

No. 23-____

IN THE
**Supreme Court of the United
States**

DIAMOND J. WHOLESALE, LLC,
D.B.A. GABSONS NOVELTIES,
RAJ SOLOMAN

Petitioners,

v.

TOP TOBACCO, L.P.,
REPUBLIC TECHNOLOGIES (NA), LLC,
REPUBLIC TOBACCO, L.P.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE ELEVENTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

The Lanham Act sets up a two-tiered penalty regime for cases involving counterfeit marks depending on whether the use of those marks was knowing. While 15 U.S.C. § 1117(a) does not require a showing of a knowing violation to subject a corporation or individual to liability, left unclear is when individual liability attaches when one is acting on behalf of a corporation. Does any amount of involvement in the misuse of a mark subject a corporate employee to individual liability, or does the individual need to be the moving force in violation? If the latter, what threshold of significance is necessary to subject an individual to liability?

PARTIES TO THE PROCEEDING BELOW

The parties to this proceeding include all those named in the caption of the case.

CORPORATE DISCLOSURE STATEMENT

Diamond J. Wholesale, LLC has no parent corporation, and no publicly held corporation owns 10% or more of the stock of any of these entities.

RELATED PROCEEDINGS

The following proceedings are directly related to this petition under this Court's Rule 14.1(b)(iii):

Top Tobacco, L.P., et. al., v. Diamond J. Wholesale, LLC, 22-10926-GG, United States Court of Appeals for the Eleventh Circuit, judgment entered August 22, 2023.

Top Tobacco, L.P. v. Diamond J. Wholesale, 1:19-CV-2148-LMM, United States District Court for the Northern District of Georgia, judgment entered March 22, 2023.

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PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

The decision of the United States Court of Appeals for the Eleventh Circuit dismissing Petitioner's appeal, *Top Tobacco, L.P., et. al., v. Diamond J. Wholesale, LLC*, 22-10926-GG (August 22, 2023), is unreported, available at 2023 U.S. App. LEXIS 22073, and reprinted at App. 1a.

The decision of the United States District Court for the Northern District of Georgia reconsidering its denial of summary judgment, *Top Tobacco, L.P. v. Panjwani*, 1:19-CV-2148-LMM (March 15, 2021), is unreported, available at 2021 U.S. Dist. LEXIS 73450, and reprinted at App. 7a.

The decision of the United States District Court for the Northern District of Georgia granting in part and denying in part Respondents' motion for summary judgment, *Top Tobacco, L.P. v. Diamond J. Wholesale*, 1:19-CV-2148-LMM (February 16, 2021), is unreported, available at 2021 U.S. Dist. LEXIS 184803, and reprinted at App. 18a.

JURISDICTION

The United States Court of Appeals for the Eleventh Circuit rejected Petitioner's appeal on August 22, 2023. This Court previously granted an application to extend the time to file until December 20, 2023. Application 23A432. Jurisdiction in this Court is therefore proper by writ of certiorari pursuant to 28 U.S.C. § 1254(1) as a petition of a party to a civil case after rendition of judgment.

RELEVANT PROVISIONS

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.

15 U.S.C. § 1117(a) 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 43(a) or (d) or (d)], or a willful violation under section 43(c), shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32, 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.

STATEMENT OF THE CASE

In this trademark counterfeiting suit, Respondents alleged that Petitioner Raj Soloman and his company, Diamond J. Wholesale, LLC, bought and sold counterfeit cigarette rolling papers bearing Respondents' trademarks.

In 2015, purchases of cigarette rolling papers from one of Respondents' distributors began rapidly to decline. Respondents, suspicious that the drop in sales was due to counterfeiting, launched an investigation into the area surrounding that distributor. Specifically, Respondents believed that the larger wholesale retailers in an area of Dekalb County, Georgia known as the mountain industrial park, who used to purchase cigarette papers directly from Respondents' distributor, had begun purchasing counterfeit goods instead. Because the smaller wholesalers purchase from the larger wholesalers and not directly from respondents' distributor, the goods they began to receive were, therefore, counterfeit as well. The result was that Respondents' sales to every wholesaler in the region declined.

