

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

H-D USA LLC,

Plaintiff,

v.

JULIE MAYO and
WEST COAST CHARMS LLC,

Defendants.

Case No. 14-CV-654-JPS

ORDER

1. INTRODUCTION

On December 2, 2015, the plaintiff H-D USA LLC (“HD”) filed a motion for summary judgment against the named defendants. (Docket #74). The Court denied that motion without prejudice six days later, permitting HD to renew it upon the filing of an amended complaint. (Docket #81). HD’s amended complaint was filed on December 18, 2015, and it was answered on December 28, 2015. (Second Amended Complaint, Docket #89; Answer to Second Amended Complaint, Docket #94). On May 20, 2016, the Court ordered that HD’s motion would be considered active as against West Coast Charms LLC (“WCC”).¹ *See* (Docket #114). The Court allowed WCC until June 1, 2016, to file a response to the motion. *Id.* That date has passed and no response has been filed. The Court will, therefore, rule on HD’s motion for summary judgment in its unopposed form. For the reasons explained below, the motion is granted.

¹ Julie Mayo has an active personal bankruptcy case which prohibits HD from seeking judgment against her. WCC, however is not protected by Mayo’s bankruptcy case.

2. STANDARD OF REVIEW

Federal Rule of Civil Procedure 56 provides the mechanism for seeking summary judgment. Rule 56 states that the “court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *see Boss v. Castro*, 816 F.3d 910, 916 (7th Cir. 2016). The Court construes all facts and reasonable inferences in a light most favorable to the non-movant. *Bridge v. New Holland Logansport, Inc.*, 815 F.3d 356, 360 (7th Cir. 2016).

3. FACTS

HD has presented a statement of material facts supported by various affidavits and exhibits. *See* (Statement of Material Facts, Docket #76; Affidavits, Docket #77, #78, and #79). WCC was required to respond to that statement of material facts. *See* Fed. R. Civ. P. 56(c). It failed to do so and, as a consequence, the Court will treat HD’s statement of material facts as undisputed for purposes of this motion. *See* Fed. R. Civ. P. 56(e)(2); Civil L. R. 56(b)(4). Rather than restate the lengthy set of admitted facts here, the Court will reference them directly by paragraph number as necessary.

4. ANALYSIS

4.1 Trademark Counterfeiting and Infringement

HD first moves for judgment against WCC for trademark counterfeiting and infringement under federal, state, and common law.² Julie Mayo (“Mayo”), on behalf of WCC, has already admitted that the

² Because HD filed an amended complaint since the filing of its motion for summary judgment, the motion’s references to HD’s claims are no longer accurate. The Court will identify the claims upon which judgment is granted as appropriate in this order.

defendants' activities "constitute[] trademark infringement and trademark counterfeiting of the H-D Marks...under 15 U.S.C. § 1114 and § 1116[.]" (Docket #46 at 2, ¶ 5). This admission applies to the state and common law claims as well. *See Patterson v. TNA Entertainment, LLC*, No. 04-C-0192, 2006 WL 3091136 at *21 (E.D. Wis. Oct. 27, 2006); *Vulcan Golf, LLC v. Google, Inc.*, 522 F.Supp.2d 752, 778 (N.D. Ill. 2008). Though the defendants did not admit that they were directly liable for these activities (Docket #46 at 2, ¶ 5), this fact is indisputable. WCC owned and operated websites through which it sold the counterfeit goods in question. (Docket #76 at 8-11, ¶¶ 29-38). Summary judgment is, therefore, appropriate in HD's favor on its trademark counterfeiting and infringement claims, which are its first, second, third, fifth, and sixth claims for relief. (Docket #89 at 27-29, 31-32).

4.2. Dilution

HD further moves for judgment against WCC for dilution. A trademark dilution claim requires 1) ownership of a famous and distinctive mark and, 2) after the mark has become famous, 3) another person uses the mark in a manner that is likely to cause dilution. *See* 15 U.S.C. § 1125(c)(1). HD's marks are famous and distinctive, and have been so long before WCC began selling counterfeit products bearing the marks. *See id.* at (c)(2)(A); (Docket #76 at 4-8, ¶¶ 13-28).

