hat, which contains Defendant's name and address, and reflects the sale of a "Gucci hat" on August 18, 2004. (Caplan Decl., Ex. 3 at 231.) Additionally, Dinh does not claim that Defendant's employee actually was named Nancy, but rather simply that she identified herself by [*13] that name, which allows for the possibility that the employee either used a false name, or an American name unfamiliar to Kim and Choi.

Second, the Court rejects Defendant's attempt to argue that the Counterfeit Hat offered by Plaintiff as evidence was not purchased at Defendant's store. Plaintiff has established a proper chain of custody of the Counterfeit Hat as purchased from Defendant on August 18, 2004, affixed with an identification tag, and delivered to Plaintiff's counsel. (See Dinh Decl. P 8 and Ex. 1; Caplan Decl. P 13.) Defendant has failed to provide any evidence, beyond pure speculation that the hat could have been seized from a different raid carried out by Investigative Consultants, to raise a genuine issue as to whether the Counterfeit Hat was purchased from Defendant.

Third, the Court rejects Defendant's arguments regarding Dinh's credibility as a declarant. Defendant seems to argue that Dinh's declaration should be disregarded because he was "immune from the deposition under work product privilege." (Opp'n 2.) However, Defendant offers no further explanation or authority for this argument, and, in any event, Plaintiff asserts that Defendant never subpoenaed Dinh, or [*14] any of the investigators. (Reply 9.) Defendant also claims that Dinh is not credible because he states that he paid \$ 230 for the Counterfeit Hat, when an authentic Gucci hat costs approximately \$ 250. However, this fact does not undercut Dinh's credibility, as Dinh does not claim that "Nancy" told him that the hat was fake, and further states that "Nancy" did not even know which items were fake. In fact, the purchase price is entirely consistent with Plaintiff's contention that Defendant was passing off counterfeit Gucci items as authentic.

Thus, Plaintiff has presented sufficient evidence to establish the essential elements of its counterfeiting claim. The Court holds that no reasonable trier of fact could find other than that Defendant offered for sale and sold women's

hats containing counterfeit Gucci trademarks. Further, Defendant has failed to raise any material issues of fact as to its sale of such hats, and summary judgment is warranted on this claim.

However, the Court finds that Plaintiff has not made a sufficient showing as to Defendant's sale of counterfeit handbags. In contrast to the hats, Investigator Dinh did not purchase a handbag, nor did Luna, or any other expert for [*15] Plaintiff, examine any handbag sold by Defendant for authenticity. Further, although Dinh observed "Gucci" handbags in the display window of Defendant's store, he did not examine the bags. (Dinh Decl. P 8.) Here, Plaintiff relies solely on Dinh's conversation with "Nancy" in which she stated that the "Gucci" handbags in the display window were not authentic. (*Id.*) However, this statement is undercut by the rest of the conversation, as "Nancy" then stated that she did not know which "Gucci" products in the store were real and which were fake. (*Id.*) The uncertainty of this testimony, coupled with the denials by Choi and Kim regarding the sale of counterfeit Gucci handbags, is sufficient to raise a triable issue of fact.

Accordingly, the Court GRANTS Plaintiff's motion for summary judgment as to Defendant's counterfeiting of Plaintiff's trademarks contained on the women's hats, and DENIES the motion as to counterfeiting related to the handbags.

B. Plaintiff's Motion for Summary Judgment on Trademark Infringement is GRANTED IN PART and DENIED IN PART

For a plaintiff to prevail on a claim for trademark infringement under *Section 1114* of the Lanham Act, it must establish that (1) it has a protected [*16] interest and (2) the defendant's use of its marks creates a likelihood of confusion, thereby infringing upon that interest. [*Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 \(9th Cir. 1985\)](#). "Likelihood of confusion exists when consumers are likely to assume that a product or service is associated with a source other than its actual source because of similarities between the two sources' marks or marketing techniques." [*Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1454 \(9th Cir. 1991\)](#). The Ninth Circuit has enumerated a non-exclusive set of factors relevant in determining likelihood of confusion, including (1) the strength of the plaintiff's mark, (2) the proximity of the goods, (3) the degree of similarity of the marks, (4) evidence of actual confusion, (5) the marketing channels, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) the defendant's intent in selecting the mark and (8) likelihood of expansion of the product lines. [*AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 \(9th Cir. 1979\)](#). The use of an identical mark on identical products is the paradigm of likelihood of confusion. See, [*17] e.g., [*Burger King Corp. v. Mason*, 710 F.2d 1480, 1493 \(11th Cir. 1983\)](#), *cert. denied*, [*465 U.S. 1102*, 104 S. Ct. 1599, 80 L. Ed. 2d 130 \(1984\)](#).

Plaintiff asserts that it is entitled to summary judgment on its trademark infringement claim because (1) Plaintiff's ownership of its trademarks is undisputed and (2) Defendant's use of the Gucci trademarks creates a likelihood of confusion. Plaintiff contends, and Defendant does not dispute, that Gucci's federal registration of its trademarks constitutes *prima facie* evidence of the validity of the registration, ownership and exclusive right to use the marks. [*15 U.S.C. §1057\(b\)*](#). In addition, Plaintiff argues that the factors enumerated by the Ninth Circuit support a finding of a likelihood of confusion. First, Plaintiff asserts that the Gucci trademarks, including those contained on the hats and handbags at issue here, are some of the best known marks in the fashion world. Second, Plaintiff contends that the proximity of products factor is satisfied because Plaintiff and Defendant are selling the same type of products bearing the Gucci marks, namely apparel, although Defendant's products are not identical in quality to those of Plaintiff. See [*Adray v. Adry-Mart, Inc.*, 76 F.3d 984, 989 \(9th Cir. 1995\)](#). [*18] Third, Plaintiff contends that Defendant's use of an identical mark on identical products satisfies the factor requiring a degree of similarity between the marks. Fourth, Plaintiff asserts that where virtually identical marks are used on products sold to the same purchasers, proof of actual confusion is not necessary. [*Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 782 F.2d 1508, 1509 \(9th Cir. 1986\)](#). Fifth, Plaintiff asserts that Plaintiff and Defendant distribute and sell their merchandise using the same marketing channels, *i.e.* retail apparel outlets. Sixth, Plaintiff reiterates that the types of goods sold by Plaintiff and Defendant are identical, and that the likely purchasers are to average consumers, creating an obvious risk of confusion. Seventh, Plaintiff argues that Defendant's intent in adopting Plaintiff's marks supports a finding of likelihood of confusion, as Defendant admits that it was aware of Plaintiff's use of the Gucci trademarks

prior to Defendant's use of such marks. (See DSGI P 43.) Eighth and finally, Plaintiff contends that because Defendant is already dealing in the same type of merchandise as Plaintiffs, this factor regarding likelihood of expansion is irrelevant. [*19] Based on the foregoing, Plaintiff concludes that it has established a likelihood of confusion and is entitled to summary judgment on its trademark infringement claim.

Defendant does not dispute any of Plaintiff's contentions regarding the *Sleekcraft* factors, other than attempting to raise a genuine issue related to whether Defendant sold counterfeit Gucci products. As discussed in Section III.A above, the Court finds that summary judgment is proper as to Defendant's infringing sale of counterfeit women's hats, but that Defendant has raised a genuine issue as to the sale of handbags. The Court therefore GRANTS Plaintiff's motion for summary judgment as to Defendant's infringement of Plaintiff's trademark on the hats and DENIES Plaintiff's motion on the issue of Defendant's infringement of Plaintiff's trademark on the handbags.

C. Plaintiff's Motion for Summary Judgment on Federal Unfair Competition is GRANTED IN PART and DENIED IN PART

Section 1125(a) of the Lanham Act provides that "[a]ny person who shall. . . use in connection with any goods or services. . . any false description or representation, including words or symbols tending falsely to describe or represent the same. . . shall [*20] be liable to a civil action by any person. . . who believes that he is or is likely to be damaged by he use of any such false description or representation." To prevail on a claim under Section 1125(a), a plaintiff must establish (1) ownership of a protectable trademark, (2) unauthorized use of that trademark by the defendant, (3) that the defendant's use was in connection with goods or services, (4) that the use was in interstate commerce, and (5) a likelihood of consumer confusion. [*Sun Microsystems, Inc. v. Microsoft Corp.*, 999 F.Supp. 1301, 1308 \(N.D. Cal. 1998\)](#).

As discussed in Sections III.A-B above, Plaintiff has established the factors of a claim for federal unfair competition, based on its undisputed ownership of the Gucci trademarks, Defendant's unauthorized use of that mark in connection with goods and a likelihood of consumer confusion. Further, Defendant does not dispute that Plaintiff has also met the fourth prong regarding use in interstate commerce. Based on the foregoing, the Court GRANTS Plaintiff's motion for summary judgment on its federal unfair competition claim as to the sale of counterfeit hats, but DENIES Plaintiff's motion as to the sale of handbags.

