

Sealed

07-22243

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

CIV - COOKE
MAGISTRATE JUDGE
BROWN

DISNEY ENTERPRISES, INC.,
SANRIO, INC., WARNER BROS.
ENTERTAINMENT INC. and
HANNA-BARBERA
PRODUCTIONS, INC.,

Plaintiffs,

vs.

FEDERAL WATCHES, INC., FARID
& SAMINA, LLC d/b/a FEDERAL
WATCHES, MOHAMED F. AHMED
and SAMINA AHMED,

Defendants.

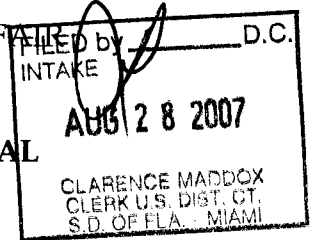
CIVIL NO.:

FOR:

Sealed

- (1) COPYRIGHT INFRINGEMENT;
- (2) TRADEMARK INFRINGEMENT;
- (3) FALSE DESIGNATION OF
ORIGIN AND FALSE
DESCRIPTION;
- (4) COMMON LAW UNFAIR
COMPETITION.

FILED UNDER SEAL



COMPLAINT

Plaintiffs, Disney Enterprises, Inc., Sanrio, Inc., Warner Bros. Entertainment Inc. and Hanna-Barbera Productions, Inc., by and through their undersigned attorneys, allege for their Complaint as follows:

INTRODUCTION

1. Plaintiffs file this action against the Defendants, who have unlawfully engaged in the manufacture, duplication, distribution, sale, or offer for sale of counterfeit watches and related merchandise bearing exact copies or colorable duplications of Plaintiffs' trademarks, copyrights, or other exclusive properties.

2. For violations of the Federal Statutes alleged in the Complaint, Plaintiffs seek a Temporary Restraining Order, Order of Seizure, Preliminary and Permanent Injunction, damages, costs, and attorneys' fees as authorized by the Lanham Act and Copyright Act.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1338(a) as the Plaintiff's cause of action arises under The Copyright Act, 17 U.S.C. § 101 and The Federal Trademark Act ("Lanham Act"), 15 U.S.C. § 1051. Further, this Court has jurisdiction over the Plaintiff's pendent and common law claims pursuant to 28 U.S.C. §§ 1338(b) and 1367.

4. Venue is proper within this District pursuant to 28 U.S.C. § 1391(b) and § 1400(a).

THE PARTIES PLAINTIFFS

5. Plaintiff, Disney Enterprises, Inc., (hereinafter "Disney" or "Plaintiff") is a corporation duly organized and existing under the laws of the State of Delaware, having its principal place of business in Burbank, California.

A. Disney, or one of various subsidiary companies wholly owned by Disney, is engaged in a variety of businesses, including the operation of the Walt Disney World resort complex and Disneyland park, producing and distributing motion pictures and television programs, operating stores and hotels, producing and selling books, records and tapes, and providing entertainment. A significant

aspect of Disney's business is the merchandising and licensing of distinctive elements associated with its motion pictures and television programs including, but not limited to, the world-famous fanciful characters Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy and Pluto, as well as Disney's animated motion pictures, including, but not limited to, "Pinocchio," "The Lion King," "Aladdin," "Beauty and the Beast," "The Little Mermaid," "Snow White and The Seven Dwarfs," "Pocahontas," "Hunchback of Notre Dame," "Hercules," "Mulan," "Toy Story," "The Emperors New Groove," and "Lilo and Stitch. Disney also jointly owns the copyrights to the feature movies "A Bug's Life," "Tarzan," "Monsters, Inc.," "Finding Nemo" and "The Incredibles" (hereinafter collectively referred to as "Disney Copyrighted Movies and Characters").

B. Each of the Disney Copyrighted Movies and Characters noted in subparagraph A. above is covered by a copyright registration with the U. S. Copyright Office. Various copyright registrations were made in the name of Walter E. Disney. In October 1934, Walter E. Disney assigned his copyrights to Walt Disney Productions Ltd. ("WDPL"), and filed a copy of such assignment ("The Assignment") with the Copyright Office. In September 1938, WDPL and Walt Disney Enterprises ("WDE") and Liled Realty and Investment Company, Ltd., were consolidated into Walt Disney Enterprises. A copy of the consolidation agreement was filed with the Copyright Office. In December 1938, pursuant to an amendment to its articles of incorporation, Walt Disney Enterprises changed its

name. A copy of the 1938 certificate of amendment of the articles of incorporation ("The 1938 Name Change") to Walt Disney Productions ("WDP") was filed with the Copyright Office. In February 1986, pursuant to an amendment to its articles of incorporation, WDP changed its name to The Walt Disney Company. A copy of the 1986 certificate of amendment ("The 1986 Name Change") was filed with the Copyright Office. In February 1996, pursuant to further amendment to its articles of incorporation, The Walt Disney Company again changed its name to Disney Enterprises, Inc. A copy of the 1996 certificate of amendment ("The 1996 Name Change") was filed with the Copyright Office. Some, but not all of the applicable copyright registrations covering the characters and properties noted above in subparagraph A are indexed on Exhibit "A" and attached as aggregate Exhibit "B". Additionally, in those cases where Disney owns the copyright to the property jointly, the third party is indicated on the copyright registration attached as Exhibit "B."

C. Disney also owns all rights, title, and interest in and to, and holds the exclusive rights to market and sell merchandise bearing the trademarks, trade names, service marks, artwork, characters and other distinctive elements for and related to the Disney Copyrighted Movies and Characters (hereinafter the "Disney Trademarks"). Disney adopted one or more of the Disney Trademarks for diverse articles and registered their trademarks with the United States Patent and

Trademark Office. The Disney Trademarks are indexed on Exhibit "A" and attached as aggregate Exhibit "C."

6. Plaintiff, Sanrio, Inc. (hereinafter "Sanrio" or "Plaintiff"), is a corporation duly organized and existing under the laws of the State of California, having its principal place of business in South San Francisco, California. Sanrio is a wholly-owned subsidiary of Sanrio Company, Ltd. Sanrio Company, Ltd. is a corporation organized under the laws of Japan, having its principal place of business in Tokyo, Japan (hereinafter referred to as "Sanrio Company").

A. For more than forty years, Sanrio Company has been engaged in the business of manufacturing, distributing and selling a wide range of products including, without limitation, character artwork created, developed and designed by Sanrio Company for use by children and young adults. Certain of the characters and designs have achieved such global fame and popularity that Sanrio Company has produced and distributed television programming for children based on the character artwork. One such television program is the animated television series entitled *Hello Kitty*.

B. A significant source of revenue for Sanrio Company is the merchandising and licensing of distinctive elements bearing character artwork, including Bad Badtz Maru, Chococat, Hello Kitty, KeroKeroKeroppi, Landy, Little Twin Stars, Monkichi, My Melody, Patty and Jimmy, Pekklee, Picke Bicke,

Pochacco, Tuxedo Sam, Winkipinki, and Zashikbuta (hereinafter individually and collectively referred to as the "Sanrio Company Characters").

C. The revenue from products using the Sanrio Company Characters sold in the United States is substantial. The appearance and other features of Sanrio Company's Properties are inherently distinctive and serve to identify Sanrio Company as the source of products bearing the Sanrio Company Characters. The design, configuration and distinctive features of the Sanrio Company Characters and other Sanrio Company copyrighted works, and of works related thereto (hereinafter individually and collectively referred to as the "Sanrio Company Copyrighted Designs") are wholly original with Sanrio Company and, as fixed in various tangible media including, without limitation, merchandise, are copyrightable subject matter under the United States Copyright Act, 17 U.S.C., § 101, *et seq.* Sanrio Company is the owner of the Sanrio Company Copyrighted Designs and, as featured on and in connection with various merchandise, these designs constitute copyrightable subject matter under the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*

D. Sanrio Company has complied in all respects with the laws governing copyright and has secured the exclusive rights and privileges in and to the copyrights to Sanrio Company's Copyrighted Designs, and Sanrio Company owns one or more certificates of registration for works in which each of Sanrio Company's Copyrighted Designs appear. A representative sample of copyright

registrations for Sanrio Company's Copyrighted Designs are indexed on Exhibit "A" and attached as aggregate Exhibit "B." Sanrio Company's Copyrighted Designs manufactured, sold, and distributed by Sanrio Company or under its authority have been manufactured, sold, and distributed in conformity with the provisions of the copyright laws. Sanrio Company and those acting under its authority have complied with their obligations under the copyright laws. Sanrio, as the exclusive United States licensee for Sanrio Company, is authorized to enforce all right, title, and interest in and to the copyrights in each of Sanrio Company's Copyrighted Designs.

