

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
CASE NO. 12-21762-CIV-ALTONAGA/SIMONTON**

CHANEL, INC.,

Plaintiff,

v.

CHANEL255.ORG, *et al*,

Defendants.

**PLAINTIFF'S EX PARTE APPLICATION FOR ENTRY OF
TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION
AND MEMORANDUM OF LAW IN SUPPORT THEREOF**

Plaintiff, CHANEL, INC. (“Chanel”), a New York corporation, (“Plaintiff” or “Chanel”), hereby does apply, on an *ex parte* basis, for entry of a temporary restraining order and, upon expiration of the temporary restraining order, a preliminary injunction against Defendants, THE PARTNERSHIPS and UNINCORPORATED ASSOCIATIONS IDENTIFIED ON SCHEDULE “A” attached hereto (collectively “Defendants”) pursuant to 15 U.S.C. § 1116 and Fed. R. Civ. P. 65, and in support thereof submits the following Memorandum of Law.

I. INTRODUCTION AND CLAIMS

Chanel is suing Defendants for federal trademark infringement and counterfeiting, false designation of origin, cybersquatting, and common law unfair competition. As alleged in Chanel’s Complaint, the Defendants are promoting, advertising, distributing, offering for sale and selling counterfeit and infringing products, including, at least, handbags and wallets (the “Defendants’ Goods”) bearing trademarks which are substantially indistinguishable from Chanel’s registered trademarks, through various fully interactive commercial Internet websites operating under their partnership and/or unincorporated association names (the “Subject Domain Names”).



The Defendants’ unlawful activities have caused and will continue to cause irreparable injury to Chanel. Among other things, the Defendants have (1) deprived Chanel of its right to

determine the manner in which its trademarks are presented to the public through merchandising; (2) defrauded the public into thinking the Defendants' Goods are valuable, authorized goods of Chanel; (3) deceived the public as to Chanel's sponsorship of and/or association with the Defendants' Goods and the websites through which such goods are marketed and sold; (4) wrongfully traded and capitalized on Chanel's reputation and goodwill and the commercial value of Chanel's trademarks; and (5) wrongfully damaged Chanel's ability to market its goods and educate consumers about its brand via the Internet in a free and fair marketplace. The Defendants should be enjoined.

II. STATEMENT OF FACTS

A. Chanel's Rights

2. Chanel is the owner of all rights in and to the following trademarks:

Trademark	Registration Number	Registration Date	Class(es)/Goods
CHANEL	0,626,035	May 1, 1956	IC 018 – Women's Handbags
	1,314,511	January 15, 1985	IC 018 - Leather Goods-Namely, Handbags
CHANEL	1,347,677	July 9, 1985	IC 018 - Leather Goods-namely, Handbags
CHANEL	1,733,051	November 17, 1992	IC 018 - Leather Goods; namely, Handbags, Wallets, Travel Bags, Luggage, Business and Credit Card Cases, Change Purses, Tote Bags, Cosmetic Bags Sold Empty, and Garment Bags for Travel
	1,734,822	November 24, 1992	IC 018 - Leather Goods; namely, Handbags, Wallets, Travel Bags, Luggage, Business Card Cases, Change Purses, Tote Bags, and Cosmetic Bags Sold Empty

DC	3,025,934	December 13, 2005	IC 018 – Handbags
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(the “Chanel Marks”) which are registered on the Principal Register of the United States Patent and Trademark Office and are used in connection with the manufacture and distribution of high quality goods in the categories identified above. (Declaration of Adrienne Hahn Sisbarro in Support of Plaintiff’s *Ex Parte* Application for Entry of Temporary Restraining Order and Preliminary Injunction [“Hahn Decl.”] ¶ 4, filed herewith; see also United States Trademark Registrations for the Chanel Marks at issue [“Chanel Trademark Registrations”] attached as Exhibit A to the Hahn Decl.) The Chanel Marks are symbols of Chanel’s quality, reputation, and goodwill and have never been abandoned. (Hahn Decl. ¶ 7.) Moreover, Chanel has expended substantial time, money, and other resources developing, advertising, and otherwise promoting its trademarks. (Hahn Decl. ¶¶ 6-7.) Accordingly, the Chanel Marks qualify as famous marks as the term is used in 15 U.S.C. § 1125(c)(1). (See id.)

Furthermore, Chanel has extensively used, advertised, and promoted its Marks in the United States in association with high quality handbags, wallets, and related goods, and has carefully monitored and policed the use of its Chanel Marks. (Hahn Decl. ¶ 7.) As a result, members of the consuming public readily identify products bearing the Chanel Marks as being quality merchandise sponsored and approved by Chanel, and the Marks have achieved secondary meaning as identifies of high quality products. (See id.)

At all times relevant hereto, the Defendants have been aware of Chanel’s (a) ownership of the Chanel Marks; (b) exclusive rights to use and license such Marks; and (c) substantial goodwill embodied in, and favorable recognition for, the Chanel Marks for handbags and wallets.

