

1 J. Andrew Coombs (SBN 123881)
2 Annie S. Wang (SBN 243027)
3 J. Andrew Coombs, A Prof. Corp.
4 517 E. Wilson Ave., Suite 202
5 Glendale, California 91206
6 Telephone: (818) 500-3200
7 Facsimile: (818) 500-3201

8 andy@coombspc.com
9 annie@coombspc.com

10 Attorneys for Plaintiff,
11 Nike, Inc.

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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
E-filing

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA

JW RS

14 Nike, Inc.

CV No 07

5607

15 Plaintiff,

Complaint for: Trademark Infringement;
Trademark Dilution; Unfair Competition;
and State Law Unfair Competition

16 v.

17 Imad Fawzi Ghaith, an individual and d/b/a The
18 Twilight Zone and Does 1 through 10, inclusive,

19 Defendants.

20 Plaintiff Nike, Inc. ("Nike") alleges as follows:

21 **I. Jurisdiction and Venue**

22 1. This Court has jurisdiction over the subject matter of this claim pursuant to 15
23 U.S.C. § 1121 and 28 U.S.C. § 1338. Venue is proper in this judicial district pursuant to 28 U.S.C.
24 § 1391.

25 **II. Intra-District Assignment**

26 2. Pursuant to Civ. L-R 3.2(c) Plaintiff alleges that this is an intellectual property
27 action. Plaintiff is informed and believes that the Defendant resides in Alameda County.

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1 **III. Introduction**

2 1. This action has been filed by Nike to combat the willful sale of unlicensed and
3 counterfeit products, specifically including its core product of sports shoes, bearing Nike's
4 exclusive trademarks. Defendants in this action are sellers of counterfeit Nike branded shoes
5 through a series of retail outlets located in the greater Oakland area. Through such active
6 importation, purchasing, distributing, offering of sale and selling such unlicensed and counterfeit
7 footwear, Nike is irreparably damaged through consumer confusion, dilution and tarnishment of its
8 valuable trademarks.

9
10 2. Nike seeks a permanent injunction, damages, costs and attorney's fees as authorized
11 by the Lanham Act and California law.

12 **IV. The Parties**

13 3. Nike is a corporation duly organized and existing under the laws of the State of
14 Oregon having its principal place of business in Beaverton, Oregon.

15 4. Nike is informed and believes, and based thereon alleges, that defendant Imad
16 Fawzi Ghaith ("Ghaith") is an individual resident in the City of Oakland, California. Nike is
17 further informed and believes that Ghaith does business as The Twilight Zone in the city of
18 Oakland, California. Nike is further informed and believes and based thereon alleges that
19 defendant Ghaith had the right and ability to supervise or control the infringing activity alleged
20 herein and that he had a direct financial interest in such activity. In addition or alternatively
21 defendant Ghaith had knowledge or reason to know of the infringing activity and took actions
22 which contributed to such activity.

23 5. Nike is informed and believes, and upon that basis alleges, that defendants John
24 Does 1-10 are entities or individuals who are residents in this judicial district and are subject to the
25 jurisdiction of this Court. Nike is informed and believes, and upon that basis alleges, that Does 1 -
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1 10 are entities or individuals who are manufacturing, distributing, importing, displaying,
2 advertising, promoting, selling and/or offering for sale, merchandise in this judicial district which
3 infringes the Nike Trademarks. The identities of the various Does are unknown to Nike at this
4 time. Upon information and belief, said fictitiously named defendants are liable to Nike on the
5 basis of the same allegations made herein against the named defendants. Nike will seek leave to
6 amend this Complaint to insert the true names and capacities when the same are ascertained. The
7 Doe defendants and Ghaith are collectively referred to herein as "Defendants".

9 **V. FACTUAL BACKGROUND**

10 6. Nike is engaged in the manufacture, design and sale of footwear, apparel, and
11 related accessories. Products manufactured and sold by Nike bear the NIKE trademark, or an
12 arbitrary and distinctive trademark which has come to be known as the Swoosh Design trademark,
13 or a composite trademark consisting of the word NIKE and the Swoosh Design. Nike uses these
14 trademarks on shoes and apparel as trademarks of Nike's high quality products. Nike sells in
15 excess of \$4,500,000,000 a year in merchandise bearing its distinctive trademarks.

