

1  
2  
3  
4 UNITED STATES DISTRICT COURT  
5 NORTHERN DISTRICT OF CALIFORNIA  
6

7 GIANNI VERSACE, S.P.A., et al.,

8 Plaintiffs,

9 v.

10 VERSACE 19.69 ABBIGLIAMENTO  
11 SPORTIVO SRL, et al.,

12 Defendants.

Case No. [16-cv-03617-HSG](#)

**ORDER GRANTING PLAINTIFFS’  
MOTION FOR SUMMARY JUDGMENT  
AND GRANTING IN PART AND  
DENYING IN PART DEFENDANTS’  
MOTION FOR PARTIAL SUMMARY  
JUDGMENT**

Re: Dkt. Nos. 221, 218

13 Plaintiffs Gianni Versace, S.p.A. and Versace USA, Inc. (collectively, “Versace”) bring  
14 this trademark infringement action against Versace 19.69 Abbigliamento Sportivo SRL, Theofanis  
15 Papadas, Valero Enterprises, Inc., Susan Valero, V1969 BH LLC, Brilliance New York LLC,  
16 V1969 Versace SMO LLC, V1969 Versace HG LLC, and V1969 USA LLC. See Dkt. No. 1.<sup>1</sup>  
17 Plaintiffs’ first amended complaint asserts the following seven claims: (1) false designation of  
18 origin, 15 U.S.C. § 1125(a); (2) federal trademark infringement, 15 U.S.C. §§ 1114 and 1125(a);  
19 (3) federal trademark dilution, 15 U.S.C. § 1125(c); (4) common law trademark infringement; (5)  
20 a declaration of trademark infringement, 28 U.S.C. § 2201(a)(9) and 15 U.S.C. § 1114(1); (6) state  
21 and common law dilution, Cal. Bus. & Prof. Code § 14330; and (7) unfair competition, Cal. Bus.  
22 & Prof. Code § 17200. Dkt. No. 123 (“FAC”).

23 Versace moves for summary judgment on all claims stated in the FAC, as well as on all  
24 counterclaims and affirmative defenses asserted by Defendants Versace 19.69 Abbigliamento  
25 Sportivo S.R.L. and Theofanis Papadas (collectively, “VAS”). Dkt. No. 221 (“Pls. Mot.”). VAS  
26 moves for partial summary judgment on Versace’s federal and state law trademark infringement  
27

28 <sup>1</sup> The two trademarks at issue are “Versace” and “Gianni Versace.”

1 claims, trademark dilution claims, and all claims asserted by Versace USA, Inc. Dkt. No. 218  
2 (“Defs. Mot.”) at 1-2. Briefing on the motions is complete, and the Court held a hearing on March  
3 29, 2018. See Dkt. Nos. 238 (“Defs. Opp.”), 248 (“Pls. Reply”), 240 (“Pls. Opp.”), 246 (“Defs.  
4 Reply”). After carefully considering the parties’ arguments, the Court **GRANTS** Versace’s  
5 motion, and **GRANTS IN PART** and **DENIES IN PART** VAS’s motion.

6 **I. LEGAL STANDARD**

7 Summary judgment is proper when a “movant shows that there is no genuine dispute as to  
8 any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a).  
9 A fact is “material” if it “might affect the outcome of the suit under the governing law.” *Anderson*  
10 *v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute is “genuine” if there is evidence in the  
11 record sufficient for a reasonable trier of fact to decide in favor of the nonmoving party. *Id.* The  
12 Court views the inferences reasonably drawn from the materials in the record in the light most  
13 favorable to the nonmoving party, *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S.  
14 574, 587-88 (1986), and “may not weigh the evidence or make credibility determinations,”  
15 *Freeman v. Arpaio*, 125 F.3d 732, 735 (9th Cir. 1997), overruled on other grounds by *Shakur v.*  
16 *Schriro*, 514 F.3d 878, 884-85 (9th Cir. 2008).

17 The moving party bears both the ultimate burden of persuasion and the initial burden of  
18 producing those portions of the pleadings, discovery, and affidavits that show the absence of a  
19 genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Where the  
20 moving party will not bear the burden of proof on an issue at trial, it “must either produce  
21 evidence negating an essential element of the nonmoving party’s claim or defense or show that the  
22 nonmoving party does not have enough evidence of an essential element to carry its ultimate  
23 burden of persuasion at trial.” *Nissan Fire & Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099, 1102  
24 (9th Cir. 2000). Where the moving party will bear the burden of proof on an issue at trial, it must  
25 also show that no reasonable trier of fact could not find in its favor. *Celotex Corp.*, 477 U.S. at  
26 325. In either case, the movant “may not require the nonmoving party to produce evidence  
27 supporting its claim or defense simply by saying that the nonmoving party has no such evidence.”  
28 *Nissan Fire & Marine Ins. Co.*, 210 F.3d at 1105. “If a moving party fails to carry its initial

1 burden of production, the nonmoving party has no obligation to produce anything, even if the  
2 nonmoving party would have the ultimate burden of persuasion at trial.” Id. at 1102-03.

3 “If, however, a moving party carries its burden of production, the nonmoving party must  
4 produce evidence to support its claim or defense.” Id. at 1103. In doing so, the nonmoving party  
5 “must do more than simply show that there is some metaphysical doubt as to the material facts.”  
6 *Matsushita Elec. Indus. Co.*, 475 U.S. at 586. A nonmoving party must also “identify with  
7 reasonable particularity the evidence that precludes summary judgment.” *Keenan v. Allan*, 91  
8 F.3d 1275, 1279 (9th Cir. 1996). If a nonmoving party fails to produce evidence that supports its  
9 claim or defense, courts enter summary judgment in favor of the movant. *Celotex Corp.*, 477 U.S.  
10 at 323.

11 **II. VERSACE’S MOTION FOR SUMMARY JUDGMENT**

12 Versace moves for summary judgment on all of the claims asserted in the FAC. See Pls.  
13 Mot. at 10. The Court turns first to Versace’s claims for federal and state law trademark  
14 infringement, false designation of origin, and unfair competition. The Court examines these  
15 claims concurrently because they are “substantially congruent.” See *id.* at 10 n.4; *Playboy*  
16 *Enterprises, Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1024 n.10 (9th Cir. 2004)  
17 (“Because California trademark law claims are substantially congruent, we do not examine them  
18 separately in this opinion, just as the district court did not.”) (quotations omitted); *Denbicare*  
19 *U.S.A. Inc. v. Toys R Us, Inc.*, 84 F.3d 1143, 1152 (9th Cir. 1996), abrogated on other grounds  
20 by *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013) (“State common law claims of  
21 unfair competition and actions pursuant to California Business and Professions Code § 17200 are  
22 substantially congruent to claims made under the Lanham Act.”) (quotations and alterations  
23 omitted).

24 **A. Trademark Infringement**

25 “To prevail on a claim of trademark infringement under the Lanham Act, 15 U.S.C. §  
26 1114, a party ‘must prove: (1) that it has a protectible ownership interest in the mark; and (2) that  
27 the defendant’s use of the mark is likely to cause consumer confusion.’” *Network Automation,*  
28 *Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1144 (9th Cir. 2011) (quoting *Dep’t of Parks*

1 & Recreation v. Bazaar Del Mundo Inc., 448 F.3d 1118, 1124 (9th Cir. 2006)). It is a “well-  
 2 established principle that because of the intensely factual nature of trademark disputes, summary  
 3 judgment is generally disfavored in the trademark arena.” *Fortune Dynamic, Inc. v. Victoria’s*  
 4 *Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1031 (9th Cir. 2010) (quotations and alterations  
 5 omitted). Nonetheless, “where the evidence is clear and tilts heavily in favor of a likelihood of  
 6 confusion,” the Ninth Circuit has “not hesitated to affirm summary judgment” on the issue of  
 7 infringement. See *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1075-76  
 8 (9th Cir. 2006) (reversing the district court’s denial of summary judgment where, despite the  
 9 absence of evidence of actual confusion, the plaintiffs’ marks were strong, the defendants’ marks  
 10 incorporated exact copies of plaintiff’s marks, and the products at issue were “destined for the  
 11 same buyers”); accord *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019 (9th  
 12 Cir. 2004) (affirming summary judgment upon finding “legally identical” marks, a relationship  
 13 between the goods at issue, and overlapping marketing channels); *E. & J. Gallo Winery v.*  
 14 *Grenade Beverage, LLC*, 670 F. App’x 634 (9th Cir. 2016) (affirming summary judgment where  
 15 at least five of the eight Sleekcraft factors favored the plaintiff).<sup>2</sup> Courts in this circuit have  
 16 accordingly granted summary judgment where there is no genuine issue of material fact as to the  
 17 likelihood of confusion. See *Mine O’Mine, Inc. v. Calmese*, No. 2:10-CV-00043-KJD, 2011 WL  
 18 2728390, at \*8 (D. Nev. July 12, 2011), *aff’d*, 489 F. App’x 175 (9th Cir. 2012); *DC Comics v.*  
 19 *Towle*, 989 F. Supp. 2d 948, 960 (C.D. Cal. 2013), *aff’d*, 802 F.3d 1012 (9th Cir. 2015);  
 20 *Experience Hendrix, LLC. v. Elec. Hendrix, LLC.*, No. C07-0338 TSZ, 2008 WL 3243896, at \*14  
 21 (W.D. Wash. Aug. 7, 2008); *Conversive, Inc. v. Conversagent, Inc.*, 433 F. Supp. 2d 1079, 1093  
 22 (C.D. Cal. 2006); *W. Coast Corvettes, Inc. v. MV Mktg., Inc.*, No. SACV120269DOCRNBX, 2012  
 23 WL 12882014, at \*11 (C.D. Cal. Dec. 13, 2012); *GNLV, Corp. v. T. Warren Enterprises Inc.*, No.  
 24 2:13-CV-943 JCM CWH, 2014 WL 6473558, at \*8 (D. Nev. Nov. 18, 2014).