B. Defendants Wrongfully Use the Chanel Trademarks.

The Defendants do not have, nor have they ever had, the right or authority to use the Chanel Marks for any purpose. (Hahn Decl. ¶ 9.) However, despite their known lack of authority to do so, the Defendants have been advertising, offering for sale, and/or selling, at least, handbags and wallets bearing counterfeit and infringing marks which are substantially indistinguishable from and/or colorable imitations of the registered Chanel Marks. (Hahn Decl. ¶¶ 11-16 and Comp. Ex. B attached thereto, relevant web page captures from the Defendants' Internet websites operating under the Subject Domain Names displaying the Chanel branded items offered for sale [the "Defendants' Websites"]; Declaration of Eric Rosaler in Support of Plaintiff's *Ex Parte* Application for Entry of Temporary Restraining Order and Preliminary Injunction ["Rosaler Decl."] ¶ 4 and Comp. Ex. A attached thereto, relevant web page captures reflecting various Chanel branded items purchased from several of the Defendants, as well as photographs of the Chanel branded goods Rosaler purchased and received from two Defendants.) Moreover, given the Defendants' copying of the Chanel Marks, overall design, color scheme, and products, genuine goods bearing the Chanel Marks and the Defendants' Goods offered for sale and sold under identical marks are indistinguishable to consumers at the point of sale and post-sale.

As part of its ongoing investigation regarding the sale of counterfeit and infringing products, Chanel retained Eric Rosaler ("Rosaler") of AED Investigations, Inc., a licensed private investigative firm, to investigate the promotion and sale of counterfeit and infringing Chanel branded products by the Defendants. (Hahn Decl. ¶ 10; Rosaler Decl. ¶ 3.) Rosaler accessed the Defendants' fully interactive commercial Internet websites operating under the Subject Domain Names *chanel-replica.us* and *fakechanel.us*, placed orders for the purchase of a Chanel branded wallet and a Chanel branded handbag, respectively, and requested each item be shipped to his addresses in the Southern District of Florida. (Rosaler Decl. ¶ 4 and Comp. Ex. A thereto.) The detailed web page listings and images of the Chanel branded products purchased by Investigator Rosaler from the Defendants' websites *chanel-replica.us* and *fakechanel.us* were inspected by Chanel's representative, Adrienne Hahn Sisbarro ("Hahn"), who is familiar with Chanel's genuine goods and trained to detect counterfeits. (Hahn Decl. ¶¶ 3, 12, 16.) Hahn determined the products Rosaler purchased to be non-genuine Chanel products. (See id. at ¶¶ 12, 15.)

Hahn also reviewed and visually inspected the items bearing the Chanel Marks offered for sale via the Internet websites operating under the partnership and/or unincorporated association names identified on Schedule “A” hereto, the Subject Domain Names, and she determined the products were non-genuine Chanel products. (Hahn Decl. ¶¶ 14, 15 and Composite Exhibits B and C attached thereto.)

C. Defendants Unfairly Compete with Chanel Through Search Engine Optimization Strategies Using Counterfeits of the Chanel Marks.

Genuine Chanel branded goods are widely legitimately advertised, promoted, offered for sale and discussed by Chanel and unrelated third parties via the Internet. (Hahn Decl. ¶ 16.) Over the course of the past five years, visibility on the Internet, particularly via Internet search engines such as Google, Yahoo!, and Bing, has become increasingly important to Chanel’s overall marketing and consumer education efforts. (See *id.* ¶ 17.) Thus, Chanel expends significant monetary resources on Internet marketing and consumer education regarding its products, including search engine optimization (“SEO”) strategies, which allow Chanel, its authorized accounts, and others to fairly educate consumers about the value associated with the Chanel brand and the goods sold thereunder. (*Id.*)

SEO is a now common marketing process whereby a company or individual legitimately designs, supports, structures and phrases Internet content in order to enhance a website’s profile for search engines over a variety of search terms. SEO essentially describes the process of steps undertaken by a website owner to ensure that, in response to a specific search phrase or phrases, the owner’s website appears in the results returned by an Internet search engine such as Google, Yahoo!, or Bing. According to one estimate, in 2008, advertisers spent approximately eleven billion dollars on advertising with search engines, reflecting the sheer economic power of the industry. As a result, the SEO industry has arisen to assist website owners in improving their rankings in search engine results, thereby essentially securing search engines’ role as a gatekeeper and driver of the online economy.¹

The rise of the importance of SEO marketing practices has not been lost on those, such as the Defendants herein, engaged in the illegal business of selling counterfeit and infringing branded goods. To the contrary, counterfeiters and infringers, such as the Defendants, have

¹ Viva R. Moffat, Regulating Search, 22 Harv. J.L. & Tech. 475, 481-82 (Spring, 2009) (footnotes omitted).

embraced the SEO concept and are concurrently leveraging it to cause greater and more significant harm to brand owners, including Chanel. By the combination of their actions, the Defendants are causing concurrent and indivisible harm to Chanel by (i) depriving Chanel and other non-infringing third parties (Example: Chanel fan websites) of the ability to fairly compete for space within search engine results, (ii) causing an overall degradation of the value of the goodwill associated with the Chanel Marks, and (iii) unjustly increasing Chanel's overall cost to market its brand, its goods and educate consumers about its products via the Internet. (Hahn Decl. ¶¶ 17, 18.) The Defendants, each of whom is aware of the activities of the others, are combining the force of their actions in order to cause concurrent and indivisible harm to Chanel and consumers. (See *id.* at ¶¶ 17-19.) By engaging in SEO strategies based upon an illegal use of the Chanel Marks, the Defendants are obliterating the otherwise open and available marketplace space in which Chanel has the right to fairly market its goods and associated message. Specifically, the Defendants use unauthorized counterfeits and infringements of Chanel's name and trademarks within the content, anchor text and/or meta tags of their websites in order to attract the automated eye of various search engines crawling the Internet looking for websites relevant to consumer searches for Chanel related goods and information. (See *id.* at ¶ 18.) Meaningful search engine results page space is akin to real estate – there is only so much of it available. Thus, website operators such as Chanel and the Defendants spend substantial sums of money incorporating concepts and popular search terms, such as the Chanel Marks, into their on-site and off-site content in order to be seen by the search engines and returned as part of relevant search results across an array of search phrases. (See *id.* at ¶¶ 17, 18.) The primary difference between what Chanel and the Defendants are doing, of course, is that Chanel is doing so through the legal use of its trademarks in which it has made a substantial economic investment, and the Defendants are doing so through subterfuge and illegal behavior, including counterfeiting and infringing of the Chanel Marks.

