1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT 8 WESTERN DISTRICT OF WASHINGTON AT SEATTLE 9 GINA KIM, on behalf of a class consisting of ) Cause No. 2:11-CV-00214 RSM herself and all other persons similarly situated, **DECLARATION OF JAY CARLSON IN** 10 Plaintiffs, SUPPORT OF PLAINTIFF'S 11 COACH, INC., a Maryland corporation, and **OPPOSITION TO COACH'S MOTION** FOR PROTECTIVE ORDER AND COACH SERVICES, INC., a Maryland REQUEST TO STAY MOTION PENDING 12 corporation, **RULE 26(F) INITIAL CONFERENCE** Defendants. 13 [ORAL ARGUMENT REQUESTED] 14 15 I am an attorney of record for the plaintiff in the above captioned action, and I am 1. 16 competent to make this declaration. I make the statements herein based on my own personal 17 knowledge. 18 Attached as Exhibit A are true and correct copies of media articles discussing Coach's 2. 19 "Operation Turnlock," Coach's nationwide public relations and litigation campaign regarding 20 counterfeiting. 21Dated this March 16, 2011, at Seattle, Washington. 22 I HEREBY DECLARE UNDER PENALTY OF PERJURY OF THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT TO THE 23 BEST OF MY KNOWLEDGE. 24 25 clarant 26 27 CARLSON LEGAL Cause No. 2:11-CV-00214 RSM 100 W. HARRISON ST. 28 DECLARATION OF JAY CARLSON - 1 SUITE N440 SEATTLE, WA 98119

(206) 291-7419

# EXHIBIT A



May 20, 2009 07:00 AM Eastern Daylight Time

# Coach Launches "Operation Turnlock"

Aggressive National Civil Litigation Anti-Counterfeit Campaign

NEW YORK--(BUSINESS WIRE)--Coach, Inc. (NYSE: COH), a leading marketer of classic American accessories, today announced the launch of *Operation Turnlock*, a national anti-counterfeiting program targeting companies and individuals involved in the distribution or sale of counterfeit product through civil litigation in State and Federal courts.

"While Coach has successfully enforced its intellectual property rights around the world by working jointly with government agencies, law enforcement, and other brands, we have now added an additional component to our trademark enforcement efforts: a comprehensive national civil litigation program," said Todd Kahn, Senior Vice President, General Counsel. "The goal of *Operation Turnlock* is to make it both more costly and increasingly difficult for vendors to purchase, sell, move, or store counterfeit products in the United States. We have a responsibility to protect the brand's core values and further enforce our commitment to this global issue, starting with our home market."

our rights and protect against the devaluation of the brand," said Mr. Kahn.

"This is merely the beginning; we intend to pursue all infringers – no matter how big or small - using the strong state and federal laws to enforce our rights and protect against the devaluation of the brand"

This zero tolerance program targets everyone involved in trafficking counterfeit goods, including large wholesale operations, small businesses, internet sites, purse party operators, street vendors and flea markets selling Coach counterfeit product. In anticipation of this initiative, Coach has filed more than 50 civil suits within the past six months in states including New York, California, Florida, Georgia, and throughout the Midwest. Coach has already prevailed in several of these cases with judgments and settlements in its favor. "This is merely the beginning; we intend to pursue all infringers – no matter how big or small - using the strong state and federal laws to enforce

Integral to this strategy is the enforcement of Coach's intellectual property rights against counterfeiters on the internet. The campaign will closely monitor mainstream auction venues, as well as independent websites, to identify sellers of counterfeit Coach product and will seek the removal of such counterfeits.

Counterfeit goods not only infringe on the reputation and value of legitimate intellectual property creators and the holders of these rights, but also impose economic, social, and environmental harm and threaten human health and safety on a global level. Coach is committed to dismantling rogue vendors and businesses and protecting the general public from illegitimate and unlawful goods.

Coach, with headquarters in New York, is a leading American marketer of fine accessories and gifts for women and men, including handbags, women's and men's small leathergoods, business cases, weekend and travel accessories, footwear, watches, outerwear, scarves, sunwear, jewelry, fragrance and related accessories. Coach is sold worldwide through Coach stores, select department stores and specialty stores, through the Coach catalog in the U.S. by calling 1-800-223-8647 and through Coach's website at www.coach.com. Coach's shares are traded on The New York Stock Exchange under the symbol COAL

This press release contains forward-looking statements based on management's current expectations. These statements can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "intend," "estimate," "are

positioned to," "continue," "project," "guidance," "forecast," "anticipated," or comparable terms. Future results may differ materially from management's current expectations, based upon risks and uncertainties such as expected economic trends, the ability to anticipate consumer preferences, the ability to control costs, etc. Please refer to Coach's latest Annual Report on Form 10-K for a complete list of risk factors.

