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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

CISCO SYSTEMS, INC., et al.,

Plaintiffs,

v.

SHENZHEN USOURCE TECHNOLOGY
CO., et al.,

Defendants.

Case No. [5:20-cv-04773-EJD](#)

**ORDER GRANTING MOTION FOR
DEFAULT JUDGMENT AND
ISSUANCE OF PERMANENT
INJUNCTION**

Re: Dkt. No. 58

Plaintiffs Cisco Systems, Inc., Cisco Technology, Inc., (together, “Cisco”) and Ciena Corporation (“Ciena”) filed this action asserting trademark infringement and counterfeiting against Defendants Shenzhen Usource Technology Co., Warex Technologies Limited, and Shenzhen Warex Technologies, Co., Ltd. Am. Compl., Dkt. No. 16. Plaintiffs now move for default judgment and a permanent injunction. Mot. for Default Judg. and Issuance of Perm. Inj. (“Mot.”), Dkt. No. 58.

The Court finds the motion appropriate for decision without oral argument pursuant to Civil Local Rule 7-1(b). Having considered Plaintiffs’ moving papers, the Court GRANTS Plaintiffs’ motion.

I. BACKGROUND

Plaintiffs Cisco and Ciena have sold networking equipment, including transceiver modules, since 1992. Am. Compl. ¶¶ 18, 20. Cisco owns the relevant trademarks, registered with the U.S. Patent and Trademark Office, for use in connection with Cisco’s products. *Id.* ¶ 21; Cisco Decl. of First Witness in Supp. of Pls.’ Emerg. Ex Parte Mot. for TRO, Asset Freeze Order, Case No.: [5:20-cv-04773-EJD](#)
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1 Expedited Disc., Order Permitting Alt. Serv. of Process, and Order to Show Cause Re: Prelim. Inj.
2 (“Cisco First Witness Decl.”), Dkt. No. 10-1 ¶¶ 5-10, Ex. 1A. Ciena also owns the relevant
3 trademarks, registered with the U.S. Patent and Trademark Office, for use in connection with
4 Ciena’s products. Am. Compl. ¶ 24; Ciena Decl. of First Witness in Supp. of Pls.’ Emerg. Ex
5 Parte Mot. for TRO, Asset Freeze Order, Expedited Disc., Order Permitting Alt. Serv. of Process,
6 and Order to Show Cause Re: Prelim. Inj. (“Ciena First Witness Decl.”), Dkt. No. 19-1 ¶¶ 5-10,
7 Ex. 1A.

8 Defendants Shenzhen Usource Technology Co., Warex Technologies Limited, and
9 Shenzhen Warex Technologies, Co., Ltd have their principal places of business in China. Am.
10 Compl. ¶¶ 10-11. Defendants engaged in advertising, selling, and distributing transceiver
11 products that are infringing Plaintiffs’ trademarks on transceiver products in this District and the
12 State of California. *Id.* ¶ 43.

13 Plaintiffs assert that Defendants are intentionally deceiving customers into believing that
14 they are purchasing and receiving products that are developed, manufactured, and screened by
15 Plaintiffs or another party legitimately associated with Plaintiffs. *Id.* ¶¶ 6, 43-46; Cisco Decl. of
16 Third Witness in Supp. of Pls.’ Emerg. Ex Parte Mot. for TRO, Asset Freeze Order, Expedited
17 Disc., Order Permitting Alt. Serv. of Process, and Order to Show Cause Re: Prelim. Inj. (“Cisco
18 Third Witness Decl.”), Dkt. No. 10-6 ¶¶ 7-31. Ciena Decl. of Third Witness in Supp. of Pls.’
19 Emerg. Ex Parte Mot. for TRO, Asset Freeze Order, Expedited Disc., Order Permitting Alt. Serv.
20 of Process, and Order to Show Cause Re: Prelim. Inj.; (“Ciena Third Witness Decl.”), Dkt. No.
21 19-4 ¶¶ 7-31.