For purposes of this Application, Chanel does not contend that it or any other third party has the exclusive right to appear in any particular location in the results of any search engine across any particular array of search terms; however, Chanel does contend that it has the right to fairly compete for such search engine results space unfettered by unfair competition stemming from an illegal use of Chanel's trademarks. Chanel's right to fairly compete for the best Internet real estate and its reputation are being trampled by the combined efforts of the Defendants. In

short, Chanel, its trademark rights, and associated goodwill are suffering death by 1,000 cuts. While each the Defendants' actions alone causes harm to Chanel, the combined force and effect of the Defendants' overall actions is creating an entirely illegal marketplace enterprise and causing the single indivisible harm of the erosion of the goodwill associated with the Chanel Marks and the denial of Chanel's right to fairly compete in the Internet marketplace reflected in search engine results.

Section 45 of the Lanham Act defines a "counterfeit" as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. Also, using the "ocular test" of direct comparison, courts have found that even marks which are slightly modified from the registered marks copied are to be considered counterfeit marks. See Fimab-Finanziaria Maglificio vs. Helio Import/Export, Inc., 601 F. Supp. 1, 2 (S.D. Fla. 1983). A comparison of the Chanel Marks at issue to the marks used by the Defendants in connection with the promotion and sale of the Defendants' Goods reveals the obvious counterfeit nature of the Defendants' Goods. (Compare Chanel's Trademarks Registrations [Exhibit A to the Hahn Decl.] with the Defendants' Websites [Comp. Ex. B to the Hahn Decl.] and the detailed webpage listings and images of the Chanel branded goods purchased by Investigator Rosaler [Comp. Exs. B and C to the Hahn Decl.; and Comp. Ex. A to the Rosaler Decl.]). The Defendants' Goods bearing counterfeits and infringements of the Chanel Marks are being promoted, advertised, offered for sale and sold by the Defendants to consumers in this Judicial District and throughout the United States. (Rosaler Declaration ¶ 4 and Comp. Ex. A attached thereto; Hahn Decl. ¶¶ 11-15 and Comp. Exs. B and C attached thereto, the Defendants' Websites and Examples of Defendants' Infringement of the Chanel Marks, respectively.) The Defendants are making substantial sums of money by preying upon their purchasers and members of the general public, many of whom have no knowledge the Defendants are defrauding them through the sale of worthless counterfeit and infringing goods. The Defendants are also falsely representing to consumers and the trade that their counterfeit and infringing goods are genuine, authentic, endorsed, and authorized by Chanel. Ultimately, the Defendants' Internet-based websites amount to nothing more than illegal operations infringing on the intellectual property rights of Chanel and others. The Subject Domain Names are used as the common names of the Defendants and are themselves a substantial part of the means by which the Defendants further their scheme and cause harm to Chanel.

III. ARGUMENT

A. A Temporary Restraining Order is Essential to Prevent Immediate Injury.

Rule 65(b) of the Federal Rules of Civil Procedure provides, in part, that a temporary restraining order may be granted without written or oral notice to the opposing party or that party's counsel where "it clearly appears from the specific facts shown by affidavit . . . that immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party's attorney can be heard in opposition." Moreover, temporary restraining orders are available on an *ex parte* basis when notice is provided and there is a threat of intervening irreparable harm before the preliminary injunction may be heard. FED.R.CIV.P. 65(b). Chanel will provide notice to the Defendants by the only means available, via e-mail to the known e-mail addresses provided by the Defendants to the registrars of record responsible for the respective domain names. (See Declaration of Stephen M. Gaffigan in Support of Plaintiff's *Ex Parte* Application for Entry of Temporary Restraining Order and Preliminary Injunction ["Gaffigan Decl."]) ¶ 2, filed herewith and Ex. A attached thereto.) As demonstrated herein, such irreparable and immediate injury will result to Chanel if the Defendants' wrongful activities are not immediately stopped by the issuance of a temporary restraining order.

The Defendants herein fraudulently promote, advertise, offer to sell and sell substantial quantities of goods bearing counterfeits and infringements of the Chanel Marks via the Internet websites operating under, at least, the Subject Domain Names. By their actions, the Defendants are creating a false association in the minds of consumers between the Defendants and Chanel. Specifically, the Defendants are wrongfully using counterfeits and infringements of the Chanel Marks to promote and attract customers to their website businesses. Counterfeits and infringements of the Chanel Marks are being used by the Defendants to increase traffic to their illegal businesses which offer consumers a variety of counterfeit and infringing goods, including Chanel branded goods. The entry of a temporary restraining order would serve to immediately stop the Defendants from benefiting from their wrongful use of the Chanel Marks and would preserve the status quo until such time as a hearing can be held. Thus, a temporary restraining order is appropriate. Dell Inc. v. BelgiumDomains, LLC, Case No. 07-22674 2007 WL 6862341, at *2 (S.D. Fla. Nov. 21, 2007) (finding *ex parte* relief more compelling where Defendants' scheme "is in electronic form and subject to quick, easy, untraceable destruction by Defendants.").

