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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

COACH, INC., a Maryland corporation;  
COACH SERVICES, INC., a Maryland  
corporation,

CASE NO. 1:12-cv-00840-LJO-SMS

Plaintiffs,

**FINDINGS AND RECOMMENDATIONS  
RECOMMENDING THE GRANT OF  
PLAINTIFFS' MOTION FOR  
DEFAULT JUDGMENT**

v.

SAC A MAIN, an unknown business  
entity; DANA LANTHIER, an individual;  
and DOES 1-10, inclusive,

(Doc. 15)

Defendants.

Plaintiffs Coach, Inc., and Coach Services, Inc., move for Entry of Default Judgment against Defendants Sac a Main and Dana Lanthier. This Court has reviewed Plaintiffs' motion and supporting documents and has determined that this matter is suitable for decision without oral argument pursuant to Local Rule 78-230(g). Having reviewed all written materials submitted and applicable law, the Court recommends that Plaintiffs' motion be granted.

**I. Procedural and Factual Background**

Plaintiff Coach, Inc., is a Maryland corporation with its principal place of business in New York, New York. Plaintiff Coach Services, Inc., a wholly owned subsidiary of Coach, Inc., is a Maryland corporation with its principal place of business in Jacksonville, Florida. Plaintiffs manufacture, market, and sell fine leather and mixed material products including handbags, wallets, accessories, eye wear, footwear, jewelry, and watches. Plaintiffs sell their goods

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1 throughout the United States through their own specialty retail stores, department stores,  
2 catalogs, and internet website.

3           Plaintiffs are the worldwide owners of the trademark “COACH” and various composite  
4 trademarks and assorted design components collectively referred to as “Coach Marks.” These  
5 include twelve unique marks illustrated in the complaint and registered under the following  
6 United States registration numbers: 751,493 (registered 06/25/1963); 1,071,000 (08/09/1977);  
7 2,088,706 (08/19/1997); 3,157,972 (10/17/2006); 3,413,536 (04/15/2008); 3,251,315  
8 (06/12/2007); 3,441,671 (06/03/2008); 2,252,847 (06/15/1999); 2,534,429 (01/29/2002);  
9 1,309,779 (12/18/1984); 2,045,676 (03/18/1997); 2,169,808 (06/30/1998); 2,592,963  
10 (07/09/2002); 2,626,565 (09/24/2002); 2,822,318 (03/16/2004); 2,832,589 (04/13/2004);  
11 2,822,629 (03/16/2004); 3,695,290 (10/13/2009); 3,696,470 (10/13/2009); 3,012,585  
12 (11/08/2005); 3,338,048 (11/11/2007); 2,162,303 (06/02/1998); and 2,088,707 (08/19/1997). All  
13 of the listed marks are valid, subsisting, and incontestable.

14           Plaintiffs’ marks are distinctive and well-known. For four decades, Plaintiffs and their  
15 predecessors have continuously used the Coach Marks in interstate commerce in connection with  
16 the sale, distribution, promotion, and advertising of their goods. Through longstanding use,  
17 advertising, and registration the Coach Marks have achieved a high degree of consumer  
18 recognition and constitute famous marks. The public and the trade identify Plaintiffs as the  
19 source of goods bearing the Coach Marks.

20           Plaintiffs have achieved sales volumes of over three billion dollars annually and have  
21 spent over a hundred million dollars in advertising, promoting, and marketing goods bearing the  
22 Coach Marks. As a result the Coach Marks and the goodwill associated with them are valuable  
23 assets of Plaintiffs.

24           Defendants operate a retail business with its office and principal place of business at 415  
25 Main Street, Suite C, Murphys, California. In March 2010, products bearing counterfeit  
26 reproductions of the Coach Marks were observed and purchased in Defendants’ store. Coach  
27 representatives inspected samples of the Coach-branded merchandise purchased at Sac A Main  
28 and determined that the merchandise was counterfeit. Plaintiffs never authorized Defendants to

1 manufacture, distribute, advertise, offer for sale, or sell any merchandise bearing any of the  
2 Coach Marks.

