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FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ARCONA, INC., a
California corporation,
Plaintiff-Appellant,
v.

FARMACY BEAUTY, LLC,
a New Jersey limited liability
company; DAVID C. CHUNG,
an individual; MARK VEEDER,
an individual,
Defendants-Appellees.

No. 19-55586

D.C. No.
2:17-cv-07058-
ODW-JPR

OPINION

Appeal from the United States District Court
for the Central District of California
Otis D. Wright II, District Judge, Presiding

Argued and Submitted June 5, 2020
Pasadena, California

Filed October 1, 2020

Before: Kenneth K. Lee and Patrick J. Bumatay,
Circuit Judges, and Donald W. Molloy,* District Judge.

Opinion by Judge Lee

* The Honorable Donald W. Molloy, United States District
Judge for the District of Montana, sitting by designation.

COUNSEL

R. Joseph Trojan (argued), Dylan C. Dang, and Francis Z. Wong, Trojan Law Offices, Beverly Hills, California, for Plaintiff-Appellant.

Colin Fraser (argued), Greenberg Traurig LLP, Irvine, California; Jeffrey K. Joyner, Greenberg Traurig LLP, Los Angeles, California; for Defendants-Appellees.

OPINION

LEE, Circuit Judge:

Arcona, Inc. sued Farmacy Beauty for counterfeiting based on the use of the trademarked term “EYE DEW” on its skincare products. But apart from that term, these two companies’ beauty products look nothing like each other, as their respective packaging features different shapes, design schemes, text, and colors. The district court granted summary judgment for Farmacy, ruling that a reasonable consumer would not confuse Farmacy’s skincare product with Arcona’s. The key question presented is whether a trademark counterfeiting claim requires a likelihood of confusion. We hold that the plain language of the statute requires a likelihood of confusion for a counterfeit claim. We thus affirm the grant of summary judgment.

BACKGROUND

In March 2015, Plaintiff-Appellant Arcona, Inc. registered the trademark “EYE DEW” for its skincare products. The trademarked phrase “consists of standard

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characters without claim to any particular font, style, size, or color.” Arcona’s EYE DEW product is an eye cream in a tall, cylindrical, silver bottle encased in a slim, cardboard outer box. The product features the phrase “EYE DEW” and the Arcona housemark on both its bottle and outer box. Arcona sells the product mainly at Nordstrom in the United States and at Sephora in Australia and Asia.



In 2014, Defendant-Appellee Farmacy Beauty began developing a line of skincare products, including an eye cream. Farmacy named the eye cream “EYE DEW” after a copywriter said that the name was likely available based on “an initial online search and uspto.gov trademark lookup.” Farmacy’s EYE DEW

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product (pictured below) comes in a short, wide, white jar, along with a squarish outer box. The product features the phrase “EYE DEW” and the Farmacy house mark on both its jar and outer box. In 2015, Farmacy began selling EYE DEW in the United States at Sephora.



In August 2016, Arcona sent Farmacy a cease-and-desist letter informing Farmacy of its “EYE DEW” trademark and demanding that Farmacy stop selling its product. The record suggests that Farmacy had never heard of Arcona and was surprised to receive the letter. The parties unsuccessfully tried to resolve the matter.

In September 2017, Arcona sued Farmacy asserting claims of (1) trademark counterfeiting, (2) trademark infringement, (3) unfair competition under Section 43(a) of the Lanham Act, (4) unfair competition under California state law, and (5) unfair competition under California common law. At Arcona’s request, the district court dismissed with prejudice the trademark infringement and unfair competition claims.

The district court granted partial summary judgment for Farmacy on the counterfeiting claim. The

court reasoned that the only similarity between the two products was the phrase “EYE DEW.” The court also found that Arcona “present[ed] no evidence that the Farmacy house mark on the product, the dissimilar packaging, and the product itself [did] not nullify [Arcona]’s counterfeiting claim.” It further held that it was “implausible that a consumer viewing [Farmacy’s] EYE DEW product would be tricked into believing that product is actually one of [Arcona’s] EYE DEW products.”

Arcona timely appealed. We have jurisdiction under 28 U.S.C. § 1291.