In the absence of a temporary restraining order, the Defendants, can significantly alter the status quo before the Court can determine the parties' respective rights. Specifically, the Internet websites at issue are under the complete control of the Defendants. Thus, the Defendants have the ability to modify registration data and content, change hosts and, most importantly, redirect traffic to other websites they control. (Gaffigan Decl. ¶ 3.) Moreover, the Defendants operate Internet websites which they optimize for the sale of counterfeit and infringing Chanel merchandise. The optimization process provides the Defendants with their power to unfairly compete with Chanel by catapulting their illegal websites into search engine results. All of that optimization power, built through the illegal use of the Chanel Marks, can easily be transferred to a new domain name in a matter of minutes through what is known as a redirect. (See id.) In the circumstances present in this case, the Defendants could use a redirect to push traffic from the Subject Domain Names to new domains not yet identified. (See id.) The result would be to slingshot the new domains to the top of the search engine results pages by leveraging the Internet traffic to the domains in suit which was built through the illegal use of the Chanel Marks. (See id. at ¶¶ 4, 5 and Comp. Ex. B attached thereto, examples of redirections.) In short, the Defendants would completely erase the status quo by transferring all of the benefits of their prior illegal activities to new websites. (See id.)

Moreover, federal courts have long recognized that civil actions against counterfeiters – whose very businesses are built around the deliberate misappropriation of rights and property belonging to others – present special challenges that justify proceeding on an *ex parte* basis. Time Warner Enter. Co. v. Does #1-2, 876 F. Supp. 407, 410-11 (E.D.N.Y. 1994) (compiling cases and noting, “[w]here plaintiffs have shown that a danger exists of destroying or transferring infringing goods, courts in this Circuit have not hesitated to grant *ex parte* orders under either the Lanham Act or the Copyright Act.”); see also Columbia Pictures Indus., Inc. v. Jasso, 927 F. Supp 1075, 1077 (N.D. Ill. 1996) (observing that “proceedings against those who deliberately traffic in infringing merchandise are often useless if notice is given to the infringers”); Gucci America, Inc. v. Huang, Case No. 1:11-cv-23368-CMA (S.D. Fla. Oct. 3, 2011) (entering Temporary Restraining Order); Louis Vuitton Malletier, S.A. v. The Partnership or Unincorporated Association, Case No. 1:11-cv-23268-CMA (S.D. Fla. Sept. 21, 2011) (same). This Court should prevent an injustice from occurring by issuing a temporary restraining order which precludes the Defendants from continuing to display their infringing content via the

websites operating under the Subject Domain Names and which, after allowing an opportunity for objections, temporarily places control of the websites in the hands of the Court. Only such an order will prevent ongoing irreparable harm and maintain the status quo.

B. Standard for Temporary Restraining Order and Preliminary Injunction.

In this Circuit, the standard for obtaining a temporary restraining order and the standard for obtaining a preliminary injunction are the same. See Emerging Vision, Inc. v. Glachman, Case No. 10-cv-80734, 2010 WL 3293346, at *3 (S.D. Fla. June 29, 2010) (citing Siegel v. LePore, 120 F. Supp. 2d 1041 (S.D. Fla. 2000) aff'd 234 F.3d 1163 (11th Cir. 2000)). In order to obtain a temporary restraining order or a preliminary injunction, a party must establish “(1) a substantial likelihood of success on the merits; (2) that irreparable injury will be suffered if the relief is not granted; (3) that the threatened injury outweighs the harm the relief would inflict on the non-movant; and (4) that entry of the relief would serve the public interest. Schiavo ex rel. Schindler v. Schiavo, 403 F.3d 1223, 1225-26 (11th Cir. 2005). Chanel’s evidence establishes all of the relevant factors. Accordingly, preliminary injunctive relief is appropriate.

1. Probability of Success on the Merits of Chanel’s Claims.

a) Likelihood of Success on Counterfeiting Claim.

Title 15 U.S.C. §1114 provides liability for trademark infringement if, without the consent of the registrant, a defendant uses "in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark: which is likely to cause confusion, or to cause mistake, or to deceive." Chanel must demonstrate (1) ownership of the trademarks at issue; (2) Defendants’ use of the marks is without Chanel’s authorization; and (3) Defendants’ use is likely to cause confusion, mistake, or deception as to the source, affiliation, or sponsorship of Defendants’ Goods. See 15 U.S.C. § 1114(1). Chanel’s evidence submitted herewith satisfies the three requirements of 15 U.S.C. § 1114.

The first two elements of Chanel’s trademark counterfeiting and infringement claims are easily met. The Chanel Marks are owned by Chanel and registered on the Principal Register of the United States Patent and Trademark Office, and all of the Chanel Marks have become “incontestable” under 15 U.S.C. §§ 1058 and 1065. (See Hahn Decl. ¶ 4 and Comp. Ex. A thereto, Chanel Trademark Registrations.) See also Ocean Bio-Chem, Inc. v. Turner Network Television, Inc., 741 F. Supp. 1546, 1554 (S.D. Fla. 1990) (“Incontestable status provides conclusive evidence of the registrant's exclusive right to use the registered mark, subject to §§ 15

and 33(b) of the Lanham Act.”). Moreover, Defendants have never had the right or authority to use the Chanel Marks. (Hahn Decl. ¶ 9.)