3 On May 22, 2012, Plaintiffs filed their complaint against Defendants, alleging trademark  
4 counterfeiting, federal trademark infringement, false designations of origin and false advertising,  
5 federal trademark dilution, trademark dilution under California law, and unfair competition.  
6 Plaintiffs contended that Defendants deliberately misappropriated federally designated names and  
7 service marks in their sale of counterfeit products to unfairly benefit from Plaintiffs' good will  
8 and reputation.

9 On May 31, 2012, Plaintiffs personally served Defendant Dana Lanthier and served  
10 Defendant Sac a Main through personal service upon Dana Lanthier. Neither Defendant  
11 answered or otherwise appeared in this action. On June 26, 2012, the Clerk entered default  
12 against both Defendants.

## 13 **II. Discussion**

### 14 **A. Default Judgment**

15 Federal Rule of Civil Procedure 55(b)(2) provides for a default judgment:

16 (2) By the Court. In all other cases the party entitled to judgment by default shall  
17 apply to the court therefor; but no judgment shall be entered against an infant or  
18 incompetent person unless represented in the action by a general guardian,  
19 committee, conservator, or other such representative who has appeared therein. If  
20 the party against whom judgment by default is sought has appeared in the action,  
21 the party (or, if appearing by representative, the party's representative) shall be  
22 served with written notice of the application for judgment at least 3 days prior to  
23 the hearing on such application. If, in order to enable the court to enter judgment  
24 or to carry it into effect, it is necessary to take an account or to determine the  
25 amount of damages or to establish the truth of any averment by evidence or to  
26 make an investigation of any other matter, the court may conduct such hearings or  
27 order such references as it deems necessary and proper and shall accord a right of  
28 trial by jury to the parties when and as required by any statute of the United States.

23 “[U]pon default, the well pleaded allegations of the complaint relating to liability are  
24 taken as true.” *Dundee Cement Co. v. Howard Pipe & Concrete Products, Inc.*, 722 F.2d 1319,  
25 1323 (7<sup>th</sup> Cir. 1983). *See also TeleVideo Systems, Inc. v. Heidenthal*, 826 F.2d 915, 917-18 (9<sup>th</sup>  
26 Cir. 1987). Thus, “[a]t the time of entry of default, the facts alleged by the plaintiff in the  
27 complaint are deemed admitted.” 10 J. Moore, *Moore's Federal Practice* § 55.11 (3d ed. 2000).

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1           **B.     Substantive Claims**

2                   **1.     Trademark Infringement (15 U.S.C. § 1114 )**

3           The Lanham Act (15 U.S.C. § 1114) “allows the holder of a protectable trademark to hold  
4 liable any person who, without consent, ‘use[s] in commerce any . . . registered mark in  
5 connection with the sale, offering for sale, distribution, or advertising of any goods or services’  
6 which is likely to cause confusion.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,  
7 408 F.3d 596, 602 (9<sup>th</sup> Cir. 2005). To prevail on a claim of trademark infringement under 15  
8 U.S.C. § 1114, the plaintiff must establish that “(1) it has a protectable ownership interest in the  
9 mark; and (2) that the defendant’s use of the mark is likely to cause customer confusion.”  
10 *Department of Parks and Recreation for the State of California v. Bazaar del Mundo Inc.*, 448  
11 F.3d 1118, 1124 (9<sup>th</sup> Cir. 2006).

12           That the trademarks are registered is *prima facie* evidence that Plaintiffs own valid,  
13 protectable marks. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174  
14 F.3d 1036, 1047 (9<sup>th</sup> Cir. 1999). Because Plaintiffs’ representatives purchased counterfeit goods  
15 bearing Plaintiffs’ marks in Defendants’ store, the complaint adequately alleges that Defendants  
16 used Plaintiffs’ trademarks in commerce. (The analysis of trademark infringement is the same  
17 under federal and California law. *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088,  
18 1100 (9<sup>th</sup> Cir. 2004).) The sole remaining element is the issue of confusion.