STANDARD OF REVIEW

We review a district court’s grant of summary judgment de novo. *Devereaux v. Abbey*, 263 F.3d 1070, 1074 (9th Cir. 2001) (en banc). The moving party is entitled to summary judgment upon a showing that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(a). We view the facts and inferences drawn from the facts in the nonmovant’s favor. *T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass’n*, 809 F.2d 626, 631–32 (9th Cir. 1987). We may affirm summary judgment on any grounds supported by the record. *Gemtel Corp. v. Cmty. Redevelopment Agency*, 23 F.3d 1542, 1546 (9th Cir.1994).

ANALYSIS

I. Under the Lanham Act, Farmacy is liable for counterfeiting only if Farmacy's use of Arcona's mark is likely to confuse consumers.

Arcona's complaint against Farmacy lists "Violation of Trademark Counterfeiting Act of 1984" as its first cause-of-action. The Trademark Counterfeiting Act of 1984 criminalizes the trafficking of counterfeit trademark goods. 18 U.S.C. § 2320. The Act also amended the Lanham Act, 15 U.S.C. §§ 1501 *et seq.*, to create stronger remedies for civil cases involving a counterfeit trademark. *See* 15 U.S.C. § 1117 (allowing for treble damages and attorneys' fees).

Arcona argues that it need not show a likelihood of confusion to pursue its trademark counterfeiting claim. The "starting point for interpreting a statute is the language of the statute itself." *Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980). "It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme." *Sturgeon v. Frost*, 136 S. Ct. 1061, 1070 (2016).

Here, 15 U.S.C. § 1114 establishes the cause of action for, among other things, counterfeiting and states that "[a]ny person who . . . use[s] in commerce any reproduction, *counterfeit*, copy, or colorable imitation of a registered mark . . . which such use is *likely to cause confusion*, or to cause mistake, or to deceive . . . shall

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be liable in a civil action by the registrant for the remedies hereinafter provided.” 15 U.S.C. § 1114(1)(a) (emphasis added). The plain language of the statute thus shows that “likely to cause confusion” is a requirement for a counterfeiting claim.

Perhaps recognizing that the two products look little like each other, Arcona argues that a counterfeiting claim does not require a likelihood of confusion. It points to two statutory provisions establishing various remedies for counterfeiting that do not mention “likelihood of confusion.” First, 15 U.S.C. § 1116(d) allows *ex parte* relief to seize counterfeit goods. 15 U.S.C. § 1116.¹ Although the text of that subsection does not reference “confusion” in defining “counterfeit mark,” it refers to a civil action under “section 1114(1)(a),” which (as noted above) establishes the cause of action for counterfeiting and includes a likelihood of confusion requirement. 15 U.S.C. § 1116(d)(1)(A). Second, 15 U.S.C. § 1117 authorizes statutory and treble damages for counterfeiting, and again refers to Section 1114(1)(a), which includes a likelihood of confusion

¹ 15 U.S.C. § 1116(d) states in part:

“Civil Actions Arising Out of Use of Counterfeit Marks

(1)(A) In the case of a civil action arising under *section 1114(1)(a)* of this title . . . 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. . . .” (emphasis added).

requirement. 15 U.S.C. § 1117(b).² In short, even the two counterfeiting remedies provisions cited by Arcona underscore that a defendant is liable only if use of a counterfeit is “likely to cause confusion.” 15 U.S.C. § 1114(1)(a).³

It appears that our court has not yet expressly held that a counterfeiting claim requires a likelihood of confusion. That said, Section 1114 addresses both trademark infringement and counterfeit claims, and

² 15 U.S.C. § 1117(b) states in part:

“Treble Damages for Use of Counterfeit Mark.”

In assessing damages under subsection (a) *for any violation of section 1114(1)(a) of this title . . .* in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall . . . enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney’s fee, if the violation consists of (1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services. . . .” (emphasis added).

³ The district court appeared to base its ruling in part on the ground that the “EYE DEW” mark is not even a counterfeit. Section 1127 defines “counterfeit” as a “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. The district court appeared to construe Section 1127 to allow a court to look beyond the mark and examine the product as a whole in determining whether the “spurious mark” is “identical with, or substantially indistinguishable” from the registered mark. We need not resolve this issue because, even if the mark is a counterfeit, no reasonable juror would find a likelihood of consumer confusion under Section 1114. *See infra* pp. 12–14.

