

1 On July 26, 2018, Plaintiffs served Defendant’s registered agent for service of
2 process. Doc. No. 5. Defendant failed to respond. *See* Docket. On September 3, 2018,
3 Plaintiffs requested the clerk enter default against Defendant, and default was entered the
4 next day. Doc. Nos. 6, 7. On September 14, 2018, Plaintiffs filed a motion for default
5 judgment. Mtn. The motion is unopposed. *See* Docket. The Court found the matter
6 suitable for determination on the papers and without oral argument pursuant to Civil
7 Local Rule 7.1.d.1. Doc. No. 12. For the reasons set forth below, the Court **GRANTS**
8 **IN PART** the motion and **DIRECTS** the Clerk of Court to enter judgment accordingly.

9 **BACKGROUND**

10 Since 1995, Martin Birzle has marketed and sold smoker’s products using the
11 trademark “RooR.” Compl. ¶ 9. Mr. Birzle, who was originally granted “valid and
12 subsisting federal statutory and common law rights to the RooR trademark,” assigned to
13 RooR all the rights associated with the trademark retroactively, which was duly recorded
14 with the United States Patent and Trademark Office (“USPTO”) on January 10, 2018.
15 Compl. ¶ 11. As such, RooR is the owner of the following United States trademarks
16 registered on the Principal Register: (1) U.S. Trademark Registration Number 3.675.839
17 for the word mark “RooR” and its logo in association with goods further identified in
18 registration in international class 034; (2) U.S. Trademark Registration Number
19 2.307.176 for the word mark “RooR” and its logo identified in association with goods
20 further identified in the registration and international classes 025 and 034; (3) U.S.
21 Trademark Registration Number 2.235.638 for the word mark “RooR” and its logo
22 identified in association with goods further identified in the registration in international
23 class 021; and (4) common law and unregistered state law rights in two variants of the
24 “RooR” marks. Compl. ¶ 12. Sream has been the exclusive licensee of the RooR marks
25 in the United States since 2013. Compl. ¶¶ 13-16.

26 Plaintiffs contend that products bearing the RooR marks sell for higher prices than
27 similar products because of the substantial financial investment and marketing effort by
28 Plaintiffs and Mr. Birzle in developing consumer awareness of the RooR marks. Compl.

¶ 18. As a result, RooR branded products are targeted by counterfeiters, who often sell water pipes with identical or nearly identical versions of the RooR marks affixed to the products that are made with inferior materials and technology. Compl. ¶ 21. In turn, this leads to “significant illegitimate profits by store owners, such as [Defendant],” who are essentially misleading consumers by selling “low grade products that free ride on the goodwill of the RooR brand.” *Id.*

Plaintiffs allege that Defendant has sold water pipes bearing reproductions, counterfeits, copies and/or colorable imitations of one or more of the RooR trademarks that were not made by Plaintiffs or a manufacturer authorized by Plaintiffs. Compl. ¶¶ 23, 31. As part of its ongoing investigation into sales of counterfeit products, an investigator purchased a glass water pipe from Defendant for \$129.60. Compl. ¶ 24. Plaintiffs’ inspection of the item confirmed that it was a counterfeit good with an infringing trademark affixed to it. Compl. ¶ 25. Plaintiffs allege that Defendant imports, advertises, displays, distributes, sells, and/or offers for sale unauthorized copies of RooR branded products, which is likely to cause confusion or mistake and/or deceive consumers who purchase these counterfeit goods. Compl. ¶ 26. Defendant allegedly uses images and names identical to or “confusingly similar to” the RooR marks to “confuse customers and aid in the promotion and sales of Counterfeit Goods under the Infringing Mark.” Compl. ¶ 28. Additionally, these water pipes are made of “substantially inferior materials and inferior technology as compared to genuine RooR brand products.” Compl. ¶ 30. As such, Plaintiffs allege that Defendant’s infringing acts have caused or are likely to cause confusion, mistake, and deception among the relevant consuming public as to the source of origin of the counterfeit goods it sells, and has diminished Plaintiffs’ goodwill. Compl. ¶¶ 34, 35.

DISCUSSION

A. Jurisdiction

Courts have an affirmative duty to ensure the proper exercise of subject matter jurisdiction and personal jurisdiction when a default judgment is sought. *In re Tuli*, 172

1 F.3d 707, 712 (9th Cir. 1999). In this case, the Court is satisfied it has subject matter
2 jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a) and (b) because the case arises
3 out of claims of trademark infringement, counterfeiting, and false designation of origin
4 under the Lanham Act, 15 U.S.C. § 1051, *et seq.* This Court has supplemental
5 jurisdiction for the unfair competition claims arising from California Business &
6 Professions Code § 17200, *et seq.* and common law pursuant to 28 U.S.C. §§ 1367(a) and
7 1338(a) and (b). The Court is also satisfied that Plaintiffs have alleged facts sufficient to
8 establish personal jurisdiction over Defendant because Defendant is incorporated in
9 California. Compl. ¶ 7; *Daimler AG v. Bauman*, 571 U.S. 117, 137-38 (2014) (holding
10 that a corporation is typically subject to general personal jurisdiction only in a forum
11 where it is incorporated or where it maintains its principal place of business).