19           “The test of trademark infringement under state, federal, and common law is whether  
20 there will be a likelihood of confusion.” *M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d  
21 1073, 1080 (9<sup>th</sup> Cir. 2005), *cert. denied*, 547 U.S. 1069 (2006). To determine whether there is a  
22 likelihood of confusion between the parties’ allegedly similar goods and services, a court must  
23 consider eight factors: “(1) strength of mark; (2) proximity of the goods; (3) similarity of the  
24 marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the  
25 degree of care likely to be exercised by the purchaser; (7) the defendant’s intent in selecting the  
26 mark; and (8) the likelihood of expansion of the product lines.” *AMF Inc. v. Sleekcraft Boats*,  
27 599 F.2d 341, 348-49 (9<sup>th</sup> Cir. 1979), *abrogated on other grounds*, *Mattel, Inc. v. Walking*  
28 *Mountain Productions*, 353 F.3d 792, 810 n. 19 (9<sup>th</sup> Cir. 2003). The *Sleekcraft* factors are not an

1 exhaustive list of factors relevant to a judicial determination of the likelihood of consumer  
2 confusion, and courts must consider such factors as are relevant to the facts of the particular  
3 situation. *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137, 1142  
4 (9<sup>th</sup> Cir. 2011).

5 A party claiming trademark infringement is not required to prove that the alleged  
6 infringer intended to deceive consumers. *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d  
7 1280, 1293 (9<sup>th</sup> Cir. 1992). When an alleged infringer knowingly adopts a trademark similar to  
8 one owned by someone else, the court must assume that the public will be deceived. *Sleekcraft*,  
9 599 F.2d at 354.

10 Plaintiffs allege Defendants’ used the Coach Marks for counterfeit goods that are  
11 substantially similar to Plaintiffs’ goods. Similarity of marks in “sight, sound, or meaning” is a  
12 critical factor in assessing the likelihood of confusion of two marks. *M2 Software*, 421 F.3d at  
13 1082. When the products or services to which the trademark is applied are also similar to those  
14 of the mark’s owner, as they are here, the likelihood of confusion is higher. *Id.*

15 Plaintiffs have alleged a cognizable claim for trademark infringement, well-supported by  
16 factual allegations. As discussed above, by failing to respond to the complaint, Defendants are  
17 deemed to have admitted those allegations. Accordingly, Plaintiffs are entitled to default  
18 judgment on their trademark infringement claim.

## 19 **2. Trademark Counterfeiting (15 U.S.C. § 1114)**

20 Trademark infringement under 15 U.S.C. § 1114 (1) constitutes trademark counterfeiting  
21 when the infringer uses a counterfeit mark, as defined in 15 U.S.C. § 1116(d). *Henderson v.*  
22 *Lindland*, 2012 WL 1292496 at \*1 (C.D. Cal. April 16, 2012) (No. CV 11-01350 DDP (DTBx)).  
23 The Lanham Act imposes liability for trademark counterfeiting on any person who shall “use in  
24 commerce . . . . any counterfeit . . . . of a registered mark in connection with the sale, offering for  
25 sale, distribution or advertising of any goods and services on or in connection with which such  
26 use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114 (1)(a). A  
27 counterfeit mark is “a counterfeit of a mark that is registered on the principal register in the  
28 United States Patent and Trademark Office for such goods and services sold, offered for sale, or

1 distributed and that is in use, whether or not the person against whom relief is sought knew that  
2 such mark was so registered.” 15 U.S.C. § 1116(d). An infringer violates § 1116(d) when it  
3 applies a mark that is identical to the registered, genuine mark belonging to another on the same  
4 type of goods for which the genuine mark is registered for use. *Louis Vuitton Malletier, S.A. v.*  
5 *Akanoc Solutions, Inc.*, 658 F.3d 936, 946 (9<sup>th</sup> Cir. 2011); *Idaho Potato Comm’n v. G & T*  
6 *Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9<sup>th</sup> Cir. 2005). Defendants did so here, applying  
7 Plaintiffs’ marks to goods produced to resemble Plaintiffs’ products. The complaint states a  
8 cognizable claim of trademark counterfeiting.