25 VAS does not dispute the first element of Versace’s trademark infringement claim: that  
 26 Gianni Versace, S.p.A. has a protectable ownership interest in the marks. See Pls. Mot. at 10.

27 \_\_\_\_\_  
 28 <sup>2</sup> Though they are not binding authority, the Court considers the Ninth Circuit’s unpublished  
 decisions, including *E. & J. Gallo Winery*, as persuasive authority.

1 Under 15 U.S.C. Section 1065, Gianni Versace, S.p.A.’s registered marks are incontestable. See  
2 id.; Dkt. No. 220-6 (“Briers Decl.”) ¶¶ 3-4, Ex. 115 (presenting the six trademark registrations at  
3 issue, and the registration certificates). Accordingly, these registrations present “conclusive  
4 evidence” of the validity of the Versace marks, Gianni Versace, S.p.A.’s ownership of the marks,  
5 and Gianni Versace, S.p.A.’s exclusive right to use the registered marks in commerce. See 15  
6 U.S.C. § 1115(b).

7 Turning to the second inquiry, whether VAS’s use of the marks is likely to confuse  
8 consumers, the Court is guided by the following eight Sleekcraft factors:

9 (1) [T]he similarity of the marks; (2) the strength of the plaintiff’s  
10 mark; (3) the proximity or relatedness of the goods or services; (4)  
11 the defendant’s intent in selecting the mark; (5) evidence of actual  
12 confusion; (6) the marketing channels used; (7) the likelihood of  
expansion into other markets; and (8) the degree of care likely to be  
exercised by purchasers of the defendant’s product.

13 Fortune Dynamic, Inc., 618 F.3d at 1030 (citing AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-  
14 49 (9th Cir.1979)). These factors are “helpful guideposts. . . not a scorecard, a bean-counter, or a  
15 checklist.” Id. at 1031. The Court discusses each factor in turn.

16 **i. Sleekcraft Factors**

17 **a. The Similarity of the Marks**

18 In comparing the VAS and Versace marks, “[t]he key elements . . . are their sight, sound,  
19 and meaning, and similarities in these characteristics ‘weigh more heavily than differences.’” E.  
20 & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1291 (9th Cir. 1992) (quoting Alpha  
21 Industries v. Alpha Steel, Inc., 616 F.2d 440, 444 (9th Cir. 1980)). Versace argues that the VAS  
22 mark is similar because it incorporates an identical element—“Versace”—and that “Versace” is  
23 the dominant element of the marks. See Pls. Mot. at 11. In response, VAS emphasizes that it has  
24 never used the “Versace” name on its own, as the words “19.69 Abbigliamento Sportivo, S.R.L.”  
25 follow “Versace” in its mark. Defs. Opp. at 20-21.

26 VAS’s argument fails. First, there is no dispute that VAS’s mark incorporates the  
27 “Versace” name. See Briers Decl. ¶¶ 9-10, Ex. 28 at 14. Second, VAS’s expert, Michele L.  
28 McShane, admits that the “Versace” name is the dominant element of the VAS mark “by virtue of

1 the word positioning of the previously registered company name.” Dkt. No. 238-07 (“McShane  
2 Decl.”), Ex. D at 14. In virtually identical circumstances, including those involving the “Versace”  
3 marks, district courts have found that the marks at issue were similar. See *Versace v. Versace*, No.  
4 01CIV.9645(PKL)(THK), 2003 WL 22023946, at \*10 (S.D.N.Y. Aug. 27, 2003) (“There is no  
5 question that there is similarity between Gianni’s marks and the alleged infringing mark. Both  
6 marks have the surname ‘Versace’ as the ‘focal point’ of the designation.”); *Gucci Am., Inc. v.*  
7 *Gucci*, No. 07 CIV. 6820 RMB JCF, 2009 WL 8531026, at \*15 (S.D.N.Y. Aug. 5, 2009)  
8 (“Consumers would be justified reasonably in believing that products bearing the names  
9 JENNIFER GUCCI and/or GEMMA GUCCI come from the same source as Plaintiff’s products  
10 because of the presence of ‘Gucci’ in Defendants’ licensed products, particularly where  
11 JENNIFER GUCCI and GEMMA GUCCI are used as the dominant part of the mark.”) (quotation  
12 omitted). In addition, courts in and outside of this district have held that simply adding words to a  
13 mark is not sufficient to distinguish the marks for purposes of consumer confusion. See *Versace*,  
14 2003 WL 22023946, at \*10 (“While Alfredo’s mark includes the phrase ‘Designed by Alfredo’  
15 before the word ‘Versace,’ the dominant part of the mark is the surname. Because of the presence  
16 of the Versace name in Alfredo’s mark, ‘consumers would be reasonably justified in believing  
17 both products come from the same source.’”) (quotations and alteration omitted); *E. & J. Gallo*  
18 *Winery v. Consorzio del Gallo Nero*, 782 F. Supp. 457, 464 (N.D. Cal. 1991) (“[B]ecause ‘Gallo’  
19 is the single ‘dominant’ or ‘substantive’ term used by plaintiff on all its products. . . defendant’s  
20 use of the term ‘Gallo’ even . . . in conjunction with other terms does not divert this Court from  
21 its conclusion that, as a matter of law, the two terms are significantly similar. . . .”). Though not  
22 binding on the Court, these cases are persuasive given the similarity of the circumstances  
23 presented. For its part, VAS fails to affirmatively set forth facts or law to support its position.  
24 Thus, this factor strongly favors Versace.

25 **b. The Proximity or Relatedness of the Goods or Services**

26 With regard to this factor, “the focus is on whether the consuming public is likely  
27 somehow to associate” VAS’s products with Versace’s. *Brookfield Commc’ns, Inc. v. West Coast*  
28 *Entm’t Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999). The Court considers whether “the goods are

1 complementary, the products are sold to the same class of purchasers, or the goods are similar in  
2 use and function.” *Sleekcraft*, 599 F.2d at 350 (citations omitted). Here, Versace sets forth  
3 undisputed evidence that both VAS and Versace: (1) sell merchandise that includes “ladies  
4 handbags,” “shoes,” “dresses,” and “watches”; (2) are Italian fashion and lifestyle brands; and (3)  
5 trade on baroque aesthetic themes and packaging. See *Briers Decl.* ¶ 61, Ex. 35 (listing VAS’s  
6 product types), Ex. 30 (“*Serdari Report*”) at 28-58 (providing expert testimony regarding the  
7 likelihood of confusion given the style and characteristic design elements of the respective  
8 brands), Ex. 97 at 3 (presenting a VAS advertisement using similar coloring and style to Versace’s  
9 branding); *Dkt. No. 222 (“Conti Decl.”)* ¶ 5. Again, VAS fails to seriously dispute any of this  
10 evidence. See *Defs. Opp.* at 20-23. There is accordingly no factual disagreement that the goods at  
11 issue are proximate.

12 **c. The Strength of Versace’s Marks**

13 The strength of a trademark is assessed on a continuum of distinctiveness: “(1) generic; (2)  
14 descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful.” *Two Pesos, Inc. v. Taco Cabana, Inc.*,  
15 505 U.S. 763, 768 (1992). Versace argues that the Versace marks are “strong” because they are  
16 descriptive marks that have acquired secondary meaning. See *Pls. Mot.* at 14-16. Other district  
17 courts have agreed. See, e.g., *Gianni Versace SPA v. Awada*, No. CV 03-3254 GPS (RNBX),  
18 2008 WL 11339656, at \*3 (C.D. Cal. Mar. 25, 2008) (holding that the Versace mark is a “personal  
19 name that has acquired secondary meaning” and is therefore a “strong” mark). There is no dispute  
20 that the Versace marks are incontestable, and are therefore “conclusively presumed to have  
21 acquired secondary meaning.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408  
22 F.3d 596, 606 (9th Cir. 2005).

23 Apart from its marks’ incontestability, Versace presents additional evidence that its marks  
24 have acquired secondary meaning. See *Brookfield Commc’ns, Inc.*, 174 F.3d at 1058 (holding that  
25 “advertising expenditures can transform a suggestive mark into a strong mark, where, for example,  
26 that mark has achieved actual marketplace recognition”) (citation omitted). That evidence  
27 establishes that Versace has used its marks for decades, undertaken extensive efforts to advertise  
28 and promote its branded products, is well-recognized by the general public, and has enjoyed

1 annual revenues of over \$100 million. See Conti Decl. ¶¶ 16-20 (advertising efforts and celebrity  
2 dressing), ¶¶ 28-38 (promotional efforts, including through media appearances, fashion shows,  
3 social media, fashion blogs, and events at Versace boutiques), ¶¶ 39-42 (journalistic coverage), ¶  
4 44 (annual revenue). Furthermore, Versace submits statements from VAS licensees stating that  
5 they entered into agreements with VAS precisely because of the value of the Versace name and  
6 VAS’s association with and use of the word “Versace.” Briers Decl. ¶¶ 72-80, Ex. 10 (agreeing  
7 that “the ability to use the Versace name in some capacity was a very important part of the value  
8 of the license” with Versace 19.69), Ex. 11 (stating that the licensee would not be interested  
9 “without the Versace name associated with V1969”); Ex. 12 (acknowledging that “part of the  
10 power that Versace 19.69 Abbigliamento Sportivo had, i[s] that it used Gianni Versace’s name”).  
11 This evidence confirms that Versace’s marks have acquired secondary meaning.

12 In response, VAS presents just one argument to show that Versace “is at the low end of  
13 strength for well-known marks.” Defs. Opp. at 19. According to VAS, Versace paid a consulting  
14 company to conduct a survey assessing the strength of its marks, and Versace failed to produce  
15 that survey in this litigation. See *id.* VAS then queries “whether the Court can draw any  
16 conclusion—as a matter of law—about the strength of the VERSACE mark, or even about the  
17 likelihood of confusion in this case, without seeing that survey.” *Id.* at 20. Considering Versace’s  
18 substantial and uncontroverted evidence, the Court can, and concludes that the Versace marks are  
19 strong.