17 7. All products described above are sold with one or more of the Nike trademarks
18 alleged in paragraph 8. Nike adopted and used the NIKE and Swoosh Design trademarks in 1971.
19 Nike registered the NIKE trademark in block letters on May 8, 1984, Registration No. 1,277,066 in
20 Class 25 for apparel. Nike registered the Swoosh Design on July 3, 1984, Registration No.
21 1,284,385 for apparel in Class 25. Nike registered the composite mark of Nike and the Swoosh
22 Design trademark on May 10, 1983, for apparel in Class 25.

24 8. Additionally, Nike obtained registrations for footwear in International Class 25 for
25 word marks incorporating the word "air", including AIR JORDAN, AIR MAX and AIR TRAINER
26 as well as a variety of devices, including but not limited to the silhouette of a man jumping in mid-
27 air (the "Jump Man device"). These are some, but by no means all, of Nike's federal trademark
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1 registrations. Each of The Nike Trademarks have been registered with the United States Patent and
2 Trademark Office pursuant to the Lanham Act (15 U.S.C. § 1051). A list of some of Nike's federal
3 trademark registrations for footwear is attached hereto as Exhibit "A". (The trademarks identified
4 in Exhibit "A" are collectively referred to herein as the "Nike Trademarks.") All of the Nike
5 Trademarks are current and in full force and effect. Many of the marks have become incontestable
6 pursuant to 15 U.S.C. § 1065. Additionally, all of the Nike Trademarks qualify as famous marks
7 pursuant to 15 U.S.C. § 1125.
8

9 9. The Nike Trademarks are distinctive when applied to the high quality apparel,
10 footwear and related merchandise signify to the purchaser that the products come from Nike and
11 are manufactured to the highest quality standard. Whether Nike manufactures the products itself,
12 or licenses others to do it, Nike has insured that products bearing its trademarks are manufactured
13 to such standard. Nike's products have been widely accepted by the public and are enormously
14 popular, as demonstrated by billions of dollars in sales each year.
15

16 10. This enormous popularity is not without cost, as evidenced by the increasing
17 number of counterfeiters in the United States and around the world. Indeed, it is a modern irony
18 that companies measure success by the extent of their counterfeiting problem.
19

20 **VI. DEFENDANTS' UNLAWFUL CONDUCT**

21 11. Defendants are involved in the manufacture, purchase, distribution, offering for sale
22 and/or sale of counterfeit and/or infringing footwear bearing the Nike Trademarks to the general
23 public. Defendants do through so through the retail outlet owned controlled and/or managed by
24 them located in the city Oakland in the County of Alameda. Nike is informed and believes that the
25 defendants persist in their unlawful sale of counterfeit merchandise infringing the Nike Trademarks
26 despite prior notice to them in the form of cease and desist letters served upon them or their
27 employees.
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FIRST CLAIM FOR RELIEF

(Trademark Infringement)

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3 12. Nike hereby repeats and alleges the allegations set forth in paragraphs 1 through 11
4 above, as if set forth fully herein.

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6 13. Nike's claim arises under Sections 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114
7 and 1125, for infringement of registered and unregistered marks.

8 14. Nike owns the exclusive trademark rights to those trademarks listed on Exhibit "A".
9 All of the trademark registrations are in full force and effect. In many instances the trademarks
10 have become incontestable pursuant to 15 U.S.C. § 1065.

11 15. All advertising and products, including apparel, footwear, watches, jewelry and
12 related merchandise, which have been sold by Nike, or under its authority, have been manufactured
13 and distributed in conformity with the provisions of the United States trademark law.