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we have repeatedly held that the plain language of Section 1114 requires a likelihood of confusion for a trademark infringement claim. *See, e.g., Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 431 (9th Cir. 2017). But we have not directly addressed it in the context of a counterfeit claim, perhaps because consumer confusion is generally not in dispute in most counterfeit cases. *See, e.g., Gibson Brands, Inc. v. John Hornby Skewes & Co.*, 14-CV-00609 (DDP), 2016 WL 7479317, at *6 (C.D. Cal. Dec. 29, 2016) (noting case law on counterfeit claims is “understandably thin”). For example, the use of a counterfeit Louis Vuitton trademark on a handbag is obviously intended to confuse consumers. Put another way, a counterfeit claim is merely “the ‘hard core’ or first degree’ of trademark infringement,” and there is nothing in the statutory language of Section 1114 that suggests that a counterfeit claim should be construed differently from an infringement claim. *Id.* at *5 (internal citation omitted).

Several of our decisions have followed the plain meaning of Section 1114 and have required a likelihood of confusion for claims under that section. For example, in *Westinghouse Elec. Corp. v. Gen. Circuit Breaker & Elec. Supply, Inc.*, we held that Section 1114 was “intended to protect consumers against deceptive designations of the origin of goods, not just to prevent the duplication of trademark.” 106 F.3d 894, 899 (9th Cir. 1997) (cleaned up). “Thus, the important test is whether the practice of the defendant is likely to cause confusion, not whether the defendant duplicated

the plaintiff's mark." *Id.*; see also *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1312 (9th Cir. 1997) (noting that a counterfeit product is likely to "cause confusion, or to cause mistake or to deceive").

More recently, we held that "to invoke § 1117's special civil monetary remedies against counterfeiting," a plaintiff must establish, among other things, that the counterfeit mark "was likely to confuse or deceive." *Idaho Potato Comm'n v. G & T Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9th Cir. 2005) (finding defendant's unlicensed use of plaintiff's certification mark constituted counterfeiting because it was likely to cause confusion). We required a likelihood of confusion, even though Section 1117's civil monetary remedies provision does not itself explicitly mention it and instead refers to Section 1114, which does.

Other circuits also read the statutory provisions to require a likelihood of confusion for a counterfeiting claim. See *Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 818 (5th Cir. 2019) ("Likelihood of confusion is also an element of counterfeiting."); *Kelly-Brown v. Winfrey*, 717 F.3d 295, 315 (2d Cir. 2013) (dismissing counterfeiting claim after describing the marks and concluding that consumers would not be confused).

We thus hold that a counterfeit claim requires a showing of likelihood of confusion under Section 1114.

II. The court will not presume consumer confusion here because the products are not identical.

Arcona makes the alternative argument that the court should presume a likelihood of confusion because Farmacy’s “EYE DEW” statement is allegedly identical to Arcona’s mark. But even assuming the marks are identical, there may be no presumption of consumer confusion if the products themselves are not identical. Put another way, a court must review the product as a whole in determining whether an allegedly counterfeit product will likely cause confusion.

Arcona relies heavily on a trademark infringement case, *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, which in dicta stated in “light of the virtual identity of marks, if they were used with *identical products or services*, likelihood of confusion would follow as a matter of course.” 174 F.3d 1036, 1056 (9th Cir. 1999) (emphasis added) (ruling that there was no presumption of confusion because MovieBuff software was not the same product service as moviebuff.com website); *see also Stone Creek Inc.*, 875 F.3d at 432 (indicating “identical marks *paired with identical goods can be* case-dispositive” in a case involving an “exact replica” of a competitor’s logo on the same sofa (emphasis added)).

Here, the products at issue are not identical, as evident by a comparison of the Arcona and Farmacy products. So *Brookfield’s* dicta has no bearing on this case. The question then becomes: Is there a factual dispute

about the likelihood of confusion so that Arcona's counterfeiting claim can survive summary judgment?

III. Summary judgment was proper because there is no genuine dispute of material fact about the likelihood of consumer confusion.

Finally, Arcona argues that the district court erred in comparing the products as a whole in ruling that there is no likelihood of consumer confusion. The district court, according to Arcona, should have limited its analysis to the identical marks ("EYE DEW") only—without looking at the entire product—in assessing consumer confusion.