12 In addition, the Court must determine whether Defendant was properly served with
13 notice of this action. Upon review of the Proof of Service of Summons (*See* Doc. No. 5),
14 the Court finds that Plaintiffs effected service of process in conformity with Federal Rule
15 of Civil Procedure 4 and California Code of Civil Procedure § 416.10. *See* Fed. R. Civ.
16 P. 4; *see also* Cal. Code Civ. P. § 416.10.

17 **B. Legal Standard**

18 Pursuant to Federal Rule of Civil procedure 55(b), the Court may enter default
19 judgment against a defendant who has failed to plead or otherwise defend an action. The
20 Ninth Circuit has provided seven factors for consideration by the district court in
21 exercising its discretion to enter default judgment: (1) the possibility of prejudice to the
22 plaintiff; (2) the merits of plaintiff's substantive claim; (3) the sufficiency of the
23 complaint; (4) the sum of money at stake in the action; (5) the possibility of dispute
24 concerning material facts; (6) whether default was due to excusable neglect; and (7) the
25 strong policy underlying the Federal Rule of Civil Procedure favoring decisions on the
26 merits. *Eitel v. McCool*, 782 F.2d 1470, 1471-72 (9th Cir. 1986). When assessing the
27 *Eitel* factors, all factual allegations in the complaint are taken as true, except those with
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1 regard to damages. *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917-18 (9th Cir.
2 1987).

3 **C. Analysis**

4 Based on the analysis below, the Court concludes that the *Eitel* factors weigh in
5 favor of entering default judgment in this case.

6 **1. Possibility of Prejudice to Plaintiffs**

7 With respect to the first factor, if the pending motion were denied, Plaintiffs would
8 likely be without a remedy. If Defendant does not appear in court, Plaintiffs have no
9 method of addressing this matter. Absent entry of default judgment, Plaintiffs would be
10 deprived of the remedies they are entitled to. As a result, the first factor weighs in favor
11 of default judgment. *See Philip Morris USA v. Castworld Prods., Inc.*, 219 F.R.D. 494,
12 499 (C.D. Cal. 2003) (“Plaintiff would suffer prejudice if the default judgment is not
13 entered because Plaintiff will be without other recourse for recovery.”).

14 **2. Substantive Merits and Sufficiency of the Claims**

15 Under the second and third *Eitel* factors, the Court may consider the merits of
16 Plaintiffs’ substantive claims and the sufficiency of the complaint. *Eitel*, 782 F.2d at
17 1471. These two factors require that Plaintiffs “state a claim on which the [Plaintiffs]
18 may recover.” *PepsiCo, Inc. v. Cal. Sec. Cans*, 238 F. Supp. 2d 1172, 1175 (C.D. Cal.
19 2002) (citation omitted). Plaintiffs seek relief for trademark infringement, counterfeiting,
20 false designation of origin, and unfair competition. Compl. The essential elements of
21 Plaintiffs’ claims are identical. *See Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 631-32
22 (9th Cir. 2008) (noting that claims for trademark infringement, false designation of
23 origin, and unfair competition are “subject to the same test”); *Brookfield Commc’ns, Inc.*
24 *v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1047 n.8 (9th Cir. 1999) (noting that
25 elements of false designation of origin are identical to the elements for trademark
26 infringement); *Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir. 1994) (“This
27 Circuit has consistently held that state common law claims of unfair competition and
28 actions pursuant to California Business and Professions Code § 17200 are ‘substantially

1 congruent’ to claims under the Lanham Act.”); *Century 21 Real Estate Corp. v. Sandlin*,
2 846 F.2d 1175, 1178 (9th Cir. 1988) (explaining that the elements for trademark
3 infringement and counterfeiting in violation of 15 U.S.C. §§ 1114 and 1116(d) are the
4 same). Therefore, the Court jointly analyzes all of Plaintiffs’ claims.

5 To prevail on these claims, Plaintiffs must prove: (1) they own a valid and
6 protectable interest/trademark; (2) Defendant used, without authorization, a copy,
7 reproduction, counterfeit or colorable imitation of the Plaintiffs’ mark in connection with
8 the sale, distribution, or advertising of goods and services; and (3) Defendant’s use of the
9 mark is likely to cause confusion or to deceive. 15 U.S.C. § 1114(1); *Brookfield*
10 *Commc ’ns*, 174 F.3d at 1046-53; *Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d
11 1067, 1072-73 (C.D. Cal. 2004).

12 First, the federal registration of a trademark with the USPTO constitutes *prima*
13 *facie* evidence of the validity of the registered mark and of the registrant’s exclusive right
14 to use the mark on the goods and services specified in the registration. *See Applied Info.*
15 *Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 970 (9th Cir. 2007). Here, Plaintiffs have
16 provided sufficient evidence that RooR and Sream¹ have valid, protectable interests in the
17 registered RooR marks. *See* Compl., Exhibit B.