E. Sanrio Company owns all right, title and interest in and to and holds exclusive rights to develop, manufacture, market, and sell products bearing the trademarks, trade names, service marks, artwork, characters, and other distinctive elements for and incorporating Sanrio Company's Characters.

F. Sanrio Company is the owner of world famous registered marks which serve to distinguish Sanrio Company products. Some of those trademarks have been used continuously for over twenty-five years. Each year Sanrio Company spends millions of dollars to develop and maintain the considerable good will it enjoys in its trademarks and in its reputation for high quality. A sample of trademark registrations for Sanrio Company's Characters is indexed on Exhibit "A" and attached aggregately as Exhibit "C" (collectively the "Sanrio Company Trademarks").

G. Sanrio Company's Trademarks are all valid, extant, and in full force and effect. Sanrio Company's Trademarks are exclusively owned by Sanrio Company. Sanrio Company has continuously used each of Sanrio Company's Trademarks from the registration date, or earlier, until the present and at all times relevant to the claims alleged in this Complaint.

H. As a result of advertising and sales, together with longstanding consumer acceptance, Sanrio Company's Trademarks identify Sanrio Company's products and authorized sales of these products. Sanrio Company's Trademarks have each acquired secondary meaning in the minds of consumers throughout the United States and the world. Since issuance of the registrations, Sanrio Company has given notice that the marks are registered pursuant to 15 U.S.C. § 1111 by displaying the registration symbol "®". Sanrio, as the exclusive United States licensee for Sanrio Company, is authorized to enforce all right, title, and interest in and to the copyrights in each of Sanrio Company's Trademarks.

I. Through Sanrio, Sanrio Company has authorized and licensed the manufacture and sale of various different types of product which bear the "Sanrio Company Properties" including, but not limited to, soft sculpture toys, mirrors, and similar products.

7. Plaintiff, Warner Bros. Entertainment Inc. (hereinafter "Warner" or "Plaintiff"), is a corporation organized and existing under the laws of the State of

Delaware, U.S.A., which maintains its principal place of business in Burbank, California.

A. Warner is and has been for over 75 years one of the largest and most well-known producers and distributors of feature films in the world. Warner Bros., the internationally famous film and television studio, is a division of Warner. Today, motion pictures are distributed by Warner through Warner Bros. Pictures Inc., a division of Warner. Other divisions of Warner include Warner Bros. Television and Warner Bros. Consumer Products Inc.

B. Warner and its predecessors have been for many years one of the largest and most well-known producers and distributors of cartoons in the world. All copyrights and trademarks previously owned by Time Warner Entertainment Company, L.P. have passed by assignment from Time Warner Entertainment Company, L.P. to Warner Communications and then to Warner.

C. Since 1929, Warner has produced and distributed hundreds of animated cartoons. Among Warner's cartoons are the classic, internationally famous cartoons produced and distributed under the registered trademark "Looney Tunes" and featuring the "Looney Tunes" cartoon characters (hereinafter referred to as the "Looney Tunes Characters"). The Looney Tunes Characters include "Tweety," "Wile E. Coyote," "Road Runner," "Porky Pig," "Bugs Bunny," "Tasmanian Devil," and "Daffy Duck," among others.

D. The Looney Tunes Characters have appeared in over 100 copyrighted cartoons, television specials, and animated motion pictures produced and distributed by Warner. These characters have symbolized Warner for over 50 years. Warner is the owner of the Looney Tunes Characters and of all of the intellectual property rights associated therewith.

E. Warner owns all rights, title and interest in and to, and holds exclusive rights to market and sell, merchandise bearing the trademarks, trade names, service marks, artwork, characters and other distinctive elements for and incorporating the Looney Tunes Characters (hereinafter referred to as the "Looney Tunes Trademarks"). Warner adopted one or more of Looney Tunes Trademarks for diverse articles and caused said trademarks to be registered in the United States Patent and Trademark Office. Copies of some, by no means all of these registrations are indexed as part of Exhibit "A" and attached aggregately as Exhibit "C."

F. A significant portion of Warner's business has been the creation and commercial exploitation of the Looney Tunes Characters in connection with the sale of merchandising products, including toys and novelty items, through licensees. Warner has created, developed and promoted its original Looney Tunes Characters used on merchandising products through the expenditure of extraordinary efforts and millions of dollars. Warner receives substantial licensing revenues from the sale of the merchandising products.

8. Plaintiff, Hanna-Barbera Productions, Inc. (hereinafter "Hanna-Barbera" or "Plaintiff") is a corporation, duly organized and existing under the laws of Delaware and having its principal place of business at Los Angeles, California.

A. Hanna-Barbera is engaged in the business of creating, developing and producing animated programs for television, home video and theatrical release. One television program created and produced by Hanna-Barbera is the show *Scooby-Doo, Where Are You? Scooby-Doo, Where Are You?* holds the record for the longest running, continuously produced children's cartoon, having first been created in 1969. In 2002, Warner Bros. distributed a feature-length motion picture entitled *Scooby-Doo: The Movie*. *Scooby-Doo: The Movie* grossed more than One Hundred and Fifty Million Dollars (\$150,000,000) at the domestic box office alone. Additional sales have been generated from the international box office, from release of the motion picture in home viewing formats, including VHS and DVD and by licensing various television rights.

B. A significant source of revenue for Hanna-Barbera's business is the merchandising and licensing of distinctive elements associated with its television programs, *Scooby-Doo, Where Are You?* (including Scooby-Doo, Shaggy, Fred, Velma, Daphne and Mystery Machine), *The Flintstones* (including Fred, Wilma, Pebbles, Bamm-Bamm, Dino, Betty and Barney), *The Jetsons* (including George, Jane, Elroy, Judy, Astro and Rosie), *Yogi Bear* (including Yogi Bear, BooBoo, Cindy Bear and Ranger Smith), *Quick Draw McGraw* (including Quick Draw McGraw and

Baba Looey), *Dastardly & Muttley* (including Dick Dastardly, Muttley and Mean Machine), *Top Cat* (including Top Cat, Fancy Fancy, Spook, Brain, Benny the Ball, Officer Dibble and Choo Choo), *Wacky Races* (including Penelope Pitstop, Peter Perfect, Private Meekly, Sgt. Blast, Professor Pat. Pending, and Red Max) and *Space Ghost* (including Space Ghost, Moltar, Zorak and Brak) (hereinafter individually and collectively referred to as the “Hanna-Barbera Characters”).

C. The revenue from products using the Hanna-Barbera Characters sold in the United States is substantial. The appearance and other features of the Hanna-Barbera Characters are inherently distinctive and serve to identify Hanna-Barbera as the source of products bearing the Hanna-Barbera Characters. The design, configuration and distinctive features of the Hanna-Barbera Characters and other Hanna-Barbera copyrighted works, and of works related thereto (hereinafter individually and collectively referred to as the “Hanna-Barbera Copyrighted Designs”) are wholly original with Hanna-Barbera and, as fixed in various tangible media, including, without limitation, merchandise, are copyrightable subject matter under the United States Copyright Act, 17 U.S.C., § 101 *et seq.* Hanna-Barbera is the owner of the Hanna-Barbera Copyrighted Designs and, as featured on in connection with various merchandise, these designs constitute copyrightable subject matter under the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*

D. Hanna-Barbera has complied in all respects with the laws governing copyright and has secured the exclusive rights and privileges in and to the

copyrights to the Hanna-Barbera Copyrighted Designs, and Hanna-Barbera owns one or more certificates of registration for works in which the Hanna-Barbera Copyrighted Designs appear. A representative list of copyright registrations for the Hanna-Barbera Copyrighted Designs is attached as Exhibit "A" and attached as aggregate Exhibit "B."