20 **d. The Marketing Channels Used**

21 “Convergent marketing channels increase the likelihood of confusion.” *Sleekcraft*, 599  
22 F.2d at 353. Versace admits that its products are primarily sold at high-end boutiques. See Pls.  
23 Mot. at 16. Nonetheless, Versace also presents evidence that many retailers sell both Versace and  
24 VAS products. Conti Decl. ¶ 15 (listing department stores and other commercial retailers selling  
25 Versace products, including Bloomingdales/ Bloomingdales Outlet, Century 21, Dillards, Macy’s/  
26 Macy’s Backstage, Marshalls, Neiman Marcus, Neiman Marcus Last Call, Nordstrom/ Nordstrom  
27 Rack, Ross, Saks Fifth Avenue/ Saks Off Fifth, and T.J. Maxx); see Briers Decl. ¶ 173, Ex. 32 at  
28 10 (admitting that many of these same stores sell VAS products, including T.J. Maxx, Marshalls,



1 Century 21, Dillards, Nordstrom/Nordstrom Rack/Haute Look, Bloomingdales/Bloomingdales  
2 Outlet, Macy's/Macy's Backstage, Lord & Taylor/Hudson Bay/Off Fifth/Saks, Amazon, Last  
3 Call/Neiman Marcus, and others); Briers Decl., Ex. 21 ("Papadas Depo.") at 170:14-174:18  
4 (acknowledging that this list of retailers selling VAS products is correct). There is also  
5 uncontroverted evidence that the same online vendors sell both Versace and VAS products. See  
6 Conti Decl. ¶ 15 (listing online retailers selling Versace products, including Amazon.com,  
7 Bluefly.com, and Zulily.com); Briers Decl. ¶¶ 174-185, Exs. 131, 134-136 (presenting screen  
8 shots of these same internet retailers selling VAS products listed under the Versace brand, and/or  
9 VAS and Versace products sold side-by-side), Ex. 113.

10 In response, VAS highlights that its products have been sold at "off-price stores, such as  
11 Ross Stores, Dillards, Century 21, and T.J. Maxx." Defs. Opp. at 21. But VAS fails to  
12 acknowledge that Versace's products are also sold at many of these stores. VAS then stresses that  
13 Versace fails to present figures comparing the number of Versace and VAS products sold by these  
14 retailers. See *id.* VAS neither argues nor presents cases suggesting that relative sales metrics are  
15 relevant to the Court's analysis of this factor. Finally, VAS contends that the VAS and Versace  
16 product channels are distinct because VAS products are less expensive than Versace products. See  
17 *id.* at 21-22. Again, VAS does not present case law or facts showing that this price differential  
18 bears on whether the relevant marketing channels converge, see *id.* at 22, and binding and  
19 persuasive authority suggests otherwise. Cf. *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118,  
20 1130 (9th Cir. 2014) ("Marketing channels can converge even when different submarkets are  
21 involved so long as the general class of . . . purchasers exposed to the products overlap.")  
22 (quotation omitted); *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 248 (S.D.N.Y. 2012)  
23 (finding that "in the post-sale context. . . the confusion that exists in the general viewing public is  
24 what matters"). Even assuming that the lower price point of VAS products distinguishes them for  
25 purposes of marketing channels, Versace presents undisputed evidence that consumers could be  
26 confused with respect to Versace's two "diffusion lines," which include lower priced products.  
27 See Briers Decl., Ex. 30 at 84-85. This evidence shows, moreover, that Versace tightly controls  
28 the quality of its diffusion lines. See *id.* Thus, this factor too favors Versace.



1 evidence of consumer confusion.” *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1214  
2 (9th Cir. 2012). Nonetheless, the Ninth Circuit has stated that “non-consumer confusion may also  
3 be relevant . . . in three specific and overlapping circumstances—namely where there is confusion  
4 on the part of: (1) potential consumers; (2) non-consumers whose confusion could create an  
5 inference that consumers are likely to be confused; and (3) non-consumers whose confusion could  
6 influence consumers.” *Id.*

7 Versace sets forth extensive evidence of consumer confusion and disappointment  
8 stemming from the conflation of VAS and Versace products. Negative remarks and product  
9 reviews by VAS purchasers show that many understand VAS products to be manufactured and/or  
10 sold by Versace. See Briers Decl. ¶ 159a-f, Ex. 91 at 4, 6-7 (customer reviews conflating VAS  
11 and Versace products), ¶¶ 228-259, Exs. 70, 106, 138 (customers confusing VAS and Versace  
12 products), ¶¶ 160-163, Exs. 120, 121 (customers criticizing Versace’s product quality after buying  
13 VAS products).<sup>3</sup> Versace, moreover, presents testimony from store employees that purchasers  
14 have: (1) attempted to repair their VAS products at Versace stores; (2) asked whether their VAS  
15 products were “authentic” Versace products; and (3) inquired into the relationship between VAS  
16 and Versace. See Briers Decl. ¶¶ 261-264, Exs. 23 (“Smith Depo.”), 18 (“Gonzales Depo.”).

17 In addition to evidence of confusion on the part of actual purchasers, there is evidence of  
18 confusion on the part of potential customers. For instance, Versace presents evidence of online  
19 inquiries asking how Versace and VAS products are related. See Briers Decl. ¶¶ 265-266, Exs. 27  
20 (“Wallace Depo.”) (explaining that the Versace website logs questions regarding VAS products),  
21 130 (providing the search report). Versace also offers an empirical study on confusion from its  
22 expert, Dr. Kent Van Liere, in which he examined whether consumers are confused as to: (1) the  
23 source of VAS and Versace products; (2) the association between the VAS and Versace brands,  
24 and (3) whether VAS requires Versace’s permission to make VAS products. See Briers Decl. ¶¶

25

---

26 <sup>3</sup> While Defendants object to this evidence as hearsay, it is properly admissible as a present sense  
27 impression. See *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 509 (9th Cir. 2011) (“Though the  
28 customers’ statements were clearly offered for the truth of the matter, they are permissible under  
the ‘state of mind’ exception to the hearsay rule.”); Fed. R. Evid. 803(3). And even if the Court  
were to exclude these customers’ statements, there is still sufficient uncontroverted evidence to  
warrant summary judgment in Versace’s favor.

1 276-277, Ex. 29 (“Van Liere Report”) ¶ 11. Dr. Van Liere accordingly found that “84 percent of  
2 respondents in the test conditions were confused as to source, association, or permission.” Van  
3 Liere Report ¶ 12. Dr. Van Liere opined that this was “strong evidence of confusion and strongly  
4 supports the conclusion” that VAS’s use of the Versace name “on products and product labeling is  
5 likely to confuse consumers in the relevant population.” *Id.*

6 As to non-consumer confusion, Versace sets forth un rebutted evidence that retailers  
7 mistake the nature of VAS and Versace’s relationship. Briers Decl. ¶¶ 268–274. With respect to  
8 media confusion, several news outlets reported that a Versace store was opening in the Mall of  
9 America; in fact, it was VAS that opened a store in that location. See Briers Decl. ¶ 275, Ex. 119;  
10 Rearden, LLC, 683 F.3d at 1218 (“[C]onfusion of presumably knowledgeable and experienced  
11 trade journalists and trade show organizers could very well influence the purchasing decisions of  
12 consumers.”). Some of these articles were updated to reflect that the stories were “erroneous” as  
13 originally reported. See Briers Decl. ¶ 275, Ex. 119 at 5.

14 Notably, VAS does not take specific issue with this evidence. Instead, VAS asserts  
15 broadly that a genuine dispute of fact exists as to whether consumers are actually confused  
16 because “VAS’s licensees sold over \$16,000,000 of VAS licensed products.” See Defs. Opp. at 9;  
17 Dkt. No. 218-11 (providing an expert damages report that sales by U.S. licensees of VAS products  
18 “totaled \$16,171,353”). VAS suggests that “the retail sales volume of those products would  
19 represent about twice that amount.” Defs. Opp. at 14. Even if VAS is correct, VAS does not set  
20 forth evidence or apposite authority to meaningfully link these sales figures with an absence of  
21 consumer confusion. See *id.* Instead, VAS’s authorities stand for the proposition that courts  
22 sometimes find for an alleged infringer in the absence of evidence of actual confusion. See *id.*;  
23 see, e.g., Cohn, 281 F.3d at 842-43 (“Here, however, the parties used the same trademark in the  
24 same city for six years to market closely-related goods and services. Under these unusual  
25 circumstances, some evidence of actual confusion should have become available if Petsmart’s  
26 coexisting use had created a genuine likelihood of confusion.”). But here, there is substantial,  
27 uncontroverted evidence that such confusion exists. See *Au-Tomotive Gold, Inc.*, 457 F.3d at  
28 1075.

1 VAS next asserts that confusion is unlikely because there is no evidence of “point-of-sale  
2 confusion.” See Defs. Opp. at 9, 15 (“There is no dispute that plaintiffs have no witness to testify  
3 that he or she was confused at the time of a purchase as to the source or sponsorship of the  
4 products VAS licensed.”). But VAS fails to cite a case indicating that Versace must present  
5 evidence of “point-of-sale” confusion, particularly in view of the above-discussed evidence of  
6 actual confusion. See *id.*; Pls. Reply at 8-9. VAS also asserts, without further evidence or  
7 argument, that Versace’s evidence at best shows uncertainty, not confusion. See Defs. Opp. at 16.  
8 The Court disagrees. Finally, VAS argues that the Van Liere Report fails to show actual initial  
9 interest or point-of-sale confusion. Defs. Opp. at 17. But the survey includes proxy  
10 measurements for both. See Pls. Reply at 8; Van Liere Report ¶¶ 25-27; Dkt. No. 239-5 (“Luedtke  
11 Decl.”), Ex. 167 (“Van Liere Questionnaire”). The confusion factor therefore weighs strongly in  
12 Versace’s favor.