The Eleventh Circuit uses a seven-factor test in determining the third element, likelihood of confusion. See Ross Bicycles, Inc. v. Cycles USA, Inc., 765 F.2d 1502, 1506 (11th Cir. 1985). These factors, as outlined in Safeway Store, Inc. v. Safeway Discount Drugs, Inc., are: (1) the strength of the mark; (2) the similarity of marks; (3) the similarity of the goods; (4) similarity of the sales methods; (5) the similarity of advertising media; (6) defendants’ intent; and (7) evidence of actual confusion. See 675 F.2d 1160, 1164 (11th Cir. 1982); see also Lipscher v. LRP Publ’ns, Inc., 266 F.3d 1305, 1303 (11th Cir. 1997). The seven factors listed are to be weighed and balanced and no single factor is dispositive. (Id.)

(1) Strength of the Marks.

A trademark’s strength is determined by viewing the mark in its entirety as it appears in the marketplace. See Lone Star Steakhouse and Saloon, Inc. v. Longhorn Steaks, Inc., 106 F.3d 355, 362 (11th Cir. 1997). The spectrum of protectability and strength for trademarks is divided into four primary types of designations: (1) coined, fanciful or arbitrary; (2) suggestive; (3) descriptive; and (4) generic. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L.Ed.2d 615 (1992). Arbitrary or fanciful marks are the strongest and deemed inherently distinctive and entitled to protection. (See id.) It cannot be seriously disputed that the Chanel Marks are strong, arbitrary and fanciful marks. (See Hahn Decl. ¶ 4 and Ex. A thereto, Chanel Trademark Registrations.)

The Chanel Marks have also acquired secondary meaning. Chanel has expended substantial time, labor, skill, and expense in developing, advertising, and promoting the Chanel Marks. (Hahn Decl. ¶¶ 6-7.) The Chanel Marks enjoy widespread recognition and are prominent in the minds of consumers. (Id.)

(2) Similarity of the Marks.

Likelihood of confusion is greater when an infringer uses the exact trademark. Turner Greenberg Assocs. v. C & C Imps., 320 F. Supp. 2d 1317, 1332 (S.D. Fla. 2004). Defendants are using marks which are identical to the Chanel Marks. (Compare Chanel’s Trademarks Registrations [Comp. Ex. A to the Hahn Decl.] with Defendants’ Websites [Comp. Ex. B to the Hahn Decl.].)

(3) **Similarity of the Goods.**

“The greater the similarity between the products and services, the greater the likelihood of confusion.” John H. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966, 976 (11th Cir. 1983). Defendants are selling the same types of goods Chanel sells. (Hahn Decl. ¶¶ 4, 5, 12-15; see generally Defendants’ Websites attached as Comp. Ex. B to the Hahn Decl.) Because they bear counterfeits of the Chanel Marks, Defendants’ Goods appear virtually identical to Chanel’s genuine products in the consumer market. Standing alone, this similarity can be held sufficient to establish a likelihood of confusion. See John H. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966, 976 (11th Cir. 1983).

(4) **Similarity of Sales Method and (5) Advertising Method.**

Convergent marketing channels increase the likelihood of confusion. See Turner Greenburg Assocs., 320 F. Supp. 2d at 1332. Both Chanel and Defendants sell and advertise their products using at least one of the same marketing channels, the Internet, in the same geographical areas within the United States. (Hahn Decl. ¶¶ 12-15 and Comp. Exs. B and C thereto; Rosaler Decl. and Comp. Ex. A thereto; see generally Defendants’ Websites attached as Comp. Ex. B to the Hahn Decl.) Thus, the conditions of purchase for both parties are unmistakably identical. Moreover, both target the same general customers, and as such, Chanel is directly competing with Defendants’ products.

(6) **Defendants’ Intent.**

It has been held that when an alleged infringer adopts a mark “with the intent of obtaining benefit from the plaintiff’s business reputation, ‘this fact alone may be sufficient to justify the inference that there is confusing similarity.’” Turner Greenberg Assocs., 320 F. Supp. 2d at 1333, citing Carnival Corp. v. Seascapes Casino Cruises, Inc., 74 F. Supp.2d 1261, 1268 (S.D. Fla. 1999). In a case of clear-cut copying, it is appropriate to infer Defendants intended to benefit from Chanel’s reputation, to the detriment of Chanel. See Playboy Enterprises, Inc. v. P.K. Sorren Export Co. Inc. of FL, 546 F. Supp. 987, 996 (S.D. Fla. 1982).

(7) **Evidence of Actual Confusion.**

Actual confusion is unnecessary to establish infringement since the test is likelihood of confusion. See Frehling Enters. v. Int’l Select Group, Inc., 192 F.3d 1330, 1340 (11th Cir. 1999).

In this case, however, it is reasonable to infer actual confusion exists in the marketplace based upon the circumstantial evidence available. Defendants are advertising, offering to sell and selling counterfeit goods identical in appearance to those sold by Chanel. (Hahn Decl. ¶¶ 12-15 and Comp. Exs. B and C thereto; Rosaler Decl. and Comp. Ex. A thereto; see generally Defendants' Websites attached as Comp. Ex. B to the Hahn Decl.) Even if buyers are told of the bogus nature of Defendants' Goods, other consumers viewing Defendants' Goods in a post-sale setting will obviously be confused, because they are viewing goods bearing the Chanel Marks which undeniably creates the impression they are viewing genuine goods sold or authorized by Chanel. Such post-sale confusion is entirely actionable. See Remcraft Lighting Products, Inc. v. Maxim Lighting, Inc., 706 F. Supp. 855, 859 (S.D. Fla. 1989) ("The likelihood of confusion need not occur at wholesale level when the end user will be confused.").