22 Plaintiffs discovered that Defendants advertised and sold similar types of transceiver
23 products using unauthorized representations of Plaintiffs’ trademarks. Am. Compl. ¶¶ 63-76;
24 Cisco Third Witness Decl. ¶¶ 7-31; Ciena Third Witness Decl. ¶¶ 7-31. Plaintiffs hired
25 investigators and consultants to purchase Defendants’ products through their websites and by
26 email communication. Am. Compl. ¶¶ 54-63; Cisco Third Witness Decl. ¶¶ 7-10, 16-20; Ciena
27 Third Witness Decl. ¶¶ 7-10, 16-20. After analyzing the products purchased from Defendants,

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1 Plaintiffs' engineers concluded that Defendants' products were inauthentic and had a high
2 probability of malfunctioning. Am. Compl. ¶¶ 44, 57, 75; Cisco Third Witness Decl. ¶¶ 10-31;
3 Ciena Third Witness Decl. ¶¶ 10-31. Accordingly, Plaintiffs allege that Defendants have been
4 advertising, offering, selling, using and/or distributing products that bear confusingly similar
5 imitations of the Cisco and Ciena trademarks. Am. Compl. ¶ 43.

6 Plaintiffs filed this action on July 16, 2020, asserting the following claims: (1) trademark
7 infringement and counterfeiting in violation of the Lanham Act, 15 U.S.C. § 1114; (2) false
8 designation of origin and false advertising in violation of the Lanham Act, 15 U.S.C. § 1125(a);
9 (3) dilution of Plaintiffs' marks under the Lanham Act, 15 U.S.C. § 1125(c); (4) violation of
10 California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code § 17500; and (5) violation of
11 California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code § 17200. *Id.* ¶¶ 77-104.
12 Plaintiffs have served Defendants with the original complaint, summonses, and the operative
13 Amended Complaint by court-ordered substitute service via e-mail. Dkt. No. 12. The Court
14 granted Plaintiffs' requests for a temporary restraining order and a preliminary injunction
15 prohibiting Defendants and others acting in concert with them from engaging in the alleged
16 counterfeiting and infringing behavior. Dkt. Nos. 12, 23, 29.

17 No Defendant has ever appeared in this action. The Clerk of the Court entered default
18 against Defendants on July 12, 2021. Dkt. No. 56. On August 17, 2021, Plaintiffs filed the
19 motion for default judgment now before the Court and served a copy on Defendants. Dkt. Nos.
20 58, 60. To date, Defendants have not responded to or otherwise defended this action.

21 **II. LEGAL STANDARD**

22 Courts may grant default judgment if a party fails to plead or otherwise defend against an
23 action for affirmative relief. Fed. R. Civ. P. 55(a). Discretion to enter default judgment rests with
24 the district court. *Aldabe v. Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980). When deciding whether
25 to enter default judgment, the court considers:

- 26 (1) the possibility of prejudice to the plaintiff, (2) the merits of
27 plaintiff's substantive claim, (3) the sufficiency of the complaint, (4)
28 the sum of money at stake in the action, (5) the possibility of a

1 dispute concerning material facts, (6) whether the underlying default
2 was due to excusable neglect, and (7) the strong policy underlying
the Federal Rules of Civil Procedure favoring decisions on the
merits.

3 *Eitel v. McCool*, 782 F.2d 1470, 1471–72 (9th Cir. 1986). In evaluating these factors, all factual
4 allegations in the complaint are taken as true, except those relating to damages. *TeleVideo Sys.,*
5 *Inc. v. Heidenthal*, 826 F.2d 915, 917–18 (9th Cir. 1987).

6 **III. DISCUSSION**

7 **A. Jurisdiction and Service of Process**

8 Before entering default judgment, a court must determine whether it has subject matter
9 jurisdiction over the case and personal jurisdiction over the defendant. *See In re Tulli*, 172 F.3d
10 707, 712 (9th Cir. 1999).

