

O

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

United States District Court  
Central District of California

OTTER PRODUCTS LLC; TREEFROG  
DEVELOPMENTS, INC. d/b/a  
LIFEPROOF,  
Plaintiffs,  
v.  
ACE COLORS FASHION, INC.;  
ELECTRONICOS; SHAYNA’S CELL  
PHONE ACCESSORIES; VANESSA  
ACCESSORIES; DOES 1–10, inclusive,  
Defendants.

Case No. 2:14-cv-00141-ODW(ASx)

**ORDER GRANTING APPLICATION  
FOR DEFAULT JUDGMENT  
AGAINST DEFENDANT ACE  
COLORS FASHION, INC. [30]**

**I. INTRODUCTION**

Plaintiffs Otter Products, LLC (“OtterBox”) and Treefrog Developments, Inc. (“LifeProof”) discovered that Defendant Ace Colors Fashion was selling goods bearing Plaintiffs’ registered trademarks without their authorization. Plaintiffs filed suit. After being served with process, Ace Colors Fashion failed to answer or otherwise respond. The Clerk of Court accordingly entered default, and Plaintiffs moved for default judgment. After considering the merits of Plaintiffs’ claims, the Court **GRANTS** the Application for Default Judgment and awards OtterBox and


1 LifeProof a total of \$35,000.00 in statutory damages along with a permanent  
2 injunction against Ace Colors Fashion.<sup>1</sup>

## 3 II. FACTUAL BACKGROUND

4 Founded in 1998, OtterBox is a Colorado limited-liability company with its  
5 principal place of business in Colorado. (Compl. ¶¶ 1, 14.) OtterBox is a leading  
6 retailer of protective cases, peripherals, and accessories for electronic devices and  
7 computers. (*Id.* ¶ 15.) The company makes protective carrying cases for a wide  
8 variety of electronic products, including cell phones and tablet computers. (*Id.* ¶ 16.)  
9 OtterBox has earned several local and national consumer awards and has been  
10 featured in media reports about consumer electronics products. (*Id.* ¶¶ 18–19.)

11 OtterBox owns federally registered and common-law trademarks, including  
12 those listed in Figure 1. (*Id.* ¶ 20.) It has spent significant resources developing its  
13 products and marketing them in print and Internet advertising. (*Id.* ¶¶ 21–22.)

14 **Figure 1**

15 <b>Depiction of Trademark</b>	16 <b>Application/ Registration No.</b>	17 <b>Goods and Services</b>
18 OTTER BOX	2,287,619	19 Non-metal, water-tight containers for outdoors recreational use
20 	3,791,318	21 Protective cases for handheld electronic devices
22 OTTER BOX	3,788,535	23 Protective cases for handheld electronic devices
24 OTTERBOX	3,788,534	25 Protective cases for handheld electronic devices
26 DEFENDER SERIES	3,623,789	27 Protective cases for interactive, handheld electronic devices

28 ///

///

---

<sup>1</sup> After carefully considering the papers filed with respect to this Motion, the Court deems the matter appropriate for decision without oral argument. Fed. R. Civ. P. 78; L.R. 7-15.



1 (3) whether the defaulting party is a minor, incompetent person, or active  
2 servicemember; and (4) that the defaulting party was properly served with notice.

3 A district court has discretion whether to enter default judgment. *Aldabe v.*  
4 *Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980). Upon default, the defendant's liability  
5 generally is conclusively established, and the well-pleaded factual allegations in the  
6 complaint are accepted as true. *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917–  
7 19 (9th Cir. 1987) (per curiam) (citing *Geddes v. United Fin. Grp.*, 559 F.2d 557, 560  
8 (9th Cir. 1977)).

9 In exercising its discretion, a court must consider several factors, including  
10 (1) the possibility of prejudice to plaintiff; (2) the merits of plaintiff's substantive  
11 claim; (3) the sufficiency of the complaint; (4) the sum of money at stake; (5) the  
12 possibility of a dispute concerning material facts; (6) whether the defendant's default  
13 was due to excusable neglect; and (7) the strong policy underlying the Federal Rules  
14 of Civil Procedure favoring decisions on the merits. *Eitel v. McCool*, 782 F.2d 1470,  
15 1471–72 (9th Cir. 1986).