18 Second, Plaintiffs allege that Defendant used marks that are very similar to the
19 registered RooR trademarks, and that it did so in connection with the sale of certain
20 products used for smoking. Compl. ¶¶ 23-45. Specifically, Defendant allegedly
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23 ¹ “Although the Ninth Circuit has yet to address the question, most district courts in this circuit have
24 concluded that an exclusive licensee of a federal trademark *can* have standing to sue for trademark
25 infringement under Section 32 of the Lanham Act. That said, even the courts taking this more lenient
26 approach have stated that standing can only ‘exist where the licensing agreement both grants an
27 exclusive license and grants to the exclusive licensee a property interest in the trademark, or rights that
28 amount to those of an assignee.’” *Halcyon Horizons, Inc. v. Delphi Behavioral Health Grp., LLC*, No.
17-cv-0756-JST, 2017 WL 1956997, at *3 (N.D. Cal. May 11, 2017) (footnote omitted) (quoting
Innovation Ventures, LLC v. Pittsburg Wholesale Grocers, Inc., No. C 12-05523 WHA, 2013 WL
1007666, at *6 (N.D. Cal. Mar. 13, 2013)). Here, Plaintiffs allege that Sream is the exclusive licensee
for the RooR marks with rights tantamount to those of an assignee. Compl. ¶¶ 13-16.

1 manufactures, distributes, provides, markets, advertises, promotes, offers for sale, and/or
2 sells the counterfeit products at its retail store. Compl. ¶ 31. Plaintiffs provide an image
3 of the RooR trademarks, as well as one of the allegedly infringing marks. Compl. ¶ 12,
4 Exhibits B-C. Plaintiffs also allege that they did not authorize Defendant’s use of these
5 trademarks, and that their use was, and remains likely to confuse or deceive customers,
6 who would reasonably believe that Defendant’s products have been sponsored or
7 approved by, or otherwise associated with Plaintiffs. Compl. ¶ 54. Because the photos of
8 Plaintiffs’ trademarks and Defendant’s product are substantially similar, the Court finds
9 that Defendant has used the RooR marks on counterfeit products without Plaintiffs’
10 consent.

11 Third, the Ninth Circuit has identified eight factors to consider in determining
12 whether a likelihood of confusion exists between products bearing an original trademark
13 and allegedly infringing products, however ““in cases involving counterfeit marks, it is
14 unnecessary to perform this step-by-step examination . . . because counterfeit marks are
15 inherently confusing.” *Shalabi*, 352 F. Supp. 2d at 1073 (citation omitted). As
16 explained previously, the photos of Plaintiffs’ trademarks and Defendant’s product
17 demonstrate that Defendant’s counterfeit product bears the RooR mark. Accepting this
18 as true, an ordinary consumer encountering the marks in a store would likely be confused
19 by the similarities. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1293
20 (9th Cir. 1992) (explaining that an inference of confusion may be found when a mark is
21 adopted with the intent to deceive the public). The Court finds that by using an identical
22 mark as Plaintiffs’ RooR products, Defendant intended to deceive the public and that the
23 buying public would likely believe the counterfeit products were in fact RooR products.

24 Finally, there is evidence sufficient to support a finding of willful infringement.
25 “Willfulness requires a connection between the defendant’s awareness of its competitors
26 and the defendant’s actions at those competitors’ expense.” *Otter Prods., LLC v. Berrios*,
27 No. 13-cv-4384-RSWL-AGR, 2013 WL 5575070, at *9 (C.D. Cal. Oct. 10, 2013) (citing
28 *Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.*, 658 F.3d 936, 944 (9th Cir.

1 2011)) . Here, Plaintiffs allege Defendant’s acts constitute willful trademark
2 infringement. Compl. ¶ 57. A party’s failure to defend itself against willful trademark
3 infringement and counterfeiting is indicative of willful trademark infringement. *See*
4 *Kirakosian v. J&L Sunset Wholesale & Tobacco*, No. 2:16-cv-06097-CAS(PLAx), 2017
5 WL 4022365, at *5 (C.D. Cal. Sept. 11, 2017) (noting that the failure of a party to defend
6 itself against allegations of trademark counterfeiting is indicative of willful trademark
7 infringement); *Castworld*, 219 F.R.D. at 500 (noting that defendants’ failure to answer an
8 allegation of willful importation of counterfeit cigarettes constituted an admission of the
9 allegations in the complaint).

10 Accordingly, the Court finds that Plaintiffs have sufficiently stated claims for relief
11 for trademark infringement, counterfeiting, false designation of origin, and unfair
12 competition. As such, the second and third factors weigh in favor of entry of default
13 judgment.