9 **2. False Designation and Unfair Competition (15 U.S.C. § 1125(a))**

10 The complaint alleges that Defendants violated the statutory provisions relating to false  
11 designation and unfair competition set forth in 15 U.S.C. § 1125(a)(1). To establish a claim  
12 under this subsection, sometimes referred to as “false advertising,” a plaintiff must prove “(1) the  
13 defendant made a false statement about either the plaintiff’s or its own product; (2) the statement  
14 was made in a commercial advertising or promotion; (3) the statement actually deceived or had  
15 the tendency to deceive a substantial segment of its audience; (4) the deception is material; (5)  
16 the defendant caused its false statement to enter interstate commerce; and (6) the plaintiff has  
17 been or is likely to be injured as a result of the false statement, either by direct diversion of sales  
18 from itself to defendant, or by a lessening of goodwill associated with the plaintiff’s product.”  
19 *Newcal Industries, Inc. v. Ikon Office Solutions, Inc.*, 513 F.3d 1038, 1052 (9<sup>th</sup> Cir. 2008), *cert.*  
20 *denied*, 129 S.Ct. 2788 (2009), *quoting Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d  
21 829, 835 n. 4 (9<sup>th</sup> Cir.), *cert. denied*, 537 U.S. 1047 (2002). Plaintiffs allege that Defendants’  
22 commercial use of a mark substantially similar to the Coach Marks constitutes such a false  
23 statement and is likely to mislead potential customers, diverting sales from Plaintiffs to  
24 Defendants and co-opting the goodwill associated with Plaintiffs’ marks for Defendants’  
25 financial enrichment. These allegations establish a cognizable claim for which Plaintiffs are  
26 entitled to default judgment against Defendants.

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1                   **3.     Dilution (15 U.S.C. § 1125 (c) (1) and California Business and**  
2                   **Professions Code § 14330)**

3                   The complaint alleges a claim of dilution. Dilution refers to the diminution of a  
4 trademark’s value when it is used to identify different products. *Mattel, Inc. v. MCA Records,*  
5 *Inc.*, 296 F.3d 894, 903 (9<sup>th</sup> Cir. 2002), *cert. denied*, 537 U.S. 1171 (2003). The Ninth Circuit  
6 has explained:

7                   For example, Tylenol snowboards, Netscape sex shops, and Harry Potter dry  
8 cleaners would all weaken the “commercial magnetism” of these marks and  
9 diminish their ability to evoke their original associations. Ralph S. Brown, Jr.,  
10 *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 Yale  
11 L.J. 1165, 1187 (1948), *reprinted in* 108 Yale L.J. 1619 (1999). These uses dilute  
12 the selling power of these trademarks by blurring their “uniqueness and  
13 singularity,” Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40  
14 Harv. L.Rev. 813, 831 (1927), and/or by tarnishing them with negative  
15 associations.

16                   *Mattel*, 296 F.3d at 903.

17                   When a trademark is blurred, its distinctiveness is diminished because it no longer brings to mind  
18 only the original user. *Id.* “Tarnishment occurs when a defendant’s use of a mark similar to a  
19 plaintiff’s [mark] presents a danger that consumers will form unfavorable associations with the  
20 mark.” *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 881 (9<sup>th</sup> Cir. 1999).

21                   With the enactment of the Federal Trademark Dilution Act in 1996, the Lanham Act  
22 expanded to permit the owner of a famous mark to obtain an injunction against another person’s  
23 commercial use of his mark in commerce. *Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d  
24 672, 676 (9<sup>th</sup> Cir. 2005). “Although this statutory language is ungainly, its meaning seems clear:  
25 It refers to the use of a famous and distinctive mark to sell goods other than those produced or  
26 authorized by the mark’s owner.” *Mattel*, 296 F.3d at 903.

27                   The purpose of anti-dilution provisions is to secure to the mark’s owner the goodwill of  
28 its business and to ensure that consumers can distinguish competing producers. *Two Pesos, Inc.*  
*v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992). In contrast to other trademark protection  
provisions, dilution focuses on protecting the integrity of the trademark rather than protecting  
consumers from confusion. *Mattel*, 296 F.3d at 905 (9<sup>th</sup> Cir. 2002). It also protects the owners  
of famous marks from those who would claim a free ride on the substantial investment that the  
owner of the famous mark has made in its marks. *Id.* at 903.

1 To prove a dilution claim, “a plaintiff must show that (1) the mark is famous and  
2 distinctive; (2) the defendant is making use of the mark in commerce; (3) the defendant’s use  
3 began after the mark became famous; and (4) the defendant’s use of the mark is likely to cause  
4 dilution by blurring or dilution by tarnishment.” *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628,  
5 634 (9<sup>th</sup> Cir. 2008). The analysis is the same under both federal and California state law. *Id.* To  
6 establish that a mark is “famous,” a court must consider various relevant factors, including (1)  
7 the duration, extent, and geographic reach of the advertising and publicity of the mark by the  
8 registrant and others; (2) the amount, value, and geographic extent of goods and services offered  
9 under the mark; (3) the extent of actual recognition of the mark; and (4) the nature of the mark’s  
10 registration. 15 U.S.C. § 1125(c).