14
15 16. Notwithstanding Nike's well known and prior common law and statutory rights in
16 the Nike Trademarks, Defendants have, with actual and constructive notice of Nike's federal
17 registration rights, and long after Nike established its rights in the Nike Trademarks, adopted and
18 used the Nike Trademarks in conjunction with the manufacture, purchase, distribution, offer of sale
19 and sale of footwear in the State of California and in interstate commerce.

20
21 17. Defendants have caused to be imported, distributed, offered for sale and sold
22 footwear bearing one or more of the Nike Trademarks without the authorization of Nike.
23 Defendants' manufacture, purchase, distribution, offer for sale and sale of footwear and related
24 merchandise bearing the Nike Trademarks in California, and in interstate commerce has and is
25 likely to cause confusion, deception and mistake or to deceive as to the source and origin of the
26 footwear and related merchandise in that the buying public will conclude that the products sold by
27 Defendants are authorized, sponsored, approved or associated with Nike.
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1 18. Such confusion, deception and mistake has occurred as a direct result of
2 Defendants' display, advertising and promotion, both in-store and otherwise, of the infringing
3 footwear and other merchandise.

4 19. Upon information and belief, Defendants' activities have also caused actual
5 confusion with consumers as to the source and origin of such footwear and other merchandise.
6

7 20. Defendants' infringing activities will cause irreparable injury to Nike if Defendants
8 is not restrained by the Court from further violation of Nike's rights, as Nike has no adequate
9 remedy at law.

10 21. Nike has suffered damages as a result of the aforesaid acts. Defendants has profited
11 from its unlawful activities. Unless Defendants' conduct is enjoined, Nike and its goodwill and
12 reputation will continue to suffer irreparable injury which cannot be adequately calculated or
13 compensated solely by money damages. Accordingly, Nike seeks preliminary and permanent
14 injunctive relief pursuant to 15 U.S.C. § 1116.
15

16 22. Defendants' use in commerce of The Nike Trademarks in the sale of footwear and
17 related merchandise is an infringement of Nike's registered trademarks in violation of 15 U.S.C. §§
18 1114(1) and 1125.

19 23. Defendants committed the acts alleged herein intentionally, fraudulently,
20 maliciously, willfully, wantonly and oppressively with the intent to injure Nike and its business.
21 Accordingly, Nike is entitled to a judgment of three times its damages and Defendants' profits,
22 together with reasonable attorneys' fees pursuant to 15 U.S.C. § 1117(a).
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24 24. In order to determine the full extent of such damages, including such profits, Nike
25 will require an accounting from each defendant of all monies generated from the manufacture,
26 importation, distribution and/or sale of the infringing footwear as alleged herein.
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1 25. The unlicensed footwear bearing the Nike Trademarks, which was sold, distributed
2 and offered for sale by Defendants constitutes counterfeit products pursuant to 15 U.S.C. §
3 1116(d).
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5 **SECOND CLAIM FOR RELIEF**

6 **(Lanham Act - Unfair Competition)**

7 26. Nike hereby repeats and realleges the allegations set forth in paragraphs 1 through
8 25 above, as if set forth fully herein.

9 27. Nike's claim arises under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) and
10 (d) for false designation of origin and false descriptions and representations in interstate commerce.
11

12 28. As a direct result of Nike's longstanding use, sales, advertising and marketing, the
13 Nike Trademarks have acquired secondary and distinctive meaning among the public who have
14 come to identify the Nike Trademarks with Nike and its products.

15 29. The unauthorized and counterfeit footwear and related merchandise which has been
16 manufactured, purchased, distributed, offered for sale and sold by Defendants, duplicates and
17 appropriates the Nike Trademarks in order to delude and confuse the public into believing that such
18 footwear and related merchandise are authorized, sponsored, approved or associated with Nike.

19 30. Defendants, by misappropriating and using the likenesses of the Nike Trademarks in
20 connection with the sale of such products, are misrepresenting and will continue to misrepresent
21 and falsely describe to the general public the origin and sponsorship of their products. Defendants
22 has caused such products to enter into interstate commerce willfully, with full knowledge of the
23 falsity of the designation of their origin and description and representation in an effort to mislead
24 the purchasing public into believing that their products are authorized or emanate from Nike.
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1 39. Defendants' use in commerce of the Nike Trademarks began after the Nike
2 Trademarks had become famous and has caused dilution of the distinctive quality of the marks.
3 Such conduct has caused injury to Nike pursuant to 15 U.S.C. § 1125(c).