14 **3. *The Sum of Money at Stake in the Action***

15 Pursuant to the fourth *Eitel* factor, the Court balances “the amount of money at
16 stake in relation to the seriousness of Defendant’s conduct.” *PepsiCo*, 238 F. Supp. 2d at
17 1176; *see Eitel*, 782 F.2d at 1471-72. Entry of default judgment is discouraged when the
18 amount of money at stake in the litigation is “too large or unreasonable in relation to
19 [D]efendant’s conduct.” *Vogel v. Rite Aid Corp.*, 992 F. Supp. 2d 998, 1012 (C.D. Cal.
20 2014). Here, Plaintiffs seek statutory damages of \$200,000 and injunctive relief from the
21 continued use of the RooR marks by Defendant. Mtn. at 15-21. “Statutory damages are
22 appropriate in default judgment cases because the information needed to prove actual
23 damages is within the infringers’ control and is not disclosed.” *Microsoft Corp. v. Nop*,
24 549 F. Supp. 2d 1233, 1238 (E.D. Cal. 2008). Therefore, this factor weighs in favor of
25 the entry of default judgment. Additionally, Plaintiffs request for non-monetary,
26 injunctive relief also favors granting default judgment. *See PepsiCo*, 238 F. Supp. 2d at
27 1177.

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1 **4. Possibility of Dispute**

2 The fifth *Eitel* factor requires the Court to consider the possibility of dispute as to
3 material facts in the case. Where a plaintiff’s complaint is well-pleaded and the
4 defendant makes no effort to properly respond, the likelihood of disputed facts is very
5 low. *See Landstar Ranger, Inc. v. Parth Enters., Inc.*, 725 F. Supp. 2d 916, 922 (C.D.
6 Cal. 2010). “Because all allegations in a well-pleaded complaint are taken as true after
7 the court clerk enters default judgment, there is no likelihood that any genuine issue of
8 material fact exists.” *Elektra Entm’t Grp., Inc. v. Crawford*, 226 F.R.D. 388, 393 (C.D.
9 Cal. 2005). Thus, this favors entry of default judgment.

10 **5. Possibility of Excusable Neglect**

11 The sixth *Eitel* factor considers whether Defendant’s default may have been the
12 product of excusable neglect. *PepsiCo*, 238 F. Supp. 2d at 1177; *see also Eitel*, 782 F.2d
13 at 1471-72. Here, there is no evidence that Defendant’s failure to respond was due to
14 excusable neglect. Defendant was served with the summons and Complaint. *See Doc.*
15 *No. 5*. Default was entered by the clerk against Defendant on September 4, 2018. *Doc.*
16 *No. 7*. Defendant has not responded, even after it was served with the instant motion.
17 *See Doc. No. 8-5*. “Defendant’s voluntary decision to allow default to be entered
18 contradicts any argument for excusable neglect.” *Adobe Sys. Inc. v. Kern*, No. C 09-1076
19 CW (JL), 2009 WL 5218005, at *6 (N.D. Cal. Nov. 24, 2009). Defendant “has failed to
20 act despite the opportunity to do so, with full knowledge that a lawsuit was filed against
21 [it] and that it was [Defendant’s] responsibility to respond.” *Id.* Accordingly, this factor
22 weighs in favor of entry of default judgment.

23 **6. Public Policy in Favor of Deciding the Merits**

24 Under the seventh *Eitel* factor, the Court considers the strong policy towards
25 favoring decisions on the merits. *See Eitel*, 782 F.2d at 1472 (“Cases should be decided
26 on the merits whenever reasonably possible.”). Notwithstanding this policy, courts are
27 not prevented from entering default judgment where a defendant refuses to respond.
28 *PepsiCo*, 238 F. Supp. 2d at 1177. Here, Defendant failed to respond to Plaintiffs’

1 Complaint, the clerk’s entry of default, and this motion for default judgment. *See*
2 Docket. A party’s failure to answer or appear makes a decision on the merits impractical,
3 if not impossible. *PepsiCo*, 238 F. Supp. 2d at 1177. As a result, this factor does not
4 preclude entry of default judgment.

5 **7. Conclusion Regarding the Factors**

6 After analyzing the *Eitel* factors, the Court finds that on balance they weigh in
7 favor of granting Plaintiffs’ motion for default judgment.

8 **D. Relief**

9 Plaintiffs seek statutory damages under the Lanham Act, injunctive relief, and
10 attorneys’ fees and costs. Mtn. 17-21. “The general rule of law is that upon default the
11 factual allegations of the complaint, except those relating to the amount of damages, will
12 be taken as true.” *Geddes v. United Fin. Grp.*, 559 F.2d 557, 560 (9th Cir. 1977). Under
13 Federal Rule of Civil Procedure 54(c), relief sought in a motion for entry of default
14 judgment is limited to that identified in the complaint. Fed. R. Civ. P. 54(c).

15 **1. Damages for the Lanham Act Claims**

16 Under the Lanham Act, plaintiffs may recover statutory damages “not less than
17 \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold,
18 offered for sale, or distributed, as the court considers just.” 15 U.S.C. § 1117(c)(1).