13 **g. VAS’s Intent in Selecting the Mark**

14 Even though an intent to confuse consumers is not required for a finding of trademark  
15 infringement, intent to deceive is strong evidence of a likelihood of confusion. *Entrepreneur*  
16 *Media, Inc. v. Smith*, 279 F.3d 1135, 1148 (9th Cir. 2002) (internal quotations and citations  
17 omitted). “When the alleged infringer knowingly adopts a mark similar to another’s, reviewing  
18 courts presume that the defendant can accomplish his purpose: that is, that the public will be  
19 deceived.” *Sleekcraft*, 599 F.2d at 354 (emphasis added).

20 Versace argues that intent can be inferred from (1) VAS’s knowledge of the Versace  
21 marks; (2) VAS’s agreement to indemnify licensees against any infringement lawsuit brought by  
22 Versace; and (3) VAS’s branding and marketing materials, which Versace argues create a “false  
23 association” with its brand. See Pls. Mot. at 22-23; Briers Decl. ¶¶ 64, 206–216, Exs. 100–105.  
24 To the extent that VAS responds to this argument, it does so by raising the somewhat different  
25 proposition that VAS cannot be liable under a contributory theory of trademark liability. See  
26 Defs. Opp. 25-26. But that question is distinct from whether VAS adopted its mark knowing that  
27 it was similar to the Versace marks. See *Sleekcraft*, 599 F.2d at 354. VAS fails to present  
28

1 evidence casting doubt on that finding.<sup>4</sup> The Court agrees with Versace on this factor.

2 **h. The Likelihood of Expansion Into Other Markets**

3 Versace argues that the likelihood of expansion factor also supports summary judgment.  
4 According to Versace, VAS is planning to open additional luxury boutiques to mimic Versace’s  
5 sales and branding strategies. See Pls. Mot. at 25-26. Versace offers a VAS corporate statement  
6 from May 27, 2016, indicating that the company seeks to invest “significant funds on opening  
7 flagship stores.” See id. at 25; Briers Decl., Ex. 82 at 1. According to that announcement, VAS  
8 planned to open one store in San Francisco, two in Los Angeles, one store in Houston, and another  
9 in Minnesota. VAS does not disagree that it intended to expand. See Defs. Reply at 12. Given  
10 VAS’s concrete plans for expansion, and that it is in the same line of commerce of Versace, to the  
11 extent this factor is significant, it favors Versace. See *Sleekcraft*, 599 F.2d at 353 (“[A] strong  
12 possibility that either party may expand his business to compete with the other will weigh in favor  
13 of finding that the present use is infringing.”) (quotation omitted); see also *Brookfield*, 174 F.3d at  
14 1060 (noting that likelihood of expansion is “relatively unimportant” when two companies already  
15 sell the same types of products).

16 **ii. Direct, Vicarious, and Contributory Infringement Liability**

17 Apart from the confusion inquiry, VAS argues that it entirely escapes infringement liability  
18 under direct, vicarious, and contributory infringement theories. With respect to direct  
19 infringement, VAS argues that it cannot be liable because VAS operated entirely through  
20 licensees, and thus did not directly sell any infringing products or operate any stores. See Defs.  
21 Opp. at 24 (“VAS merely entered into license agreements that permitted the licensees to use its  
22 trademarks and company name.”). The premise of VAS’s vicarious liability theory is similar.  
23 VAS argues that Susan Valero and Valero Enterprises (collectively, “Valero”), with whom VAS  
24 worked to distribute VAS products to licensees, did not itself infringe. Id. at 24-25. Instead, VAS  
25 characterizes Valero’s role as “identif[ying] potential licensees for VAS and work[ing] with those  
26

---

27 <sup>4</sup> VAS argues that it lacked the requisite intent because it believed its use of the Versace marks  
28 conformed to a settlement agreement reached with Versace in Italy (“the Conciliation Agreement”  
or “the Agreement”). That argument is unavailing for the reasons set forth below.

1 licensees in dealing with VAS and with retailers.” Id. To the extent that Valero did infringe, VAS  
2 claims that Valero acted beyond the scope of its agency authority, and that VAS was unaware of  
3 any unlawful representations by Valero. Id. Finally, VAS claims that it cannot be liable for  
4 inducing infringement under a contributory infringement theory because (1) there is no evidence  
5 of direct infringement; and (2) VAS lacked the necessary intent to infringe. See id. at 25-26.

6 VAS cannot escape liability based on its status as a licensor. VAS does not present any  
7 analogous authority, binding or otherwise, to support that proposition. See id. at 24. And while  
8 Versace presents limited case law on this question, Ninth Circuit authority favors its position. See  
9 *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1066, 1069-72 (9th Cir. 2015)  
10 (affirming a finding of infringement where the defendant licensed the use of certain photographs,  
11 and licensees then incorporated those photographs into products sold at retail outlets). Other  
12 district courts have adopted this view in comparable circumstances. See *Gucci Am., Inc.*, 2009  
13 WL 8531026, at \*15 (finding liability based on the defendants’ “licensing products and/or selling  
14 [infringing] products”).

15 In addition, the facts underlying a finding of direct infringement are uncontroverted.  
16 Namely, that VAS licensed the VAS mark, which includes the Versace name; Valero acted as  
17 VAS’s contractual agent in working with licensees to promote VAS products; the VAS licensing  
18 agreements included a right to use the VAS name on the licensees’ products; and VAS licensees  
19 were instructed by Valero, with VAS’s knowledge, to conform to specific packaging and branding  
20 guidelines. See *Briers Decl.* ¶¶ 59-65, Exs. 35-48 (presenting a list of 31 licensing agreements,  
21 rights, and product scope), ¶¶ 66-71, Exs. 52-53 (describing a “style guide” distributed to licensees  
22 that set forth brand logo and packaging guidelines). As discussed, there is also undisputed  
23 evidence that VAS licensees agreed to VAS’s terms in large part based on an ability to use the  
24 “Versace” name. See also *Briers Decl.* ¶¶ 72-80, Exs. 10-15, 17.

25 But even if VAS were not liable for direct infringement, VAS is liable under a theory of  
26 vicarious infringement liability. See *Pls. Reply* at 15 n.6. The above referenced evidence  
27 establishes that Valero’s infringing acts were within the scope of its authority as VAS’s agent, and  
28 were conducted with VAS’s knowledge. VAS points to one contractual excerpt that VAS

1 represents as limiting “Valero’s ability to prepare documentation on behalf of VAS.” See Defs.  
2 Opp. at 25; Papadas Decl. ¶ 22. But this excerpt does not support VAS’s assertion; rather, it states  
3 simply that VAS, as licensor, will provide Valero, its agent, with any documentation necessary to  
4 carry out the scope of their agreement.<sup>5</sup> That agreement, in turn, required Valero to actively  
5 promote the VAS brand and locate suitable licensees. See Dkt. No. 238-14 at 3. Both Papadas  
6 and Susan Valero signed the agreement. See *id.* This is sufficient to establish VAS’s liability for  
7 infringement.<sup>6</sup>

8 **B. Trademark Dilution and Unfair Competition**

9 Under both federal and California state dilution law, Versace must show that (1) its mark is  
10 “famous and distinctive”; (2) VAS is “making use of the mark in commerce”; (3) VAS’s use  
11 “began after the mark became famous”; and (4) VAS’s use of the Versace marks is “likely to  
12 cause dilution by blurring or dilution by tarnishment.” *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d  
13 628, 634 (9th Cir. 2008).

14 **i. Versace’s Marks are Famous, and VAS Began Using those Marks in  
Commerce After They Became Famous**

15 “A mark is famous if it is widely recognized by the general consuming public of the  
16 United States as a designation of source of the goods or services of the mark’s owner.” 15 U.S.C.  
17 § 1125(c)(2)(A). In assessing whether a mark is famous, courts typically consider the following  
18 non-exhaustive factors:

- 19 (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- 20 (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- 21 (iii) The extent of actual recognition of the mark.
- 22 (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

23  
24  
25 <sup>5</sup> That excerpt states “c) The LICENSOR shall furnish the AGENT with any available artwork  
26 material and necessary documentation with regard to the Property free of charge. Should the material  
27 not suffice for the implementation of License Agreement under negotiation or existing License  
28 Agreements, the LICENSOR agrees to use its best efforts to provide such material as soon as possible,  
it being understood that the AGENT is not prepared to develop such material or have it developed on  
behalf of the LICENSOR.” Defs. Opp. at 25.

<sup>6</sup> Because VAS is either directly or vicariously liable, the Court does not need to decide whether  
VAS may be liable under a contributory theory of infringement.



1 Id. To support that its marks are famous, Versace sets forth the same evidence that it offers to  
2 show that its marks are strong. That evidence is undisputed, and establishes that Versace has used  
3 its marks for decades, engages in extensive advertising and promotional efforts in furtherance of  
4 the Versace brand, is widely recognized by consumers for the Versace name, and enjoys a high  
5 volume of domestic sales. See Conti Decl. ¶¶ 16-20, 39-42; Briers Decl. ¶¶ 72-80. Even Papadas  
6 has testified, as VAS's corporate representative, that "the Versace name was made famous in the  
7 fashion industry by Gianni Versace SpA." Papadas Depo. at 534:21–535:21.

8 VAS does not expressly rebut Versace's evidence that it began using Versace's marks after  
9 those marks became famous. See Defs. Opp. at 31-34; Pls. Reply at 16. Versace's evidence  
10 shows that: (1) Versace has used its marks since 1978; (2) those marks have gained national  
11 recognition; and (3) the Versace marks' fame persists to the present day. See Pls. Mot. at 27-28;  
12 Conti Decl. ¶¶ 4, 16-20, 39-42. VAS addresses only the fourth and final element of the dilution  
13 analysis: whether its use of the Versace name is likely to cause dilution by blurring or tarnishment.  
14 See *id.* The court now turns to that question.