D. Plaintiff's [*21] Motion for Summary Judgment on Trademark Dilution is GRANTED IN PART and DENIED IN PART

In order to prove federal trademark dilution, a plaintiff must show that (1) the mark at issue is famous, (2) the defendant is making a commercial use of the mark in commerce, (3) the defendant's use began after the mark became famous and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services. [*Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324 \(9th Cir. 1998\)](#). Under [*California Business & Professions Code §14330*](#), a plaintiff is entitled to injunctive relief for trademark dilution if it can show "[i]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark[.]"

Plaintiff contends that it is entitled to summary judgment on its trademark dilution claim because (1) it is undisputed that the Gucci trademarks are famous, (2) there can be no doubt that Defendant's importation, distribution, sale and offer for sale of the infringing and counterfeit products is a commercial use of the marks in commerce and (3) Defendant's use of the trademarks began long after they had become [*22] famous. In addition, Plaintiff contends that Defendant's conduct diminished the capacity of the Gucci trademarks to identify Plaintiff's goods, and that by using an identical mark on its products, Defendant has caused actual dilution of the Gucci trademarks.

As with Plaintiff's other claims, Defendant does not dispute the merits of Plaintiff's trademark dilution claim, other than the threshold question of whether Defendant ever offered for sale or sold counterfeit Gucci merchandise. Based on the foregoing, the Court GRANTS Plaintiff's motion for summary judgment on its federal and state trademark dilution claims as to the sale of counterfeit hats, and DENIES the motion as to the handbags.

E. Plaintiff's Motion for Summary Judgment on Trademark Infringement and Unfair Competition Under State Common Law and [California Business & Professions Code §17200](#) is GRANTED IN PART and DENIED IN PART

Plaintiff next moves for summary judgment on its claims of state law trademark infringement and unfair competition, citing [New West Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1201 \(9th Cir. 1979\)](#) and [Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1180-81 \(9th Cir. 1988\)](#) for the position [*23] that all relief for these claims is based on a showing of likelihood of confusion. Defendant does not oppose Plaintiff's motion on this basis. In addition, the Court has already found that Defendant has failed to raise a genuine issue as to the likelihood of confusion resulting from its use of the Gucci marks. The Court therefore GRANTS Plaintiff's motion for summary judgment on its state law trademark infringement and unfair competition claims as to the sale of counterfeit hats, and DENIES the motion as to the handbags.

F. Plaintiff's Motion for Constructive Trust is GRANTED IN PART and DENIED IN PART

Under [California Civil Code Section 2224](#), "[o]ne who gains a thing by fraud, accident, [m]istake, undue influence, the violation of a trust, or other wrongful act, is, unless he or she has some other and better right thereto, an involuntary trustee of the thing gained, for the benefit of the person who would otherwise have had it." Plaintiff contends that it has met the requirements for a constructive trust because it has ownership rights in and to the Gucci trademarks, and Defendant has wrongfully acquired their use by infringing upon the copyrights and trademarks. Plaintiff concludes [*24] that it is entitled to any benefit emanating from Defendant's unjust enrichment through its trademark infringement, unfair competition and trademark dilution.

Defendant does not oppose Plaintiff's entitlement to a constructive trust, and the Court has ruled in Plaintiff's favor on the merits of its trademark infringement, unfair competition and trademark dilution claims. Accordingly, the Court GRANTS Plaintiff's motion for a constructive trust under [California Civil Code §2224](#) as to the sale of counterfeit hats, and DENIES the motion as to the handbags.

G. Plaintiff's Motion for a Permanent Injunction is GRANTED

Plaintiff also seeks an order permanently enjoining Defendant from infringing and counterfeiting its Gucci trademarks.

The Court finds that Plaintiff is entitled to a permanent injunction. In a motion for a permanent injunction, as opposed to a preliminary injunction, the movant must show "actual success" rather than "likelihood of success on the merits." [Environmental Council of Sacramento v. Slater, 184 F.Supp.2d 1016 \(E.D. Cal. 2000\)](#) (citing [Sierra Club v. Penfold, 857 F.2d 1307, 1318 \(9th Cir. 1988\)](#)). As Plaintiff has succeeded on its infringement claim against Defendant as [*25] to the sale of counterfeit hats, and the Court finds that Plaintiff will suffer irreparable harm without an injunction, a permanent injunction is appropriate. As discussed above, the Court has found that no reasonable trier of fact could find that Defendant did not infringe on Plaintiff's intellectual property rights in the Gucci trademarks. Plaintiff's success on the merits of its infringement claim "raises a presumption of irreparable harm." See [Apple Computer, Inc. v. Formula Int'l, Inc., 725 F.2d 521, 525 \(9th Cir. 1984\)](#). Accordingly, the Court GRANTS Plaintiff's motion for a permanent injunction, finding that Defendant should be permanently enjoined from infringing Plaintiff's intellectual property rights in all Gucci trademarks.

H. Plaintiff's Motion for Summary Judgment on the Issue of Damages is GRANTED IN PART and DENIED IN PART

Plaintiff also seeks statutory damages under the Lanham Act. [15 U.S.C. § 1117\(c\)](#) provides that in a case involving the use of a counterfeit mark "in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual [*26] damages and profits," an award of statutory damages in the amount of (1) not less than \$ 500 or more than \$ 100,000 per counterfeit mark per type of goods; or (2) if the court finds that the use of the counterfeit mark was

willful, not more than \$ 1,000,000 per counterfeit mark per type of goods. The Court has broad discretion in setting the amount of statutory damages. [Harris v. Emus Records Corp., 734 F.2d 1329, 1335 \(9th Cir. 1984\)](#).

Plaintiff requests statutory damages in the amount of \$ 50,000 for each counterfeit mark per type of good. Plaintiff contends that the women's hats at issue contain counterfeits of two of Plaintiff's trademarks, while the handbags contain counterfeits of three marks. Plaintiff thus requests a total of \$ 250,000 in statutory damages. (See Mot. 22; Luna Decl. P 4; Dinh Decl. P 8, Ex. 1.) Plaintiff further contends, and the Court agrees, that the amount requested is warranted in light of Defendant's failure to maintain records, and failure to provide any records or other information to allow Plaintiff to determine Defendant's sales. (Caplan Decl., Ex. 1 at 23:16-24:12, 30:9-25; Ex. 2 at 31:10-24.)

The Court finds that, having prevailed on its summary judgment [*27] claims as to Defendant's infringing sale of counterfeit Gucci hats, Plaintiff is clearly entitled to the amount requested related to the hats. The Court therefore GRANTS Plaintiff's motion as to the hats, and awards Plaintiff \$ 50,000 per counterfeit mark, for a total of \$ 100,000. The Court DENIES Plaintiff's motion as to the damages related to the sale of handbags.

I. Plaintiff's Request for Attorneys' Fees is GRANTED

Finally, Plaintiff asserts that as the prevailing party, it is entitled to recover reasonable attorneys' fees under the Lanham Act. In Plaintiff's view, Defendant's intentionally deceptive use of Plaintiff's trademarks, coupled with Defendant's failure to provide meaningful discovery, is sufficient evidence of the exceptional nature of this action to warrant attorneys' fees under the Lanham Act. The Court finds that Plaintiff is entitled to reasonable attorneys' fees in connection with the instant action and ORDERS Defendant to pay costs and attorneys' fees. The Court will order briefing on the amount of attorneys' fees due to Plaintiff at the conclusion of the damages phase of the litigation.

IV. CONCLUSION

For the reasons articulated herein, the Court GRANTS IN PART and [*28] DENIES IN PART Plaintiff's Motion for Summary Judgment as follows:

1. Plaintiff's Motion is GRANTED on all claims as it relates to the sale of counterfeit Gucci women's hats;
2. Plaintiff's Motion is DENIED on all claims as it relates to the sale of counterfeit Gucci handbags;
3. Plaintiff's motion for constructive trust is GRANTED as to the hats;
4. Plaintiff's motion for a permanent injunction is GRANTED;
5. Plaintiff's request for statutory damages of \$ 100,000 related to the sale of counterfeit hats is GRANTED, and Plaintiff's request for statutory damages of \$ 150,000 related to the sale of counterfeit handbags is DENIED; and
6. Plaintiff's request for attorneys' fees is GRANTED.

SO ORDERED.

DATED: Jan. 23, 2006

AUDREY B. COLLINS

UNITED STATES DISTRICT JUDGE

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Caution

As of: October 9, 2016 6:20 PM EDT

[Gucci Am., Inc. v. Duty Free Apparel, Ltd.](#)

United States District Court for the Southern District of New York

April 22, 2004, Decided ; April 23, 2004, Filed

02 Civ. 1298 (VM)

Reporter

315 F. Supp. 2d 511; 2004 U.S. Dist. LEXIS 7126

GUCCI AMERICA, INC., Plaintiff, -- against -- DUTY FREE APPAREL, LTD. d/b/a DUTY FREE APPAREL, INC., JOEL SOREN, HARVEST WRAP, INC., KURT DAVIDSEN and JOHN DOES 2-20, Defendants.