19 Where a defendant’s conduct is willful, the court may grant enhanced statutory damages
20 of “not more than \$2,000,000 per counterfeit mark per type of goods or services sold,
21 offered for sale, or distributed, as the court considers just.” 15 U.S.C. § 1117(c)(2).

22 Although 15 U.S.C. § 1117(c) does not provide guidelines for determining an appropriate
23 statutory damages award, courts faced with determining statutory damages under the
24 Lanham Act have considered the following factors: (1) expenses saved and profits
25 obtained by the infringing party; (2) revenues lost by the holder of the mark; (3) value of
26 the mark; (4) the deterrent effect on the infringing party and other potential infringers; (5)
27 whether the infringing conduct was willful; and (6) whether the infringing party has
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1 cooperated in providing information from which the financial benefit of the infringement
2 can be calculated. *Nop*, 549 F. Supp. 2d at 1237.

3 Plaintiffs seek statutory damages of \$200,000 for the infringement of its RooR
4 trademarks. Mtn. at 19. Plaintiffs submitted evidence showing that an investigator
5 purchased a counterfeit RooR product from Defendant for \$129.60. Compl., Exhibit C.
6 Plaintiffs also contend that the retail price for authentic RooR pipes is approximately
7 \$300. Compl. ¶ 20. Additionally, Plaintiffs assert that Defendant has refused to
8 cooperate with Plaintiffs' attempts to review Defendant's business records in order to
9 determine the volume of counterfeit sales and the corresponding revenues. Doc. No. 8-2
10 ("Vakil Decl.") ¶ 2-6. Plaintiffs argue that such "[c]ontinued refusals" show that
11 Defendant's sale of counterfeit RooR products has been "continuous and more
12 widespread" than the single product sold to Plaintiff's investigator. Mtn. at 18. Further,
13 Plaintiffs note that the investigator declared that Defendant was offering for sale seven
14 RooR water pipes that he believed to be counterfeit. *Id.*; Doc. No. 8-3 ("Mottesheard
15 Decl."), Exhibit D. As explained above, Plaintiffs sufficiently allege willful
16 infringement. Thus, Plaintiffs argue that the proposed award of \$200,000 will send "a
17 clear message to the industry that counterfeiting" and "refusing to cooperate with
18 discovery demands (even if informally presented)" will not be tolerated. Mtn. at 19.

19 Here, Plaintiffs did not submit evidence addressing the expenses saved and profits
20 reaped by Defendant or the revenues lost by Plaintiff. *See* Mtn. While Plaintiffs contend
21 their sales in California have declined "in excess of \$1,200,000" from 2015 to 2017 as a
22 result of "the proliferation of counterfeit RooR products in the marketplace," they do not
23 estimate what amount is attributable to Defendant's conduct. *Id.* at 19. Plaintiffs note
24 that "Defendant probably hasn't sold millions of counterfeit products," but has sold
25 "more than one unit." *Id.* at 18-19. Plaintiffs explain that they cannot provide specific
26 calculations because Defendant failed to respond to its informal discovery requests.
27 Vakil Decl. ¶ 2-6; Mtn. at 18. However, Plaintiffs' investigator reported there were seven
28 likely counterfeit water pipes on display at the time he entered the store. Mottesheard

1 Decl., Exhibit D. This does not suggest that the counterfeit pipes were sold on a large
2 scale.

3 Additionally, the only evidence submitted of a counterfeit good was a single water
4 pipe purchased by Plaintiffs' investigator for \$129.60. Compl., Exhibit C. There are no
5 factual allegations or evidence demonstrating Defendant's infringement of the RooR
6 marks registered for use in association with goods identified in international classes 025
7 or 021, which are defined as smoker's articles, namely, cigarettes, cigars, tobacco
8 pouches, humidors, tobacco spittoons, chewing tobacco, smoking tobacco and matches,
9 and glass bowls, including those that are enameled, opal, pressed, smoothed plate,
10 speckled, spun, stamped or unwrought glass. Compl., Exhibit B. Plaintiffs only
11 produced evidence showing Defendant's sale of infringing goods from class 034, which
12 includes glass pipes and water pipes, and thus, has only pled specific factual allegations
13 relating to Defendant's infringement of the RooR trademark registered as number
14 3.675.839. *Id.* Because there are no specific allegations as to Defendant's infringement
15 of the trademarks from the remaining categories of goods, the Court declines to award
16 statutory damages for infringement of the trademarks registered under numbers 2.307.176
17 and 2.235.638.