This court has never adopted the rigid approach advanced by Arcona. To the contrary, this court noted that even "where there is precise identity of a complainant's and an alleged infringer's mark, there may be no consumer confusion" if, for example, "the alleged infringer is in a different geographic area or in a wholly different industry." *Brookfield*, 174 F.3d at 1055 (addressing trademark infringement claims and discussing cases in which companies or products had the same names, but there was no confusion because they competed in different geographic areas or industries). A court should not myopically focus on only the alleged counterfeit marks to the exclusion of the entire product or even common sense.⁴ Here, while the products do

⁴ There may be times the mark itself is so strong in the marketplace that the use of an identical mark by itself may cause consumer confusion, even if other aspects of the products are

compete in the same space and same geographic area, there are significant differences between the two products, and the marks should be “considered in their entirety and as they appear in the marketplace.” *Id.* at 1054 (internal quotation marks omitted).

As the district court explained, no reasonable consumer would be confused by these two products because the packaging, size, color, shape, and all other attributes—other than the term “EYE DEW”—are not remotely similar. For example, Farmacy’s packaging looks distinct from Arcona’s because it features (i) multiple pictures of the Echinacea green envy plant used in the product, (ii) a picture of the farmers, and (iii) a description of the company.

Further, it is implausible that a consumer would be deceived because the products had their respective housemarks (“Farmacy” vs. “Arcona”) prominently on the packaging. Arcona does not present evidence to dispute this, but states in a conclusory fashion that “[c]onsumers would have no way of knowing” that Arcona did not sponsor Farmacy’s product. In trademark infringement cases, the “use of a housemark can reduce the likelihood of confusion.” *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979), *abrogated in part on other grounds by Mattel, Inc. v. Walking Mtn. Prods.*, 353 F.3d 792, 810 (9th Cir. 2003); *see also Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981) (“[O]therwise similar marks

different. This is not such a case. As noted below, the mark here—“EYE DEW”—is not so strong.

are not likely to be confused where used in conjunction with the clearly displayed name and/or logo of the manufacturer”).

Courts—at least in the trademark infringement context—have also considered a third party’s use of the mark in assessing likelihood of confusion. *See Springboards*, 912 F.3d at 815, 817 (recognizing that third parties used similar and identical marks, and finding no reasonable jury could find a likelihood of confusion); *cf. M2 Software, Inc., v. Madacy Entm’t*, 421 F.3d 1073, 1088 (9th Cir. 2005) (affirming summary judgment on trademark infringement claim and reasoning that “[u]se of similar marks by third-party companies in the relevant industry weakens the mark at issue”). Farmacy presented evidence that other companies use the phrase “EYE DEW” in the beauty industry. This underscores that the “EYE DEW” mark is not so unique or strong.

Finally, there is no evidence that Farmacy’s use of the mark “EYE DEW” was intentional. It submitted evidence that the term “EYE DEW” was meant to describe its product and was not an intentional copying of Arcona’s trademark. Arcona does not dispute this evidence, but instead states without citation that Farmacy “cannot feign ignorance” of the mark because Arcona has been selling EYE DEW for over 18 years. Despite Arcona’s “general, conclusory allegations of ‘willfulness,’” it has produced no evidence that Farmacy intentionally copied its mark. *See Pignons*, 657 F.2d at 491 (finding no evidence of intent in a trademark infringement case). In addition, Farmacy’s dissimilar

packaging and rampant use of its housemark “flatly belie[s] any such notion.” *See id.*

In sum, the district court properly found that there is no genuine issue of material fact that Farmacy’s use of the “EYE DEW” mark would not likely cause consumer confusion.

CONCLUSION

To sustain a trademark counterfeiting claim, a plaintiff must show a likelihood of confusion. The two products, when viewed in their entirety, do not remotely resemble each other. The district court’s decision granting summary judgment for Farmacy is **AFFIRMED**.

**United States District Court
Central District of California**

ARCONA, INC.,	Case No.
Plaintiff,	2:17-cv-07058-ODW (JPR)
v.	ORDER GRANTING
FARMACY BEAUTY, LLC;	DEFENDANTS’
David C. Chung; and	MOTION FOR
Mark Veeder,	PARTIAL SUMMARY
Defendants.	JUDGMENT [49]
	(Filed Mar. 19, 2019)

I. INTRODUCTION

Plaintiff, Arcona, Inc., brings this action against Defendants Farmacy Beauty, LLC (“Farmacy”), and its officers, David C. Chung and Mark Veeder (collectively, “Defendants”), for various trademark infringement claims related to Plaintiff’s “EYE DEW” mark. Pending before the Court is Defendants’ Motion for Partial Summary Judgment (“Motion”) on Plaintiff’s counterfeiting claim. (Mot., ECF No. 49.) For the following reasons, the Court **GRANTS** Defendants’ Motion.¹

II. FACTUAL BACKGROUND

Plaintiff holds a registered trademark, Registration No. 4,706,079, in the United States for the EYE

¹ After considering the papers filed in connection with this Motion, the Court deemed this matter appropriate for decision without oral argument. Fed. R. Civ. P. 78(b); C.D. Cal. L.R. 7-15.