Subsequent History: Amended by, Injunction granted at [Gucci Am., Inc. v. Duty Free Apparel, Ltd., 328 F. Supp. 2d 439, 2004 U.S. Dist. LEXIS 16002 \(S.D.N.Y., June 24, 2004\)](#)

Prior History: [Gucci Am., Inc. v. Duty Free Apparel, Ltd., 296 F. Supp. 2d 461, 2003 U.S. Dist. LEXIS 23147 \(S.D.N.Y., 2003\)](#)

Disposition: [**1] Final judgment entered awarding plaintiff total of \$ 2,059,584.62.

Core Terms

merchandise, counterfeit, brand, bag, authentic, checks, injunction, statutory damages, damages, attorney's fees, concludes, handbags, selling, lawsuit, deposition, invoices, records, sales, contempt, pertains, designer, lawyers, marked, purchases, Customs, sources, willful, infringement, retailer, returns

Case Summary

Procedural Posture

Plaintiff corporation brought a trade infringement lawsuit against defendants, an individual and his company. The matter was before the court to determine whether defendants' unlawful sales were willful in spite of the court's earlier issued injunction and to determine the amount of damages.

Overview

The court found that defendants willfully violated the Lanham Act and willfully committed contempt by violating the court's injunction. The corporation elected to receive statutory damages under § 35(c) of the Act, [15 U.S.C.S. § 1117\(c\)](#). The court awarded the corporation \$ 2 million as an award for the willful violation. The court arrived at this figure by examining defendants' ill-gotten profits and the fact that defendants ignored warning signs that should have forced them to inquire into the authenticity of the merchandise they were selling. Although the corporation would have been automatically entitled to treble damages had it elected actual damages under § 35(b) of the Act, [15 U.S.C.S. § 1117\(b\)](#), the court concluded that to treble damages in this instance would have been improper. The presumption of attorney fees under [§ 1117\(b\)](#) did not apply and any such application was simply another factor in the mix of the court's discretion to award statutory damages. Thus, the court refused an additional award of attorney fees for the willful violation. The court amended its previously issued injunction and awarded the corporation attorney fees for the injunction violation.

Outcome

The court found defendants' actions willful, issued statutory damages, enjoined defendants from future sales of the corporation's merchandise, and awarded the corporation attorney fees related to the injunction violation.

LexisNexis® Headnotes

Business & Corporate Compliance > ... > Seller's Damages & Remedies > Limitation & Modification > General Overview

Copyright Law > ... > Civil Infringement Actions > Remedies > General Overview

Copyright Law > ... > Remedies > Damages > General Overview

Copyright Law > ... > Damages > Types of Damages > Infringement Profits

Copyright Law > ... > Damages > Types of Damages > Statutory Damages

Trademark Law > ... > Federal Unfair Competition Law > Lanham Act > General Overview

Trademark Law > ... > Counterfeiting > Trademark Counterfeiting Act > General Overview

Trademark Law > ... > Trademark Counterfeiting Act > Civil Actions > General Overview

Trademark Law > ... > Civil Actions > Remedies > General Overview

Trademark Law > ... > Civil Actions > Remedies > Damages

HN1 Congress added the statutory damages provision of the Lanham Act in 1995 because counterfeiters' records are frequently nonexistent, inadequate, or deceptively kept, making proving actual damages in these cases extremely difficult if not impossible. For willful violations, plaintiffs may recover between \$ 500 and \$ 1 million per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just. [15 U.S.C.S. § 1117\(c\)\(2\)](#). The statute does not provide guidelines for courts to use in determining an appropriate award, as it is only limited by what the court considers just. [15 U.S.C.S. § 1117\(c\)](#). However, courts have found some guidance in the caselaw of an analogous provision of the Copyright Act, [17 U.S.C.S. § 504\(c\)](#), which also provides statutory damages for willful infringement. Under the Copyright Act, courts look to factors such as: (1) the expenses saved and the profits reaped; (2) the revenues lost by the plaintiff; (3) the value of the copyright; (4) the deterrent effect on others besides the defendant; (5) whether the defendant's conduct was innocent or willful; (6) whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant.

Antitrust & Trade Law > ... > Private Actions > Costs & Attorney Fees > Clayton Act

Copyright Law > ... > Damages > Types of Damages > Compensatory Damages

Copyright Law > ... > Damages > Types of Damages > Statutory Damages

Trademark Law > ... > Federal Unfair Competition Law > Lanham Act > General Overview

HN2 To the extent possible, statutory damages should be woven out of the same bolt of cloth as actual damages. Under § 35 of the Lanham Act, actual damages for a willful violation generally include three times the amount of the defendant's profits or the plaintiff's losses (whichever is greater), plus attorney's fees. [15 U.S.C.S. § 1117\(b\)](#).

Trademark Law > ... > Federal Unfair Competition Law > Lanham Act > General Overview

HN3 A counterfeiter who keeps poor records must bear the burden of uncertainty in determining a damages award.

Evidence > Authentication > General Overview

Trademark Law > ... > Federal Unfair Competition Law > Lanham Act > General Overview

HN4 Selling products acquired outside the customary chain of retail distribution and without the usual authenticating documentation is a high risk business. Such willful ignorance would be sufficient to trigger the heightened penalties of the actual damages provisions of the Lanham Act.

Antitrust & Trade Law > Consumer Protection > Deceptive & Unfair Trade Practices > General Overview

Civil Procedure > Remedies > Costs & Attorney Fees > General Overview

HN5 [N.Y. Gen. Bus. Law § 349\(h\)](#) furnishes a separate basis for awarding attorney's fees.

Trademark Law > ... > Unfair Competition > Federal Unfair Competition Law > General Overview

Trademark Law > ... > Remedies > Equitable Relief > General Overview

HN6 Although injunctive relief should be narrowly tailored to fit specific legal violations, the United States Court of Appeals for the Second Circuit has recognized the principle that a court can frame an injunction which will keep a proven infringer safely away from the perimeter of future infringement.

Civil Procedure > Remedies > Costs & Attorney Fees > General Overview

HN7 Costs pertaining to computer research are out-of-pocket expenses ordinarily charged to the client and therefore, reimbursable.

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For Duty Free Apparel, Ltd., Counter Claimant: Steven M. Lester, LEAD ATTORNEY, East Meadow, NY.

For Harvest Wrap, Inc., Defendant: Terrence A. Oved, LEAD ATTORNEY, Oved & Oved, New York, NY.

Judges: VICTOR MARRERO, United States District Judge.

Opinion by: VICTOR MARRERO

Opinion

[*513] **DECISION AND ORDER**

VICTOR MARRERO, United States District Judge.

In this trademark infringement lawsuit, the Court previously determined that defendant Joel Soren ("Soren") and his corporation, Duty Free Apparel, Inc. ("DFA") unlawfully sold counterfeit merchandise bearing trademarks of plaintiff Gucci America, Inc. ("Gucci"). Later, the Court determined that, after having been found liable, DFA again sold counterfeit Gucci merchandise in violation of a Court-imposed injunction. The Court conducted a two-day bench trial to determine whether the unlawful sales were willful and to determine the proper remedy. As explained in more detail below, the Court finds **[**2]** that DFA and Soren acted willfully in both the initial counterfeit sales and in violating the Court's injunction, and that a statutory damages award of \$ 2 million is appropriate. The Court will also enjoin DFA and Soren from future Gucci sales, unless they maintain records to establish that their Gucci merchandise originates from authorized Gucci dealers. Finally, the Court addresses Gucci's outstanding attorney's fees and costs application in connection with the investigation and prosecution of DFA and Soren's contempt. The Court concludes that Gucci is entitled to its full request, totaling an additional \$ 59,584.62.

I. FINDINGS OF FACT

A. PROCEDURAL HISTORY

Gucci is a famous designer brand of jewelry, watches, handbags, wallets, and other accessories. Soren is the president and sole officer and shareholder of DFA, a midtown Manhattan retailer of discounted designer merchandise. Gucci filed this lawsuit in February 2002 alleging that DFA and Soren sold counterfeit Gucci

merchandise in violation of federal trademark laws, and also raising related state law causes of action. In response to Gucci's interrogatories, DFA identified Harvest Wrap, Inc. ("Harvest Wrap") [**3] as its only source for Gucci goods. Gucci then amended its complaint to add Harvest Wrap and its principal, Kurt Davidsen ("Davidsen"), as defendants.