18 Based on the foregoing, the Court awards Plaintiffs statutory damages for one
19 infringed trademark totaling \$25,000. *See Sream, Inc. v. Lavinga*, No. ED CV16-00806-
20 JAK (KKx), 2016 U.S. Dist. LEXIS 106540, at *17-19 (C.D. Cal. Aug. 10, 2016)
21 (awarding \$25,000 in statutory damages on evidence of one counterfeit product); *see also*
22 *Sream, Inc. v. Reeves*, No. 5:14-cv-01321-JGS-SP, Doc. No. 20 at 5-6 (C.D. Cal. Sept.
23 30, 2014) (awarding \$50,000 in statutory damages on evidence of one counterfeit
24 product). This amount is likely to deter Defendant and others from infringing the RooR
25 marks and appears to be commensurate with the value of the goods, which is about \$300
26 per RooR brand water pipe. *See* Compl. ¶ 20. The Court finds a greater award would be
27 excessive given the relatively small infringement alleged and that \$25,000 in statutory
28 damages is reasonably proportionate to the willful harm that Defendant caused.

1 **2. Injunctive Relief**

2 Plaintiffs also seek to permanently enjoin Defendant from infringing on the RooR
3 marks. Mtn. at 6. The Lanham Act gives the Court the power to grant injunctions
4 “according to the principles of equity and upon such terms as the court may deem
5 reasonable, to prevent the violation” of a mark holder’s rights. 15 U.S.C. § 1116(a). To
6 warrant injunctive relief for trademark infringement, a plaintiff seeking a permanent
7 injunction must demonstrate: (1) it has suffered and will continue to suffer an irreparable
8 injury; (2) remedies available at law, including monetary damages, are inadequate; (3)
9 “that, considering the balance of hardships between the plaintiff and defendant, a remedy
10 in equity is warranted”; and (4) that an injunction is in the public interest. *See eBay, Inc.*
11 *v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

12 “[W]hen a plaintiff establishes in a trademark infringement or unfair competition
13 action a likelihood of confusion, it is generally presumed that the plaintiff will suffer
14 irreparable harm if an injunction is not granted.” *Otter Prods., LLC*, 2013 WL 5575070,
15 at *11 (citing *Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir.
16 2007); *Bision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 612 n.3 (9th Cir. 1989)).
17 Moreover, the Ninth Circuit has recognized that irreparable harm may be shown through
18 “[e]vidence of threatened loss of prospective customers or goodwill.” *Stuhlbarg Int’l*
19 *Sales Co., Inc. v. John D. Brush & Co., Inc.*, 240 F.3d 832, 841 (9th Cir. 2001).
20 Plaintiffs’ pleadings show a likelihood of confusion as to the origin of the infringing
21 products, and also loss of control over its mark, reputation and goodwill. Plaintiffs allege
22 that they spent considerable time and effort building the RooR reputation, and have sold
23 smoker’s products under the RooR mark since 1995. *See Compl.* ¶¶ 18, 21, 34. From
24 2015 to 2017, sales in California have declined “in excess of \$1,200,000,” allegedly as a
25 result of Defendant and others selling counterfeit products bearing the RooR mark. Mtn.
26 at 19. Taking these facts as true and drawing all reasonable inferences therefrom,
27 Plaintiffs have shown that they have suffered and will continue to suffer irreparable harm
28 by Defendant’s continued use and infringement of Plaintiffs’ RooR marks.

1 As to the second requirement, “[i]njunctive relief is the remedy of choice for
2 trademark and unfair competition cases, since there is no adequate remedy at law for the
3 injury caused by a defendant’s continuing infringement.” *Sandlin*, 846 F.2d at 1180.
4 Moreover, “[d]amage to reputation and loss of customers are intangible harms not
5 adequately compensable through monetary damages.” *Car-Freshner Corp. v. Valio*,
6 *LLC*, No. 2:14-cv-01471-RFB-GWF, 2016 WL 7246073, at *8 (D. Nev. Dec. 15, 2016).
7 Here, Plaintiffs allege that unless enjoined, Defendant will continue to infringe upon
8 Plaintiff’s RooR marks. Mtn. at 20; Compl. ¶¶ 36, 75. Thus, Plaintiffs adequately allege
9 that Defendant used and will continue to use counterfeit products. Compl. ¶ 75.
10 Additionally, there is no showing that, absent the entry of an injunction, Defendant will
11 discontinue its infringement of the protected trademarks. Accordingly, monetary
12 damages are inadequate to address the alleged ongoing infringement and the harm that it
13 will cause to Plaintiffs.

14 Third, the balance of hardships favors Plaintiffs because without an injunction,
15 Plaintiffs will lose profits, goodwill, and rights to control the quality of its products,
16 whereas an injunction will only proscribe Defendant’s infringing activities. *Wecosign*,
17 *Inc. v. IFG Holdings, Inc.*, 845 F. Supp. 2d 1072, 1084 (C.D. Cal. 2012). In other words,
18 an injunction will not adversely affect any of Defendant’s “legitimate business
19 operations, nor will [it] suffer any cognizable hardship as a result of its issuance.
20 Conversely, Plaintiff[s] will suffer harm in the form of disfavor from clients if
21 [Defendant’s] activities continue.” *Shalabi*, 352 F. Supp. 2d at 1075.