E. Products featuring the Hanna-Barbera Copyrighted Designs which are manufactured, sold and distributed by Hanna-Barbera or under its authority have been manufactured, sold and distributed in conformity with the provisions of the copyright laws. Hanna Barbera and those acting under its authority have complied with their obligations under the copyright laws and Hanna-Barbera has at all times been and still is the sole proprietor or otherwise authorized to enforce all right, title and interest in and to the copyrights in each of the Hanna-Barbera Copyrighted Designs.

F. Hanna-Barbera, through its exclusive licensing agent, Warner Bros. Entertainment, Inc. Consumer Products Division, has authorized and licensed the manufacture, distribution and sale of various different types of product bearing the Hanna-Barbera Copyrighted Designs. These products include, but are not limited to, toys, games, costumes and apparel.

G. Hanna-Barbera is the owner of world famous registered marks which serve to distinguish its products. Each year Hanna-Barbera spends millions of dollars to develop and maintain the considerable good will it enjoys in its

trademarks and in its reputation for high quality. A representative list of trademark registrations for the Hanna-Barbera Characters in International Classes 14, 28 and 41 is attached hereto as Exhibit "A" and attached as aggregate Exhibit "C." ("Hanna-Barbera's Trademarks").

H. Hanna-Barbera's Trademarks are valid, extant and in full force and effect. Hanna-Barbera's Trademarks are exclusively owned by Hanna-Barbera. Hanna-Barbera has continuously used Hanna-Barbera's Trademarks from the registration date, or earlier, until the present and at all times relevant to the claims alleged in this Complaint.

I. As a result of advertising and sales, together with longstanding consumer acceptance, Hanna-Barbera's Trademarks identify Hanna-Barbera's products and authorized sales of these products. Hanna-Barbera's Trademarks have acquired secondary meaning in the minds of consumers throughout the United States and the world. Hanna-Barbera Copyrighted Designs and the Hanna-Barbera Trademarks are collectively referred to herein as the Hanna-Barbera Properties.

J. Hanna-Barbera has authorized and licensed the manufacture and sale of various different types of product bearing Hanna-Barbera Properties. These products include, but are not limited to toys, games and sporting goods.

DEFENDANTS

9. Defendant, Federal Watches, Inc. (hereinafter “Federal Watches” or “Defendants”), is a corporation duly organized and existing under the laws of the State of Florida, having its principal place of business in at 118 N.E. 1st Street, Miami, FL 33132.

10. Defendant, Farid & Samina, LLC d/b/a Federal Watches (hereinafter “Farid & Samina” or “Defendants”) is a corporation duly organized and existing under the laws of the State of Florida, having its principal place of business in at 118 N.E. 1st Street, Miami, FL 33132.

11. Mohamed F. Ahmed (hereinafter “M. Ahmed” or “Defendants”) is an individual doing business in the State of Florida and this district, and who upon information and belief is a manager and controlling force for the businesses known as “Federal Watches, Inc. and Farid & Samina, LLC” located at 118 N.E. 1st Street, Miami, FL 33132 and who, upon information and belief resides at 4760 NW 99th Place, Miami, FL 33178.

12. Defendant, Samina Ahmed (hereinafter “S. Ahmed” or “Defendants”) is an individual doing business in the State of Florida and this district, and who upon information and belief is a manager and controlling force for the businesses known as “Federal Watches, Inc. and Farid & Samina, LLC” located at 118 N.E. 1st Street, Miami, FL 33132 and who, upon information and belief resides at 4760 NW 99th Place, Miami, FL 33178.

FACTUAL BACKGROUND

13. Each of the Plaintiffs have created or utilized the copyrighted works and distinctive trademarks indexed on Exhibit "A." Each of the distinctive trademarks signifies to the purchaser that the product originates exclusively with the Plaintiff or trademark owner and is manufactured to the highest-quality standards. Additionally, each of the copyrighted properties have become so popular that each of the Plaintiffs owning copyrighted properties have at one time or another licensed them in conjunction with apparel and related merchandise. Whether the Plaintiffs manufacture the product themselves or license others to do it, each of the named Plaintiffs has insured that products bearing its trademarks or licensed trademarks are manufactured to the highest standard.

14. The enormous popularity of Plaintiffs' products is not without costs, as evidenced by the increasing numbers of counterfeiters in the United States and worldwide.

15. Each of the Defendants named in this Complaint has been and threatens to continue to import, distribute, offer for sale and sell counterfeit watches and related merchandise bearing exact copies, or colorable imitations of the Plaintiffs' distinctive trademarks, licensed trademarks, and copyrights. See aggregate Exhibit "B." None of the Defendants have ever been authorized by the Plaintiffs at any time to reproduce, manufacture, import, copy or sell any merchandise bearing the

Plaintiffs' trademarks, licensed trademarks and copyrights. See aggregate Exhibit "D."

COUNT I - COPYRIGHT INFRINGEMENT (17 U.S.C. § 101)

16. Plaintiffs Disney Enterprises, Inc., Sanrio, Inc. and Hanna-Barbera Productions, Inc. bring the following claim of copyright infringement against the Defendants and incorporate by reference allegations 1 through 15 above. For the purpose of Count I, the Plaintiffs listed in this paragraph shall be referred to as the "Copyright Plaintiffs".

17. Defendants have manufactured, distributed, sold, or offered for sale unauthorized or counterfeit watches and related merchandise bearing the copyrighted properties of the Copyright Plaintiffs. An itemized list of some, but not all, of said copyrighted properties infringed upon appears in Exhibit "A."

18. Defendants have never been authorized by the Copyright Plaintiffs to distribute the Copyright Plaintiffs' copyrighted properties; nor have the Copyright Plaintiffs ever authorized, licensed, or in any manner allowed the Defendants the right to manufacture, distribute, sell, or offer for sale any merchandise including, but not limited to, watches or related merchandise which bear any of said copyrighted properties.

19. Defendants have manufactured, distributed, sold, or offered for sale unauthorized or counterfeit watches and other merchandise which incorporate the

Copyright Plaintiffs' copyrighted properties, in direct violation of the Copyright Plaintiffs' copyrights.

20. Each Defendant, individually or in conspiracy with the other named Defendants, has manufactured, distributed, sold, or offered for sale counterfeit or unauthorized watches and other merchandise bearing the Copyright Plaintiffs' copyrighted properties. Defendants' committed their acts with actual as well as constructive knowledge of the Copyright Plaintiffs' exclusive rights, and their actions have contributed to the infringing, copying, duplication, sale, and offer for sale of counterfeit copies of the Copyright Plaintiffs' copyrighted properties.

21. Each of the acts by each Defendant, which infringes one of the Copyright Plaintiffs' copyrights, is the basis for a separate claim against each Defendant under the Copyright Act. For the sake of brevity, each and every allegation set forth which is pertinent to each separate claim by the Copyright Plaintiffs against each Defendant is repeated as to each such claim with the same force and effect as if such claim and the pertinent allegation had been set forth separately and in full.

22. Upon information and belief, Defendants' acts as alleged are willful infringements of and have irreparably harmed the Copyright Plaintiffs' copyrights and exclusive rights, and threaten further infringements and further irreparable harm to Copyright Plaintiffs' copyrights and exclusive rights. Further harm and injury to Copyright Plaintiffs is imminent, and the Copyright Plaintiffs are without an adequate remedy at law with respect to such harm and injury. Unless

Defendants' acts are enjoined and the illicit counterfeiters of the Copyright Plaintiffs' copyrighted properties are stopped, it is highly probable that one or more of the Defendants, or others under their direction, will manufacture, distribute, sell, or offer for sale additional counterfeit watches and other merchandise which bear the Copyright Plaintiffs' copyrighted properties causing further irreparable injury to Copyright Plaintiffs.

23. Defendants have obtained gains, profit, and advantages as a result of his wrongful acts noted above.

24. The Copyright Plaintiffs are entitled, at its option, to statutory damages as provided by 17.U.S.C. § 504 in lieu of actual damages and the Defendants' profits.