Gucci successfully moved for summary judgment on the issue of liability. See [*Gucci America, Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284 \(S.D.N.Y. 2003\)](#). In a decision dated October 6, 2003, the Court determined that DFA had sold to Gucci investigators a counterfeit wallet and [*514] two counterfeit handbags, and enjoined DFA and Soren from selling any more counterfeit Gucci merchandise. See [*id.* at 290](#). The Court also determined that Harvest Wrap had sold at least two counterfeit Gucci backpacks directly to an individual in the business of reselling women's accessories. See *id.*

Gucci returned to court shortly after the Court's summary judgment decision, alleging that DFA had continued to sell counterfeit Gucci merchandise. The Court preliminarily enjoined DFA and Soren from selling any Gucci merchandise, even if authentic. After a two-day contempt hearing in December 2003, the Court determined that, within one month of the Court's summary judgment Decision and Order, DFA had indeed sold Gucci [**4] investigators three more counterfeit Gucci items (a handbag, a cosmetic bag, and a key case), in violation of the Court's injunction. See [*Gucci America, Inc. v. Duty Free Apparel, Ltd.*, 296 F. Supp. 2d 461 \(S.D.N.Y. 2003\)](#).

In light of that finding, the Court maintained its preliminary injunction preventing DFA or Soren from selling any Gucci items. The Court immediately scheduled a trial date to determine whether the sales were willful (a necessary prerequisite to determining appropriate relief) and to fashion the proper remedies. Before trial, Gucci settled its claims as against Davidsen and Harvest Wrap. The Court held a two-day bench trial on March 15 and 16, 2004, to resolve the remaining claims pertaining to DFA and Soren.¹

B. DFA'S DEALINGS WITH HARVEST WRAP

[**5] At trial, Soren cast himself as an innocent retailer who was briefly duped by Harvest Wrap, a rogue supplier of high-quality counterfeits. The Court concludes, however, that virtually all of the evidence Soren produced to support that characterization is far from persuasive. More generally, all of Soren's testimony is under considerable doubt because, as the Court will explain, his testimony was frequently contradictory or implausible.

Soren began selling Harvest Wrap's Gucci brand merchandise at least as early as August 2000, when DFA sold the first of six items the Court ultimately determined to be counterfeit. That same month, Prada, another famous designer brand, filed a lawsuit against DFA alleging that DFA's Prada brand goods were counterfeit. Soren testified that he was also purchasing Prada goods at that time from Harvest Wrap, and that he told Davidsen about Prada's lawsuit. Soren apparently did not take any steps to verify the authenticity of Harvest Wrap's Prada brand merchandise. The parties to that lawsuit ultimately stipulated to an injunction against DFA and to dismissing the lawsuit.

On October 6, 2000, Gucci sent DFA a cease-and-desist letter stating that it believed [**6] DFA was selling counterfeit Gucci items. At trial, Soren testified that he responded to that letter as follows. First, on the advice of his lawyer, Soren stopped selling Harvest Wrap's Gucci brand merchandise. Specifically, he stowed those items on the second floor of DFA's premises, away from the selling floor. Second, he immediately began returning the goods to Harvest Wrap, little by little -- although without initially informing Harvest Wrap of the reason for the returns -- as credits towards purchases of other name brand merchandise (presumably because Harvest Wrap would not give Soren his money [*515] back). Soren claims he had sold only approximately 20 to 50 of the approximately 2,000 Gucci brand items he had purchased from Harvest Wrap before he began returning them. However, Soren testified that he continued to sell Gucci brand merchandise he had acquired from other sources, such as authorized dealers in Italy. Third, sometime in the summer of 2003, after Soren had returned all the Gucci goods which Harvest Wrap

¹ Because Soren is the sole shareholder and president of DFA, and because he alone decides which goods DFA will offer for sale, the Court will, for simplicity's sake, refer to Soren as essentially interchangeable with DFA.

would accept, Soren transported the leftover Harvest Wrap items (about 370 pieces) to his garage at his home on Long Island, never to be sold again.

This account is suspect [**7] or not supported by the record on almost every point. Soren testified at a deposition in July 2002 that he continued to buy Gucci merchandise from Harvest Wrap even after this lawsuit was filed in February 2002, *i.e.*, long after Gucci's October 2000 cease-and-desist letter. In a June 2003 deposition, Soren testified that he did not recall doing *anything* in response to the cease-and-desist letter and that he continued to sell Gucci brand merchandise. Soren also indicated at that deposition that he had been buying goods from Harvest Wrap up until late 2002 or early 2003. Soren's attempt to reconcile this contradiction at trial – stating that he was "confused with the dates" -- was unconvincing, especially because Soren was questioned about those dates repeatedly at both his depositions and at trial. (Trial Transcript ("Tr.") at 100-01).

Moreover, Soren made no mention in his deposition of having removed nearly 2,000 items for sale, and he failed to produce those items for inspection (as properly requested) during discovery. Soren specifically testified at the December 2003 contempt hearing that he did not have any merchandise anywhere except at his store in midtown Manhattan, [**8] directly contradicting his version of the events presented at trial. The existence of the leftover Harvest Wrap items was first made known to Gucci and the Court in a letter from Soren's attorney dated March 8, 2004 -- one week before trial. The late disclosure forced Gucci to take Soren's deposition on the eve of trial in order to prepare as regards the last-minute development.

The Court concludes that Soren's failure to disclose the existence of the leftover Harvest Wrap merchandise was willful and that he concealed this material information either because he sought to resell the merchandise at some point, or because he thought it would be to his advantage in this litigation not to reveal its existence. Once the Court scheduled a trial on damages only, it became advantageous for Soren to admit that he had *not* sold some of that merchandise, and he belatedly divulged the existence of those items.

In addition to the string of contradictions and omissions that filled Soren's testimony, there is direct evidence of DFA's continued dealings with Harvest Wrap. Gucci admitted into evidence at least 30 cancelled checks from DFA to Harvest Wrap containing a hand written notation of "Gucci, [**9] " presumably made by Soren or with his knowledge, and dated *after* October 2000. At trial, Soren stated that all of those checks pertained to *returns*, not purchases. This explanation is implausible because almost all of those checks contain only Gucci's brand name, and no indication of another brand name for which Soren would be exchanging the Gucci goods. Moreover, most of the Gucci checks specifically list the quantity and price of the goods, which happen to correspond exactly to the amount of the check. For example, one DFA check dated May 23, 2001, includes the notation

77pcs x 147

Gucci

[*516] (Tr. Ex. 22). Not surprisingly, the check is made out in the amount of \$ 11,319 (*i.e.*, 77 times 147). There are dozens of such checks, all of which the Court concludes represent purchases, not returns.² The most recent check in evidence from DFA to Harvest Wrap is dated December 2002.

[**10] The Court concludes that, throughout this more than two-year period, Soren either knew, or should have known, that Harvest Wrap's Gucci brand merchandise was counterfeit. Having received Gucci's cease-and-desist letter in October 2000 and Gucci's complaint in this action in early 2002, Soren should have at least known there

² It is also apparent that Soren knew how to indicate returns when appropriate. For example, a check dated May 2, 2002, indicates that DFA purchased 49 "Fendi Mama" bags at \$ 100 and indicates \$ 255 of "RETURN". As expected, the check is made out in the amount of \$ 4,645 (*i.e.*, 49 times 100 minus 255). Eight other checks have a notation of "RETURN," only one of which appears to pertain to Gucci merchandise. The notion that the remaining 30 Gucci checks were actually for returns of Gucci merchandise, even though they were not marked as such, is not credible.

was reason to inquire further about the authenticity of that merchandise.³ Moreover, Soren must have known, if not prior to August 2000 certainly at many points thereafter, that Harvest Wrap was obviously not an authorized Gucci dealer. He should have also been aware of the risk of dealing in merchandise obtained through such unusual channels, and without the benefit of authenticating documentation. Instead of directly confronting that risk, or directly seeking to counter Gucci's allegations, Soren relied upon (1) Davidsen's assurances "that the goods were a thousand percent authentic"; (2) his own assessment that the goods "looked perfect"; and (3) the fact that no other designers had challenged his business practices. (Tr. 63) Moreover, even in the face of Gucci's lawsuit, rather than directly confronting Harvest Wrap with the accusation that the Gucci goods [**11] Harvest Wrap had sold DFA were fake, Soren instead began surreptitiously and without further explanation simply returning that merchandise in exchange for "credits".

Of the six DFA items the Court has determined to be counterfeit, the Court's examination reveals that five of those items are sophisticated counterfeits. Gucci's expert relied upon relatively detailed observations to determine that those items were counterfeit. This fact arguably would lend some support to Soren's assertion that he had no reason to question the authenticity of Harvest Wrap's Gucci brand merchandise. However, Soren himself conceded that the sixth item, a "Jackie O" handbag, is of an obviously inferior quality. He described it as having "cheaper" leather and testified that "a five-year old could tell the [**12] difference" between the leather on that bag and the high-quality leather of the designer goods DFA would sell. (Contempt Hearing Transcript ("Hg.") at 40) The Court's own examination of the bag confirms that it is not made of high-quality leather. This observation should have given Soren all the more reason to question the authenticity of that bag, as well as any merchandise from the same source.⁴ Instead, he passed off that merchandise to unsuspecting customers.