11 **1. Subject matter jurisdiction**

12 District courts have original jurisdiction to hear civil cases arising under the Constitution,
13 laws, or treaties of the United States. 28 U.S.C. § 1331. In addition, in any civil action where the
14 district court has original jurisdiction, the court will also have supplemental jurisdiction over all
15 other claims that are so related to claims in the action with original jurisdiction such that they form
16 part of the same case or controversy. 28 U.S.C. § 1367.

17 Here, Plaintiffs allege that Defendants engaged in trademark infringement and
18 counterfeiting, false designation of origin and false advertising, and dilution in violation of the
19 Lanham Act. Because Plaintiffs’ claims arise under federal law, the Court has original federal
20 question jurisdiction over Plaintiffs’ federal law claims. 28 U.S.C. §§ 1331, 1338.

21 Further, Plaintiffs’ FAL and UCL claims under California law involve the same products
22 at issue and therefore arise out of the same “case or controversy” as the Lanham Act claims. 28
23 U.S.C. § 1367(a). Accordingly, the Court has supplemental jurisdiction over Plaintiffs’ state law
24 claims.

25 **2. Personal jurisdiction and service of process**

26 The Court must exercise personal jurisdiction over the defaulting defendant if its activities
27 in the state are sufficient to show that it enjoys the benefits and protections of the laws in that

1 state. *See Int'l Shoe Co. v. Washington*, 326 U.S. 310, 319 (1945). Moreover, serving a summons
 2 establishes personal jurisdiction over a defendant, who is subject to the jurisdiction of a court of
 3 general jurisdiction in the state where the district court is located. Fed. R. Civ. P. 4(k)(1).

4 Here, Defendants have engaged in business activities by advertising, selling, and
 5 distributing the products at issue in this district and the State of California. Am. Compl. ¶ 9. The
 6 Court has personal jurisdiction over Defendants under the California long arm statute, Cal. Civ.
 7 Proc. Code § 410.10, or alternatively under the federal long-arm statute, Fed. R. Civ. P. 4(k)(2).
 8 *Oomph Innovations LLC v. Shenzhen Bolsesic Elecs. Co.*, No. 5:18-CV-05561-EJD, 2020 WL
 9 5847505, at *2 (N.D. Cal. Sept. 30, 2020) (finding that defendants' sales of products to California
 10 residents through interactive Internet websites was sufficient to confer personal jurisdiction).
 11 Additionally, Plaintiffs have served the complaints and summons via e-mail pursuant to the
 12 Court's order. Dkt. Nos. 12, 24, 25, 39.

13 The Court is satisfied that Plaintiffs have established that the Court has subject matter and
 14 personal jurisdiction, and that service was properly effected.

15 **B. Eitel Factors**

16 **1. Possibility of prejudice to Plaintiffs**

17 Under the first *Eitel* factor, the Court considers whether the plaintiff will suffer prejudice if
 18 default judgment is denied. *Bd. of Trustees, I.B.E.W. Local 332 Pension Plan Part A v. Delucchi*
 19 *Elec., Inc.*, No. 5:19-CV-06456-EJD, 2020 WL 2838801, at *2 (N.D. Cal. June 1, 2020) (citing
 20 *PepsiCo, Inc. v. Cal. Sec. Cans*, 283 F. Supp. 2d 1172, 1177 (C.D. Cal. 2002)). A plaintiff is
 21 prejudiced if it would be “without other recourse for recovery” because the defendant failed to
 22 appear or defend against the suit. *JL Audio, Inc. v. Kazi*, No. 5:16CV00785CASJEM, 2017 WL
 23 4179875, at *3 (C.D. Cal. Sept. 18, 2017).