COUNT II - TRADEMARK INFRINGEMENT
AND TRADEMARK COUNTERFEITING

25. Plaintiffs, Disney Enterprises, Inc., Sanrio, Inc., Warner Bros. Entertainment Inc. and Hanna-Barbera Productions, Inc., incorporate by reference paragraphs 1 through 15, and bring the following claim for trademark infringement pursuant to 15 U.S.C. § 1114, against the Defendants.

26. The Plaintiffs own or are licensees of the exclusive trademark rights to those trademarks indexed on Exhibit "A" and attached as Exhibit "C." All of the trademark registrations are in full force and effect and are owned by the Plaintiffs or Plaintiff's licensors. In many cases the trademarks have become incontestable pursuant to 15 U.S.C. § 1065.

27. Plaintiffs, or those under their authority, manufacture and distribute all of their products and advertising in conformity with the provisions of the United States Trademark law.

28. Notwithstanding the Plaintiffs' or their licensors' well-known and prior common law and statutory rights in their trademarks, Defendants have adopted and used the trademarks in the State of Florida and interstate commerce. Defendants committed their acts with actual notice of the Plaintiffs' federal registration rights and long after the Plaintiffs or their licensors established their rights in the trademarks.

29. Defendants' committed their acts of infringement of Plaintiffs' or their licensors' registered trademarks in the Southern District of Florida, within the jurisdiction of this Court. Defendants imported, manufactured, distributed, sold, and offered for sale watches and related merchandise bearing the Plaintiffs' trademarks without the authorization of the Plaintiffs and continue to offer for sale such products to the public. Defendants sold or offered for sale watches and related merchandise bearing the Plaintiffs' trademarks in the Southern District of Florida and interstate commerce, thus creating the likelihood of confusion, deception, and mistake.

30. Each Defendant, individually or in conspiracy with the other named Defendants, have imported, manufactured, distributed, sold, or offered for sale counterfeit or unauthorized watches and related merchandise bearing the

Plaintiffs' distinctive trademarks. Defendants' acts were done with actual and constructive knowledge of the Plaintiffs' exclusive rights, and have contributed to the infringing, copying, duplication, sale, and offer for sale of counterfeit copies of merchandise bearing the Plaintiffs' distinctive trademarks.

31. Each of the acts, which infringe one of the Plaintiffs' separate trademarks, is the basis for a separate claim against each Defendant under the Lanham Act. For the sake of brevity, each and every allegation set forth which is pertinent to each separate claim by each Plaintiff against each Defendant is repeated as to each such claim with the same force and effect as if such claim and the pertinent allegation had been set forth separately and in full.

32. Defendants' acts of infringement will cause irreparable injury to the Plaintiffs if the Defendants are not restrained by the Court from further violation of the Plaintiffs' rights, as Plaintiffs have no adequate remedy at law.

33. The Plaintiffs have suffered damages as a result of the Defendants' acts.

34. Defendants' use in commerce of the Plaintiffs' trademarks in the sale of watches and related merchandise is an infringement of the Plaintiffs' registered trademarks in violation of 15 U.S.C. § 1114(1) and is the basis for a temporary restraining order and seizure order pursuant to 15 U.S.C. § 1116(d).

35. Upon information and belief, Defendants committed the alleged acts intentionally, fraudulently, maliciously, willfully, wantonly, and oppressively with the intent to injure the Plaintiffs and their businesses.

COUNT III - FALSE DESIGNATION OF ORIGIN AND FALSE DESCRIPTION
(15 U.S.C. § 1125(a))

36. All Plaintiffs incorporate by reference the allegations set forth in paragraphs 1 through 15, 17 through 24 and 26 through 35.

37. The Plaintiffs' trademarks, licensed trademarks and copyrighted properties have acquired a secondary and distinctive meaning and the public has come to identify the copyrighted properties and trademarks listed on Exhibits "B" and "C" with their respective owner or licensors.

38. The unauthorized manufacture of watches and related merchandise, which has been distributed and sold by the Defendants, exactly duplicate and appropriate the likeness of the Plaintiffs' copyrighted properties, trademarks and licensed trademarks in order to delude and confuse the public into believing that the watches and related merchandise have been authorized and/or sponsored by the Plaintiffs.

39. The sale of unauthorized products bearing the Plaintiffs' copyrighted properties, trademarks and licensed trademarks will dilute the goodwill and reputation of the Plaintiffs.

40. The sale of unauthorized products bearing the Plaintiffs' copyrighted properties and trademarks, which are of an inferior quality to the authorized and authentic products, will further dilute the good will and reputation of the Plaintiffs.

41. Defendants, by misappropriating and using the likenesses of the Plaintiffs' copyrighted properties, trademarks and licensed trademarks, in connection with the sale of such products, are misrepresenting and will continue to misrepresent and falsely describe to the general public the origin and sponsorship of their products. Defendants have caused such products to enter into interstate commerce with full knowledge of the falsity of the designation of their origin and description and representation in an effort to mislead the purchasing public into believing that their products are authorized or emanate from the Plaintiffs.

42. These acts constitute a violation of Section 43 of The Lanham Act, 15 U.S.C. § 1125.

43. The continued use by the Defendants of the likenesses of the Plaintiffs' copyrighted properties, trademarks and licensed trademarks has caused, and unless refrained, will continue to cause serious irreparable injury and harm to the Plaintiffs, as the Plaintiffs' have no adequate remedy at law.

44. Defendants have obtained gains, profits and advantages as a result of their unlawful acts.

45. Plaintiffs have suffered monetary damages as a result of the Defendants' acts.

COUNT IV-UNFAIR COMPETITION UNDER FLORIDA'S COMMON LAW

46. Plaintiffs repeat and reallege paragraphs 1 through 15, 17 through 24, 26 through 35 and 37 through 45 of this Complaint.

47. Plaintiffs have expended significant sums of money in advertising and marketing products featuring their trademarked and copyrighted properties, and in creating a consumer demand for such products and services in Florida and elsewhere in the United States. Consequently, these products and services have become widely known and accepted.

48. The Defendants are utilizing the Plaintiffs' trademarked and copyrighted properties in conjunction with the advertising, marketing, and offering for sale of the unauthorized or counterfeit watches, thereby passing them off as goods authorized or distributed by Plaintiffs.

49. The Defendants have knowingly and willfully appropriated the Plaintiffs' trademarked and copyrighted properties in an effort to create the impression that the Defendants' infringing watches and related merchandise is sanctioned by the Plaintiffs, in order to misappropriate all of the goodwill associated with the Plaintiffs' trademarked and copyrighted properties.

50. The Defendants' acts constitute unfair competition and, unless enjoined by this Court, will result in the destruction or dilution of the goodwill of Plaintiffs' valuable property rights to the unjust enrichment of the Defendants.

51. The goods advertised, marketed and offered for sale by the Defendants in conjunction with the Plaintiffs' trademarked and copyrighted properties are calculated and likely to deceive and mislead the purchasers who buy them in the belief that they originate with or are authorized by the Plaintiffs.

52. The Defendants' continued passing off of such infringing watches and related merchandise as if such goods originated with or were authorized by the Plaintiffs has caused and, unless restrained, will continue to cause serious and irreparable injury to Plaintiffs.

53. Plaintiffs have no adequate remedy at law and are suffering irreparable harm as a result of the aforesaid actions by the Defendants.

54. Defendants committed the acts alleged herein intentionally, fraudulently, maliciously, willfully, wantonly, and oppressively with the intent to injure the Plaintiffs' and their businesses.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand interim relief in the form of a Temporary Restraining Order, Seizure Order, Order of Impounding and Preliminary Injunction, and consistent with that, entry of a judgment against each and every Defendant as follows:

1. Permanent injunctive relief restraining each Defendant, its officers, agents, servants, employees, and attorneys, and all those in active concert or participation with them, from:

A. further infringing each of the Plaintiffs' copyrighted properties, trademarks, and licensed trademarks by manufacturing, producing, distributing, circulating, selling, marketing, offering for sale, advertising, promoting, displaying, or otherwise disposing of any products not authorized by the Plaintiffs bearing any

simulation, reproduction, counterfeit, copy, or colorable imitation of any of Plaintiffs' copyrighted properties and trademarks ("Unauthorized Products").