[*517] Soren conceded at trial that "one or two" of the Harvest Gucci items "could have slipped in there," and at one point he even suggested that Gucci's lawyers planted the counterfeit Gucci merchandise on DFA's selling floor. (Tr. 55, 85-86) The Court rejects the notion that all of the counterfeit sales were innocent, or accidental. Of the six items the Court has already determined are counterfeit, one was sold as early [**13] as August 2000 and another as late as November 2003. It is simply beyond belief that all six of those items could have accidentally been mixed in with DFA's stock for such a long period of time.

One particularly egregious example, involving the Jackie O model the Court just mentioned, clearly demonstrates that Soren acted willfully, not innocently. At the contempt hearing, Gucci witness Vicki Richards ("Richards") testified that she called DFA to purchase a \$ 471 Jackie O model handbag and that she sought to have it shipped overnight. The DFA person answering the phone, "Cindy", said that Richards would have to wait at least a week because the bag was at DFA's "other site." (Hg. 22)

Three months later, Gucci's lawyers inspected the merchandise which Soren had just revealed was stashed away in his garage on Long Island. They found, and admitted as evidence at trial, a Jackie O model handbag remarkably similar to the one Richards had purchased. Soren conceded at trial that the leather on the two bags was similar. The Court's own inspection of the bags confirms that the leather appears to be of an identical (and relatively poor) quality. At the time of Richards' testimony in December [**14] 2003, it was unclear what was meant by the reference to a second "site," but now a reasonable inference that may be drawn from these facts is that "Cindy" -- probably DFA employee Cindy Katz ("Katz") -- was referring to Soren's garage in Long Island. The similarity of the two bags at issue bolsters the Court's previous conclusion that the first Jackie O bag went from Harvest Wrap to DFA and ultimately (via Soren's garage) to a customer, and that it was plainly counterfeit. Soren's conduct in selling that bag -- pulling it from his garage stash after the Court's injunction -- is especially brazen.

The Court concludes that it is more likely than not that all the Gucci brand merchandise DFA obtained from Harvest Wrap was counterfeit because Davidsen, the sole shareholder of Harvest Wrap, testified that he obtained his Gucci

³When served with the complaint, Soren signed the receipt with the name "David Cone" (as in the Major League pitcher), instead of with his real name. This is a small example of how Soren's conduct cast doubt upon his credibility.

⁴The Court notes that at least three of the checks from DFA to Harvest Wrap are explicitly marked as pertaining to "Jackie O" handbags.

goods from a single source in the British Virgin Islands. Furthermore, Soren brought seven Gucci bags to the December 2003 hearing in an attempt to show that he only sold authentic merchandise, but notably none of those bags originated from Harvest Wrap.

C. DFA'S OTHER SOURCES

At the same time Soren sought to minimize his association with Harvest Wrap, he [**15] sought to emphasize his relationship with his suppliers in Italy. Soren testified that he frequently visits various high-end stores in Italy to purchase designer merchandise from the managers of those stores at a bulk discount. In response to interrogatories, Soren identified only Harvest Wrap as his source because, as he would later reveal, he wanted to keep secret his Italian sources.

Soren testified at trial that he obtained merchandise from "five or six groupings of stores" in Italy, but he ultimately produced invoices from only two Italian companies. (Tr. 182) Soren refused to disclose the remaining sources because, in his words, "I know that if I give up these people's names, I'm out of business." (*Id.*) Soren claims that if Gucci or any other high-end designer knew that its authorized [**518] stores were selling their goods in bulk to a discounter like DFA, the designers would retaliate by limiting or cutting off their sales to those stores. Indeed, Soren claims this is the motivation for Gucci's lawsuit. Nevertheless, Soren assured the Court that those unnamed stores sell only authentic merchandise because they are "beautiful store[s]" located in "great area[s]" of Italy, equivalent [**16] to Fifth Avenue or Madison Avenue in New York City. (Hg. 88)

At trial, Gucci compellingly demonstrated that at least one of those suppliers, a company called SAM, S.R.L. ("SAM"), assisted Soren in defrauding U.S. Customs by understating the value of the goods Soren purchased. Although customs fraud is not directly at issue in this lawsuit, it gives the Court pause in crediting evidence from either that source or Soren himself.

A SAM invoice (corroborated by Soren's credit card bills) showed that Soren paid about \$ 100,000 for a shipment of goods from SAM in the summer of 2003. Testimony from Soren's customs broker revealed that SAM had actually produced a second, virtually identical invoice for DFA to give to U.S. Customs for the purpose of determining the proper import taxes which DFA would owe. The crucial difference was that the second invoice stated that Soren paid only about \$ 25,000 for the goods, thereby substantially lowering his tax liability. At trial, Soren attempted, quite unconvincingly, to explain the discrepancy by stating that most of the \$ 100,000 was actually a *deposit* towards the future purchase of other goods, a practice he described as routine. There is nothing [**17] on the invoice to suggest as much, and the Court notes that in all previous questioning regarding those invoices, Soren never mentioned the alleged practice of leaving substantial deposits.

An examination of other SAM invoices reveals more suspicious activity. Soren admitted into evidence at the contempt hearing a bag originating from SAM which bore a price tag reading:

DUTY FREE

Compare Price	89
	0
Our Price	72
	5

(Hg. Def. Ex. 3) That model of bag is indicated on one SAM invoice as having been purchased for under \$ 50. This fact suggests either that Soren accidently produced to the Court one of the phony invoices that may have been used to defraud U.S. Customs, or that SAM's Gucci brand merchandise was astonishingly cheap.

At trial, Soren testified that he had indeed only paid \$ 50 for the bag, but he nonetheless insisted both that the merchandise was authentic and that DFA's ordinary profit margin on Gucci's bags was about 30 to 40 percent. Soren, again unconvincingly, explained the relatively low purchase price by stating that the bag would likely have been discounted to sell for about \$ 250, if it had not initially sold for \$ 725. He also testified: [**18] "It shouldn't matter what I paid for the goods. It's nobody's business." (Tr. 125) The Court disagrees with Soren on this point. If

he had actually paid only \$ 50 for a bag which retails for almost \$ 900, Soren should have had all the more reason to question its authenticity.

Unfortunately, the Court cannot make any explicit findings as to whether Soren actually has legitimate sources in Italy because he refused to disclose those sources, or to give the Court any reason to believe he had legitimate means of obtaining authentic Gucci merchandise.⁵ Although [*519] Soren admitted into evidence Gucci merchandise which appears to be authentic, the Court can hardly infer from that fact alone that Soren has a regular source of authentic Gucci merchandise, especially in light of Soren's severely diminished credibility.

[**19] D. DFA'S GUCCI SALES

To determine the proper amount of damages, the Court will have to make its best efforts to calculate the extent of DFA's sales of counterfeit Gucci merchandise. Regrettably, compounding Soren's credibility concerns, DFA maintained spotty, and occasionally false or misleading accounts of the relevant transactions, a matter for which it must bear the burden of any doubts or unfavorable inferences.

The most reliable evidence in the record is in the approximately 115 cancelled checks from DFA to Harvest Wrap (whose Gucci goods the Court concludes are fake), 31 of which, according to specific notations on the checks or check stubs, pertain to Gucci merchandise. The checks total just over \$ 1 million, about \$ 250,000 of which is accounted for in the Gucci-related checks. Another \$ 200,000 of the \$ 1 million pertain to purchases of other brand name merchandise, such as Prada and Fendi. The remaining checks, totaling \$ 550,000, are not marked with any brand at all.

Davidson, Harvest Wrap's principal, testified that he sold DFA handbags for approximately \$ 150 and cosmetic bags for approximately \$ 60. The cancelled checks support that testimony because all of [*20] the Gucci checks which are noted with a specific price and quantity fall into two distinct price ranges: \$ 49 to \$ 60, and \$ 125 to \$ 150. There are no checks reflecting sales of Gucci merchandise outside those price ranges. Approximately 62 percent of the value of the Gucci checks which are fully marked with the items' price and quantity pertains to the larger price range, and the remaining 38 percent pertains to the smaller price range.⁶ The Court concludes that the first range pertains primarily to cosmetic bags, and the second range pertains primarily to handbags.

Although Soren testified that he typically marks up goods 30 to 40 percent, the Court concludes, based on Soren's other contradictory evidence, that, at least with respect Harvest Wrap's Gucci brand merchandise, Soren marked up the goods much higher. [*21] DFA's website sells Gucci cosmetic bags for \$ 150 and Gucci handbags for approximately \$ 350. Assuming the prices on DFA's website are not materially different from DFA's store prices, the Court concludes that, with respect to goods originating from Harvest Wrap, Soren marked up Gucci cosmetic bags about 150 percent and handbags about 133 percent.

The Court also finds that DFA more likely than not had at least one other source of counterfeit Gucci merchandise. For example, the Court determined in connection with the contempt proceeding that DFA sold a counterfeit key case, but none of Harvest Wrap's importation records indicate that it ever sold key cases, and Davidson specifically asserted that none of the Harvest Wrap sales to DFA involved key cases.