Diamond J. Wholesale, LLC was one of those smaller wholesalers. In fact, it was the smallest store in the entire area. Several years after the alleged counterfeiting began, Respondent Raj Soloman purchased the business. By the time Soloman began to operate the business, Diamond J. Wholesale, like all of the other smaller wholesalers, had already adopted the customary practice of purchasing materials from the back of the trucks of the larger wholesalers in the area, a practice Soloman continued. During Respondents' surveillance of the larger

wholesalers, they uncovered evidence that Diamond J. Wholesale had purchased some of the counterfeit rolling papers for resale.

Respondents brought suit against both Diamond J. Wholesale, LLC and Raj Soloman individually, alleging violations of the Lanham Act. They sought damages under 15 U.S.C. § 1117(a), which applies to strict liability to Lanham Act violations but grants the Court discretion to assess damages. Subsection (a) stands in contrast to subsection (b), which makes the imposition of treble damages mandatory unless extenuating circumstances exist, but requires a showing of intentionality. 15 U.S.C. § 1117(b)(1).

On February 16, 2021, the United States District Court for the Northern District of Georgia entered an order on Respondents' Motion for Summary Judgment. Noting that neither Diamond J. Wholesalers nor Raj Soloman had denied the counterfeiting but both insisted any such counterfeiting was unintentional, the District Court held that Respondents were entitled to summary judgment against Diamond J. Wholesale, because intentionality is not relevant to obtaining damages against a corporation under 15 U.S.C. § 1117(a), but held that there were unresolved factual questions about Soloman's role in the counterfeiting that precluded summary judgment against him individually. In reaching this conclusion, the District Court relied in part on language from a decision by the United States Court of Appeals for the Eleventh Circuit stating that while one can be individually liable for corporate violations of the Lanham Act, the individual being held liable must have "actively and knowingly caused the infringement." *See*

Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1477 (11th Cir. 1991).

A month later, on March 15, 2021, the District Court reversed itself, granting Respondents' Motion for Reconsideration and concluding that summary judgment as to Raj Soloman's individual liability was appropriate. In the District Court's revised opinion, although the above-cited language in *Chanel* was ambiguous, it nonetheless imposes individual liability on a corporate officer so long as the officer was a "moving, conscious force" behind the infringing activity. Because Soloman was the owner of Diamond J. Wholesalers and continued its practice of purchasing goods from the larger wholesalers in the area, the District Court concluded summary judgment as to his individual liability was appropriate.

The United States Court of Appeals affirmed that ruling on August 22, 2023, confirming that *Chanel* did not require a showing that intent was necessary to demonstrate a violation of 15 U.S.C. § 1114(1)(a). It did not, however, provide additional guidance as to what actions by a corporate officer are sufficient to make that officer a "moving, conscious force" behind infringing activity. This Petition followed.

REASONS WHY THE PETITION SHOULD BE GRANTED

15 U.S.C. § 1117 sets up a two-tiered system for assessing penalties in cases involving counterfeit marks. Subsection (a) imposes damages and costs in the trial court's discretion for "a violation of any right of the registrant." Subsection (b) makes treble damages mandatory, absent extenuating circumstances, for knowing use of a counterfeit mark.

Because subsection (b) explicitly applies to intentional and knowing use of counterfeit marks, the United States Courts of Appeal have uniformly reasoned that subsection (a) imposes strict liability for the misuse of a mark, at least as applied to a corporation or an individual acting alone. Meanwhile, because 15 U.S.C. § 1114(1) applies to "[a]ny person," the Courts of Appeal are likewise unanimous that both corporations and individuals can be held liable under the Lanham Act.