Courts recognizes two types of dilution. The first, "blurring," "occurs when consumers see the plaintiff's mark used on a plethora of different goods and services, ...raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product." *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 466 (7th Cir. 2000) (quotation omitted); *see* 15 U.S.C. § 1125(c)(2)(B). Here, HD is the exclusive owner of its distinctive

marks, recognizable worldwide, and WCC's sale of counterfeit products bearing HD's marks clearly intends to use that long-developed goodwill for its own profit. (Docket #76 at 4-8, ¶¶ 13-29, 8-9, ¶ 29); see 15 U.S.C. § 1125(c)(2)(B)(i)-(vi). WCC's conduct virtually guarantees that HD's marks will lose their ability to uniquely identify its products to consumers.

The second type of dilution, "tarnishment," "aris[es] from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." 15 U.S.C. § 1125(c)(2)(C). In this instance, WCC has sold counterfeit products bearing HD's marks at a fraction of the price of the genuine article, without subjecting its products to the same quality control standards that HD imposes. (Docket #76 at 5-7, ¶¶ 19-22, 8-10, ¶ 29 and ¶ 35). Sales of cheap, low-quality "knock-offs" such as these are precisely what Congress intended to prevent. See *Rolex Watch U.S.A., Inc. v. Canner*, 645 F.Supp. 484, 495 (S.D. Fla. 1986).

WCC has committed both types of dilution. Additionally, as explained above, it is directly liable for this conduct as the owner of websites which sold the violative products. (Docket #76 at 8-11, ¶¶ 29-38). Summary judgment is, therefore, appropriate in HD's favor on its dilution claim, which is its fourth claim for relief. (Docket #89 at 29-30).

4.3 Damages

HD asserts that WCC's conduct was willful under 15 U.S.C. § 1117(c)(2), thus increasing the measure of its damages. Courts look to an analogous provision of the Copyright Act, 17 U.S.C. § 504(c), for guidance on willfulness. *Conn-Selmer, Inc. v. Apex Industries, Inc.*, No. 04-CV-245, 2006 WL 752895 at *2 (E.D. Wis. Mar. 20, 2006). Evidence of notice of the infringement prior to infringing activity "is perhaps the most persuasive evidence of

willfulness[.]” *Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1227 (7th Cir. 1991) (quotation omitted). WCC, through Mayo, repeatedly attempted to continue selling its counterfeit goods despite having notice of its infringement. (Docket #76 at 11-14, ¶¶ 39-52). The Court finds that WCC’s conduct was willful. *See also* (Docket #44 at 3-4).

For willful conduct, the law permits an award of statutory damages up to \$2,000,000, and that figure is multiplied by: 1) the number of marks used; and 2) the number of goods on which the mark(s) were used. 15 U.S.C. § 1117(c)(2). Here, HD requests the maximum amount of statutory damages for use of one mark on three types of goods, for a total award of \$6,000,000. It appears that HD may be entitled to more than this, given the use of multiple marks on each counterfeit item. *See* Docket #76 at 4-5, ¶¶ 14-16, 8-9, ¶ 29. Nevertheless, the Court finds that WCC, at the very least, used one mark on three types of goods, and will constrain the award to the amount requested.

5. CONCLUSION

WCC’s admission of all of HD’s stated facts, combined with the clarity of the relevant law, make it a simple task to award summary judgment in HD’s favor. HD’s motion is granted as to all claims for relief stated in the Second Amended Complaint (Docket #89) and it is awarded \$6,000,000 in statutory damages.

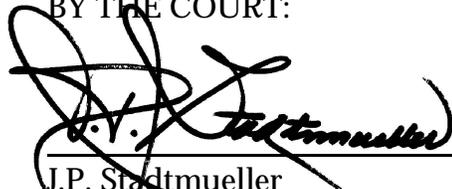
Accordingly,

IT IS ORDERED that H-D USA, LLC’s motion for summary judgment (Docket #74) be and the same is hereby GRANTED as to West Coast Charms, LCC; and

IT IS FURTHER ORDERED that H-D USA, LLC is awarded \$6,000,000 in statutory damages as to West Coast Charms, LLC.

Dated at Milwaukee, Wisconsin, this 10th day of June, 2015.

BY THE COURT:



J.P. Stadtmueller
U.S. District Judge