The Court cannot make any further detailed findings about the extent of the [*520] counterfeit sales because Soren and Davidson, by their own admissions, did not keep detailed records.

II. CONCLUSIONS OF LAW

⁵ The Court is mindful of Soren's charge that Gucci may be motivated to bring such lawsuits for the purpose of plugging the leaks in its supply chain, at the expense of innocent retailers. The Court need not address that issue here because all the evidence suggests that DFA is a knowing trademark infringer, not an innocent retailer.

⁶ Approximately 60 percent of the total number of items on those checks are items within the smaller range of prices; the remaining 40 percent of the number of items are in the larger range.

Having found that DFA and Soren willfully violated the [Lanham Act](#) and willfully committed contempt by violating the Court's injunction, the Court must determine the proper monetary damages and a proper injunctive relief. As [**22] to the monetary damages, Gucci has elected to receive statutory damages under Section 35 (c) of the Lanham Act, see [15 U.S.C. § 1117 \(c\)](#), for both the contempt and the underlying Lanham Act violations.⁷

HN1 Congress added the statutory damages provision of the Lanham Act in 1995 because "counterfeiters' records are frequently nonexistent, inadequate, or deceptively kept ..., making proving actual damages in these cases extremely difficult if not impossible." S. Rep. No. 104-177, at 10 (1995). For willful violations, plaintiffs may recover between \$ 500 and \$ 1 million "per counterfeit mark per type of goods or services sold, offered for sale, or distributed, [**23] as the court considers just." [15 U.S.C. § 1117 \(c\) \(2\)](#). The statute "does not provide guidelines for courts to use in determining an appropriate award," [Louis Vuitton Malletier & Oakley, Inc. v. Veit](#), 211 F. Supp. 2d 567, 583 (E.D. Pa. 2002), as it is only limited by what "the court considers just." [15 U.S.C. § 1117 \(c\)](#). However, courts have found some guidance in the caselaw of an analogous provision of the Copyright Act, [17 U.S.C. § 504 \(c\)](#), which also provides statutory damages for willful infringement. See, e.g., [Louis Vuitton](#), 211 F. Supp. 2d at 583; [Sara Lee Corp. v. Bags of N.Y., Inc.](#), 36 F. Supp. 2d 161, 166 (S.D.N.Y. 1999). Under the [Copyright Act](#), courts look to factors such as: (1) "the expenses saved and the profits reaped;" (2) "the revenues lost by the plaintiff;" (3) "the value of the copyright;" (4) "the deterrent effect on others besides the defendant;" (5) "whether the defendant's conduct was innocent or willful;" (6) "whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced;" and (7) [**24] "the potential for discouraging the defendant." [Fitzgerald Pub. Co., Inc. v. Baylor Pub. Co.](#), 807 F.2d 1110, 1117 (2d Cir. 1986).

HN2 To the extent possible, statutory damages "should be woven out of the same bolt of cloth as actual damages." See 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14.04 [E] [1], at 14-69 (2003). Under [Section 35 of the Lanham Act](#), actual damages for a willful violation generally include three times the amount of the defendant's profits or the plaintiff's losses (whichever is greater), plus attorney's fees. See [15 U.S.C. § 1117 \(b\)](#).

Under the statutory damages provision applicable here, the parties agreed in their joint pretrial order that a willful violation would give the Court discretion to award between \$ 2,000 and \$ 2 million in damages.⁸ Not surprisingly, DFA and [**521] Soren urge the Court to award Gucci only \$ 2,000 in damages, and Gucci seeks the full \$ 2 million. After considering the factors explained above, the Court considers just an award of \$ 2 million.

[**25] First, the Court examines DFA's ill-gotten profits. As stated, DFA wrote about \$ 250,000 in checks to Harvest Wrap which were marked with "Gucci." Comparing the proportion of Gucci checks to those checks marked with other brands, and assuming that that proportion applies to the unmarked checks, the Court can estimate that DFA purchased about another \$ 300,000 worth of Gucci merchandise from Harvest Wrap, for a total of about \$ 550,000. Taking into account the average markup of the goods as divided among handbags and cosmetic bags, the Court concludes that DFA stood to profit about \$ 767,000 on Harvest Wrap's Gucci brand merchandise during the

⁷ Because Soren made all of the decisions for DFA as to what merchandise to offer for sale, he is liable individually to the same extent as the corporation, DFA. see [Federal Trade Comm'n v. Standard Educ. Soc.](#), 86 F.2d 692, 695, 24 F.T.C. 1591 (2d Cir. 1936), modified on other grounds, 302 U.S. 112, 82 L. Ed. 141, 58 S. Ct. 113, 25 F.T.C. 1715 (1937).

⁸ The Court notes that the maximum statutory damages is arguably higher than \$ 2 million. Even though there are only two marks on the counterfeit goods, the statute authorizes (for willful violations) up to \$ 1 million "per counterfeit mark per type of goods ... sold." [15 U.S.C. § 1117 \(c\) \(2\)](#) (emphasis added). In considering the six items the Court has determined are counterfeit, an additional \$ 1 million in damages is theoretically available for each of: (1) the repeating "GG" mark on the three handbags, (2) the "GUCCI" mark on the wallet, (3) the "GUCCI" mark on the key case, and (4) the repeating "GG" mark on the cosmetic bag (if it is considered a separate "type of good" from a handbag). By way of illustration, one federal court awarded Nike, Inc., four separate awards of damages for the defendant's counterfeit sales of goods bearing the same "SWOOSH" trademark, one separate award for each of counterfeit (1) socks, (2) shirts, (3) sweatshirts, and (4) sweatpants. See [Nike Inc. v. Variety Wholesalers, Inc.](#), 274 F. Supp. 2d 1352, 1374 (S.D. Ga. 2003). Because Gucci does not ask for more than \$ 2 million, and because the Court considers a higher award excessive, the Court does not directly decide the issue of the statutory maximum damages potentially recoverable here.

relevant period. Because Soren has not sold the approximately 370 pieces he has stored in his garage on Long Island, the Court reduces its estimate of DFA's profits to about \$ 720,000.

The Court recognizes that this figure involves many assumptions, but the Court must rely on those assumptions only because of DFA's poor record keeping. The Second Circuit has held that *HN3* a counterfeiter who keeps poor records "must bear the burden of uncertainty" in determining a damages award. See [Louis Vuitton S.A. v. Spencer Handbags Corp.](#), 765 F.2d 966, 972-73 (2d Cir. 1985). **[**26]** Moreover, the Court's estimate may actually understate the DFA's illegitimate profits because it does not take into account other potential sources of counterfeit Gucci merchandise and the degree to which Gucci merchandise and advertising enticed customers into DFA's store, leading to purchases of other brands.

Second, in regard to Soren's willfulness, the Court notes that over the two-year time period, Soren was, at best, acting with willful blindness or, at worst, exhibiting bold contempt for the law. As explained above, none of a string of warning signs induced Soren to make a reasonable inquiry into the authenticity of his Gucci brand merchandise. *HN4* "Selling products acquired outside the customary chain of retail distribution and without the usual authenticating documentation" is a "high risk business." See [Gucci America, Inc. v. Daffy's Inc.](#), 354 F.3d 228, 245 (3d Cir. 2003) (Rosenn, J., dissenting). In the face of that risk, it was unreasonable for Soren to rely on the self-serving assurances of Harvest Wrap, or his admittedly inexperienced opinion about the authenticity of the goods. Moreover, Soren was also unreasonable in relying, as he asserted, on the absence **[**27]** of litigation by other designers; Soren should have known that a defendant who waits to get sued to determine whether his merchandise is legitimate runs the risk (as has happened here) of losing that lawsuit. Such "willful ignorance" would be sufficient to trigger the heightened penalties of the actual damages provisions of the Lanham Act. See [International Star Class](#) **[*522]** [Yacht Racing Ass'n v. Tommy Hilfiger](#), 80 F.3d 749, 753-54 (2d Cir. 1996).

The fact that most of the goods Soren sold may have been high-quality counterfeits slightly mitigates Soren's culpability, at least in the initial time frame. However, by the time the Court had ruled on Gucci's summary judgment motion, Soren's conduct was more severe. As explained above, Soren knew that Gucci's expert and this Court had determined that Harvest Wrap's Gucci brand merchandise was counterfeit, and Soren knew he was under an injunction not to sell counterfeit merchandise. Nevertheless, Soren sold at least three more counterfeit Gucci items within a month of the Court's injunction. The fact that Soren probably retrieved at least one of those items (the Jackie O bag) from his undisclosed stash of Gucci merchandise in **[**28]** his Long Island garage demonstrates that those sales were no accident.

Gucci would have been automatically entitled to treble damages had it elected actual (versus statutory) damages under Section 35 (b) of the Lanham Act. See [15 U.S.C. § 1117 \(b\)](#). The Court follows the lead of another judge in the District in concluding that it is an "unadventurous corollary" to also treble any determinable damages when awarding statutory damages because "statutory damages give even greater weight to the need to deter and punish." [Sara Lee](#), 36 F. Supp. 2d at 170. Accordingly, the Court awards Gucci \$ 2 million in statutory damages.