15 **ii. VAS's Use of Versace's Marks Causes Blurring and Tarnishment**

16 "Blurring occurs when a defendant uses a plaintiff's trademark to identify the defendant's  
17 goods or services, creating the possibility that the mark will lose its ability to serve as a unique  
18 identifier of the plaintiff's product." *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 n.7  
19 (9th Cir. 1998). To assess dilution by way of blurring, courts look to (1) the "degree of similarity"  
20 between the marks; (2) the "degree of distinctiveness" of the famous mark; (3) "the extent to  
21 which the owner of the famous mark is engaging in substantially exclusively use of the mark"; (4)  
22 the famous mark's degree of recognition; (5) whether the user of the mark intended to create an  
23 association with the famous mark; and (6) any "actual association" between the two marks. 15  
24 U.S.C. § 1125(c)(2)(B). These factors are "strikingly similar" to the likelihood of confusion test  
25 invoked under the infringement analysis. See *Airway Int'l Ltd. v. Vans, Inc.*, 2013 WL 3786309,  
26 \*7 n.1 (N.D. Cal. July 17, 2013) (applying the likelihood of confusion analysis to assess dilution  
27 by blurring).

28 As to the first, second, and fourth factors, the undisputed evidence favors Versace. That

1 evidence, discussed with respect to infringement, shows that the VAS and Versace marks are  
2 similar, and VAS has attempted to evoke the Versace design and baroque aesthetic. See Nike, Inc.  
3 v. Nikepal Int'l, Inc., No. 2:05-CV-1468-GEB-JFM, 2007 WL 2782030, at \*6 (E.D. Cal. Sept. 18,  
4 2007) (finding that the marks NIKEPAL and Nike were “nearly identical” based on their literal  
5 and stylistic similarities). Though VAS argues that the marks are not sufficiently alike, “the plain  
6 language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is  
7 identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive  
8 relief.” *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172 (9th Cir.  
9 2011). Instead, Versace needs to show only that the VAS mark is “likely to impair the  
10 distinctiveness” of the Versace marks. There is no genuine dispute of fact on that point, given the  
11 marks’ similarities and the Versace marks’ distinctiveness.

12 The remaining blurring factors favor Versace. With respect to the third factor, Versace has  
13 acted defensively to protect its marks, and tightly controls its diffusion lines. See Defs. Opp. at  
14 32-33; Pls. Reply at 17; Briers Decl. ¶¶ 7-8 (discussing Versace’s precautionary infringement  
15 lawsuits). VAS does not dispute that there is only one other “Versace” mark owned by a third  
16 party: a gelato and frozen dessert company. See Briers Decl., Ex. 20 (“McShane Depo.”) at  
17 177:12-178:20.<sup>7</sup> There is no question that Versace is not a frozen dessert purveyor. See Nike,  
18 Inc., 2007 WL 2782030, at \*7 (holding that “a limited amount of third party use is insufficient to  
19 defeat a showing of substantially exclusive use”); cf. *Avery Dennison Corp. v. Sumpton*, 189 F.3d  
20 868, 878 (9th Cir. 1999) (finding that the mark “Avery Dennison” was “not eligible for the  
21 dilution cause of action” where the words “Avery” and “Dennison” were “commonly used as  
22 trademarks. . . by other parties”). As to the fifth factor, remarks from purchasers and Versace’s  
23 expert report show that consumers actually associate the VAS and Versace marks. Furthermore,  
24 as discussed in the infringement analysis, there is evidence that VAS used the Versace marks  
25 despite being aware of those marks and that its licensees were likely infringing them.

26 Dilution by tarnishment, in contrast, “aris[es] from the similarity between a mark or trade

27 \_\_\_\_\_  
28 <sup>7</sup> VAS’s affirmative defense based on the Conciliation Agreement is discussed in further detail  
below. See Defs. Opp. at 33.

1 name and a famous mark that harms the reputation of the famous mark.” 15 U.S.C. §  
2 1125(c)(2)(C). “Tarnishment occurs when a famous mark is improperly associated with an  
3 inferior or offensive product or service.” *Panavision Int’l, L.P.*, 141 F.3d at 1326 n.7. As to  
4 whether the marks are associated, the evidence underlying the Court’s infringement analysis  
5 applies. VAS does not dispute that the marks are associated for purposes of tarnishment.

6 Versace contends that, as a factual matter, VAS’s products are inferior to Versace’s. To  
7 support that assertion, Versace relies on expert testimony and consumer complaints detailing the  
8 poor quality of VAS products and workmanship. See Briers Decl. ¶¶ 158-164, 226-264, Ex. 30  
9 (“Serdari Rep.”) at 21 n.61, 28; Briers Decl., Ex. 12 (“Bergman Depo.”) at 190:11-19, 196:13-  
10 197:3. VAS specifically denies just one of these consumer complaints (pertaining to a moldy  
11 product); otherwise, VAS does not address Versace’s evidence. VAS does broadly assert that  
12 Versace fails to “offer any comprehensive evidence as to the quality of the products VAS  
13 licensed.” Defs. Opp. at 34. VAS is simply incorrect, and given the substantial evidence Versace  
14 sets forth, it is VAS that bears the burden to come forward with evidence that its products are not  
15 inferior. VAS has not done so.

16 Separately, VAS suggests that it may have licensed higher quality products because  
17 Versace has a “1 percent return rate from consumers.” See *id.* But VAS fails to explain the  
18 relationship between Versace’s return rate and VAS’s product quality. VAS also does not present  
19 evidence of, or even assert, its own rate of product return. It is accordingly unclear why this fact is  
20 material, even if it is disputed. Summary judgment is appropriate on Versace’s tarnishment  
21 theory.<sup>8</sup>

### 22 C. VAS’s Counterclaims and Defenses

23 In addition to moving for summary judgment on its own claims, Versace also seeks  
24 summary judgment on: (1) VAS’s counterclaims for breach of contract and declaratory judgment;  
25 and (2) VAS’s affirmative defenses of waiver, collateral estoppel, laches, and fair use. See Pls.

26 \_\_\_\_\_  
27 <sup>8</sup> Here too, VAS asserts that it cannot be liable under direct, vicarious, or contributory dilution  
28 theories. See Defs. Opp. at 35-36. With the exception of contributory dilution, VAS does not  
present case law that supports that assertion. The Court addresses these arguments in its  
discussion of VAS’s motion for partial summary judgment.

1 Mot. at 30 n.14, Dkt. No. 139 (“Answer”) at 11 ¶¶ 6-29.<sup>9</sup> There is no dispute that VAS’s  
2 counterclaims and its defenses of waiver and estoppel are predicated on VAS’s interpretation of  
3 the Conciliation Agreement. The Agreement settled an Italian infringement lawsuit brought by  
4 Versace against VAS, and was entered by the Court of Milan in July 2012. See Pls. Mot. at 4;  
5 Defs. Opp. at 26.

6 The parties’ dispute turns on the meaning and interpretation of the Conciliation  
7 Agreement. Versace argues that the Agreement prohibits VAS from using the Versace name for  
8 any purpose except where the law requires VAS to use its full name. See, e.g., Pls. Mot. at 4.  
9 Versace presents a certified translation in support of its interpretation. See Dkt. No. 223  
10 (“Pennekamp Decl.”), Ex. H. at 2 (“Mr. Papadas. . . agrees to forego registration of the distinctive  
11 sign [VAS] . . . although he retains the right/duty to indicate the full name of the manufacturer  
12 and/or importer of the products in cases required by law including for purposes of the labeling, but  
13 the current font being used must be modified. . .”). Versace acknowledges that, under the  
14 Agreement, it has waived “all rights and/or claims” against VAS in the event that VAS complies  
15 with the Agreement’s terms. And yet, VAS admitted in this litigation that no U.S. law requires  
16 VAS to place its full name on products involved in the present lawsuit. See Briers Decl., Ex. 37  
17 (“VAS states that it does not at this time contend, and does not need to contend, in this action that  
18 the applicable law requires the full company name to be placed on the subject labels that are  
19 involved in the present lawsuit.”). Versace highlights that multiple Italian courts have agreed with  
20 its interpretation of the Agreement (which is written in Italian). Versace argues that principles of  
21 comity merit deference to those decisions, regardless of either party’s English translation of the  
22 Agreement.

23 In response, VAS contends that the Agreement allows VAS to use the “Versace” marks for  
24 purposes of labeling irrespective of whether the law requires it. See Answer ¶¶ 8, 28(a); Defs.  
25 Mot. at 10. VAS sets forth its own corresponding translation of the Agreement. See Dkt. No.

26 \_\_\_\_\_  
27 <sup>9</sup> VAS does not respond to Versace’s motion for summary judgment on VAS’s laches defense.  
28 See Pls. Mot. at 37-38; Pls. Reply at 21 n.11. The Court agrees with the arguments set forth in  
Versace’s motion, Pls. Mot. at 36-37, and concludes that there is no genuine dispute of fact  
underlying that defense.

1 139-1 at 1 (“It is therefore understood that [Papadas] has the right and the duty to indicate the  
2 complete company name of the producer and/or importer of the products in those cases stated by  
3 the law, also for the products labeling by modifying the eventual font used.”).