B. using any simulation, reproduction, counterfeit, copy or colorable imitation of any of Plaintiffs' copyrighted properties, trademarks and licensed trademarks in connection with the promotion, advertisement, display, sale, offering for sale, manufacture, production, circulation or distribution of Unauthorized Products in such fashion as to relate or connect, or tend to relate or connect, such products in any way to the Plaintiffs, or to any goods sold, manufactured, sponsored or approved by, or connected with, the Plaintiffs.

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 the Defendants are in any manner associated or connected with any of the Plaintiffs, or are sold, manufactured, licensed, sponsored, approved or authorized by any of the Plaintiffs.

D. engaging in any other activity constituting unfair competition with any of the Plaintiffs, or constituting an infringement of any of the Plaintiffs' trademarks or of Plaintiffs' rights in, or to use or to exploit, said copyrighted properties and trademarks, or constituting any dilution of any of the Plaintiffs' 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); and

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 Plaintiffs' trademarks or copyrights.

2. Directing that Defendants deliver for destruction all Unauthorized Products, including watches and related merchandise, and labels, signs, prints, packages, dyes, wrappers, receptacles, software and advertisements relating thereto in their possession or under their control bearing any of the Plaintiffs' trademarks or any simulation, reproduction, counterfeit, copy or colorable imitations thereof, and all plates, molds, software and other means of making the same.

3. Directing that each Defendant report to this Court within 30 days after a Permanent Injunction is entered to show their compliance with paragraphs 1 and 2 above.

4. 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 Defendants are authorized by the Plaintiffs, or related in any way to the Plaintiffs' products.

5. That Plaintiffs be awarded from each Defendant selling products containing unauthorized trademarks belonging to such Plaintiff three times such Defendant's profits therefrom, after an accounting, pursuant to 15 U.S.C. § 1114 and § 1117, or at the election of Plaintiffs, statutory damages as provided by § 1117(c), of between Five Hundred Dollars (\$500) and One Hundred Thousand Dollars (\$100,000), per trademark per type of goods sold, which is counterfeited by each Defendant, at the Court's discretion, or should this Court find that the use of the Defendant's use of the counterfeit mark was willful, and in the Court's discretion, not more than One Million Dollars per counterfeit mark per type of goods sold by each Defendant.

6. That each of the Plaintiffs be awarded from each Defendant selling products containing unauthorized trademarks belonging to such Plaintiff three times such Defendant's profits therefrom, after an accounting, pursuant to 15 U.S.C. § 1125(a) and § 1117.

7. That all the Plaintiffs be awarded their reasonable attorney's fees and investigative fees pursuant to 15 U.S.C. § 1117 and 17 U.S.C. § 505.

8. That the Copyright Plaintiffs, be awarded from each Defendant found to be in violation of their copyrighted properties, the Defendant's profits, or at Copyright Plaintiffs' election, an award of statutory damages pursuant to 15 U.S.C.

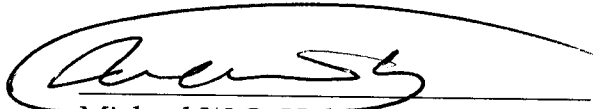
§ 504, of no less than Seven Hundred and Fifty Dollars (\$750) nor more than Thirty Thousand Dollars (\$30,000) per copyrighted property infringed upon by each Defendant, at the Court's discretion, or should this Court find that such infringement was willful, that this Court, pursuant to its discretion, award statutory damages of up One Hundred and Fifty Thousand Dollars (\$150,000) for each copyrighted property infringed upon by each such Defendant.

9. That all the Plaintiffs be awarded their costs in bringing this action.

10. That all the Plaintiffs have such other and further relief that this Court deems just.

Dated this 27th day of August 2007.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael W.O. Holihan", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

07 - 22243

Sealed

DISNEY ENTERPRISES, INC.,
SANRIO, INC., WARNER BROS.
ENTERTAINMENT INC. and
HANNA-BARBERA
PRODUCTIONS, INC.,

Plaintiffs,

vs.

FEDERAL WATCHES, INC., FARID
& SAMINA, LLC d/b/a FEDERAL
WATCHES, MOHAMED F. AHMED
and SAMINA AHMED,

Defendants.

CIVIL NO.:

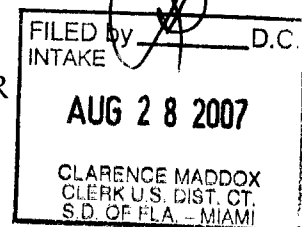
CIV - COOKE

FOR:

MAGISTRATE JUDGE
BROWN

- (1) COPYRIGHT INFRINGEMENT;
- (2) TRADEMARK INFRINGEMENT;
- (3) FALSE DESIGNATION OF
ORIGIN AND FALSE
DESCRIPTION;
- (4) COMMON LAW UNFAIR
COMPETITION.

FILED UNDER SEAL



MEMORANDUM IN SUPPORT OF PLAINTIFF'S EX PARTE MOTION
FOR TEMPORARY RESTRAINING ORDER, ORDER
TO SHOW CAUSE AND ORDER FOR SEIZURE

I. PRELIMINARY STATEMENT

Plaintiffs, Disney Enterprises, Inc., Sanrio, Inc., Warner Bros. Entertainment Inc. and Hanna-Barbera Productions, Inc., are moving *ex parte* for injunctive relief to enjoin each of the Defendants noted above from the continued infringement of Plaintiffs' distinctive trademarks and copyrighted properties through the importation, sale, offer for sale and distribution of counterfeit and infringing watches and related merchandise. Plaintiffs move for this relief pursuant to the Copyright Act, 17 U.S.C. § 101 and the Lanham Trademark Act, 15 U.S.C. § 1051. Additionally, the Plaintiffs seek an *ex parte* order of seizure and impoundment of the counterfeit

5

and infringing merchandise as well as any related documents found in the possession or control of the Defendants named in this action. This relief is specifically provided for by the Copyright Act and Trademark Act, as well as by the Fed. R. Civ. P. 65(f).¹

Ex parte relief is necessary and proper, as the Defendants have never been authorized by the Plaintiffs to manufacture, distribute, import or sell such merchandise, as shown by Plaintiffs' corporate declarations. See Exhibit "D." (All exhibit references are those exhibits attached to the Complaint filed concurrently with this Memorandum). Additionally, Plaintiffs' investigator's declaration shows that the Defendants are, selling, or offering for sale substantial quantities of counterfeit and infringing merchandise bearing the Plaintiffs' copyrighted properties and or trademarks. See Exhibit "E."

This motion is being sought *ex parte* as it is believed by the Plaintiffs and their undersigned counsel that should notice be given to the Defendants, the infringing and counterfeit merchandise in the Defendants' possession and control would be secreted, destroyed or otherwise made unavailable for review of this Court. See Exhibits "D" and "G." The likelihood that the Defendants might secret or destroy such evidence is manifest based on the fact that the Defendants are distributing such

¹ The Supreme Court added subsection (f) to Rule 65, effective December 1, 2001. The Committee Note to Rule 65(f) points out subsection (f) was added in conjunction with the abrogation of the antiquated Copyright Rules of Practice. The Committee went on to state "a common question has arisen from the experience that notice of a proposed impoundment may enable an infringer to defeat the court's capacity to grant effective relief. Impoundment may be ordered on an *ex parte* basis under subdivision [65](b) if the applicant makes a strong showing of the reasons why notice is likely to defeat effective relief."

counterfeit merchandise through a third party wholesaler at the wholesale section of Webster Flea Market (See Exhibit "F"). The wholesale section of the Webster Flea Market is a well known transshipment point for counterfeit merchandise through out Florida. In addition to selling the infringing merchandise through this venue, the Defendants are also selling merchandise out of the back of their store away from public scrutiny. As the Defendants have never been authorized to manufacture or reproduce the Plaintiffs' copyrighted properties and/or trademarks in any fashion, the Defendants must know that their sale and distribution of unauthorized merchandise bearing the well known trademarks of Warner Bros. as well as Disney's, Sanrio's and Hanna-Barbera's copyrighted and trademarked characters would constitute a direct violation of Plaintiffs' rights opening them to both civil and possible criminal prosecutions. Based on the undersigned counsels experience with 100's of counterfeiters, including the flea markets to which the Defendants were supplying counterfeit merchandise, it is very likely that the Defendants will secret or hide the infringing merchandise, and the means for manufacturing the infringing merchandise, if they are given notice of this action, and if an impound of the infringing merchandise is not carried out. See Exhibits "D," "E," "F" and "G."