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DEW mark. (Defs.' Statement of Uncontroverted Facts ("SUF") 3, ECF No. 49-17.) This International Class 003 trademark includes cosmetic creams for skincare; cosmetic preparation for skin renewal; eye cream; non-medicated stimulating lotions for the skin; skin conditioning creams for cosmetic purposes; skin moisturizer; and wrinkle removing skin care preparations. (First Am. Compl. ("FAC") Ex. 1., ECF No. 34-1.) The trademark registration provides that the "mark consists of standard characters without claim to any particular font, style, size, or color." (*Id.*) Further, the registration provides that it was filed on April 18, 2012, with a first use date of January 1, 2002. (*Id.*)

Farmacy was organized in 2015 by Defendants David Chung and Mark Veeder in 2015. (SUF 6.) Farmacy began selling an eye cream product entitled "EYE DEW" in 2015. (*Id.* 8.) Farmacy stopped selling this product in September 2017. (*Id.* 10.)

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The products are shown below:

Arcona “Eye Dew”



Arcona “Eye Dew Plus”



Farmacy “Eye Dew”



Plaintiff filed its Complaint against Defendants in September 2017 and subsequently amended its Complaint in April 2018. (Compl., ECF No. 1; FAC.) Defendants move for partial summary judgment only as to Plaintiff’s counterfeiting claim. (Mot.)

III. LEGAL STANDARD

A court “shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). Courts must view the facts and draw reasonable inferences in the light most favorable to the nonmoving party. *Scott*, 550 U.S. at 378. A disputed fact is “material” where the resolution of that fact might affect the outcome of the suit under the governing law, and the dispute is “genuine” where “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Conclusory or speculative testimony in affidavits is insufficient to raise genuine issues of fact and defeat summary judgment. *Thornhill’s Publ’g Co. v. GTE Corp.*, 594 F.2d 730, 738 (9th Cir. 1979). Moreover, though the Court may not weigh conflicting evidence or make credibility determinations, there must be more than a mere scintilla of contradictory evidence to survive summary judgment. *Addisu v. Fred Meyer, Inc.*, 198 F.3d 1130, 1134 (9th Cir. 2000).

Once the moving party satisfies its burden, the nonmoving party cannot simply rest on the pleadings or argue that any disagreement or “metaphysical doubt” about a material issue of fact precludes summary judgment. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986); *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986); *Cal. Architectural Bldg. Prods., Inc. v. Franciscan Ceramics, Inc.*, 818 F.2d 1466, 1468 (9th Cir. 1987). Nor will

uncorroborated allegations and “self-serving testimony” create a genuine issue of material fact. *Villiarimo v. Aloha Island Air, Inc.*, 281 F.3d 1054, 1061 (9th Cir. 2002). The court should grant summary judgment against a party who fails to demonstrate facts sufficient to establish an element essential to his case when that party will ultimately bear the burden of proof at trial. *See Celotex*, 477 U.S. at 322.

Pursuant to the Local Rules, parties moving for summary judgment must file a proposed “Statement of Uncontroverted Facts and Conclusions of Law” that should set out “the material facts as to which the moving party contends there is no genuine dispute.” C.D. Cal. L.R. 56-1. A party opposing the motion must file a “Statement of Genuine Disputes” setting forth all material facts as to which it contends there exists a genuine dispute. C.D. Cal. L.R. 56-2. “[T]he Court may assume that material facts as claimed and adequately supported by the moving party are admitted to exist without controversy except to the extent that such material facts are (a) included in the ‘Statement of Genuine Disputes’ and (b) controverted by declaration or other written evidence filed in opposition to the motion.” C.D. Cal. L.R. 56-3.

IV. DISCUSSION

Defendants move for partial summary judgment only on Plaintiff’s claim for counterfeiting, that Defendants’ “Eye Dew” product is a counterfeit of Plaintiff’s “Eye Dew” products. (*See generally* Mot.)