24 Here, Plaintiffs allege that Defendants' infringing acts divert Plaintiffs' sales and harm
 25 their reputations by providing inferior products under the Plaintiffs' marks. Am. Compl. ¶¶ 77-
 26 104. Since Defendants have not appeared in this matter, Plaintiffs will be without any other
 27 recourse for recovery unless default judgment is granted. *Oomph Innovations*, 2020 WL 5847505,

1 at *2. The first *Eitel* factor weighs in favor of entering default judgment. *Id.*

2 **2. Substantive merits and sufficiency of the claims**

3 Courts often consider the second and third *Eitel* factors together. *I.B.E.W. Local 332*, 2020
4 WL 2838801, at *2 (citing *PepsiCo, Inc.*, 283 F. Supp. 2d at 1177). These factors assess the
5 substantive merits of the movant’s claims and the sufficiency of the pleadings. The movant must
6 “state a claim on which [it] may recover.” *Id.* Here, Plaintiffs assert claims for trademark
7 infringement, false designation of origin, false advertising, and dilution under the Lanham Act, as
8 well as claims under the UCL and FAL. *Id.* ¶¶ 77-104.

9 **a. Lanham Act trademark infringement and false designation of**
10 **origin**

11 The Court begins with Plaintiffs’ trademark infringement claim. A trademark
12 infringement claim requires that a trademark holder to demonstrate (1) ownership of a valid mark,
13 and (2) that the alleged infringer’s use of the mark is likely to cause confusion, mistake, or deceive
14 consumers. *Reno Air Racing Ass’n, Inc. v. McCord*, 452 F.3d 1126, 1134 (9th Cir. 2006). Here,
15 Plaintiffs own the federal trademark registrations for the Cisco and Ciena marks. Am. Compl. ¶¶
16 21, 24; Cisco First Witness Decl. ¶¶ 5-10, Ex. 1A; Ciena First Witness Decl. ¶¶ 5-10, Ex. 1A.
17 Thus, Plaintiffs have demonstrated ownership of valid trademarks.

18 Having established that the marks are valid and protectable, the Court addresses whether
19 the marks create a likelihood of confusion. *Vietnam Reform Party v. Viet Tan - Vietnam Reform*
20 *Party*, 416 F. Supp. 3d 948, 965 (N.D. Cal. 2019). Assessing the likelihood of confusion normally
21 involves a non-exhaustive eight-factor test. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th
22 Cir. 1979), *abrogated on other grounds by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792
23 (9th Cir. 2003). However, the Court need not perform the full eight-factor analysis in cases
24 involving counterfeit marks, because counterfeits are inherently confusing. *Ubiquiti Networks,*
25 *Inc. v. Kozumi USA Corp.*, No. C 12-2582 CW, 2012 WL 2343670, at *14 (N.D. Cal. June 20,
26 2012); *Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1073 (C.D. Cal. 2004); *Nestle*
27 *USA, Inc. v. Gunther Grant, Inc.*, No. CV-13-6754 MMM (ASX), 2014 WL 12558008, at *8

1 (C.D. Cal. May 13, 2014); *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F.Supp.2d 284, 287
 2 (S.D.N.Y. 2003). A counterfeit mark is: “(1) a non-genuine mark identical to the registered,
 3 genuine mark of another, where (2) the genuine mark was registered for use on the same goods to
 4 which the infringer applied the mark.” *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658
 5 F.3d 936, 946 (9th Cir. 2011). As discussed above, Plaintiffs have adequately pled ownership of
 6 the marks that they use on their own transceivers. They further demonstrate that the products they
 7 received from Defendants were not genuine Cisco/Ciena products, despite bearing what appear to
 8 be the Cisco/Ciena marks. Am. Compl. ¶¶ 44, 54-76; Cisco Third Witness Decl. ¶¶ 7-31; Ciena
 9 Third Witness Decl. ¶¶ 7-31. Accordingly, Plaintiffs have sufficiently pled that Defendants
 10 infringed Plaintiffs’ trademarks.