II. BACKGROUND AND STATEMENT OF FACT

The Plaintiffs are the owners and/or exclusive licensees of the trademarks and copyrights indexed as Exhibit "A" and attached to the Complaint as Exhibits "B" and "C." These certificates are prima facie evidence of the Plaintiffs' ownership of these copyrights and trademarks, and the fact that their rights are valid and subsisting. The

Plaintiffs have further shown in their declarations that the Defendants have never at any time been authorized to import or distribute watches and related merchandise bearing their trademarks or copyrighted properties. Further, the Plaintiffs have stated in their declarations that the watches and related merchandise which the Plaintiffs' investigators purchased from the Defendants are counterfeit. Additionally, as shown by the Plaintiffs' investigator's affidavits, the Defendants named in this action are operating a wholesale distributing operation for the sale and distribution of counterfeit merchandise bearing the Plaintiffs' copyrighted properties and trademarks. Based on these facts, the Plaintiffs believe that these Defendants are importing, selling and distributing unauthorized or counterfeit watches and related merchandise bearing the Plaintiffs' copyrighted properties and trademarks, and, unless a Temporary Restraining Order, Seizure Order and Preliminary Injunction is entered, will continue to do so in the future.

III. BASIS FOR INJUNCTIVE RELIEF

Section 502(a) of the 1976 Copyright Act, 17 U.S.C. § 502(a) specifically authorizes a federal court to "grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." The Copyright Act also authorizes impounding of infringing articles as well as the means of producing the articles at the beginning of a suit for infringement. Section 503(a) of the Copyright Act, 17 U.S.C. § 503(a), specifically provides:

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phono records claimed to have been

made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phono records may be reproduced.

Further, Fed. R. Civ. P. 65(f) provides for impoundment upon the proper showing under Fed. R. Civ. P. 65(b).

The Federal Trademark Act (The Lanham Act) also specifically provides for the entry of an *ex parte* temporary restraining order and seizure order against those selling, distributing and manufacturing counterfeit merchandise bearing marks of the trademark holder. More particularly, §1116(d) provides that the court shall have jurisdiction to enter injunctions in infringement actions.

In the case of a civil action arising out of 15 U.S.C. § 1114, or 36 U.S.C. § 380, with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale or distribution of goods or services, the court may, upon *ex parte* application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved with such violation and the means of making such marks, and records documenting the manufacture, sale or receipt of things involved in such violation.

Section 1116 goes on to require an applicant for such *ex parte* relief to fulfill certain prerequisites which have been fulfilled by these Plaintiffs. First, Plaintiffs have not publicized this action and notice of the application for *ex parte* relief has been given to the United States Attorney as shown by the attached declaration of the undersigned counsel. See Exhibit "G." Second, the merchandise manufactured or sold by the Defendants bears exact copies of the Plaintiffs' marks as defined in §1116(d)(1)(B). See Exhibit "C" to the Complaint and the sample purchases attached

to Plaintiffs' corporate Declarations, at Exhibit "D." Third, this application is based on the sworn testimony of the Plaintiffs that they have never authorized or otherwise licensed any of the Defendants named in this action to manufacture, distribute or sell goods bearing its distinctive trademarks. See Exhibit "D." Finally, the Plaintiffs stand ready to post a security bond against the wrongful seizure of the alleged counterfeit merchandise.

In addition to the Copyright Act and Lanham Act, this Court has inherent power to issue an *ex parte* seizure order pursuant to the All Writs Act 28 U.S.C. § 1651(a) which provides:

The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

Accordingly, the Plaintiffs urge that they are clearly entitled to impound the infringing merchandise and the means of manufacturing said infringing merchandise which is in the possession or control of Defendants, even at the beginning of this action. *In re Vuitton et Fils, S.A.*, 606 F. 2d 1 (2d Cir. 1979) and more recently *Tommy Hilfiger Licensing, Inc. v. Tee's Ave., Inc.*, 924 F.Supp. 17 (S.D.N.Y. 1996).

The United States District Courts in the State of Florida have entered Temporary Restraining Orders and Orders of Impoundment in the past. See *Franklin v. Galleon Jewelers, Inc.*, 2001 U.S. Dist. LEXIS 24737 (S.D. Fla., May 15, 2001) and *The Walt Disney Company v. Video 47, Inc.*, 972 F.Supp. 595 (S.D. Fla., 1996).²

² But compare *Brockum Int'l, Inc. v. Various John Does*, 551 F. Supp. 1054, 1055 (E.D. Wis. 1982), *Robert A. Plant v. Various John Does and ABC Companies*, 19 F.Supp. 2d 1316 (SD Fla., 1998). In *Plant*, the Court

The importance of an *ex parte* seizure order in such cases is now recognized by most courts. The necessity of such an order lies in the likelihood that a defendant who is knowingly selling counterfeit merchandise will destroy or secret the merchandise if notice is given prior to seizure. If this occurs, Defendants could deprive the Plaintiffs of evidence necessary to fully prove Plaintiffs' case, and deprive Plaintiffs of their right to an accurate accounting. Most importantly, Plaintiffs will be unable to remove the counterfeit and infringing merchandise from the marketplace. As stated by the Second Circuit in a leading case on the problem of counterfeit and infringing products, "if notice is required, that notice all too often appears to serve only to render fruitless further prosecution of the action." *In re Vuitton et Fils, S.A.*, 606 F.2d at 5.

IV. PLAINTIFF'S REQUEST FOR PRELIMINARY INJUNCTION AND TEMPORARY RESTRAINING ORDER

In the Eleventh Circuit a district court may grant a preliminary injunction in a trademark infringement action only upon the movant's showing that:

- A. it has a substantial likelihood of success on the merits;
- B. the movant will suffer irreparable injury unless the injunction is issued;

denied the plaintiffs a TRO and Seizure Order against various John Doe Defendants who might sell counterfeit merchandise outside planned rock concerts scheduled in Miami and at other venues nationwide. The court concluded that the plaintiffs' had not sufficiently identified the defendants, naming them only as various John Does and ABC Companies, and had created their own emergency by filing the action right before the concert. *Plant*, and the other cases in this line, are clearly distinguishable. First, the Plaintiffs have gone to great length to identify each Defendant and where they are located. And second, the emergency nature of this action is not the result of a pre-planned nationwide concert tour but rather the nexus between hard gained pretext investigations of the Defendants' counterfeiting operations and the back to school retail season, one of the biggest seasons for counterfeiting and other legitimate sales.

- C. the threatened injury to the movant outweighs the possible injury that the injunction may cause the opposing party; and
- D. if issued, the injunction would not disserve the public interest.

CBS Broadcasting, Inc. v. Echostar Communication Corporation, 265 F.3d 1193, 1200 (11th Cir. 2001); *Siegel v. LePore*, 234 F.3d 1163, 1176 (11th Cir. 2000). A party is entitled to a preliminary injunction in a copyright infringement action upon the same showing. *CBS Broadcasting, Inc.*, 265 F.3d 1193 (11th Cir. 2001); *Palmer v. Braun*, 287 F.3d 1325, 1329 (11th Cir. 2002) and *Franklin*, 2001 U.S. Dist. LEXIS 24737 at *4 -*5 (“Injunction is a proper vehicle to prevent violation of the Copyright laws”).