4 The Court defers to the decisions of numerous Italian courts holding, respectively, that  
5 Versace’s interpretation of the Agreement is correct and that VAS’s reading is incorrect. See  
6 Pennekamp Decl., Ex. L at 3 (“Such use of the petitioner’s name, whose identifying heart is  
7 clearly represented by the surname VERSACE, clearly exceeds the requirements to comply with  
8 European Union law and consumer protection law, the purpose of which is to allow the  
9 manufacturer to be identified, and represents a form of use strictly as a distinctive sign, in  
10 violation of the settlement agreements invoked.”), Ex. M at 2 (“[T]he [settlement] agreement  
11 allows [Papadas] only to use the name Versace if it is a part/component of the company name of  
12 the manufacturer or importer and, therefore, always in the context of the entire company name, in  
13 cases where the indication of the company name is obligatory, including on labels, but with the  
14 requirement of possible modification of the font used.”), Ex. N at 6 (“As to ‘in cases where  
15 required by law’, a correct interpretation of the clause in the context of the settlement agreement . .  
16 . was intended by the parties to be strictly limited to cases where the use of the manufacturer,  
17 importer or exporter company’s name is required by law. . . .”). Notably—in the most recent of  
18 these decisions—the Court of Appeal of Milan affirmed the lower court’s rejection of VAS’s  
19 interpretation of the Agreement. See Pennekamp Decl., Ex. R; *Papadas v. Gianni Versace, S.p.A.*,  
20 No. 1680/2016 at 11-12 (Ct. of App. of Milan Dec. 18, 2017). In reaching that holding, the  
21 appellate court reasoned,

22 From the literal tenor of the [settlement] agreement, it is clear that  
23 its primary goal is to affirm that Papadas and its companies do not  
24 have the right to use the national and international fame of the  
25 ‘Versace’ brand in order to promote their own products. Gianni  
26 Versace Spa granting the use of its company name including the  
27 word ‘Versace’ only when the law requires it to identify the  
28 producer/importer is, as noted, an exception, which involves a strict  
and restrictive interpretation.

26 Id.

27 Principles of comity warrant deference to these judgments. See *Hilton v. Guyot*, 159 U.S.  
28 113, 202-03 (1895) (holding that matters should not be retried absent a showing of prejudice,

1 fraud, or some other extenuating circumstance “where there has been opportunity for a full and  
2 fair trial abroad before a court of competent jurisdiction”); accord *Asvesta v. Petroutsas*, 580 F.3d  
3 1000, 1010, 1013 (9th Cir. 2009) (observing that “Hilton’s admonition to avoid a reexamination of  
4 the merits of a foreign court’s judgment seems most relevant” “when a foreign court has entered a  
5 judgment after applying its own substantive and procedural laws”). These principles apply under  
6 the circumstances, as VAS does not specifically allege any particular procedural or substantive  
7 infirmities underlie the above cited decisions. See *id.*; cf. *Asvesta*, 580 F.3d at 1010 (holding that  
8 the district court erred in extending comity to a Greek court’s analysis because that court  
9 misapplied principles of the Hague convention and made “unreasonable factual findings”).  
10 Rather, VAS argues that comity is inapplicable to its waiver defense because “no Italian court has  
11 addressed the issue of waiver under federal or California law.” That argument fails. The Italian  
12 courts have repeatedly rejected the substantive position underlying VAS’s waiver defense: that  
13 VAS can use its full name in labeling irrespective of whether the law requires it. See *Pls. Reply* at  
14 19.

15 With respect to its collateral estoppel defense, VAS contends that comity principles are  
16 inapplicable because: (1) VAS is appealing the Milan appellate court’s December 2017 decision;  
17 (2) the Italian courts’ interpretations are erroneous because they nullify the words “also for the  
18 purpose of labeling” in the Agreement; and (3) specific principles of Italian trademark law  
19 influenced those courts’ interpretations of the agreement. See *Defs. Opp.* at 28. Beginning with  
20 VAS’s second point, comity principles apply despite an error “in law or in fact” in the absence of  
21 a procedural infirmity. See *Hilton*, 159 U.S. at 202-03; *Asvesta*, 580 F.3d at 1010. Here, VAS has  
22 not alleged any such procedural error. VAS’s third point is also unpersuasive, as comity extends  
23 irrespective of whether there is a “true conflict” between the applicable domestic and foreign laws.  
24 See *Mujica v. AirScan Inc.*, 771 F.3d 580, 603, 607 (9th Cir. 2014) (“Even when foreign practices  
25 may differ from American ones, we will respect those differences so long as the variance does not  
26 violate strongly-held state or federal public policy.”). As to VAS’s first point, VAS lacks case law  
27 suggesting that the possibility of further adjudication renders comity principles inapplicable. The  
28 Ninth Circuit and other appellate courts have deferred to foreign courts where there is a final

1 judgment on the merits by at least one court. See *Turner Entm't Co. v. Degeto Film GmbH*, 25  
2 F.3d 1512, 1521 (11th Cir. 1994) (concluding that comity principles warranted deference to  
3 German proceedings “once a judgment on the merits is reached” because “failure to defer” would  
4 “raise the prospect of ‘dueling courts,’ conflicting judgments, and attempts to enforce conflicting  
5 judgments”); see also *Mujica*, 771 F.3d at 614 (finding that the adequacy of an alternative foreign  
6 forum merited abstention by American courts under comity principles). Thus, the Court concludes  
7 that deference is warranted, and that summary judgment against VAS is appropriate on those  
8 counterclaims that are contingent on VAS’s reading of the Agreement.<sup>10</sup>

9         Apart from its interpretation of the Conciliation Agreement, VAS asserts that its fair use  
10 defense survives summary judgment. To invoke a “fair use” defense, VAS must show that (1) it is  
11 not using the Versace name “as a trademark”; (2) VAS’s use is “descriptive of” VAS’s goods; and  
12 (3) VAS is using the Versace marks in good faith. See *Marketquest Grp., Inc. v. BIC Corp.*, 862  
13 F.3d 927, 935 (9th Cir. 2017). In addition, “the degree of customer confusion [is] a factor in  
14 evaluating fair use.” *Id.* (internal quotations omitted).

15         VAS argues that it did not use the Versace name as a trademark because VAS acted as a  
16 licensor in distributing the infringing products. See *Defs. Opp.* at 29. VAS asserts that it “did not  
17 sell any products or advertise to consumers” or induce others to use the Versace name as a mark.  
18 See *id.* at 29-30. VAS also contends that it can establish fair use because, in addition to not using  
19 or inducing use of the mark, VAS is in privity with Alessandro Versace, who sold his ownership  
20 interest to Papadas. See *id.* (citing *Dolby v. Robertson*, 654 F. Supp. 815, 820 (N.D. Cal. 1986)).  
21 Finally, VAS claims that it does not need to show that it used the Versace marks in good faith  
22 because “Versace” is a name. VAS contends that if it must show good faith, it can do so based on  
23 its interpretation of the Conciliation Agreement. *Id.* at 30-31.

24         Once more, VAS’s attempt to rely on its licensor status fails. VAS does not present any  
25 authority that licensing the use of an infringing mark is not itself “use” of a trademark for purposes  
26 of this defense. The undisputed evidence establishes that VAS, through and in coordination with  
27

28 <sup>10</sup> Because the Court defers to the Italian courts’ interpretation of the Conciliation Agreement, it does not need to independently interpret the agreement. See *Pls. Reply* at 20.

1 its agent Valero, encouraged licensees to display the Versace name prominently on their products.  
2 See Briers Decl. ¶¶ 46-47 (describing how Alessandro Versace, in creating VAS, “utiliz[ed] the  
3 legendary brand awareness of the name Versace”), ¶¶ 49-53, ¶¶ 55-56 (detailing efforts by Valero  
4 to encourage licensees to use and display “Versace” and evoke Versace’s aesthetic); Briers Decl.,  
5 Exs. 10 (“Azrak Dep.”), 11 (“Babayan Dep.”), 17, 25 (“Valero Dep.”). VAS also independently  
6 used the Versace marks as part of its branding and promotional efforts. See Briers Decl., Exs. 116,  
7 117 (screenshots of the VAS website). That evidence is sufficient to show that VAS attempted to  
8 use the Versace term “as a symbol to attract public attention.” *Marketquest Grp.*, 862 F.3d at 936  
9 (presenting the elements to establish use as a mark); *Fortune Dynamic, Inc.*, 618 F.3d at 1040.  
10 Even crediting VAS’s claim that it “never induced anyone to use the word ‘Versace,’ standing  
11 alone, as a mark,” Defs. Opp. at 30, VAS fails to present evidence that it took “precautionary  
12 measures” to limit the association of the “Versace” term within VAS’s mark. Cf. *Fortune*  
13 *Dynamic, Inc.*, 618 F.3d at 1040 (defining precautionary measures to include “labeling or other  
14 devices designed to minimize the risk that the term will be understood in its trademark sense”).  
15 On the question of “use,” summary judgment in Versace’s favor is appropriate.

16 As to intent, that inquiry “involves the same issue as the intent factor in the likelihood of  
17 confusion analysis: whether defendant in adopting its mark intended to capitalize on plaintiff’s  
18 good will.” *Fortune Dynamic, Inc.*, 618 F.3d at 1043 (quotation omitted). VAS does not present  
19 any binding authority supporting its claim that it does not need to show good faith because  
20 “Versace” is a surname. See Defs. Opp. at 30-31. Rather, the cases that VAS cites stand for the  
21 independent proposition that the alleged infringer must use the senior mark in a descriptive sense.  
22 See, e.g., *Marketquest Grp.*, 862 F.3d at 936 (“To prevail on fair use, a defendant must show that  
23 it used the mark in its primary, descriptive sense.”) (quotation omitted). But that element exists  
24 apart from the question of intent. See *id.* at 937 (“A defendant asserting fair use must also show  
25 that it used the mark in good faith.”).