22 Furthermore, the public has an interest in not being misled as to the origin or
23 source of trademarked goods. *See State of Idaho Potato Comm’n v. G&T Terminal*
24 *Packaging, Inc.*, 425 F.3d 708, 715 (9th Cir. 2005) (noting that “[t]rademarks protect the
25 public from confusion by accurately indicating the source of a product” and “preserve a
26 producer’s good will”); *see also Internet Specialties West, Inc. v. Milon-DiGiorgio*
27 *Enters., Inc.*, 559 F.3d 985, 993 n.5 (9th Cir. 2009). As such, the public interest favors
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1 injunctive relief. Therefore, the Court finds that Plaintiffs have met the statutory and
2 equitable requirements for permanent injunctive relief prayed for in the Complaint.

3 **3. Attorneys' Fees and Costs**

4 Plaintiffs seek an award of reasonable attorneys' fees and costs under the Lanham
5 Act for Defendant's infringing conduct. Mtn. at 21. Plaintiffs request \$5,475.00 in
6 attorneys' fees and \$480.00 in costs. Vakil Decl. ¶ 13.

7 Section 1117(a) provides that "[t]he court in exceptional cases may award
8 reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a).² The term
9 "exceptional" is generally understood to mean cases in which the trademark infringement
10 can be characterized as "malicious, fraudulent, deliberate, or willful." *Derek Andrew,*
11 *Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 702 (9th Cir. 2008) (citation omitted).
12 Additionally, a case may be deemed "exceptional" and merit an award for attorneys' fees
13 under the Lanham Act, where the defendant disregards the proceedings and does not
14 appear. *See Castworld*, 219 F.R.D. at 502. However, "[t]he Court is not compelled to
15 award attorney's fees even if the case is exceptional." *Fifty-Six Hope Rd. Music, Ltd. v.*
16 *A.V.E.L.A., Inc.*, 915 F. Supp. 2d 1179, 1186 (D. Nev. 2013), *aff'd*, 778 F.3d 1059 (9th
17 Cir. 2015). The Court finds that this case is "exceptional" because Plaintiffs adequately
18 allege Defendant's conduct was willful and Defendant has not appeared in this action.
19 However, for the reasons set forth below, the Court declines to award attorneys' fees in
20 this instance.

21 In determining the amount of a fee award under the Lanham Act, courts must "first
22 determine the presumptive lodestar figure by multiplying the number of hours reasonably
23 expended on the litigation by the reasonable hourly rate." *Intel Corp. v. Terabyte Int'l,*

24
25
26 ² Plaintiffs are entitled to apply for attorneys' fees under 15 U.S.C. § 1117(a) even though they elected
27 statutory damages under 15 U.S.C. § 1117(c) instead of actual damages under § 1117(a). *Kaloud, Inc. v.*
28 *Shisha Land Wholesale, Inc.*, -- Fed. App'x --, Nos. 16-56138, 16-56401, 16-56500, 2018 WL 3544824,
at *2 n.2 (9th Cir. July 24, 2018); *NLRB v. SW Gen., Inc.*, 137 S. Ct. 929, 940 (2017) (quoting *Chevron*
U.S.A., Inc. v. Echazabal, 536 U.S. 73, 81 (2002)); *see also Louis Vuitton Malletier S.A. v. LY USA, Inc.*,
676 F.3d 83, 111 (2d Cir. 2012).

1 *Inc.*, 6 F.3d 614, 622 (9th Cir. 1993). In determining a reasonable number of hours,
2 courts must review detailed time records to determine whether the hours claimed by the
3 applicant are adequately documented and whether any of the hours claimed by the
4 applicant were unnecessary, duplicative, or excessive. *Chalmers v. City of Los Angeles*,
5 796 F.2d 1205, 1210 (9th Cir. 1986), *reh'g denied, amended on other grounds*, 808 F.2d
6 1373 (9th Cir. 1987). To determine a reasonable rate for each attorney, courts must look
7 to the rate prevailing in the community for similar work performed by attorneys of
8 comparable skill, experience, and reputation. *Id.*

9 Plaintiffs submit a single declaration in support for their request for attorneys' fees.
10 *See* Vakil Decl. Plaintiffs' attorney, Imran Vakil, declares that the firm "allocated 19.0
11 hours of time to this matter [and] charges between \$275/hour to \$400/hour depending on
12 the skill and experience of the lawyer involved in the matter, plus \$75/hour for
13 paralegals. The fees are believed to be in line with, if not slightly below, industry
14 averages of comparable attorneys. Our accounting shows that the total time translates to
15 \$5,475.00 in attorneys' fees." Vakil Decl. ¶ 13. This declaration is insufficient, as it fails
16 to provide the Court with detailed time records and information regarding each attorney
17 who worked on the case and their hourly rate. *See id.* For example, Plaintiffs fail to list
18 the number of attorneys working on the case, their names, how long they have been an
19 attorney, and their respective hourly rates. *See id.* Moreover, Plaintiffs do not provide a
20 billing statement indicating which tasks were performed by which attorney, or how long
21 each task took. *See id.* Even further, Plaintiffs do not demonstrate that the hourly rates
22 requested are reasonable vis-à-vis the rates charged in "the forum in which the district
23 court sits." *Gonzalez v. City of Maywood*, 729 F.3d 1196, 1205 (9th Cir. 2013)
24 (quotation marks and citation omitted). Without this information, the Court can neither
25 determine whether the rates for each attorney who worked on the case is reasonable, nor
26 whether the hours claimed are unnecessary, duplicative, or excessive. *See Chalmers*, 796
27 F.2d at 1210; *see Jordan v. Multnomah Cnty.*, 815 F.2d 1258, 1261-63 (9th Cir. 1987)
28 ("The fee applicant has the burden of producing satisfactory evidence, *in addition to*