The standards applicable to the issuance of a temporary restraining order are similar to the standards for the issuance of a preliminary injunction order. Federal Rule of Civil Procedure 65(b) expressly authorizes the issuance of an *ex parte* Temporary Restraining Order when the failure to issue it would result in “immediate and irreparable injury, loss, or damage” and when the applicant sufficiently demonstrates the reason that notice “should not be required.” For reasons previously discussed, Plaintiff has demonstrated that notice to the Defendants should not be required. That the Plaintiff will suffer immediate and irreparable injury is addressed herein under the applicable standards for granting a Preliminary Injunction. The Eleventh Circuit has noted that “injunctive relief may be particularly appropriate in cases involving simple copying or “piracy” of a copyrighted work.” *Suntrust Bank v. Houghton Mifflin Company*, 268 F.3d 1257, 1265 (11th Cir. 2001).

A. Probability of Success on The Merits

1. Copyright Infringement Claims

To establish a prima facie case of copyright infringement, Plaintiff must show (1) ownership of a valid copyright and (2) copying of the protected work by the alleged infringer.” *Feist Publ’ns, Inc. v. Rural Tele. Serv. Co.*, 499 U.S. 340, 361 (1991); *Palmer*, 287 F.3d at 1329; *Suntrust*, 286 F.3d at 1265; and *Franklin*, 2001 U.S. Dist. LEXIS 24737 at *5. “If these elements are shown, the probability of ultimate success on Plaintiffs’ part becomes very high indeed, and other considerations applicable to the grant or denial of the preliminary injunction rapidly fall into place.” *Uneeda Doll Co., v. Regent Baby Products Corp.*, 355 F.Supp. 438, 445 (E.D.N.Y. 1972).

a. Ownership of valid copyright

Copyright registration certificates constitute prima facie evidence of the copyright ownership and validity of each design to which Disney and Sanrio claim exclusive rights. Once the plaintiff “produces a copyright certificate, a prima facie case of validity of the copyright is established, and the burden of production shifts to the defendant to introduce evidence of its invalidity.” *Portionpac Chemical Corp. v. Sanitech Systems, Inc.*, 217 F.Supp. 2d 1238, 1244 (M.D. Fla. 2002) (citing 17 U.S.C. § 410(c)). Accordingly, Disney’s, Sanrio’s and Hanna-Barbera’s copyright certificates, attached aggregately as Exhibit “B” to the Plaintiffs’ Complaint, are prima facie evidence of Disney’s, Sanrio’s and Hanna-Barbera’s ownership of a valid copyright to each of the designs identified by these Plaintiffs.

b. Copying

As to copying, “because it is extremely difficult to prove copying directly, the plaintiff can show copying circumstantially by demonstrating that the defendant had access to the copyrighted material and that there is substantial similarity between the two works.” *Portionpac*, 217 F.Supp. 2d at 1224.; see also *Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1249 (11th Cir. 1999), and *Sterch v. Howard*, 974 F.2d 1272, 1275 (11th 1992).

i. Access

In the instant case, the opportunity for access is manifest, given the tremendous exposure received by Disney’s, Sanrio’s and Hanna-Barbera’s copyrighted properties. While not exclusive by any means of all the copyright properties supporting the present action, there can be no doubt that Disney’s characters “Mickey Mouse,” and “Winnie the Pooh” as well as Sanrio’s “Hello Kitty” and Hanna-Barbera’s “Scooby-Doo” characters are well known to the public, indeed are household names. As noted in *Herzog*, in the Eleventh Circuit, access is regarded as “a reasonable opportunity to view.” *Herzog*, 193 F.3d at 1249 (11th Cir. 1999).

Even without proof of access, Disney, Sanrio and Hanna-Barbera may still prevail on their claim of infringement where the works at issue are not just “substantially similar” but “strikingly similar.” *Ferguson v. National Broadcasting Co.*, 584 F. 2d 111, 113 (5th Cir. 1978). See also *Donald v. Zack Meyer’s T.V. Sales & Service*, 426 F.2d 1027 (5th Cir. 1970), *cert. denied*, 400 U.S. 992 (1971). The striking similarity between Disney’s, Sanrio’s and Hanna-Barbera’s copyrighted works and the

Defendants' merchandise depicting Disney's, Sanrio's and Hanna-Barbera's copyrighted properties is clear.

ii. Substantial Similarity

Judge Learned Hand explained in *Peter Pan Fabrics, Inc. v. Martin Weiner Corporation*, 274 F. 2d 487, 489 (2d Cir. 1960), that substantial similarity exists where "the ordinary observer, unless he set out to detect the disparities would be disposed to overlook them, and regard their aesthetic appeal as the same." The Eleventh Circuit has held that "two works are substantially similar if an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *Palmer*, 287 F.3d at 1330 (citing *Leigh v. Warner Bros.*, 212 F.3d 1210, 1214 (11th Cir. 2000) and *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982)). In applying that test, Disney's, Sanrio's and Hanna-Barbera's and the Defendants' works are not examined detail by detail, but rather this Court must look to the overall appearance of the works to see if the combination of those details creates a general impression of substantial similarity. *Fisher-Price Toys, Div. of Quaker Oats Co. v. My-Toy Co., Inc.*, 385 F.Supp. at 220; *Ideal Toy Corp v. Fab-Lu Ltd.*, 360 F.2d at 1023. As noted in *Fisher-Price*, 385 F.Supp at 221:

It is apparent from an examination of the above-described dolls that the dolls in each pair are strikingly similar to each other. The differences, where they exist, are minor and appear to be the result of a calculated attempt to disguise deliberate copying of plaintiffs' dolls.

When Defendants' infringing merchandise and Disney's, Sanrio's and Hanna-Barbera's copyrighted characters are shown side by side as compared by the

company declarations and viewed from the perspective of the “average lay observer,” it is manifest that substantial similarity in overall appearance exists. Indeed, Defendants’ infringing merchandise constitutes exact copies of Disney’s, Sanrio’s and Hanna-Barbera’s copyrighted characters.

Moreover, even if these Defendants did not manufacture the counterfeit merchandise in question, their sale, distribution and offer for sale of such merchandise violates Disney’s, Sanrio’s and Hanna-Barbera’s exclusive rights. Section 106(3) of the Copyright Act “explicitly grants to the copyright owner the exclusive right to distribute copies of the copyrighted works.” *Gonzalez v. Fonovisa*, 277 F.3d 59, 62 (1st Cir. 2002). Moreover, public distribution of a copyrighted work “is a right reserved to the copyright owner, and usurpation of that right constitutes infringement.” *Cable/Home Communications Corp. v. Network Prods., Inc.*, 902 F.2d 829, 843 (11th Cir. 1990).

2. Trademark Infringement Claims

In order to prevail on a trademark infringement claim, the Plaintiffs must show that their marks were used in commerce, by the defendants without their consent and that the unauthorized use was likely to cause confusion, or to cause mistake or to deceive. *Nitro Leisure Products, LLC v. Acushnet Company*, 341 F.3d 1356, (11th Cir. 2003); see also *Burger King Corporation v. Mason*, 710 F.2d 1480, 1491 (11th Cir. 1983).

Plaintiffs have provided copies of their Federal Trademark Registrations. These registrations are prima facie evidence that the Plaintiffs have the right to use

such marks in commerce. 15 U.S.C. § 1057(a), §1115(a). The trademark registrations also provide an inference which the Court may rely on that the Plaintiffs are the senior users of the marks and that the marks are inherently distinctive. See *Porsche Cars North America, Inc. v. Lloyd Design Corp.*, 2002 U.S. Dist. LEXIS 9612, *41 (N.D. Ga., March 28, 2002).

The factors to be considered in analyzing the likelihood of confusion in this circuit are:

- 1) the strength of the plaintiff's mark;
- 2) the similarity between the plaintiff's mark and the allegedly infringing mark;
- 3) the similarity between the products and services offered by the plaintiff and the defendant;
- 4) the similarity of the sales method;
- 5) the similarity of advertising methods;
- 6) the defendant's intent, (does the defendant hope to gain competitive advantage by associating his product with the plaintiff's established mark); and
- 7) actual confusion.

Cumulus Media, Inc. v. Clear Channel Communications, Inc., 304 F.3d 1167, 1172, fn. 5 (11th Cir. 2002) (citing *E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1529 (11th Cir. 1985)).

a. Strength of Plaintiffs' marks

There can be no questions that Plaintiffs' marks are extremely strong. For instance, Warner's "Looney Tunes," "Bugs Bunny," and "Daffy Duck" marks are

world renown and have been in use for over fifty years. Through its licensees, Warner sells and distributes millions of dollars a year in apparel, jewelry and related merchandise bearing its well known "Looney Tunes" mark and related characters.