11 In Plaintiffs’ complaint, the factual allegations preceding the claims are sufficient to  
12 establish the elements of dilution. The Coach Marks are famous and distinctive. Plaintiffs have  
13 used the Coach Marks for over forty years throughout the United States. They have registered  
14 the marks in the United States and throughout the world. Plaintiffs have spent over a hundred  
15 million dollars to advertise, promote, and market goods bearing the Coach Marks. For four  
16 decades, Plaintiffs and their predecessors have continuously used the Coach Marks in interstate  
17 commerce in connection with the sale, distribution, promotion, and advertising of their high-end  
18 goods. Through longstanding use, advertising, and registration the Coach Marks have achieved a  
19 high degree of consumer recognition, denoting a high-end product of a specific type and quality.  
20 The public and the trade recognize the Coach Marks as designating products produced and  
21 marketed by Plaintiffs. Plaintiffs currently use the Coach Marks in the active manufacture,  
22 marketing, and sale of their goods.

23 Defendants began using the Coach Marks on counterfeit products after Plaintiffs  
24 established their famous marks, seeking a free ride on the value of Plaintiffs’ trademarks. Their  
25 use of the Coach Marks on products that are not manufactured or sold by Plaintiffs dilutes the  
26 Coach Marks by diminishing the marks’ value as a means of identifying and distinguishing  
27 Plaintiffs’ products. *See Mattel*, 296 F.3d at 903. Accordingly, Plaintiffs are entitled to default  
28 judgment against Defendants on Plaintiffs’ dilution claim.



1           **D.     Injunction**

2           Plaintiffs seek a permanent injunction enjoining Defendants from using the Coach Marks  
3 in connection with their sale and offer for sale of infringing products. The Lanham Act gives the  
4 Court “the power to grant injunctions according to the rules of equity and upon such terms as the  
5 court may deem reasonable, to prevent the violation” of a mark holder’s rights. 15 U.S.C. §  
6 1116(a). Granting a permanent injunction is appropriate when a defendant’s wrongful behavior  
7 continues or is likely to recur following the issuance of judgment. *Pepsico, Inc. v. California*  
8 *Security Cans*, 238 F.Supp.2d 1172, 1177 (C.D. Cal. 2002). “Injunctive relief is the remedy of  
9 choice for trademark and unfair competition cases, since there is no adequate remedy at law for  
10 the injury caused by a defendant’s continuing infringement.” *Century 21 Real Estate Corp. v.*  
11 *Sandlin*, 846 F.2d 1175, 1180-81 (9<sup>th</sup> Cir. 1988).

12           Although issuance of an injunction is not an automatic outcome when a plaintiff has  
13 proven its claims under the Lanham Act, when the defendant has failed to appear in the case, the  
14 Court cannot determine whether the defendant’s wrongful behavior has stopped or whether it is  
15 likely to occur again. *Id.* Permanent injunctions are routinely granted in trademark cases when  
16 the defendant has failed to appear. *Coach, Inc. v. Diva Shoes and Accessories*, 2011 WL  
17 1483436 at \*9 (N.D.Cal. April 19, 2011) (No. 10-5151 SC). This is because a defendant’s  
18 failure to appear to answer serious trademark claims against it suggests that the plaintiff would  
19 continue to be exposed to the risk of continuing harm by the defendant’s misuse of the plaintiff’s  
20 mark. *Philip Morris USA Inc. v. Castworld Products, Inc.*, 219 F.R.D. 494, 502 (C.D. Cal.  
21 2003).

22           The undersigned recommends that an injunction issue in this case.

23           **E.     Costs**

24           Pursuant to 15 U.S.C. § 1117(a), Plaintiffs are entitled to recover the costs of this action.  
25 *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1405 (9<sup>th</sup> Cir.), *cert. denied*, 510 U.S. 815  
26 (1993). Plaintiffs are entitled to submit their bill of costs for this action following entry of  
27 judgment, in accordance with Local Rule 292.