4 40. Such dilution has occurred as a direct result of Defendants' display, advertising and
5 promotion, both in-store and otherwise, of the infringing footwear and other merchandise.
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7 41. Defendants willfully intended to trade on Nike's reputation and/or to cause dilution
8 of the famous trademarks. Accordingly, Nike is entitled to recover its damages, as well as
9 Defendants' profits received as a result of the infringement, pursuant to 15 U.S.C. § 1117(a).

10 42. Unless Defendants' conduct is enjoined, Nike and its goodwill and reputation will
11 suffer irreparable injury which cannot be adequately calculated or compensated solely by money
12 damages. Accordingly, Nike seeks permanent injunctive relief pursuant to 15 U.S.C. § 1116 and
13 15 U.S.C. § 1125(c) (1).
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15 **FOURTH CLAIM FOR RELIEF**

16 **(For Unfair Competition – California Law)**

17 43. Nike hereby repeats and realleges the allegations set forth in paragraphs 1 through
18 42, above, as if set forth fully herein.

19 44. The Nike Trademarks have acquired secondary meaning indicative of origin,
20 relationship, sponsorship and/or association with Nike. The purchasing public is likely to attribute
21 to Nike the use by Defendants of the Nike Trademarks or any of them, as a source of origin,
22 authorization and/or sponsorship for Defendants' goods and therefore to purchase such goods
23 based upon that erroneous belief.
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25 45. Nike is informed and believes, and upon that basis alleges, that Defendants have
26 intentionally appropriated the Nike trademarks with the intent of causing confusion, mistake and
27 deception as to the source of their goods and with the intent to palm off such goods as those of
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1 Nike and, as such, Defendants has committed trademark infringement, misleading advertising and
2 unfair competition, all in violation of the California Unfair Business Practices Act, Cal. Bus. &
3 Prof. Code, § 17200, *et seq.*

4 46. Defendants' appropriation, adoption and use of one or more of the Nike
5 Trademarks, including the sale and offering for sale of infringing shoes bearing or using one or
6 more of the Nike Trademarks in connection with the provision of goods is likely to cause confusion
7 between Defendants' infringing product and the goods authorized and licensed by the Nike, thus
8 constituting a violation of the California Unfair Business Practices Act, Cal. Bus. & Prof. Code, §
9 17200, *et seq.*

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11 47. Nike is informed and believes, and upon that basis alleges, that these deceptive,
12 unfair and fraudulent practices have been undertaken with knowledge by Defendants of their
13 wrongfulness. Nike is informed and believes, and upon that basis alleges, that Defendants' use of
14 Nike's trademarks is for the willful and calculated purpose of misappropriating Plaintiffs' goodwill
15 and business reputation, at Nike's expense and at no expense to Defendants. By taking one or
16 more of the Nike Trademarks, Nike has been deprived of an opportunity to conduct business using
17 its trademarks and deprived of the right to control the use of its trademarks and Defendants has
18 been unjustly enriched.
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20 48. Nike has no adequate remedy at law and has suffered and is continuing to suffer
21 irreparable harm and damage as a result of Defendants' acts in an amount thus far not determined
22 but within the jurisdiction of this Court.

23 49. Nike is informed and believes, and upon that basis alleges, that unless enjoined by
24 the Court, the confusion and deception alleged herein and the likelihood thereof will continue with
25 irreparable harm and damage to Nike.
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1 50. Nike is informed and believes, and upon that basis alleges, that Defendants have
2 unlawfully and wrongfully derived and will continue to derive income, gains, profits and
3 advantages as a result of their wrongful acts of unfair competition, in amounts thus far not
4 determined but within the jurisdiction of this Court. Nike is informed and believes, and upon that
5 basis alleges, that it has lost and will continue to lose profits and goodwill as a result of
6 Defendants' conduct.