## Contacts

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Permalink: http://www.businesswire.com/news/home/20090520005167/en/Coach-Launches-%E2%80%9COperation-Turnlock%E2%80%9D



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# Coach targets Meadowlands market and North Jersey stores in counterfeit crackdown

Monday, December 13, 2010 Last updated: Monday December 13, 2010, 10:22 AM

BY HUGH R. MORLEY The Record STAFF WRITER

The alleged sale of knockoff fashion goods has put several Hudson County stores and the New Meadowlands Flea Market in the cross hairs of a global bag retailer as it cracks down on counterfeit sales.

Six lawsuits filed by Coach Inc. and affiliate Coach Services Inc., both of New York, accuse the stores and market, and more than a dozen individuals, of violating company trademarks and copyrights by selling or helping to sell counterfeit goods.

The suit against the market follows two raids there by the New Jersey State Police in August and November that resulted in the arrest of 10 vendors for selling counterfeit products.

The lawsuit, which like the others was filed



Dec. 3 in U.S. District Court in Newark, says police seized more than 1,500 fake Coach items in the raid.

The other suits say that in October a private investigation company, New York-based Allegiance Protection Group, bought bogus items bearing Coach trademarks at three stores in West New York and two in Union City.

Nancy Axilrod, Coach's general counsel, said the company has filed about 360 such suits since it increased its efforts to crackdown on counterfeits 18 months ago in a move called Operation Turnlock.

"Coach is putting the world on notice that it has zero tolerance for anyone involved in trafficking counterfeit goods," she said, adding that the effort has so far yielded "judgments and settlements in the millions of dollars."

The 69-year-old marketer of fashionable handbags and accessories has posted double-digit percentage income increases



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over the past four quarters as consumer spending lifted the luxury retail category that includes Coach. The company employs 13,000 and has offices and stores in Asia and North America, including a 65,000-square-foot corporate and product development facility in Carlstadt.

The company's suit against the Meadowlands market describes its role as "contributory and vicarious infringement."

The presence of counterfeit items "draw" customers and vendors to the market, which benefits the organizers through increased booth rental rates and revenue, the suit says.

"The Meadowlands Flea Market operation, and others like it, contribute significantly to the problem of counterfeiting in the United States," the suit says.

Named defendants in the suit include the president and vice president of an East Rutherford company that formerly ran the flea market. A different company has run the market since March, Belleville-based State Fair Event Management, which is not named in the suit.

President Al Dorso of State Fair Event said it's "absolutely not true" that the market contributed to the sale of counterfeit



products on his watch.

"We do not condone it or endorse it," he said, adding that the market assisted the state police in conducting the raids in August and November.

Dorso noted that all the market's vendors, about 600 on a typical Saturday, sign a form that says they will not sell counterfeit merchandise or do anything illegal.

Nicholas Lynn, a detective with the Meadowlands station of the New Jersey State Police, said the department periodically mounts a crackdown on counterfeit sales at the market.

In the past year, police have conducted five raids, each targeting a different brand, including Coach, Louis Vuitton, Dolce & Gabbana, and Tiffany, Lynn said. Twenty people have been arrested so far and charged with selling counterfeit products, he said.

Although he did not know the exact penalty



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for the third-degree offense, Lynn said similar charges against people found guilty of selling counterfeit music and video CDs face penalties of up to \$500,000 for each crime.

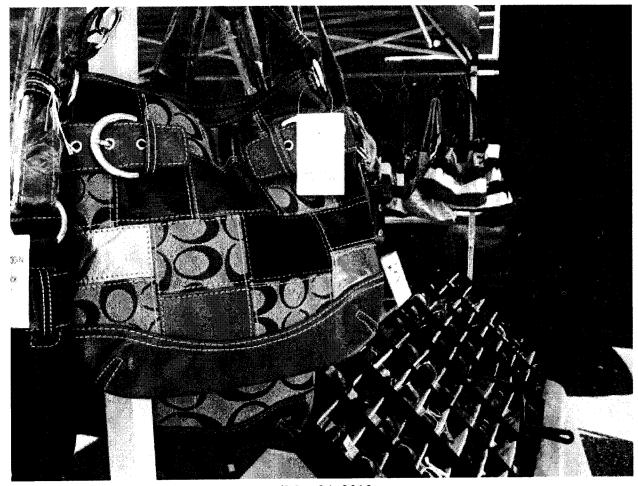
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# Coach Inc. Sues City of Chicago Over Knockoff Goods



Posted by Politic365 Staff in State & Local May 24, 2010

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<u>Coach Inc.</u>, maker of luxury leather goods, thought a cease and desist order issued in December would be enough to force the city of Chicago to police vendors selling counterfeit products. It was not enough and now Coach Inc. is suing the city.