Gucci urges the Court to make an additional award of attorney's fees, and Gucci correctly points out that attorney's fees are generally awarded, absent "extenuating circumstances," as a measure of actual damages for willful counterfeiting. See [15 U.S.C. § 1117 \(b\)](#). However, Gucci has elected to pursue statutory damages, which are available "instead of actual damages." [15 U.S.C. § 1117 \(c\)](#) (emphasis added). Thus, the presumption of attorney's fees does not apply here (except **[**29]** to the extent that actual damages are a persuasive measure towards determining statutory damages), and any such application is simply another factor in the mix of the Court's broad discretion to award statutory damages. Cf. [Sara Lee](#), 36 F. Supp. 2d at 170 (holding that the trebling provision of [15 U.S.C. § 1117 \(b\)](#) is not automatically applicable to the statutory damages calculation of [§ 1117 \(c\)](#)).⁹

⁹ In this regard, the structure of the Lanham Act is notably different from the Copyright Act, in which the attorney's fees provision, see [17 U.S.C. § 505](#), is set apart from the provisions for actual and statutory damages, see [17 U.S.C. § 504](#), and thus not subsumed as part of the calculation of either.

The Court concludes that attorney's fees are not appropriate in this case because the Court's \$ 2 million statutory damages award – in addition to the Court's now five-month old blanket injunction and its award of [**30] attorney's fees in connection with the contempt hearing -- more than sufficiently advances the goals of deterrence and compensation in this case. Cf. [Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n. 19, 127 L. Ed. 2d 455, 114 S. Ct. 1023 \(1994\)](#) (noting that compensation and deterrence are two factors for courts to consider in awarding a prevailing party discretionary awards of attorney's fees). First, by trebling the Court's calculation of DFA's Gucci-related profits, the Court's award likely overcompensates whatever lost profits Gucci actually suffered. Second, the substantial award will likely have a material, if not fatal, effect on DFA's business, thereby more than advancing the goals of deterrence. The Court concludes that any additional damages award would increase the punishment to DFA without materially advancing any deterrent effect. Cf. [TVT \[**523\] Records v. Island Def Jam Music Group, 288 F. Supp. 2d 506, 511 \(S.D.N.Y. 2003\)](#) (declining to award attorney's fees where such an award would duplicate factors already accounted for in punitive damages award).¹⁰

[**31] The Court must also determine the proper injunctive relief. **HN6** Although "injunctive relief should be narrowly tailored to fit specific legal violations," [Waldman Pub. Corp. v. Landoll, Inc., 43 F.3d 775, 785 \(2d Cir. 1994\)](#), the Second Circuit has recognized the principle that "a court can frame an injunction which will keep a proven infringer safely away from the perimeter of future infringement." [Patsy's Brand, Inc. v. I.O.B. Realty, Inc., 317 F.3d 209, 220 \(2d Cir. 2003\)](#) (quoting 5 J. Thomas McCarthy, *McCarthy on Trademark Trademarks and Unfair Competition*, § 30:4, at 30-12 (4th ed. 2003)); see also [United States v. Loew's, Inc., 371 U.S. 38, 53, 9 L. Ed. 2d 11, 83 S. Ct. 97 \(1962\)](#) ("To ensure ... that relief is effectual, otherwise permissible practices connected with the acts found to be illegal must sometimes be enjoined.").

In this case, Soren, through his repeated infringing conduct and his overwhelming amount of dubious testimony, has thrown into question not only his credibility, but his trustworthiness as well. Gucci urges the Court to continue the existing injunction, barring Soren from selling any Gucci merchandise ever, whether real [**32] or counterfeit. Soren pleads that he be given one more chance. He proposes an injunction whereby, if he were ever found to have sold a counterfeit Gucci item in the future, he would be forever barred from selling Gucci merchandise, whether real or counterfeit.

The Court adopts a path in the middle. Gucci's remedy is too extreme because only in the most unusual circumstances could a such a categorical ban on the sale of genuine goods be considered "narrowly tailored" to the violation. [Waldman Pub. Corp., 43 F.3d at 785](#). Moreover, considering that the Court's substantial damages award should prove a sobering deterrent to Soren and DFA, the Court considers a blanket and perpetual injunction to be excessive.

Nevertheless, the Court agrees with Gucci that, given DFA's extensive record of infringement, Gucci should not have to police DFA yet again, possibly inviting another round of litigation and expert testimony. The Court's more streamlined solution is to order that DFA and Soren obtain Gucci merchandise only directly from Gucci-authorized dealers, as determined by Gucci, and that DFA and Soren maintain adequate records in that regard.

As stated above, the Court is [**33] mindful of Soren's claim that revealing his sources to Gucci effectively amounts to eliminating those sources and to drive him entirely out of the Gucci business. The Court notes that in at least two other lawsuits, Gucci has faced the charge that its main purpose behind its counterfeiting lawsuits is to plug leaks in its supply chain, at the expense of discount retailers. See [Gucci America, \[**524\] Inc. v. Daffy's Inc., 2000 U.S. Dist. LEXIS 16714, No. 00 Civ. 4463, 2000 WL 1720738, at *6 -*7 \(D.N.J. Nov. 14, 2000\)](#); [Gucci Am., Inc. v. Costco](#)

¹⁰ The Court likewise rejects Gucci's second basis for awarding attorney's fees. Gucci has moved the Court to enter a finding that, in addition to the federal claims, DFA and Soren have violated New York's deceptive business practices statute. See [N.Y. Gen. Bus. Law § 349](#). The Court agrees that DFA and Soren have misled customers into believing they were purchasing authentic Gucci merchandise, thereby injuring Gucci. Thus, Gucci has proven a § 349 violation. See [Stutman v. Chemical Bank, 95 N.Y.2d 24, 731 N.E.2d 608, 611, 709 N.Y.S.2d 892 \(N.Y. 2000\)](#) (listing elements). **HN5** That provision furnishes a separate basis for awarding attorney's fees, see N.Y. Gen. Bus. L. § 349(h), but for the same reasons discussed in connection with the Lanham Act, the Court declines to award attorney's fees.

[Cos., 2000 U.S. Dist. LEXIS 602, No. 98 Civ. 5613, 2000 WL 60209, at *1-*3 \(S.D.N.Y. Jan. 24, 2000\)](#). Were the Court to permit Soren to sell Gucci merchandise only if he notified Gucci of the source of those goods, the Court recognizes the strong possibility that such relief would effectively bar Soren from ever selling authentic Gucci merchandise -- a sanction the Court has already stated is too severe and inconsistent with this country's notions of free enterprise and vigorous competition.

Accordingly, the Court proposes a solution which will permit Soren to sell legitimate Gucci goods, and also hopefully avoid further litigation. First, the Court will order Gucci **[**34]** to turn over to the Court and to DFA a list of the names and addresses of its authorized dealers in the United States and in Italy from which any purchase of Gucci merchandise would presumptively entail legitimate goods, and thus not raise Gucci objections to the authenticity of the products. Second, the Court will order that Soren obtain Gucci merchandise for sale only from dealers on that list, and that he maintain records (such as invoices) with accurate and substantial detail of those purchases for at least two years following any purchase. If Soren indeed buys only from high-quality retailers in Italy (as he claimed at trial), those stores will no doubt be included on the list.¹¹ Third, if Gucci has any reason to doubt the authenticity of merchandise marketed by Soren or DFA, the Court will permit Gucci to demand that Soren produce to the Court, *in camera*, the appropriate invoice or invoices of the purchases. In the event the items do not originate from an authorized dealer, the Court will presume that such goods are not authentic and hold DFA and Soren in contempt for violating the terms of the injunction. Finally, the Court will order that Soren return any Gucci brand **[**35]** merchandise he obtained from Harvest Wrap, such as the 370 pieces he has stored in his garage.

The Court must address one outstanding matter before a final judgment can be entered. After determining that DFA violated the Court's injunction, the Court ordered that Gucci be awarded reasonable attorney's fees and costs associated with investigating and litigating that violation. The Court addresses that application now.

Gucci seeks fees and costs in the amount of \$ 59,584.62; DFA argues that that figure should be reduced to \$ 35,572.33. The Court concludes that the full amount of Gucci's application is reasonable and that all of DFA's objections are without merit.

At the outset, the Court echoes observations of another judge in this District, which are apt to this case:

The fees sought here are not hypothetical amounts prepared only for **[**36]** purposes of a fee application. Rather, they are embodied in invoices prepared as the litigation progressed, and actually paid by [Gucci], a sophisticated client [who] could not have been assured that it would be awarded fees at the end of the [contempt proceeding]; rather, in the event of a loss or a settlement, it would have had to bear those fees unreimbursed. As numerous courts have recognized, negotiation and payment of fees by sophisticated clients are solid evidence of their reasonableness in the market Certainly, [Gucci] could have found cheaper lawyers, but it was not required to do so. [Gucci] chose **[*525]** these lawyers, agreed to be responsible for their fees, and paid them, without regard to whether the fees would be recovered

[Bleecker Charles Co. v. 350 Bleecker Street Apartment Corp., 212 F. Supp. 2d 226, 230 \(S.D.N.Y. 2002\)](#) (emphasis in original).