11 The elements of false designation of origin are similar to trademark infringement. *See*
 12 *Brookfield Commc’ns, Inc. v. W. Coast. Ent’mnt Corp.*, 174 F.3d 1036, 1046 nn.6 & 8 (9th Cir.
 13 1999); *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980).
 14 Therefore, courts have treated them as claims that rise and fall together. *Freecycle Network*, 505
 15 F.3d at 902–04; *New W. Corp. v. NYM Co. of Cal.*, 595 F.2d 1194, 1201 (9th Cir. 1979);
 16 *Amazon.com, Inc. v. Expert Tech Rogers Pvt. Ltd.*, No. 20CV07405PJHJSC, 2021 WL 4461601
 17 (N.D. Cal. Sept. 22, 2021) (listing cases), *report and recommendation adopted*, No. 20-CV-
 18 07405-PJH, 2021 WL 4896120 (N.D. Cal. Oct. 20, 2021). Because Plaintiffs have adequately
 19 pled trademark infringement, the Court finds they have also adequately pled false designation of
 20 origin under the Lanham Act.

21 **b. Lanham Act false advertising and dilution**

22 Plaintiffs do not specifically address the false advertising and dilution claims in their
 23 motion. *See Mot.* at 6–8. As to false advertising, Plaintiffs plead false advertising and false
 24 designation of origin together as a single claim under the Lanham Act, but they are separate claims
 25 to be analyzed separately. *Amazon.com*, 2021 WL 4461601, at *6. Plaintiffs’ motion focuses
 26 primarily on false designation of origin, *see Mot.* at 6–8 (describing complaint as “alleging both
 27 federal law claims for trademark infringement and false designation of origin” but not false

1 advertising under the Lanham Act), therefore the Court understands Plaintiffs to move for default
 2 only on false designation of origin and not false advertising. *Amazon.com*, 2021 WL 4461601, at
 3 *6. Similarly, the Court interprets Plaintiffs’ total omission of dilution from its analysis as not
 4 seeking default judgment on that claim. *See* Mot. at 6–8.

5 **c. UCL and FAL claims**

6 Finally, a UCL claim is “substantially congruent” to a Lanham Act trademark infringement
 7 claim under the Lanham Act. *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions,*
 8 *Inc.*, 944 F.2d 1446, 1457 (9th Cir. 1991). Both claims ask “whether the public is likely to be
 9 deceived or confused by the similarity of the marks.” *Id.* (internal quotation marks omitted).
 10 Because Plaintiffs have stated a claim for trademark infringement, the Court finds they have also
 11 stated a claim under the UCL.

12 The FAL is also “substantially congruent” to Lanham Act claims for false advertising.
 13 *L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852, 860 (N.D. Cal. 2015); *Kwan*
 14 *Software Eng’g, Inc. v. Foray Techs., LLC*, No. 12-cv-03762-SI, 2014 WL 572290, at *3 (N.D.
 15 Cal. Feb 11, 2014); *see also Williams v. Gerber Prods. Co.*, 552 F.3d 934, 938 (9th Cir.
 16 2008) (“The California Supreme Court has recognized that [the UCL and the FAL] prohibit not
 17 only advertising which is false, but also advertising which[,] although true, is either actually
 18 misleading or which has a capacity, likelihood or tendency to deceive or confuse the public.”). As
 19 discussed above, Plaintiffs do not seek default judgment on their Lanham Act claim for false
 20 advertising. *See* Mot. at 6–8. Nevertheless, the Court finds that Plaintiffs state a claim under the
 21 FAL under the facts presented here because they have stated a claim for trademark infringement
 22 and false designation of origin for the reasons described above. *See Faberge, Inc. v. Saxony*
 23 *Prods., Inc.*, 605 F.2d 426, 428 (9th Cir. 1979) (stating that use of a trademark or trade name that
 24 is likely to cause confusion constitutes a violation of the FAL); *Conifer Sec. LLC v. Conifer*
 25 *Capital LLC*, No. C02-05611 WHA, 2003 WL 1873270 at *2 (N.D. Cal. Apr. 2, 2003) (finding
 26 that a defendant’s use of a trade name similar to plaintiff’s in a manner likely to cause confusion
 27 as to the relationship between plaintiff and defendant and as to the origin, sponsorship, and

1 approval of defendant's goods and services constituted false advertising under the FAL).