Last Wednesday, the New York-based company filed a lawsuit in U. S. District Court in Chicago, stating it has suffered "substantial damages" from the illegal sales of knockoff goods at the <u>Maxwell Street Market</u>. The market was targeted by Coach because it is operated by the city. Vendors pay a \$50 annual license fee to the municipality to set up shop in the flea market.

The Chicago Tribune reports,

According to the lawsuit, a Coach investigator visited the open-air market in August 2009 and observed about 300 vendors selling "counterfeit Coach products in plain view." Later that month, the investigator returned with representatives of the city's Police Department and bought an \$18 fake Coach bag at one booth and a \$24 fake Chanel bag at another booth. The two vendors were arrested.

Coach said it sent the cease-and-desist notice to the city in late December "to compel its cooperation in ending the infringing conduct." The city did not respond, the lawsuit alleges. A Coach investigator canvassed the market this year and saw similar sales taking place, the company said.

A year ago, Coach launched the Operation Turnlock program to combat people and companies that sell and distribute counterfeit goods. Operation Turnlock pursues civil litigation against them. The Chicago suit is the only one targeting a municipality.

Coach's general counsel is quoted by the Chicago Tribune as stating that of the 180 cases filed since the inception of the program, about 100 cases have been settled or decided in favor of the multibillion dollar company.



Author: Politic365 Staff

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This Means WAR! Swanky Bag-Maker Coach Says, Look, No More Knockoffs

Amy Miller All Articles Corporate Counsel May 31, 2010

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Write to the Editor

Coach, Inc. has declared war on counterfeiters. And the high-end leather goods maker is winning, with some help from outside counsel and alternative fee arrangements.

About a year ago, the company's general counsel, Todd Kahn, launched a nationwide program to pursue civil litigation against companies and people who make or distribute fake Coach products. Dubbed Operation Turnlock, in reference to the locks on some Coach products, the effort has resulted in nearly 200  $\,$ trademark infringement suits.

Todd Kahn

For every fake sold, Coach is asking for a million dollars in return, and the strategy appears to be working. The New York-based fashion brand has either settled or

received a favorable judgment in about 90 of these cases.

Kahn said he not only want to deter counterfeiters. He also wants to raise awareness among consumers about the negative consequences of buying a fake Coach bag

"When you see a counterfeit Coach bag, it isn't just the lack of a sale that's the problem," Kahn said. "It's the perception that it's created. If you're walking down the street, and see a bag that looks horrible, that does damage to the brand. We are an accessible luxury, but we don't want to create a false sense of ubiquity.

So far, the program is paying for itself, Kahn said. But to help keep costs down, he's negotiated a variety of alternative billing arrangements, including fixed rate or contingency agreements, with about 13 law firms that handle much of the litigation.

Meanwhile, his small in-house team has helped streamline the process. They've created templates outside counsel can use during litigation, such as complaints and settlement agreements.

"What coach is doing is just making the process more standard, and things get modified based on what jurisdiction you're in," said Brent Blakely, a named partner at <u>Blakely Law Group</u> in Hollywood, who has been handling some of these cases since Kahn arrived at Coach two and half years ago. 'The idea behind it is to make it all more user friendly."

And Coach has cast its litigation net widely. It's going after large wholesale operations, small businesses, web sites, "purse party" operators, street vendors and flea markets selling Coach counterfeit products.

The company settled a trade dress suit against Target Corporation in May, although the terms are confidential. The company even filed suit against the city of Chicago in May over the sale of knockoff products at the Maxwell Street Market

"There's a real mix of cases that we're handling," said Jonathan Davis, founder of the firm Jonathan D. Davis in New York. "And we're getting results. There's very little, if any, defense in these cases."

Kahn said he expects to even file more suits in the coming months. The company's next big push will be to go after secondary markets on the Internet. "The Internet is the next great challenge," Kahn said.

Coach has had some success shutting down a few sites that sell fake products in the U.S. But often, they are based outside the U.S., which makes finding them difficult. Even harder is finding and shutting down the overseas factories that actually make the knockoffs sold online, Kahn said.

But Kahn is undaunted. "It's amazing what you can do when you have a focused objective," he said.

Amy Miller can be reached at amiller@alm.com.

Also See: Coach Sues Las Vegas Companies Over Alleged Counterfeit items (from the Las Vegas Sun)

Also See: Cheap Knockoffs Now Are Anything But (from The Houston Chronicle)



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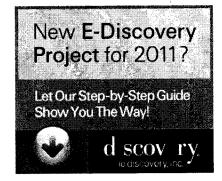
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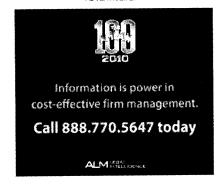
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