The above seven factors weigh only in Chanel's favor. Chanel has therefore shown a probability of success on the merits of its trademark counterfeiting claim.

b) Likelihood of Success on False Designation of Origin Claim.

As with a trademark infringement claim, the test for liability for false designation of origin under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), is also whether the public is likely to be deceived or confused by the similarity of the marks at issue. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992). Whether the violation is called infringement, unfair competition or false designation of origin, the test is identical -- is there a "likelihood of confusion?" Id. Therefore, because Chanel has established the merits of its trademark counterfeiting and infringement claim against Defendants, a likelihood of success is also shown as to Chanel's second claim for false designation of origin.

c) Likelihood of Success on Chanel's Cybersquatting Claim.

The Anticybersquatting Consumer Protection Act ("ACPA") protects the owner of a distinctive or famous trademark from another's bad faith intent to profit from the trademark owner's mark by registering or using a domain name which is identical or confusingly similar to, or dilutive of, the trademark owner's mark without regard to the goods or services of the parties. 15 U.S.C. § 1125(d). To prevail under 15 U.S.C. § 1125(d), Chanel must prove that (1) the Chanel Marks are distinctive or famous and entitled to protection; (2) the defendants' domain names are identical or confusingly similar to the Chanel Marks; and (3) Defendants registered or

used the domain names with a bad faith intent to profit. Bavaro Palace, S.A. v. Vacation Tours, Inc., 203 Fed. Appx. 252, 256, 2006 WL 2847233, at *3 (11th Cir. 2006). The evidence submitted herewith satisfies the requirements of 15 U.S.C. § 1125(d).

Defendants have registered four (4) domain names which incorporate at least one of the Chanel Marks in its entirety surrounded by descriptive or generic terms, rendering the marks nearly identical as compared to the Chanel trademarks (the “Infringing Domain Names.”) See Victoria's Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1351 (S.D. Fla. 2001) (“The taking of an identical copy of another's famous and distinctive trademark for use as a domain name creates a presumption of confusion among Internet users as a matter of law.”). Moreover, Courts have found that even slight differences between a domain name and a registered mark, such as the addition of minor or generic words to the disputed domain name, is irrelevant. See Ford Motor Co. v. Greatdomains.Com, Inc., 177 F. Supp. 2d 635, 642 (E.D. Mich. 2001) (holding “unless words or letters added to the plaintiff’s mark within the domain name clearly distinguish it from the plaintiff’s usage, allegations that a domain name incorporates a protected mark generally will suffice.”).

As to the issue of bad faith, the ACPA lists nine nonexclusive factors for courts to consider in determining whether a domain name has been registered or used in “bad faith” with an intent to profit from a mark in registering or using the mark in a domain name. See 15 U.S.C. § 1125(d)(1)(B)(i); see also Victoria's Cyber Secret Ltd. P’ship, 161 F. Supp. 2d at 1346. The nine factors are not meant to be exclusive and the Court may consider all relevant factors in making a determination of bad faith. Id. at 1347. Ultimately, each factor addresses whether “the defendant’s use of the disputed domain name is legitimate – i.e., for some purpose other than simply to profit from the value of the trademark.” Ford Motor Co., 177 F. Supp. 2d at 642. An examination of the bad faith factors compels the conclusion that Defendants’ registration and use of the Infringing Domain Names violates 15 U.S.C. § 1125(d).

The first three factors, § 1125(d)(1)(B)(I)-(III), are clearly present inasmuch as Defendants have no rights in the Chanel Marks, the domain names bear no relation to any of the known Defendants’ names, and Defendants have never used those Marks in connection with a bona fide offering of goods or services. Additionally, the fourth, fifth, and ninth factors, § 1125(d)(1)(B)(IV), (V), (IX), weigh in Chanel’s favor. As discussed above, Defendants have clearly intentionally incorporated the Chanel Marks in their domain names to divert consumers

looking for Chanel's Internet websites to their own Internet websites for commercial gain. Such consumers are likely to be confused as to the source and sponsorship of Defendants' Internet websites and mistakenly believe the websites are endorsed by and/or affiliated with Chanel. Clearly, Defendants' registration of the Infringing Domain Names in order to sell and offer to sale counterfeit and infringing Chanel branded goods, knowing the domain names are identical or confusingly similar to Chanel's indisputably famous and distinctive marks, ensures a likelihood of confusion among consumers. See House Judiciary Committee Report on H.R. 3028, H.R. Rep. No. 106-412 p. 13 (October 25, 1999) ("The more distinctive or famous a mark has become, the more likely the owner of that mark is deserving of the relief available under this act."). Thus, Chanel has shown a likelihood of success on the merits of its cybersquatting claim.

d. Likelihood of Success on Chanel's Common Law Unfair Competition Claims.