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1           **F.     Attorneys' Fees**

2           “The court in exceptional cases may award reasonable attorney fees to the prevailing  
3 party.” 15 U.S.C. § 1117(a). Plaintiffs contend that, because Defendants admitted through  
4 default that they knowingly, willfully, and maliciously used Plaintiffs’ marks with the intent to  
5 trade on Plaintiffs’ goodwill and to injure Plaintiffs, this case is an exceptional case in which  
6 attorneys’ fees should be awarded to Plaintiffs.

7           Whether an infringement case is exceptional is a question of law for the district court.  
8 *Watec Co., Ltd. v. Liu*, 403 F.3d 645, 656 (9<sup>th</sup> Cir. 2005); *Earthquake Sound Corp. v. Bumper*  
9 *Industries*, 352 F.3d 1210, 1216 (9<sup>th</sup> Cir. 2003). A trademark infringement case is exceptional  
10 when the record supports a finding that the defendant’s infringement was malicious, fraudulent,  
11 willful, or deliberate. *Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 702 (9<sup>th</sup> Cir.  
12 2008); *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1042 (9<sup>th</sup> Cir. 2003), *cert. denied*,  
13 540 U.S. 1111 (2004). Since the factual allegations of a complaint are deemed to be true in a  
14 default judgment action, a district court may properly award attorneys’ fees if the complaint  
15 alleged malicious, fraudulent, willful, or deliberate infringement. *Derek Andrew*, 528 F.3d at  
16 702; *Rio Properties, Inc. v. Rio Int’l Interlink*, 284 F.3d 1007, 1023 (9<sup>th</sup> Cir. 2002); *Televideo*  
17 *Systems*, 826 F.2d at 917-18. Plaintiffs’ complaint did so, alleging that Defendants appropriated  
18 the Coach Marks with the willful and deliberate intent of confusing purchasers of the source of  
19 Defendants’ products and of unjustly enriching themselves by appropriating property rights  
20 belonging to Plaintiffs. Accordingly, Plaintiffs are entitled to recover attorneys’ fees in this  
21 action. They may submit their motion for attorneys’ fees for this action following entry of  
22 judgment, in accordance with Local Rule 292.

23           **F.     Statutory Damages**

24           Because these findings and recommendations recommend entry of judgment against  
25 Defendants for trademark counterfeiting, infringement, unfair competition, dilution, and false  
26 designation of origin, the Court may award Plaintiffs monetary damages. 15 U.S.C. § 1117(a).  
27 Arguing that Defendants’ default leaves them unable to prove the exact amount of damages,  
28 Plaintiffs request a statutory fee award pursuant to 15 U.S.C. § 1117(c). Emphasizing Plaintiffs’

1 long use, extensive sales, and significant advertising and promotion of their products, Plaintiffs  
2 request a statutory damages award of \$100,000.

3 The plaintiff in a case involving the willful use of counterfeit marks may elect an award  
4 of statutory damages of not less than \$1000 or more the \$2,000,000 per counterfeit mark for each  
5 type of goods or services sold. 15 U.S.C. § 1117(c). “[T]he plain language of the statute affords  
6 plaintiffs the right to pursue statutory damages without proving actual damages; however, the  
7 statute does not provide guidelines for courts to use in determining an appropriate award.”  
8 *Microsoft Corp. v. Mop*, 549 F.Supp.2d 1233, 1237 (E.D. Cal. 2008), quoting *Louis Vuitton*  
9 *Malletier & Oakley, Inc. v. Veit*, 211 F.Supp.2d 567, 583 (E.D. Pa. 2002). Determining a proper  
10 amount of damages requires a court to consider both compensatory and punitive factors. *Coach,*  
11 *Inc. v. Diana Fashion*, 2011 WL 6182332 at \* 4 (N.D. Cal. December 13, 2011) (No. 11-2315  
12 SC).