#### 16 IV. DISCUSSION

17 OtterBox and LifeProof move for entry of default judgment against Ace Colors  
18 Fashion on their trademark-infringement claim. The Court finds that Plaintiffs have  
19 established that Ace Colors Fashion willfully infringed Plaintiffs' registered  
20 trademarks, thus entitling them to \$35,000.00 in statutory damages and a permanent  
21 injunction.

##### 22 A. Notice

23 On January 20, 2014, Plaintiffs' process server delivered a copy of the  
24 summons and Complaint to Jian Maharti, the person in charge at Ace Colors Fashion.  
25 (ECF No. 10.) The Court therefore finds that Plaintiffs properly served Defendant  
26 under Rule 4(e)(2)(C).

27 ///

28 ///

1 **B. Eitel factors**

2 OtterBox and LifeProof only move for entry of default judgment against Ace  
3 Colors Fashion on their federal trademark-infringement claim. To establish a  
4 trademark-infringement claim, a plaintiff must establish that the defendant is using a  
5 mark “confusing similar” to a valid, protectable trademark owned by the plaintiff.  
6 *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1046 (9th Cir.  
7 1999). In *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979), *abrogated on*  
8 *other grounds by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir.  
9 2003), the Ninth Circuit set forth eight factors a court should consider in determining  
10 whether two marks are confusingly similar.

11 But the Court need not wade through the *Sleekcraft* thicket, because “in cases  
12 involving counterfeit marks, it is unnecessary to perform the step-by-step examination  
13 . . . because counterfeit marks are inherently confusing.” *Phillip Morris USA Inc. v.*  
14 *Shalabi*, 352 F. Supp. 2d 1067, 1073 (C.D. Cal. 2004) (internal quotation marks  
15 omitted); *see also Brookfield Commc’ns*, 174 F.3d at 1056 (noting that virtually  
16 identical marks are inherently confusingly similar).

17 There is no question that the goods at issue here are “counterfeit” in the sense  
18 that they masquerade as genuine OtterBox and LifeProof products but were not made  
19 or authorized by Plaintiffs. This is not a case where a defendant has employed a mark  
20 that is similar but not identical to the plaintiff’s registered mark; rather, Ace Color  
21 Fashions has wholly appropriated Plaintiffs’ trademarks without permission, thereby  
22 rendering them liable for trademark infringement.

23 **C. Remedies**

24 Plaintiffs request \$100,000.00 in statutory damages against Ace Colors Fashion  
25 and a permanent injunction.

26 *1. Statutory damages*

27 Under 15 U.S.C. § 1117(c), a court may award statutory damages between  
28 \$1,000 and \$200,000 per counterfeit mark per type of goods or services sold or

1 offered for sale in the case of trademark infringement. But if the court finds that the  
2 infringement was “willful,” the court may award up to \$2,000,000 per counterfeit  
3 mark per type of goods or services sold or offered. *Id.* § 1117(c)(2). The Ninth  
4 Circuit has held that on default, a district court must accept a plaintiff’s willful-  
5 infringement allegations as true. *Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d  
6 696, 702 (9th Cir. 2008).

7 In determining what amount of statutory damages to award, the Ninth Circuit  
8 has repeatedly expressed a deterrence policy, that is, the damages award should make  
9 “deliberate acts of trade-mark infringement unprofitable.” *Maier Brewing Co. v.*  
10 *Fleischmann Distilling Corp.*, 390 F.2d 117, 123 (9th Cir. 1968); *see also Lindy Pen*  
11 *Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993); *Playboy Enters., Inc.*  
12 *v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1275 (9th Cir. 1982).

13 Plaintiffs argue that one cannot determine the profits Ace Colors Fashion  
14 reaped or the losses Plaintiffs incurred as the result of the infringement, because Ace  
15 Colors Fashion failed to appear and present its sales data. But Plaintiffs’ investigator  
16 observed 11 counterfeit units for sale at the business.