26 Turning to good faith, VAS contends that it “reasonably believed that Versace waived any  
27 confusion that resulted from VAS’s compliance with the portion of the Conciliation Agreement  
28 that allowed VAS to use its company name for the purpose of labeling.” Defs. Opp. at 31. VAS’s



1 representation of good faith reliance on the Agreement fails in view of the numerous Italian court  
2 decisions rejecting its interpretation. Furthermore, these decisions were sufficient to put VAS on  
3 notice of its infringing use. See *E. & J. Gallo Winery v. Gallo Cattle Co.*, No. CV-F-86-183 REC,  
4 1989 WL 159628, at \*27 (E.D. Cal. June 19, 1989) (“When the senior user’s trademark is famous  
5 in the marketplace and where the junior user was aware of the trademark and of its fame, a  
6 presumption of bad faith arises from the choice of the same name because it is inferrable that the  
7 junior user adopted the mark for the purpose of profiting from the aura of goodwill surrounding  
8 the senior user’s mark.”) (citing *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d  
9 149, 157 (9th Cir. 1963)). There is also undisputed evidence that Versace sent VAS multiple  
10 cease-and-desist letters beginning in 2012, at least suggesting that VAS may have been infringing  
11 Versace’s marks. See Dkt. No. 240 (“Simone Decl.”), Ex. A at 2; Luedtke Decl., Ex. 161 at 2.  
12 This undisputed evidence precludes VAS’s fair use defense.<sup>11</sup>

### 13 **III. VAS’S MOTION FOR PARTIAL SUMMARY JUDGMENT**

14 VAS moves for partial summary judgment on five grounds. First, VAS argues summary  
15 judgment is proper on Versace’s “infringement claims to the extent they seek a monetary  
16 recovery.” Defs. Mot. at 10-14.<sup>12</sup> According to VAS, Versace “did not sustain any damages, and  
17 neither VAS nor its licensees obtained any revenue as a result of any actual confusion.” *Id.*  
18 Second, VAS seeks summary judgment on all of Versace’s federal claims “to the extent that they  
19 seek damages or profits that arose before the filing of this action.” *Id.* at 14-16. Third, VAS  
20 requests summary judgment on Versace’s state law claims, contending that VAS did not sell  
21 infringing products in California. Fourth, VAS argues that the Court should grant summary  
22 judgment on Versace’s dilution claims because VAS is not liable under direct, vicarious, or  
23 contributory dilution theories. *Id.* at 19-22. Fifth, VAS argues that the Court should dismiss all of  
24 Versace USA, Inc.’s claim because Versace USA, Inc. does not own any trademark rights. *Id.* at  
25

---

26 <sup>11</sup> Versace contends that an injunction should issue if the Court finds that VAS has infringed or  
27 diluted its marks. Part IV of this order addresses the propriety of injunctive relief.

28 <sup>12</sup> At oral argument, Versace clarified that it does not seek actual damages in this case, but rather  
seeks to recover infringer’s profits as an equitable remedy, and attorneys’ fees. See Hearing  
Transcript at 25:11-18; Pls. Mot. at 40 n.21; 15 U.S.C. § 1117(a).

1 23.

2 **i. Versace’s Infringer’s Profits Claim**

3 Whether Versace lost sales and revenue as a result of VAS’s infringing activity presents a  
4 question of fact. A trademark plaintiff seeking to recover an infringer’s profits must show that the  
5 defendant gained “gross revenue from the infringement.” *Fifty-Six Hope Rd. Music, Ltd.*, 778  
6 F.3d at 1076. “Then the burden shifts to the defendant infringer to prove expenses that should be  
7 deducted from the gross revenue to arrive at the defendant infringer’s lost profits.” *Id.*; accord  
8 *Stop Staring A Designs v. Tatyana, LLC*, 625 F. App’x 328, 330 (9th Cir. 2015) (“To obtain  
9 damages for lost profits or unjust enrichment, *Stop Staring* had to demonstrate *Bettie Page*’s  
10 allegedly infringing trade dress caused a rise in *Bettie Page*’s sales or a decline in *Stop Staring*’s  
11 sales.”).<sup>13</sup>

12 Summary judgment is inappropriate as to Versace’s ability to obtain infringer’s profits.  
13 There are disputed material facts regarding whether VAS’s profits increased as a result of its  
14 thirty-one licensing agreements for the domestic use, manufacture, distribution, and sale of  
15 products bearing the VAS name. See, e.g., *Briers Decl.* ¶¶ 59-65; *Dkt. No. 218-1* (“*Papadas*  
16 *Decl.*”) ¶¶ 4, 7-9 (admitting that VAS received approximately \$416,000 in sales of its licensed  
17 products). Under the terms of these agreements, licensees were required to pay royalties for the  
18 right to use the VAS mark on their products. *Briers Decl.* ¶ 64, *Ex. 40* at § 4(u). Licensees paid  
19 VAS more than three million dollars in advances and upfront royalty payments as well as ongoing  
20 royalty payments. See *Briers Decl.*, *Ex. 164*; *Dkt. No. 218-2*, *Ex. I* at 3.

21 Contrary to VAS’s claim, VAS’s status as a licensor does not allow it to avoid potential  
22 payment of infringer’s profits. See *Fifty-Six Hope Road Music*, 778 F.3d at 1076 (affirming an  
23 award of profits where the defendant licensed the infringing products to third parties); *Monster*  
24

---

25 <sup>13</sup> Though VAS cites this case and others for the proposition that a showing of actual confusion is  
26 required to recover infringer’s profits, see *Defs. Mot.* at 11, these cases do not support that  
27 assertion. Likewise, the district court cases VAS cites do not support that Versace must prove, at  
28 this stage, post-sale, point-of-sale, and initial interest confusion; these cases just define those  
concepts. See *Defs. Mot.* at 12-14. But even if VAS is correct as a matter of law, there is  
sufficient factual evidence to establish a triable issue as to whether confusion between the VAS  
and Versace brands allowed VAS to generate revenue it otherwise would not have.

1 *Cable Prod., Inc. v. Discovery Commc'ns, Inc.*, No. C 03-03250 WHA, 2004 WL 2445348, at \*2  
2 (N.D. Cal. Nov. 1, 2004) (holding that a jury could award accounting of profits, treble damages,  
3 and attorney's fees where the defendant willfully licensed the infringing products). The Court also  
4 agrees with Versace that, at this stage, VAS has not shown that its expenses should be deducted  
5 from gross revenue. See Pls. Opp. at 5.

6 **ii. Versace's Ability to Recover Infringer's Profits Prior to Filing of this Action**

7 VAS's second ground for summary judgment is similarly inappropriate. VAS contends  
8 that Versace cannot recover money for VAS's pre-litigation conduct because Versace did not  
9 correctly mark its products as registered under 15 U.S.C. Section 1111. Defs. Mot. at 14-17.  
10 According to VAS, it therefore lacked notice of the Versace marks prior to the filing of this  
11 lawsuit on June 27, 2016. See *id.* 15 U.S.C. Section 1111, in turn, reads:

12 Notwithstanding the provisions of section 1072 of this title, a  
13 registrant of a mark registered in the Patent and Trademark Office,  
14 may give notice that his mark is registered by displaying with the  
15 mark the words 'Registered in U.S. Patent and Trademark Office' or  
16 'Reg. U.S. Pat. & Tm. Off.' or the letter R enclosed within a circle,  
17 thus ®; and in any suit for infringement under this chapter by such a  
18 registrant failing to give such notice of registration, no profits and  
19 no damages shall be recovered under the provisions of this chapter  
20 unless the defendant had actual notice of the registration.

21 (emphasis added).<sup>14</sup>

22 Even if VAS lacked statutory notice, VAS had actual notice of the Versace marks prior to  
23 this lawsuit. See *Mophie, Inc. v. Shah*, No. SACV1301321DMGJEMX, 2014 WL 10988347, at  
24 \*22 (C.D. Cal. Nov. 12, 2014) ("The existence of actual notice is a question of fact."); *Kransco*  
25 *Mfg., Inc. v. Hayes Specialties Corp.*, 77 F.3d 503 (Fed. Cir. 1996) ("Having failed to provide the  
26 notice specified by Section 1111, Kransco may not recover profits or damages unless Hayes  
27 had actual notice of the '095 registration.") (emphasis in original). For instance, Versace's Italian  
28 counsel sent VAS a cease-and-desist letter in 2012, long before the filing of this lawsuit. See  
29 *Simone Decl.*, Ex. A at 2. Versace's counsel also sent letters to VAS in 2015 regarding VAS's  
30 alleged infringing activity in the United States. *Luedtke Decl.*, Ex. 161 at 2. These letters show,

---

<sup>14</sup> Versace does not argue that it provided statutory notice. See Pls. Opp. at 10 n.6.

1 at this stage, that VAS was on notice regarding the marks as early as 2012.

2 A reasonable factfinder could likewise find that VAS had actual notice of its infringing  
3 activity based on the multiple adverse judgments of Italian courts. See Pls. Mot. at 5. As  
4 discussed, those courts unanimously rejected VAS's reading of the Conciliation Agreement. It is  
5 undisputed that a trial court in Milan issued the first such decision in July 2013. See *id.*;  
6 Pennekamp Decl., Ex. L. Evidence of actual notice also comes in the form of VAS's undisputed  
7 inclusion of, and communications regarding, an indemnity provision in its licensing agreements  
8 whereby VAS agreed to indemnify licensees if Versace initiated infringement proceedings against  
9 them. See, e.g., Briers Decl. Exs. 40, 105 (acknowledging licensees' fears of being sued for  
10 infringing the Versace marks).

11 **iii. Versace's State Law Claims**

12 Summary judgment is not warranted on VAS's state law claims. VAS argues that there is  
13 no dispute that: (1) Versace did not sustain any damage as a result of confusion from sales of VAS  
14 products in California, and (2) neither VAS nor its licensees generated any revenue from product  
15 sales in California. See Defs. Mot. at 17. VAS is incorrect. To recover under its state law  
16 theories, Versace need only show that it was harmed "by wrongful conduct occurring in  
17 California." *Diamond Multimedia Sys., Inc. v. Superior Court*, 968 P.2d 539, 557 (1999).  
18 Versace accordingly presents evidence of California-based product sales and consumer  
19 complaints. See Luedtke Decl. ¶ 6, Ex. 163; Briers Decl. at ¶¶ 262-264. That evidence is  
20 sufficient for Versace's state law claims to survive at this stage.