A. Counterfeiting

The parties do not dispute the material facts. However, the parties disagree on the law.

The Lanham Act prohibits the use of a counterfeit “mark in connection with the sale, offering for sale, or distribution of goods or services.” 15 U.S.C. § 1116(d)(1)(A). “A counterfeit is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” *Id.* § 1127 (internal quotation marks omitted). Courts consider trademark counterfeiting as the “hard core or first degree . . . trademark infringement that seeks to trick the consumer into believing he or she is getting a genuine article, rather than a colorable imitation.” *Gucci America, Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 242 (S.D.N.Y. 2012) (citing 4 McCarthy on Trademarks § 25:10) (internal quotation marks omitted).

As this district recently recognized, “[t]he caselaw on what is required to plead identity in a counterfeiting claim is understandably thin, as the majority of counterfeiting cases involve obviously identical marks.” *Gibson Brands, Inc. v. John Hornby Skewes & Co.*, No. CV 14-00609 DDP (SSx), 2016 WL 7479317, at *6 (C.D. Cal. Dec. 29, 2016) (internal quotation marks omitted). “The Ninth Circuit has explained that a ‘counterfeit is something that purports to be something that it is not.’” *Id.* (quoting *United Pac. Ins. Co. v. Idaho First. Nat. Bank*, 378 F.2d 62, 69 (9th Cir. 1967)). The court in *Gucci America, Inc.*, in reviewing the caselaw on claims for counterfeiting involving

products, found that “courts have uniformly applied this provision to products that are stitch-for-stitch copies of those of another brand.” 868 F. Supp. 2d at 242; *see also Idaho Potato Comm’n v. G & T Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9th Cir. 2005) (affirming award of counterfeiting where the defendant purchased empty bags containing the plaintiff’s logo and repackaged its own goods in those bags).

Plaintiff takes the position that the Court should consider only Defendants’ use of the phrase “EYE DEW,” and not the entire product. (Opp’n to Mot. 9, ECF No. 58.) Although Plaintiff recognizes that its trademark registration does not include the font, style, size, and color, Plaintiff’s Opposition to the counterfeit claim focuses exclusively on the typeface and font. (Opp’n 9-11.) The Court gives Plaintiff’s position little weight, particularly when Plaintiff’s trademark registration states, “[t]he mark consists of standard characters without claim to any particular font, style, size, or color.” (FAC Ex. 1.) For Plaintiff to now claim that the font, style, and color of the “EYE DEW” phrase are the bases for its counterfeit claim is disingenuous and contrary to its trademark registration.

The Court recognizes that in certain circumstances, the inclusion of a house mark on a product is not sufficient to defeat a counterfeiting claim. *See Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 254-55 (S.D.N.Y. 2015) (granting summary judgment in favor of plaintiff on counterfeiting claim where the only difference between the parties’ rings was a

small generic mark on the inside of the ring). That is not the case here.

Without determining the specific level of similarity between the EYE DEW products, the Court concludes that no reasonable jury could find that Defendants' EYE DEW product is a counterfeit of Plaintiff's EYE DEW products. The only similarity between the two products are that they both contain the phrase "EYE DEW." However, Defendants' EYE DEW product does not purport to be Plaintiff's products. Visually, the products' packaging is not identical or substantially indistinguishable. Plaintiff's products are tall and cylindrical, whereas Defendants' product is short and wide. Each product bears their respective house marks. Each presents a distinct color and packaging scheme. Defendants' product claims that it is a "total eye cream with echinacea greenenvy™," while no such claim is made with Plaintiff's products. (SUF 11, 12, 14.) Although use of a different source mark indicator may not always defeat a counterfeiting claim, Plaintiff presents no evidence that the Farmacy house mark on the product, the dissimilar packaging, and the product itself do not nullify Plaintiff's counterfeiting claim. *See Gibson Brands*, 2016 WL 7479317, at *6 (granting summary judgment on a counterfeiting claim where the plaintiff failed to present evidence that the defendant's use of a brand mark nullified the plaintiff's claim).

The Court finds it implausible that a consumer viewing Defendants' EYE DEW product would be tricked into believing that the product is actually one

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of Plaintiff's EYE DEW products. Accordingly, partial summary judgment for Defendants as to Plaintiff's claim for counterfeiting is proper.

V. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Defendants' Motion for Summary Judgment as to Plaintiff's claim for counterfeiting.

IT IS SO ORDERED.

March 19, 2019

/s/ Otis D. Wright
OTIS D. WRIGHT, II
UNITED STATES
DISTRICT JUDGE

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

ARCONA, INC., a
California corporation,

Plaintiff,

v.

FARMACY BEAUTY, LLC,
a New Jersey limited liability
company, DAVID C. CHUNG,
an individual, and MARK
VEEDER, an individual,

Defendants.

AND RELATED
COUNTERCLAIMS

CASE NO. 2:17-cv-
07058 ODW (JPRx)

JUDGMENT

**The Hon.
Otis D. Wright, II**

(Filed May 8, 2019)

This Action arises from Plaintiff Arcona, Inc.'s First Amended Complaint (ECF No. 34) against Defendants Farmacy Beauty, LLC, David C. Chung, and Mark Veeder (collectively, "Defendants") for: 1) Trademark Counterfeiting of Arcona's U.S. Trademark Registration No. 4,706,079 ("Arcona's '079 Trademark Registration"); 2) Infringement of Arcona's '079 Trademark Registration; 3) Violation of Federal Unfair Competition; 4) Unfair Competition under California Business and Professions Code section 17200 *et seq.*; and 5) California Common Law Unfair Competition. Defendants have asserted counterclaims seeking a

declaration of non-infringement and cancellation of Arcona's '079 Trademark Registration.

On March 19, 2019, the Court granted summary judgment for Defendants on Plaintiff's claim for counterfeiting having found, *inter alia*, that "no reasonable jury could find that Defendants' EYE DEW product is a counterfeit of Plaintiff's EYE DEW products." (ECF No. 129.)

On April 22, 2019, the Court granted Plaintiff's request pursuant to Federal Rule of Civil Procedure 41(a)(2) to dismiss its remaining claims with prejudice and Defendants' counterclaims without prejudice. (ECF No. 136.)

Accordingly, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that:

1. Pursuant to the Court's Order Granting Defendants' Motion for Partial Summary Judgment (ECF No. 129), and Order on Plaintiff's Request (ECF No. 136), judgment is entered in favor of Defendants and against Plaintiff on Plaintiff's First Cause of Action for Trademark Counterfeiting of Arcona's '079 Trademark Registration pursuant to the Trademark Counterfeiting Act of 1984;
2. Plaintiff's Second, Third, Fourth, and Fifth causes of action for trademark infringement of Arcona's '079 Trademark Registration and unfair competition (Federal and State Law), respectively, all of which are hereby **DISMISSED WITH PREJUDICE**;

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3. Pursuant to the Court's Order on Plaintiff's Request (ECF No. 136), Defendants' counter-claims for non-infringement and cancellation of Arcona's '079 Trademark Registration are hereby **DISMISSED WITHOUT PREJUDICE**;
4. All other dates and deadlines in this case are hereby **VACATED**; and
5. The Clerk of the Court shall close the case.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

Dated: May 8, 2019 /s/ Otis D. Wright II
Hon. Otis D. Wright II
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ARCONA, INC., a California corporation, Plaintiff-Appellant, v. FARMACY BEAUTY, LLC, a New Jersey limited liability company; et al., Defendants-Appellees.	No. 19-55586 D.C. No. 2:17-cv-07058- ODW-JPR Central District of California, Los Angeles ORDER (Filed Nov. 9, 2020)
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Before: LEE and BUMATAY, Circuit Judges, and
MOLLOY,* District Judge.

The panel has voted to deny the petition for panel rehearing. Judges Lee and Bumatay have voted to deny the petition for rehearing en banc, and Judge Molloy has so recommended. The full court has been advised of the petition for rehearing en banc, and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for panel rehearing and the petition for rehearing en banc are DENIED.

* The Honorable Donald W. Molloy, United States District Judge for the District of Montana, sitting by designation.

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15 U.S.C. 1114(1) provides:

(1) Any person who shall, without the consent of the registrant –

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term “any person” includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any

officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

15 U.S.C. 1117 provides:

(a) Profits; damages and costs; attorney fees

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the

case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) Treble damages for use of counterfeit mark

In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section 220506 of Title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of –

- (1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or
- (2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of Title 26, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

(c) Statutory damages for use of counterfeit marks

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of –

(1) not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

(d) Statutory damages for violation of section 1125(d)(1)

In a case involving a violation of section 1125(d)(1) of this title, the plaintiff may elect, at any time before

final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.