13 In the absence of further statutory guidelines, a court’s determination of damages is a  
14 matter of justice. *Tiffany (NJ) Inc. v. Luban*, 282 F.Supp.2d 123, 124-25 (S.D. N.Y. 2003).  
15 Several courts have determined the amount of statutory damages in trademark cases by  
16 considering the factors developed under 17 U.S.C. § 504(c), a similar statute providing statutory  
17 damages in copyright cases. *Microsoft*, 549 F.Supp.2d at 1237. These include:

18 (1) “the expenses saved and the profits reaped;” (2) “the revenues lost by the  
19 plaintiff;” (3) “the value of the copyright;” (4) “the deterrent effect on others  
20 besides the defendant;” (5) “whether the defendant’s conduct was innocent or  
21 willful;” (6) “whether a defendant has cooperated in providing particular records  
22 from which to assess the value of the infringing material produced;” and (7) “the  
23 potential for discouraging the defendant.”

24 *Tiffany*, 282 F.Supp.2d at 125, quoting *Fitzgerald Pub. Co., Inc. v. Baylor Pub.*  
25 *Co., Inc.*, 807 F.2d 1110, 1117 (2d Cir. 1986). See also *Microsoft Corp. v. PC*  
26 *Express*, 183 F.Supp.2d 448, 454 (D.P.R. 2001) (listing the same factors).

27 Because statutory damages are meant to serve as a substitute for actual damages, other  
28 courts have reasoned that statutory damages should bear some relation to actual damages. *Diva*  
*Shoes*, 2011 WL 1483436 at \* 6. These courts have used § 1117(b) as a guide in estimating an  
appropriate amount of statutory damages under § 1117(c). *Id.*

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1 Plaintiffs offer no factual rationale for the requested \$100,000 damages. Although their  
2 investigator identified seven types of products bearing marks identical to or substantially  
3 indistinguishable from the Coach Marks, neither the complaint nor the motion for default  
4 judgment provide any context by which the Court can evaluate whether the requested award is  
5 just in light of compensatory and punitive considerations. As such, the requested amount of  
6 damages appears completely arbitrary. Contrast the facts alleged in this case with the declaration  
7 of Plaintiffs' investigator in *Diva Shoes*, which detailed the number and type of counterfeit items  
8 that the defendant displayed for sale, provided the purchase price for a single Coach bag  
9 purchased from the defendant, and alleged the time period in which the defendant had dealt in  
10 counterfeit Coach goods.

11 The undersigned acknowledges that Defendants' failure to appear in this action renders  
12 Plaintiffs unable to provide the financial detail required to calculate a damages award under §  
13 1117(b). Nonetheless, Plaintiffs have the ability to provide further factual information than has  
14 so far been provided to the Court, and that information will enable to Court to reach a reasoned,  
15 not arbitrary determination of statutory damages. The undersigned recommends that the Court  
16 grant Plaintiffs' request for statutory damages in an amount to be determined following  
17 Plaintiffs' submission of additional proof of the financial basis for their calculation of the  
18 requested \$100,000 damages.

19 **IV. Recommendation**

20 The undersigned **RECOMMENDS** that judgment be entered in this action against  
21 Defendants; that an injunction issue permanently restraining Defendants from the use of any of  
22 Plaintiffs' registered marks; that Plaintiffs be awarded costs and attorneys' fees; and that  
23 Plaintiffs be awarded statutory benefits in an amount to be determined following Plaintiffs  
24 submission of facts and rationale forming the basis for the request for \$100,000 statutory  
25 damages.  
26

27 These Findings and Recommendations are submitted to the Honorable Lawrence J.  
28 O'Neill, United States District Court Judge, pursuant to the provisions of 28 U.S.C. §

1 631(b)(1)(B) and Rule 305 of the Local Rules of Practice for the United States District Court,  
2 Eastern District of California. Within thirty (30) days after being served with a copy, any party  
3 may file written objections with the court, serving a copy on all parties. Such a document should  
4 be captioned "Objections to Magistrate Judge's Findings and Recommendations." Replies to the  
5 objections shall be served and filed within ten (10) days after service of the objections. The  
6 Court will then review the Magistrate Judge's ruling pursuant to 28 U.S.C. § 636(b)(1)(C). The  
7 parties are advised that failure to file objections within the specified time may waive the right to  
8 appeal the District Court's order. *Martinez v. Ylst*, 951 F.2d 1153 (9<sup>th</sup> Cir. 1991).

9  
10 IT IS SO ORDERED.

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12 **Dated:** November 6, 2012

/s/ Sandra M. Snyder  
UNITED STATES MAGISTRATE JUDGE