Whether a defendant's use of the plaintiff's trademarks created a likelihood of confusion between plaintiff's and defendant's products is also the determining factor in the analysis of unfair competition under the common law of Florida. Rolex Watch U.S.A., Inc. v. Forrester, No. 83-8381-Civ-Paine, 1986 WL 15668, at *3 (S.D. Fla. Dec. 9, 1987) ("The appropriate test for determining whether there is a likelihood of confusion, and thus trademark infringement, false designation of origin, and unfair competition under the common law of Florida, is set forth in John H. Harland, Inc. v. Clarke Checks, Inc., 711 F.2d 966, 972 (11th Cir. 1983).") Chanel has established there is a likelihood of confusion regarding the Defendants' use of the Chanel Marks on their counterfeit and infringing products. Accordingly, Chanel is also likely to succeed on the merits of its common law unfair competition claim.

2. Chanel is Suffering Irreparable Injury.

As the Eleventh Circuit expressed it: "[A] sufficiently strong showing of likelihood of confusion [caused by trademark infringement] may by itself constitute a showing of ... [a] substantial threat of irreparable harm." Ferrellgas Ptnrs., L.P. v. Barrow, 143 Fed. Appx., 180, 191 (11th Cir. 2005) (citing McDonald's Corp. v. Robertson, 147 F.3d 1301, 1310 (11th Cir. 1998)). Such a finding of irreparable injury following a showing of likelihood of confusion is virtually always made in a case such as this, where a plaintiff has demonstrated it will lose control of its reputation as a result of the defendant's activities. Id. A likelihood of confusion

exists herein because Defendants have engaged in counterfeiting activities using spurious designations indistinguishable from the Chanel Marks.

3. The Balance of Hardship Tips Sharply in Chanel's Favor.

Chanel has expended substantial time, money, and other resources to develop the quality, reputation, and goodwill associated with the Chanel Marks. (Hahn Decl. ¶¶ 6-7.) Should Defendants be permitted to continue their trade in counterfeit goods, Chanel will suffer substantial losses and damage to its reputation. (See *id.* at ¶ 19.) However, Defendants will suffer no legitimate hardship in the event a temporary restraining order is issued, because Defendants have no right to engage in their present counterfeiting and infringing activities.

4. The Relief Sought Serves the Public Interest.

Defendants are engaged in criminal activities and are directly defrauding the consuming public by palming off Defendants' Goods as genuine goods of Chanel. The public has an interest in not being misled as to the origin, source or sponsorship of trademarked products. Nailtiques Cosmetic Corp. v. Salon Sciences, Corp., 1997 WL 244746, 5, 41 U.S.P.Q.2d 1995, 1999 (S.D. Fla. 1997) ("The interests of the public in not being victimized and misled are important considerations in determining the propriety of granting injunctive relief.").

C. The Equitable Relief Sought is Appropriate.

The Lanham Act authorizes courts to issue injunctive relief "according to principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark ..." 15 U.S.C. § 1116(a).

1. Entry of an Order Immediately Enjoining Defendants' Unauthorized and Unlawful Use of the Chanel Marks is Appropriate.

Chanel requests an order requiring Defendants immediately cease all use of the Chanel Marks, or substantially similar marks, including on or in connection with all Internet websites and domain names owned and operated, or controlled by them. Such relief is necessary to stop the ongoing harm to Chanel's trademarks and goodwill and to prevent Defendants from continuing to benefit from the increased traffic to their illegal website operations created by their

unlawful use of the Chanel Marks. Many courts have authorized immediate injunctive relief in cases involving the unauthorized use of trademarks.²

2. Entry of an Order Prohibiting Transfer of the Domain Names During the Pendency of this Action is Appropriate.

To preserve the status quo, Chanel seeks an order temporarily modifying control of and prohibiting Defendants from transferring the Subject Domain Names to other parties. Under the operating rules of domain name registrars, defendants involved in domain name litigation easily can, and often will, change the ownership of a domain name and thereby frustrate the court's ability to provide relief to the plaintiff. (Gaffigan Decl. ¶ 6.) Moreover, defendants can and often do modify website content to thwart discovery and redirect traffic to thwart effective injunctive relief. (*Id.* at ¶ 8.) Accordingly, to preserve the status quo and ensure the possibility of eventual effective relief, courts in trademark cases involving domain names regularly grant such relief.³ Here, an interim order prohibiting Defendants from transferring the Subject Domain Names poses no burden on them, preserves the status quo, and ensures that this Court, after fully hearing the merits of this action, will be able to afford Chanel full relief.

Because the domain name registrars exercise effective control over whether or not domain names can be transferred, the Lanham Act explicitly provides for registrars to deposit domain name certificates with the court, thereby recognizing the court's control over use of the domain names. See 15 U.S.C. § 1114(2)(D); 15 U.S.C. § 1125(d)(2)(C); see also Philip Morris USA, Inc. v. Otamedia Ltd., 331 F. Supp. 2d 228, 230 (S.D.N.Y. 2004) (affirming registrar's

² See, e.g., Gucci America, Inc. v. Huang, Case No. 1:11-cv-23368-CMA (S.D. Fla. Oct. 3, 2011); Louis Vuitton Malletier, S.A. v. The Partnerships and Unincorporated Associations, Case No. 1:11-cv-23268-CMA (S.D. Fla. Sept. 21, 2011) (same); Tiffany (NJ) LLC v. Yaoqiang, Case No. 1:11-cv-24116-UU (S.D. Fla. Dec. 22, 2011) (Order adopting Report and Recommendation granting *Ex Parte* Application for Temporary Restraining Order); Acushnet Company v. Hainan, Case No. 1:11-cv-23557-UU (S.D. Fla. Nov. 3, 2011) (Order granting *Ex Parte* Application for Temporary Restraining Order); Philip Morris USA Inc. v. Jiang, Case No. 1:11-cv-24049-KMM (S.D. Fla. Nov. 16, 2011) (Order adopting Report and Recommendation granting *Ex Parte* Application for Temporary Restraining Order); Chanel, Inc. v. Dai, Case No. 1:11-cv-23051-DLG (S.D. Fla. Sept. 7, 2011) (Order granting TRO restraining *Ex Parte* Application for Temporary Restraining Order).