(e) Rebuttable presumption of willful violation

In the case of a violation referred to in this section, it shall be a rebuttable presumption that the violation is willful for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the violation. Nothing in this subsection limits what may be considered a willful violation under this section.

15 U.S.C. 1127 provides:

In the construction of this chapter, unless the contrary is plainly apparent from the context –

The United States includes and embraces all territory which is under its jurisdiction and control.

The word “commerce” means all commerce which may lawfully be regulated by Congress.

The term “principal register” refers to the register provided for by sections 1051 to 1072 of this title, and the

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term “supplemental register” refers to the register provided for by sections 1091 to 1096 of this title.

The term “person” and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term “juristic person” includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term “person” also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The term “person” also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The terms “applicant” and “registrant” embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

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The term “Director” means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term “related company” means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms “trade name” and “commercial name” mean any name used by a person to identify his or her business or vocation.

The term “trademark” includes any word, name, symbol, or device, or any combination thereof –

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The term “service mark” means any word, name, symbol, or device, or any combination thereof –

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique

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service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term “certification mark” means any word, name, symbol, or device, or any combination thereof –

- (1) used by a person other than its owner, or
- (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term “collective mark” means a trademark or service mark –

- (1) used by the members of a cooperative, an association, or other collective group or organization, or
- (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

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The term “mark” includes any trademark, service mark, collective mark, or certification mark.

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce –

(1) on goods when –

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be “abandoned” if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark

made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term “colorable imitation” includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term “registered mark” means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase “marks registered in the Patent and Trademark Office” means registered marks.

The term “Act of March 3, 1881”, “Act of February 20, 1905”, or “Act of March 19, 1920”, means the respective Act as amended.

A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

The term “domain name” means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

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The term “Internet” has the meaning given that term in section 230(0(1) of Title 47.

Words used in the singular include the plural and vice versa.

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

**[EXHIBIT 1 to COMPLAINT FOR DAMAGES
AND INJUNCTIVE RELIEF]**

**United States of America
United States Patent and Trademark Office**

EYE DEW

Reg. No. 4,706,079 ARCONA, INC (CALIFORNIA
CORPORATION)
Registered 28745 INDUSTRY DR.
Mar. 24, 2015 VALENCIA, CA 91355

Int. Cl.: 3

TRADEMARK

**PRINCIPAL
REGISTER**

FOR: COSMETIC CREAMS
FOR SKIN CARE; COSMETIC
PREPARATIONS FOR SKIN
RENEWAL; EYE CREAM;
NON-MEDICATED STIMU-
LATING LOTIONS FOR THE
SKIN; SKIN CONDITIONING
CREAMS FOR COSMETIC
PURPOSES; SKIN MOISTUR-
IZER; WRINKLE REMOVING
SKIN CARE PREPARA-
TIONS, IN CLASS 3 (U.S.
CLS. 1, 4, 6, 50, 51 AND 52).

FIRST USE 1-1-2002; IN
COMMERCE 1-1-2002.

THE MARK CONSISTS OF
STANDARD CHARACTERS
WITHOUT CLAIM TO ANY
PARTICULAR FONT, STYLE,
SIZE, OR COLOR.

NO CLAIM IS MADE TO THE
EXCLUSIVE RIGHT TO USE

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“EYE”, APART FROM THE
MARK AS SHOWN.

SER. NO. 85-601,826, FILED
4-18-2012.

MARK SPARACINO, EXAM-
INING ATTORNEY

[SEAL]

/s/ Michelle K. Lee
Director of the United States
Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR
FEDERAL TRADEMARK REGISTRATION**
**WARNING: YOUR REGISTRATION WILL BE
CANCELLED IF YOU DO NOT FILE
THE DOCUMENTS BELOW DURING
THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*
What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*

See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*
What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the United States Patent and Trademark Office (USPTO). The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at

the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

NOTE: A courtesy e-mail reminder of USPTO maintenance filing deadlines will be sent to trademark owners/holders who authorize e-mail communication and maintain a current e-mail address with the USPTO. To ensure that e-mail is authorized and your address is current, please use the Trademark Electronic Application System (TEAS) Correspondence Address and Change of Owner Address Forms available at <http://www.uspto.gov>.