1 *affidavits of its counsel*, that the requested rates are in line with those prevailing in the
2 community for similar services of lawyers of reasonably comparable skill and
3 reputation.”) (emphasis added).

4 Plaintiffs have not met their “burden of establishing entitlement to an award and
5 documenting the appropriate hours expended and hourly rate[;]” therefore, they are not
6 entitled to an award of attorneys’ fees. *See Hensley v. Eckerhart*, 461 U.S. 424, 437
7 (1987); *see also Vogel v. Harbor Plaza Ctr., LLC*, 893 F.3d 1152, 1160 (9th Cir. 2018)
8 (“in a case in which a defendant fails to appear or otherwise defend itself, however, the
9 burden of scrutinizing an attorney’s fee request—like other burdens—necessarily shifts to
10 the court.”); *see also Century Tile, Inc. v. Hirsch Glass Co.*, 467 Fed. App’x 651, 653
11 (9th Cir. 2012) (finding “district court acted within its discretion in denying attorney’s
12 fees”); *Gracie v. Gracie*, 217 F.3d 1060, 1071 (9th Cir. 2000) (“[T]he Lanham Act
13 *permits*, but does not mandate, an award of attorneys’ fees to a prevailing party in
14 ‘exceptional circumstances.’”).

15 A plaintiff that prevails on a claim under § 1125(a) is entitled to costs under the
16 Lanham Act. 15 U.S.C. § 1117(a). Here, Plaintiffs have prevailed on their false
17 designation of origin claim under § 1125(a), and therefore are entitled to costs. Mr. Vakil
18 declares that Plaintiffs incurred costs in the amount of \$480.00 in prosecuting its claims
19 against Defendant. Vakil Decl. ¶ 13. Specifically, Plaintiffs incurred costs of \$400 in
20 complaint filing fees and \$80 in service attributable to Defendant. *Id.* Although the
21 Court may take judicial notice of its own filing fee, Plaintiffs must substantiate their
22 service-of-process costs. *See* S.D. Cal. Civ. L.R. 54.1(a) (noting that a party seeking
23 costs must provide copies of the invoices for requested costs). Plaintiffs have not done
24 so. Thus, the Court finds that Plaintiffs are entitled to recovery of only the filing fee. *See*
25 28 U.S.C. 1920; *see also* S.D. Cal. Civ. L.R. 54.1. As such, the Court awards Plaintiffs
26 costs in the amount of \$400.

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28 //

1 CONCLUSION

2 In accordance with the foregoing, the Court **GRANTS IN PART** Plaintiffs’
3 motion for default judgment against Defendant Andy’s Smoke Shop, Inc. The Court
4 **DIRECTS** the Clerk of Court to enter judgment against Defendant, and in favor of
5 Plaintiffs in the total amount of **\$25,400.00** (comprising of statutory damages of
6 \$25,000.00 and costs of \$400.00).

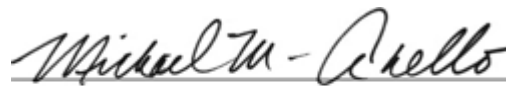
7 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendant
8 Andy’s Smoke Shop, Inc., and its agents, employees, officers, directors, owners,
9 representatives, successor companies, related companies, and all other persons acting in
10 concern of participation with Defendant Andy’s Smoke Shop are permanently restrained
11 and enjoined from infringing upon the RooR Marks (United States Trademark
12 Registration Nos. 3.675.839, 2.307.176, and 2.235.638) directly or contributorily, in any
13 manner, including:

14 (a) import, export, making, manufacture, reproduction, assembly, use,
15 acquisition, purchase, offer, sale, transfer, brokerage, consignment, distribution, storage,
16 shipment, licensing, development, display, delivery, marketing advertising or promotion
17 of the counterfeit RooR product identified in the Complaint and any other unauthorized
18 RooR product, counterfeit, copy or colorful imitation thereof;

19 (b) assisting, aiding or attempting to assist or aid any other person or entity in
20 performing any of the prohibited activities referred to in Paragraph (a) above.

21 **IT IS SO ORDERED.**

22 Dated: October 23, 2018



23 Hon. Michael M. Anello
24 United States District Judge