Turning to the specific objections, DFA first objects to the hourly billing rates of the two Gucci lawyers on this case, \$ 425 for the partner, and \$ 290 for the associate. The two lawyers are experts in trademark law who have published articles on the topics at issue in this litigation. **[**37]** The Court concludes that those rates are reasonable and notes that the rates are within the range of rates approved by other courts in this District. See, e.g., [Yurman Designs, Inc. v. PAJ, Inc., 125 F. Supp. 2d 54, 58 \(S.D.N.Y. 2000\)](#) (approving hourly rates of \$ 520.69 for a partner and \$ 278.50 for an associate at a mid-sized intellectual property law firm); [Stevens v. Aeonian Press, Inc., 2002 U.S. Dist. LEXIS 20189, No. 00 Civ. 6330, 2002 WL 31387224, at *5 \(S.D.N.Y. Oct. 23, 2002\)](#) (approving, in a

¹¹ Soren also indicated that he occasionally buys Gucci merchandise from Gucci outlet stores, which, again, would presumably be on Gucci's list of authorized dealers.

copyright case, hourly fees of \$ 460 for partners and, on average, \$ 284 for associates at a large New York City law firm).

DFA objects to a number of Gucci's billing records as "vague," but the Court disagrees with that charge. For example, although DFA claims that one billing entry -- "begin drafting motion papers on contempt motion" -- is vague, the Court finds the description perfectly clear. In fact, DFA charges that five of the eight billing entries related to drafting the contempt motion are "vague," even though it is clear what Gucci's lawyers were doing: writing the motion which was eventually filed with the Court and granted. The Court notes additionally that Gucci's **[**38]** lawyers spent a combined 30 hours preparing that motion, which, considering that the motion was detailed and carefully drafted, is not an unreasonable amount of time.

DFA also charges that a number of billing entries are improperly "grouped." That is, Gucci's lawyers described multiple tasks within one single time entry. DFA cites no authority that grouping automatically renders the billing entry unreasonable. For each challenged entry, the total time is reasonable when considering all the tasks taken together.

DFA, again without citing authority, challenges Gucci's entries related to legal research. However, the attorneys undoubtedly performed significant legal research in preparing the contempt motion, and that research takes time -- billable time which is recoverable as any other reasonable billable time.

Next, DFA asserts that it was improper for the two attorneys to attend the same deposition where only the partner conducted the deposition. The Court disagrees. In this case, the same two attorneys have been intimately involved in this litigation on Gucci's behalf from the beginning, and the partner undoubtedly benefitted from having the associate present to assist, especially **[**39]** where, as here, the deposition occurred just two days before the hearing. Cf. [New York State Ass'n for Retarded Children, Inc. v. Carey, 711 F.2d 1136, 1146 \(2d Cir. 1983\)](#) ("Prevailing parties are not barred as a matter of law from receiving fees for sending a second attorney to depositions or an extra lawyer into court to observe and assist."). The Court notes that, even considering the compressed two-week time schedule between the Court's preliminary injunction and the contempt hearing, Gucci's attorneys did not resort to involving an arsenal of other associates to help in the undoubtedly frantic task. The same two lawyers undertook the entire workload.

DFA charges, again without authority, that Gucci should not recover its **[*526]** fees in connection with preparing the attorney's fees application itself. The courts have ruled to the contrary on this point. See [Weyant v. Okst, 198 F.3d 311, 316 \(2d Cir. 1999\)](#).

DFA makes three objections to Gucci's costs application, none of which have merit. First, DFA objects to the fees of the interpreter who translated on behalf of Gucci's Italian expert. DFA suggests that Gucci should have chosen an English speaking **[**40]** expert. The Court disagrees. Gucci's goods are made in Italy, and it is unsurprising that the person Gucci considered most qualified to authenticate its goods is also from Italy, and speaks Italian. Second, DFA challenges Gucci's fees for its deposition transcript of Soren. Gucci persuasively points out that, because of the Court's compressed schedule, Gucci deposed Soren only two days before the hearing, thereby requiring Gucci to pay the higher overnight service fee. Third, DFA challenges Gucci's costs pertaining to Westlaw research. The Court agrees with courts in this District that those **HN7** costs are out-of-pocket expenses ordinarily charged to the client and therefore, reimbursable. See [Bleeker Charles Co., 212 F. Supp. 2d at 231 n.6](#).

Accordingly, the Court's final judgment will award Gucci a total of \$ 2,059,584.62.

III. FINAL JUDGMENT AND ORDER

For the reasons stated, it is hereby

ORDERED that defendants Duty Free Apparel, Inc. ("DFA") and Joel Soren ("Soren" and collectively "Defendants") are found liable, jointly and severally, to plaintiff Gucci America, Inc. ("Gucci") in the amount of \$ 2,059,584.62 for violations of the Lanham Act and **[**41]** [New York General Business Law § 349](#) determined by the Court's Order of

October 6, 2003, and as compensation for attorney's fees and costs in connection with prosecuting Defendants' contempt determined by the Court's Order of December 19, 2003; it is further

ORDERED that Gucci provide to the Court and to Defendants within 30 days of the date of this Order a list of the names and addresses of all of its authorized dealers in the United States and Italy; it is further

ORDERED that the Court's previous injunction, dated December 19, 2003, is amended as follows. Defendants are enjoined from selling any merchandise bearing any trademarks owned by Gucci, unless Defendants maintain records demonstrating that that merchandise originated from an authorized Gucci dealer, as determined by Gucci. Defendants shall maintain those records in accurate and substantial detail (including the quantity and style numbers for any goods purchased) for a period of two years after any purchase; and Defendants shall provide copies of those records to the Court for inspection, within a reasonable time after Gucci or the Court so requests; and it is finally

ORDERED [**42] that Defendants shall turn over to Gucci for destruction all Gucci brand merchandise still in Defendant's possession originating from defendant Harvest Wrap, Inc.

The Clerk of Court is directed to enter final judgment accordingly and to close this case.

SO ORDERED.

Dated: 22 April 2004

Victor Marrero

U.S.D.J.

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As of: October 9, 2016 6:13 PM EDT

[Gucci Am., Inc. v. Action Activewear, Inc.](#)

United States District Court for the Southern District of New York

March 28, 1991, Decided

No. 89 Civ. 8314 (PKL)

Reporter

759 F. Supp. 1060; 1991 U.S. Dist. LEXIS 3888; 19 U.S.P.Q.2D (BNA) 1448

GUCCI AMERICA, INC., and POLO RALPH LAUREN CORPORATION, Plaintiffs, v. ACTION ACTIVEWEAR, INC., AZRIEL UZI LEWIN, JOSEF'S, SAMUEL JOSEF, ARI GAVRIELLI, and JOHN DOES 2-10, Defendants

Core Terms

marks, Polo, trademarks, plaintiffs', Sportswear, summary judgment, likelihood of confusion, defendants', user, unfair competition, consumer, products, trademark infringement, uncontroverted, merchandise, registered, secondary meaning, genuine issue, material fact, set forth, Sophistication, undisputed, counterfeit, proximity, damages, weigh

Case Summary

Procedural Posture

Plaintiffs moved for summary judgment on the issue of defendant's liability for trademark infringement under the Lanham Act, 15 U.S.C.S. § 1114, and for unfair competition, 15 U.S.C.S. § 1125(a).

Overview

Plaintiffs brought suit against defendant for trademark infringement under the Lanham Act, 15 U.S.C.S. § 1114, and for unfair competition, 15 U.S.C.S. § 1125(a). Plaintiffs subsequently moved for summary judgment on the issue of liability. The district court granted plaintiffs' motion, holding that plaintiffs' trademark was valid and that defendant's use of the mark created a likelihood of confusion. The district court held that to prevail plaintiffs must show that they owned a valid trademark and that defendant's use of the trademark created a likelihood of confusion as to the source of the goods. According to the court, a likelihood of confusion turned on the strength of the mark, the degree of similarity between the marks, the likelihood that the senior user of the mark would bridge the gap, actual confusion, defendant's intent, the quality of defendant's product, and the sophistication of the relevant consumer group.

Outcome

The district court granted plaintiffs' motion holding that plaintiffs' trademark was valid and that defendant's use of the mark created a likelihood of confusion.

LexisNexis® Headnotes

Civil Procedure > ... > Discovery > Methods of Discovery > General Overview

Civil Procedure > ... > Summary Judgment > Entitlement as Matter of Law > General Overview

Civil Procedure > ... > Summary Judgment > Entitlement as Matter of Law > Genuine Disputes

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