The other Plaintiffs' trademarks are no less recognizable. It would stretch the imagination that any of the Defendants in this action are not familiar with the other Plaintiffs' Disney Enterprises, Inc., and Sanrio, Inc., and their well-known trademarks. Trademarks such as "Mickey Mouse," "Hello Kitty" and "Scooby-Doo" are amongst the strongest and most distinct marks in the world. In view of each of the Plaintiffs' marketing and sales efforts and long standing use of the marks, the Plaintiffs' marks must be deemed to be strong marks worthy of broad protection, and certainly protection against Defendants' sale of counterfeit product.

b. Similarity of the marks and goods

In the instant case the marks are not only similar, but exact copies of the Plaintiffs' marks. See Exhibit "C" to the Complaint and samples attached to the Plaintiffs' corporate Declarations, Exhibit "D." Moreover, the goods sold by the parties are identical. Where, as here, the Defendants are utilizing exact copies of the Plaintiffs' trademarks on substantially the same types of products in substantially the same manner, *confusion must be presumed*. *VMG Enterprises, Inc. v. F. Quesada & Franco, Inc.*, 788 F. Supp. 648 (D.P.R. 1992) (Emphasis added); *see also Polo Fashions v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. N.C. 1987) (A presumption of public confusion arises when counterfeit symbols are substantially identical to genuine symbols and are used in the same manner as the genuine symbols are used). "Where

a counterfeit item is virtually identical to the genuine item, the 'very purpose the individuals marketing the cheaper [counterfeit] items is to confuse the buying public into believing that it is buying the true article.'" *Fila U.S.A., Inc. v. Nam Joo Kim*, 884 F.Supp. 491, 494 (S.D. Fla. 1995) (citing *In re Vuitton et Fils S.A.*, 606 F.2d 1 (2d Cir. 1979)).

c. Similarity of the sales methods and advertising and intent in adapting the mark

Plaintiffs sell their goods on both the wholesale and retail level through national and regional retail chains, stand alone retail stores, and via the Internet. Defendants sell on the wholesale level and retail level. The ultimate retail customer for both the Plaintiffs' products and the Defendants are the same.

With respect to advertising, Plaintiffs openly market their products via television, print, radio and Internet advertising. In contrast, the Defendants carry out no known advertising and sell and distribute their merchandise through various flea market venues. Plaintiffs candidly admit that their advertising differs marketedly from that carried out by of the Defendants. The nature of the Defendants business, including its lack of advertising and marketing, suggests a clandestine operation which fears the light of day. Moreover, it supports the conclusion that the Defendants are knowingly and intentionally trading on the good will that the Plaintiffs have built up in their well-known trademarks. "A wrongful intent appears easy to infer where the defendant knew of the plaintiff's mark, had the freedom to chose any mark, and 'just happened' to chose a mark confusingly similar to

plaintiff's mark." *Howard Johnson International, Inc. v. Craven Properties LTD, Inc.*, 2002 U.S. Dist. LEXIS 19744, *13 (M.D. Fla., June 13, 2002); and "[a] defendant's bad faith may justify an inference of confusing similarity." *American Historic Racing Motorcycle Association, LTD., v. Team Obsolete Promotions*, 33 F.Supp. 2d 1000, 1006 (M.D. Fla. 1998).

d. Evidence of actual confusion

The Plaintiffs in this action can prevail without any evidence of actual confusion, since a showing of actual confusion is not essential in order to find a likelihood of confusion. *Id.* All that is needed to prevail under the statute is a likelihood of confusion. Moreover, in this case, as noted above, where the marks and products are identical, the likelihood of confusion is presumed. *VMG Enterprises, Inc. v. F. Quesada & Franco, Inc.* 788 F.Supp. 648 (D.P.R. 1992).

From the foregoing it follows that Plaintiffs will be able to prove that Defendants are infringing on Plaintiffs' marks.

B. Irreparable Injury to the Plaintiff

The second element which must be shown for entry of a preliminary injunction is irreparable injury. The general rule in copyright and trademark infringement cases is that, for a preliminary injunction motion, irreparable injury is presumed once the movant has established a case of infringement. *Liberty American Insurance Group, Inc. v. Westpoint Underwriters, L.L.C.*, 199 F.Supp.2d 1271, 1304 (M.D. Fla., 2001), and in *Suntrust*, at 1275, This presumption is increased when the Defendants are direct competitors of the Plaintiff. *Franklin*, 2001 U.S. Dist. LEXIS

24737 at *12 (citing *O'Neill Developments, Inc. v. Galen Kilburn, Inc.*, 524 F.Supp. 710, 715 (N.D. Ga. 1981)). Here the Plaintiffs have to compete with low quality copies of their products which cannot help but unfairly compete with their authorized products.

C. Harm to the Defendant

The harm to Defendants as a result of the restraining order will be the immediate cessation of their importation, distribution, offer for sale and sale of articles infringing upon Plaintiffs' distinctive copyrighted properties and trademarks, and the cessation of unlawful acts which have been clearly calculated to mislead and confuse the purchasing public.

Defendants are aware of Plaintiffs well known copyrighted properties and trademarks, and Plaintiffs' rights thereto. Exhibit "E". Merchandise including watches and related merchandise licensed or manufactured by the Plaintiffs has been sold nationwide, prominently displaying the Plaintiffs' copyrighted properties and trademarks indexed as Exhibit "A" to the Complaint. Accordingly, Defendants must know that it was only a matter of time before their appropriation of the Plaintiffs' distinctive copyrighted properties and trademarks would lead the Defendants to be enjoined for using the same. The Defendants' investments in their illegal activities should not preclude this Court from granting appropriate and necessary equitable relief. *Scientific Applications, Inc. v. Energy Conservation Corp.*, 436 F.Supp. 354, 362 (N.D. Ga. 1977); *Tish Hotels, Inc. v. Atlanta Americana Motor Hotel Corp.*, 254 F.Supp 743, 750 (N.D. Ga. 1966).

Even if the issuance of a preliminary injunction would have a devastating effect on Defendants' business, an injunction should still be granted by the Court since an infringer should not be permitted to construct a business around infringing activities. *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d at 1240, 1255 (3rd Cir. 1983), and *Callaway Golf Company v. Golf Clean, Inc.*, 915 F.Supp. 1206, 1215 (M.D. Fla. 1995) ("A preliminary injunction will not cause Defendants' to suffer any legitimate harm, because they are simply being prevented from selling a product that they are not legally entitled to sell.") Accordingly, the balance of hardships tips decidedly in favor of the Plaintiffs.

D. Public Interest

"The final prerequisite to preliminary injunctive relief questions where the public interest lies." *Scientific Applications, Inc. v. Energy Conservation Corp.*, 436 F.Supp. 354, 362 (N.D. Ga. 1977). The public needs to be protected from being misled and confused as to the source of Defendants' counterfeit merchandise which infringes upon Plaintiffs' distinctive trademarks and copyrighted properties. "Injunctive relief will serve the public interest by stopping Defendants' deception of consumers, which by its very nature is against the public interest." *Franklin*, 2001 U.S. Dist. LEXIS 24737 at *12-*13 (citing *Laboratories Roland, C. por A. v. Tex International, Inc.*, 902 F.Supp. 1555, 1570 (S.D. Fla. 1995)).

V. CONCLUSION

The nature of the Defendants' business of importing, selling, distributing and offering for sale counterfeit goods bearing Plaintiffs' popular copyrighted properties

and trademarks is such that the only way to provide the Plaintiffs the relief and protection to which it is entitled is by granting the *ex parte* temporary relief sought, a preliminary injunction, and ultimately the complete relief set out in Plaintiffs' Complaint. At present, the Plaintiffs seek such a Temporary Restraining Order and Seizure Order as will insure that the counterfeit merchandise does not disappear so as to provide Plaintiff with appropriate relief pending the outcome of the litigation.

Dated this 28th day of August 2007.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael W.O. Holihan", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

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