21 **iv. Versace's Dilution Claims**

22 Here too, VAS's attempt to rely on its status as a licensor fails. VAS argues, without  
23 authority, that it cannot be liable for dilution because it simply licensed others to use its mark. In  
24 relevant part, 15 U.S.C. Section 1125(c) provides that liability attaches where one "commences  
25 use of a mark or trade name in commerce," with exceptions that are not applicable here.  
26 "Commercial use" within the meaning of the statute need not involve physical attachment of the  
27 disputed marks to a product. See *Panavision Int'l*, 141 F.3d at 1325. For instance, a commercial  
28 use can be an "attempt to sell the trademarks themselves." *Id.* The Court concludes that

1 Versace’s evidence of VAS’s licensing agreements, branding and promotional efforts, web  
2 presence, and opening of brick and mortar locations is sufficient at the summary judgment stage to  
3 show “use” for purposes of liability. See *Yelp Inc. v. Catron*, 70 F. Supp. 3d 1082, 1096 (N.D.  
4 Cal. 2014) (holding that use of famous mark on a website sufficient to establish a claim for  
5 dilution by blurring). To the extent that VAS claims it can escape dilution liability based on the  
6 Conciliation Agreement, that argument fails for the reasons discussed above. See Defs. Mot. 20.

7 **v. Versace’s USA, Inc.’s Claims**

8 Finally, VAS requests that the Court dismiss Versace USA, Inc.’s claims against it. VAS  
9 contends that Versace USA, Inc. “does not own any trademark asserted in this case,” and therefore  
10 lacks standing. Defs. Mot. at 32. VAS is correct that only a mark’s owner has standing under  
11 federal and state law to bring claims for trademark dilution and infringement. *Brown v. Green*,  
12 No. C 12-2113 DMR, 2012 WL 4120379, at \*4 (N.D. Cal. Sept. 18, 2012) (noting that the federal  
13 dilution statute, Section 1125(c)(1), “restricts standing for the cause of action to the mark’s  
14 ‘owner,’” as does California law for an entity asserting “common law trademark infringement”);  
15 accord *Rearden LLC*, 683 F.3d at 1203 (“It is axiomatic in trademark law that the standard test of  
16 ownership is priority of use. To acquire ownership of a trademark it is not enough to have  
17 invented the mark first or even to have registered it first; the party claiming ownership must have  
18 been the first to actually use the mark in the sale of goods or services.”) (quotations omitted).

19 In its opposition, Versace does not rebut that Versace USA, Inc. lacks an ownership  
20 interest in the Versace marks at issue. As VAS points out, the marks’ owner, Gianni Versace,  
21 S.p.A., is a named party that is “present to pursue its rights.” Defs. Reply at 15. In its briefing,  
22 Versace addresses only Versace USA, Inc.’s standing to bring a Section 1125(a) unfair  
23 competition claim; Versace does not reference Versace USA, Inc.’s ability to raise the other  
24 asserted claims. See *Brown*, 2012 WL 4120379, at \*3 (establishing that a “user” of a mark can  
25 pursue a Section 1125(a) claim); Dkt. No. 240-12 (“Bosio Decl.”) ¶ 7 (stating that Versace USA,  
26 Inc. is “an authorized distributor and reseller of Versace products in the United States.”). At oral  
27 argument, Versace acknowledged that it did not defend Versace USA, Inc.’s standing to bring  
28 claims apart from its Section 1125(a) claim. See Hearing Transcript at 28:15-29:18. The Court

1 accordingly finds that Versace USA, Inc. cannot assert claims other than its claim for unfair  
2 competition, and grants summary judgment in favor of VAS on all but that claim.<sup>15</sup>

3 **IV. INJUNCTIVE RELIEF**

4 Versace requests that the Court permanently enjoin VAS from using the Versace marks if  
5 it concludes that VAS is liable for the claims asserted in the FAC. See Pls. Mot. at 38. For a  
6 permanent injunction to issue, Versace must show that (1) it has suffered an irreparable injury; (2)  
7 monetary damages are inadequate; (3) the balance of hardships merits an equitable remedy; and  
8 (4) the public interest will not be disserved by a permanent injunction. *eBay Inc. v.*  
9 *MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). The Court can grant an injunction in its  
10 equitable discretion, and examines the totality of the circumstances in deciding to do so. See *id.*  
11 VAS disputes the first three permanent injunction elements. See Defs. Opp. at 37-39; *La Quinta*  
12 *Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 880 (9th Cir. 2014).

13 The Court finds in its discretion that a permanent injunction is warranted. Though a strong  
14 case of trademark infringement is not alone sufficient to establish irreparable harm, Versace shows  
15 that it will suffer irreparable “loss of business, reputation, and goodwill” if VAS continues its  
16 infringing activity. See *Herb Reed Enterprises, LLC v. Fla. Entm’t, Mgmt., Inc.*, 736 F.3d 1239,  
17 1250 (9th Cir. 2013) (quoting *Rodeo Collection, Ltd. v. W. Seventh*, 812 F.2d 1215, 1220 (9th  
18 Cir.1987)); *OTR Wheel Eng’g, Inc. v. W. Worldwide Servs., Inc.*, 602 F. App’x 669, 672 (9th Cir.  
19 2015) (“Loss of control over business reputation and damage to goodwill are cognizable  
20 irreparable harms in the trademark infringement context.”); *Grupo Salinas Inc. v. J.R. Salinas*  
21 *Wheels & Tires Inc.*, 2016 WL 9277320, at \*6-7 (C.D. Cal. Dec. 22, 2016). As discussed at  
22 length, Versace presents numerous instances of confusion by consumers, retailers, and journalists,  
23 involving VAS products that harmed the Versace brand. See *Grupo Salinas Inc.*, 2016 WL  
24 9277320, at \*6-7 (finding a “significant risk of irreparable harm” based on logs detailing vendor  
25 and customer confusion, the defendant’s failure to correct that confusion, and negative Yelp

26 \_\_\_\_\_  
27 <sup>15</sup> VAS contends that Versace USA, Inc. cannot pursue its unfair competition claim because it  
28 cannot show that it sustained damages. VAS fails to set forth facts or authority to support that  
proposition. See Defs. Reply at 15. Because it is VAS’s burden to do so, the Court declines to  
grant summary judgment as to Versace USA, Inc.’s unfair competition claim.

1 reviews). VAS not only failed to redress this confusion, but encouraged it by highlighting to  
2 potential licensees that they could use the Versace name as part of the VAS mark.

3 The consequent loss of goodwill incurred by Versace renders money damages inadequate.  
4 This is especially so considering that VAS has continued its infringing activity despite receiving  
5 multiple adverse judgments from foreign courts. See *Neurovision Med. Prod., Inc. v. NuVasive,*  
6 *Inc.*, No. CV096988DSFJEMX, 2014 WL 12554861, at \*1-2 (C.D. Cal. Aug. 5, 2014) (granting  
7 the plaintiff’s motion for a permanent injunction where the court found that the plaintiff’s only  
8 remedy for continued infringing activity would be to sue the defendant repeatedly); *Deckers*  
9 *Outdoor Corp. v. Ozwear Connection Pty Ltd.*, No. CV 14-2307 RSWL FFMX, 2014 WL  
10 4679001, at \*13 (C.D. Cal. Sept. 18, 2014) (finding that the plaintiff’s “injury will not be fully  
11 remedied by a monetary award because its injury is hard to compute and Defendants will continue  
12 their infringing activity if not enjoined by the Court”).

13 Contrary to VAS’s suggestion, there is no factual dispute that underlies “whether the  
14 equities favor Plaintiff.” *Defs. Opp.* at 38. VAS again relies for that proposition on its “good  
15 faith” interpretation of the Conciliation Agreement. See *id.* For the reasons discussed, VAS’s  
16 good faith claim is not credible. VAS also fails to identify any hardship it would suffer as a result  
17 of a permanent injunction. See *Defs. Opp.* at 38-39; *Deckers Outdoor Corp.*, 2014 WL 4679001,  
18 at \*13 (“There is no hardship to a defendant when a permanent injunction would merely require  
19 the defendant to comply with law.”). In view of the substantial and uncontroverted evidence of  
20 harm to Versace, the equities clearly weigh in Versace’s favor. Versace argues, and VAS does not  
21 disagree, that the public interest favors entry of an injunction.

22 The Court accordingly finds that a permanent injunction of some sort is warranted based  
23 on the above discussed factors, Yet, the Court is required to consider all circumstances in  
24 determining whether the injunction issued constitutes “fair and equitable relief.” See *La Quinta*  
25 *Worldwide LLC*, 762 F.3d at 880. The Court therefore intends to discuss with the parties  
26 Versace’s proposed order and permanent injunction, particularly Versace’s inclusion of provisions  
27 requiring VAS and third party licensees to destroy and provide “proof of destruction of all  
28 remaining inventory of all goods or services subject” to the Court’s order and permanent


1 injunction. Dkt. No. 221-1 at 6.

2 **V. CONCLUSION**

3 For these reasons, the Court **GRANTS** Versace’s motion, and **GRANTS IN PART** and  
4 **DENIES IN PART** VAS’s motion. The Court **SETS** a case management conference for August  
5 7, 2018 at 2:00 p.m. to discuss: (1) the particular provisions to be included in a permanent  
6 injunction; and (2) a schedule for a bench trial regarding the amount of money appropriately  
7 awarded in the form of infringer’s profits. A joint case management statement, including a  
8 proposed schedule, is due on July 31, 2018.

9 **IT IS SO ORDERED.**

10 Dated: 7/24/2018

11   
12 HAYWOOD S. GILLIAM, JR.  
13 United States District Judge  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28