8 51. By reason of the foregoing acts of unfair competition, Nike is entitled to restitution
9 from Defendants of all income, gains, profits and advantages resulting from their wrongful conduct
10 in amounts to be determined according to proof at trial.

11 52. In order to determine the full extent of such damages, including such profits as may
12 be recoverable; Nike will require an accounting from Defendants of all monies generated from the
13 manufacture, importation, distribution and/or sale of the infringing product.

14 53. Nike is informed and believes, and upon that basis alleges, that Defendants
15 committed the acts alleged herein intentionally, fraudulently, maliciously, willfully, wantonly and
16 oppressively, with intent to injure Nike in its business and with conscious disregard for Nike's
17 rights, thereby justifying awards of punitive and exemplary damages in amounts sufficient to
18 punish and to set an example for others.

20 **FIFTH CLAIM FOR RELIEF**

21 **(Dilution under California Law)**

22 54. Nike hereby repeats and realleges the allegations set forth in paragraphs 1 through
23 53 above, as if set forth fully herein.

24 55. Nike is informed and believes, and upon that basis alleges, that Defendants' acts
25 have caused a likelihood of injury to Nike's goodwill and business reputation, impaired the
26 effectiveness of Nike's trademarks and diluted its distinctive trade names and trademarks.
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- c) making any statement or representation whatsoever, or using any false designation of origin or false description, or performing any act, which can or is likely to lead the trade or public, or individual members thereof, to believe that any products manufactured, distributed or sold by defendant are in any manner associated or connected with Nike, or are sold, manufactured, licensed, sponsored, approved or authorized by Nike;
 - d) engaging in any other activity constituting unfair competition with Nike, or constituting an infringement of any of Nike's trademarks or of Nike's rights in, or to use or to exploit, said trademarks, or constituting any dilution of any of Nike's names, reputations, or good will;
 - e) effecting assignments or transfers, forming new entities or association or utilizing any other device for the purpose of circumventing or otherwise avoiding the prohibitions set forth in Subparagraphs (a) through (d);
 - f) secreting, destroying, altering, removing or otherwise dealing with the Unauthorized Products or any books or records which may contain any information relating to the importing, manufacturing, producing, distributing, circulating, selling, marketing, offering for sale, advertising, promoting or displaying of all unauthorized products which infringe any of Nike's trademarks; and
 - g) aiding, abetting, contributing to or otherwise assisting anyone from infringing upon Nike's trademarks.
- 2) Directing that Defendants deliver for destruction all Unauthorized Products, including footwear, and labels, signs, prints, packages, dyes, wrappers, receptacles and advertisements relating thereto in their possession or under their control bearing

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any of the Nike Trademarks or any simulation, reproduction, counterfeit, copy or colorable imitations thereof, and all plates, molds, heat transfers, screens, matrices and other means of making the same.

3) Directing such other relief as the Court may deem appropriate to prevent the trade and public from gaining the erroneous impression that any products manufactured, sold or otherwise circulated or promoted by defendant are authorized by Nike, or related in any way to Nike's products.

4) That Nike be awarded from Defendants, as a result of Defendants' sale of Unauthorized Products bearing the Nike Trademarks, three times Nike's damages there from and three times of each of Defendants' profits there from, after an accounting, or, in the alternative, statutory damages, should Nike opt for such relief, consisting of One Million Dollars (\$1,000,000.00) for each of the Nike Trademarks infringed upon by each of the Defendants, pursuant to 15 U.S.C. § 1114 and § 1117.

5) That Nike be awarded from Defendants three times Nike's damages there from and three times Defendants' profits there from, after an accounting, pursuant to 15 U.S.C. § 1125(a) and § 1117.

6) That Nike be awarded its reasonable attorney's fees and investigative fees pursuant to 15 U.S.C. § 1117.

7) That Nike be awarded punitive damages for Defendants' willful acts of unfair competition under California law.