2 In conclusion, Plaintiffs have sufficiently pled claims for trademark infringement, false
3 designation of origin, and violation of the UCL and FAL. *Id.* Thus, the second and third *Eitel*
4 factors favor granting default judgment for Plaintiffs on those claims.

5 3. Sum of money in dispute

6 "When the money at stake in the litigation is substantial or unreasonable, default judgment
7 is discouraged." *Bd. of Trustees v. Core Concrete Cost., Inc.*, No. C 11-02532 LB, 2012 WL
8 380304, at *4 (N.D. Cal. Jan. 17, 2012), *report and recommendation adopted*, No. C 11-02532
9 JSW, 2012 WL 381198 (N.D. Cal. Feb. 6, 2012). However, "where the sum of money at stake is
10 tailored to the specific misconduct of the defendant, default judgment may be appropriate." *Id.*

11 Here, Plaintiffs do not seek monetary damages; rather, they seek a declaration from this
12 Court that Defendants are liable for the pertinent violations and an order permanently enjoining
13 Defendants from any further infringement. Mot. at 8. Accordingly, there are no measures of
14 damages to assess in this case. This *Eitel* factor weighs in favor of entering in default judgment.
15 *Intel Corp. v. Intelsys Software, LLC*, No. C 08-03578 JW, 2009 WL 347239, at *3 (N.D. Cal.
16 Feb. 6, 2009).

17 4. Possibility of dispute concerning material facts

18 *Eitel* requires the Court to consider whether there is a possibility of a dispute over material
19 facts. *Eitel*, 782 F.2d at 1471–72. Defendants have neither appeared nor defended this action, and
20 Plaintiffs' allegations stand undisputed. Upon entry of default by the Clerk of the Court, the
21 factual allegations of the complaint related to liability are taken as true. *Shaw v. Five M, LLC*, No.
22 16-cv-03955-BLF, 2017 WL 747465, at *4 (N.D. Cal. Feb. 27, 2017). Moreover, Plaintiffs have
23 submitted evidence of the alleged infringing features of Defendants' products in question by
24 directly purchasing the products and obtaining public information from Defendants' websites.
25 Am. Compl. ¶¶ 63-76; *see* Dkt. Nos. 10, 19. Based on these facts and evidence, the possibility of
26 dispute concerning material facts is minimal and does not weigh against default judgment. *Oomph*
27 *Innovations*, 2020 WL 5847505, at *4.

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United States District Court
Northern District of California

1 1083, 1094 (N.D. Cal. 2008); *see also Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175,
2 1180–81 (9th Cir. 1988) (“Injunctive relief is the remedy of choice for trademark and unfair
3 competition cases, since there is no adequate remedy at law for the injury caused by a defendant’s
4 continuing infringement.”).

5 Here, Plaintiffs allege that Defendants have infringed Plaintiffs’ trademarks, damaged
6 Plaintiffs’ business reputations, and caused confusion as to the connection and origin of
7 Defendants’ products. Am. Compl. ¶¶ 77-104. In light of these allegations, which the Court takes
8 as true, the Court finds good cause to convert the preliminary injunction entered in this action into
9 a permanent injunction. *Intel Corp.*, 2009 WL 347239, at *3; *Penpower Tech.*, 627 F. Supp. 2d at
10 1094; *Conifer Sec.*, 2003 WL 1873270, at *3.

11 **IV. CONCLUSION**

12 For the foregoing reasons, the Court GRANTS Plaintiffs’ motion for default judgment and
13 a permanent injunction as to Plaintiff’s trademark infringement, false designation of origin, UCL,
14 and FAL claims.

15 The February 24, 2022 hearing is VACATED.

16 **IT IS SO ORDERED.**

17 Dated: December 21, 2021



EDWARD J. DAVILA
United States District Judge