³ See e.g., Gucci America, Inc. v. Huang, Case No. 1:11-cv-23368-CMA (S.D. Fla. Oct. 3, 2011) (prohibiting Defendants from transferring domain names during pendency or until further Order of the Court); Louis Vuitton Malletier, S.A. v. The Partnership or Unincorporated Association, Case No. 1:11-cv-23268-CMA (S.D. Fla. Sept. 21, 2011) (same); Acushnet Company v. Hainan, Case No. 1:11-cv-23557-UU (S.D. Fla. Nov. 3, 2011) (same).

decision to deposit certificate with court where registrant used web site to make infringing sales). By this mechanism, the parties, and this Court, are assured that the ownership of the domain names will not change while the action is proceeding. Accordingly, Chanel also seeks an order requiring the registrars for the Subject Domain Names to deposit domain name certificates.

3. Entry of an Order Modifying Control, Redirecting, and Disabling the Subject Domain Names is Appropriate.

In domain name trademark cases, courts recognize that an interim order redirecting, transferring, disabling, or canceling the offending domain names often may be the only means of affording a plaintiff interim relief that avoids irreparable harm.⁴ Accordingly, in order to disable and redirect the Subject Domain Names, Chanel requests the Court enter an order requiring the Registrars and the Registries which maintain the Top Level Domain (“TLD”) Zone files for the Subject Domain Names change the registrar of record for the Subject Domain Names to a holding account with the United States based Registrar GoDaddy.com, Inc., where they will be held in trust for the Court during the pendency of this action and set to automatically redirect to <http://servingnotice.com/255/index.html>.⁵ Upon such redirection, a copy of all of the pleadings, other documents and Court orders issued in this matter will be immediately visible to Defendants the moment they type any of their own domain names into their web browser. The Subject Domain Names would remain in the legal ownership of Defendants, but they would no longer be able to display the infringing and counterfeit website content at issue in this matter. Rather, they

⁴ See e.g., Gucci America, Inc. v. Huang, Case No. 1:11-cv-23368-CMA (S.D. Fla. Oct. 3, 2011) (ordering the top-level domain (TLD) Registries for the domains to change the registrar of record to a holding account with the United States based Registrar GoDaddy.com, Inc.; also ordering that the Registrar set the domains to redirect to plaintiff’s publication website and thereafter placing domains on lock status, preventing the modification or deletion of the domains by the registrars or the defendants); Louis Vuitton Malletier, S.A. v. The Partnership or Unincorporated Association, Case No. 1:11-cv-23268-CMA (S.D. Fla. Sept. 21, 2011) (same); Acushnet Company v. Hainan, Case No. 1:11-cv-23557-UU (S.D. Fla. Nov. 3, 2011) (same); Gucci America, Inc. v. Zhang, Case No. 1:11-cv-23380-UU (S.D. Fla. Oct. 26, 2011) (same); Philip Morris USA Inc. v. Jiang, Case No. 1:11-cv-24049-KMM (S.D. Fla. Nov. 16, 2011) (same).

⁵ Such relief regarding a change of registrars was recently granted by this Court in Gucci America, Inc. v. Huang, Case No. 1:11-cv-23368-CMA (S.D. Fla. Oct. 3, 2011) and in Louis Vuitton Malletier, S.A. v. The Partnership or Unincorporated Association, Case No. 1:11-cv-23268-CMA (S.D. Fla. Sept. 21, 2011); and by other Courts in Philip Morris USA Inc. v. Jiang, Case No. 1:11-cv-24049-KMM (S.D. Fla. Nov. 16, 2011) and Chanel, Inc. v. Dai, Case No. 1:11-cv-23051-DLG (S.D. Fla. Sept. 7, 2011).

would serve as the single most effective means of notifying Defendants of the pendency of this action and the relief sought by Chanel and affording them and any other interested parties with an opportunity to present objections.

D. A Bond Should Secure the Injunctive Relief.

Because of the strong and unequivocal nature of Chanel's evidence, Chanel respectfully requests this Court require Chanel to post a bond of no more than ten thousand dollars (\$10,000.00). District Courts must set bond requirements when issuing restraining orders or preliminary injunction; however, District Courts have discretion to set the bond amount "in such sum as the court deems proper." FED.R.CIV.P. 65(c), stating the amount of posting of security upon issuance of a temporary restraining order or permanent injunction is vested in the Court's sound discretion.

IV. CONCLUSION

In view of the foregoing, Plaintiff respectfully requests this Court enter a temporary restraining order as to the Defendants in the form submitted herewith and set a hearing regarding Chanel's preliminary injunction before the expiration of the temporary restraining order.

DATED: May 16, 2012.

Respectfully submitted,

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By: s:/smgaffigan/

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SCHEDULE A
DEFENDANTS BY SUBJECT DOMAIN NAMES AND DEFENDANT NUMBER

Defendant No.	Domain Name
1	chanel255.org
2	chanel-replica.us
3	fakechanel.us
4	knockoffs-handbags.com
5	replicacochanel.com
6	replica-designer-handbags.org
7	replicaheels.com
8	replicashandbags.us