17 Where there’s smoke there’s fire. While Plaintiffs’ investigator only observed  
18 11 infringing units for sale, it is likely that Ace Colors Fashion has sold, is selling, and  
19 will sell many more units that infringe upon Plaintiffs’ registered marks. It is  
20 impossible for the Court to assign a statutory-damages award with precision. But that  
21 is not what Congress has asked. Rather, the award is left up to the Court’s sound  
22 discretion after considering all relevant factors—including the willfulness allegation  
23 which the Court must accept as true at this stage.

24 The Court finds that the \$100,000 award Plaintiffs request is excessive in light  
25 of the limited scope of circumstances presented to the Court. But the Court does find  
26 that given the demonstrated strength of the OtterBox and LifeProof marks along with  
27 the Ninth Circuit’s deterrence policy, the Court must award statutory damages that  
28 will adequately discourage Ace Colors Fashion and other businesses like it from

1 future infringement. The Court accordingly awards Plaintiffs a total of \$35,000.00 in  
2 statutory damages for willful trademark infringement as authorized by 15 U.S.C.  
3 § 1117(c)(2).

4 2. *Permanent injunction*

5 Plaintiffs also request that the Court issue a permanent injunction against Ace  
6 Colors Fashion.

7 The Lanham Act empowers a court to grant injunctions “according to the  
8 principles of equity and upon such terms as the court may deem reasonable” to  
9 prevent further trademark infringement. 15 U.S.C. § 1116(a); *Philip Morris USA, Inc.*  
10 *v. Castworld Prods., Inc.*, 219 F.R.D. 494, 502 (C.D. Cal. 2003); *PepsiCo, Inc. v. Cal.*  
11 *Sec. Cans*, 238 F. Supp. 2d 1172, 1178 (C.D. Cal. 2002). For a court to issue a  
12 permanent injunction, a plaintiff must demonstrate “(1) actual success on the merits;  
13 (2) a likelihood of irreparable injury if injunctive relief is not granted; (3) a balance of  
14 hardships favoring Plaintiff; and (4) that an injunction will advance the public  
15 interest.” *Wecosign, Inc. v. IFG Holdings, Inc.*, 845 F. Supp. 2d 1072, 1084 (C.D.  
16 Cal. 2012) (granting a permanent injunction in a trademark-infringement action).

17 The Court has already determined that OtterBox and LifeProof succeeded on  
18 the merits of their infringement claim. Plaintiffs will also suffer irreparable harm if  
19 the Court does not issue an injunction, as Ace Colors Fashion is likely to continue to  
20 sell infringing goods and consequently benefit from the goodwill Plaintiffs have spent  
21 substantial money establishing for their marks. Neither is there any indication that  
22 Defendant will suffer any prejudice; it simply must stop selling infringing goods.  
23 Finally, the public will benefit from the Court enjoining Ace Colors Fashion. As the  
24 Ninth Circuit stated,

25 In addition to the harm caused the trademark owner, the consuming  
26 public is equally injured by an inadequate judicial response to trademark  
27 infringement. Many consumers are willing to pay substantial premiums  
28 for particular items which bear famous trademarks based on their belief

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

that such items are of the same high quality as is traditionally associated with the trademark owner. As a result of this trademark infringement the consuming public is denied the benefit of their bargains and the reputation and goodwill of the trademark owner is accordingly harmed.

*Playboy Enters.*, 692 F.2d at 1275.

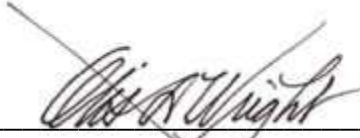
The Court has also reviewed the language of the proposed permanent injunction submitted by Plaintiffs and finds it appropriately tailored to this case’s circumstances. (See ECF No. 30-5.) The Court will therefore issue the proposed injunction along with the default judgment.

**V. CONCLUSION**

For the reasons discussed above, the Court **GRANTS** OtterBox and LifeProof’s Application for Default Judgment against Defendant Ace Colors Fashion. (ECF No. 30.) The Court thus awards Plaintiffs a total of **\$35,000.00** in statutory damages and grants Plaintiffs a permanent injunction. A default judgment and injunction will issue.

**IT IS SO ORDERED.**

April 15, 2014

  
\_\_\_\_\_  
**OTIS D. WRIGHT, II**  
**UNITED STATES DISTRICT JUDGE**