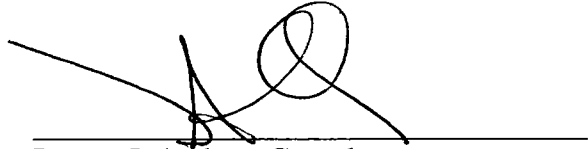
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- 8) That Nike be awarded its costs in bringing this action.
- 9) That Nike have such other and further relief that this Court deems just.

Dated: November 1, 2007

J. Andrew Coombs, A Professional Corp.



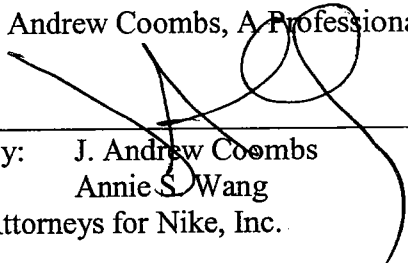
By: J. Andrew Coombs
Annie S. Wang
Attorneys for Nike, Inc.

DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38(b), Nike Inc. hereby demands a trial by jury of all issues so triable.

DATED: November 1, 2007

J. Andrew Coombs, A Professional Corp.

By: 
J. Andrew Coombs
Annie S. Wang
Attorneys for Nike, Inc.

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EXHIBIT ANike Registrations for Footwear
International Class 25

Trademark	Registration Number	Registration Date
AIR-SOLE	1,145,812	January 13, 1981
SWOOSH	1,200,529	July 6, 1982
NIKE	1,214,930	November 2, 1982
Nike [®] and Swoosh [®] Design	1,237,469	May 10, 1983
Nike [®]	1,277,066	May 8, 1984
Swoosh [®] Design	1,284,385	July 3, 1984
NIKE AIR w/Swoosh device	1,284,386	July 3, 1984
NIKE AIR	1,307,123	November 27, 1984
Air Jordan [®]	1,370,283	November 12, 1985
Swoosh device on shoe	1,323,342	March 5, 1985
Swoosh device	1,323,343	March 5, 1985
NIKE w/Swoosh device	1,325,938	March 19, 1985
AIR JORDAN	1,370,283	November 12, 1985
AIR MAX	1,508,348	October 11, 1988
AIR TRAINER	1,508,360	October 11, 1988
Jump Man device	1,558,100	September 26, 1989
Nike Air [®]	1,571,066	December 12, 1989
AIR SKYLON	1,665,479	November 19, 1991
AIR SOLO FLIGHT	1,668,590	December 17, 1991
AIR FLIGHT	1,686,515	May 12, 1992
AIR DESCHUTZ	1,735,721	November 24, 1992
Jump Man device	1,742,019	December 22, 1992
AIR TRAINER MAX	1,789,463	August 24, 1993
AIRMAX in oval	2,030,750	January 14, 1997
AIR UPTEMPO in crest	2,032,582	January 21, 1997
AIR with Swoosh device	2,068,075	June 3, 1997
NIKE with Swoosh device	2,104,329	October 7, 1997
ACG NIKE in triangle	2,117,273	December 2, 1997
Nike [®]	2,196,735	October 13, 1998
Nike [®] and Swoosh [®] Design	2,209,815	December 8, 1998
Stylized "B"	2,476,882	August 14, 2001
NIKE ALPHA PROJECT as device	2,517,735	December 11, 2001
WAFFLE RACER	2,652,318	November 19, 2002
PHYLITE	2,657,832	December 10, 2002
TRUNNER	2,663,568	December 17, 2002
DRI-STAR	2,691,476	February 25, 2003
PRESTO	2,716,140	May 13, 2003
TRIAX	2,810,679	February 3, 2004
WAFFLE TRAINER	2,893,674	October 12, 2004

1	THERMA-STAR	2,960,844	June 7, 2005
2	NIKE SHOX	2,970,902	July 19, 2005
3	STARTER	2,971,216	July 19, 2005
4	Basketball player outline	2,977,850	July 26, 2005
5	NIKEFREE	3,087,455	May 2, 2006

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