Where the Courts of Appeal cannot speak with a uniform voice, however, is how to treat individuals acting to effectuate a corporate policy. Because corporations act only through their agents, every corporate violation of the Lanham Act could be said to also subject at least one individual to liability as well. And if there is strict liability for any individual involved in any capacity in the misuse of a mark, then in corporate cases, individual liability could be read to extend to any individual involved in any capacity in the corporate violation, from the CEO and head of purchasing down to individual sales clerks at a retail outlet and the delivery driver who stocked the counterfeit wares.

The Courts of Appeal, in defining the scope of individual liability for corporate acts in trademark and other intellectual property cases, have employed a variety of different tests, usually vague, and often in contradiction with one another.

Thus, for example, a plurality of the circuits appear to require significant personal involvement in the infringement for individual liability to attach. The Second Circuit appears to hold that a corporate officer may be held liable for trademark infringement, but only if the officer is “a moving, active conscious force behind [the defendant corporation’s] infringement. *See Burberry Ltd. V. Euro Moda, Inc.*, 2009 U.S. Dist. LEXIS 53250, *49 (S.D.N.Y.). Courts in that circuit have interpreted the “moving, active conscious force” language to require that the individual “play a significant role in accomplishing an unlawful infringement.” *Steak & Brew, Inc. v. Makris*, 177 U.S.P.Q. 412, 414 (D. Conn. 1973). To wit, “if an individual is a clear participant in the infringing behavior or makes all the business decisions for the company accused of infringement, then that individual may be personally liable.” *Pub. Works Inc. v. Pub. Works Admin. LLC*, 2023 U.S. Dist. LEXIS 157395, *8 (S.D.N.Y. 2023).

In some circuits, this requirement of significant participation also requires knowing participation. For example, in the Third Circuit, individual liability attaches to a person who “knowingly and significantly” participates in another’s act of infringement. *Electronic Laboratory Supply Co. v. Cullen*, 977 F.2d 798, 807 (3rd Cir. 1992). Courts in the Tenth Circuit have likewise interpreted individual liability for corporate acts to require “actively and knowingly”

causing the infringement. *Swig Holdings LLC v. Sodalicious, Inc.*, 2016 U.S. Dist. LEXIS 60463, *5-6 (Dist. Utah 2016). And, at least prior to the Eleventh Circuit's ruling in this case, that Circuit had appeared to likewise require that an individual "actively and knowingly caused the infringement" to be personally liable. *Chanel, Inc. v. Italian Activewear of Florida, Inc.*, 931 F.2d 1472 (11th Cir. 1991). Courts in the Eleventh Circuit had interpreted this requirement to mean that the individual must have "caused the infringement as a whole to occur." *Coach Servs. V. 888 Lucky Accessories, Inc.*, 2010 U.S. Dist. LEXIS 64387, *10-11 (S.F. Fla. 2010).

Other circuits, however, have adopted rules that appear to apply to any personal involvement in infringement. For example, the Sixth Circuit applies personal liability to anyone "personally involved in the infringement," as well as individuals with no personal involvement, so long as they were "willfully blind" to infringing activity. *Ohio State Univ. v. Skreened Ltd.*, 16 F. Supp. 3d 905, 921 (E.D. Oh. 2014). The Eighth Circuit has applied liability to "direct[] participat[ion] in infringement. *Martinizing Int'l, LLC v. BC Cleaners, LLC*, 855 F.3d 847, 852 (8th Cir. 2007). The Ninth Circuit also, at least for corporate officers, requires only personal participation in infringing activities. *Transgo, Inc. v. Ajac Transmission Parts Corp*, 768 F.2d 1001, 1021 (9th Cir. 1985); see *Daimler AG v. A-Z Wheels LLC*, 334 F. Supp. 3d 1087, 1106 (S.D. Cal. 2018) (applying Transgo specifically to trademark infringement). And the Seventh Circuit has said that intentional encouragement of infringement by others is sufficient. *Microsoft Corp. v. Rechanik*, 249 Fed. Appx. 476, 478 (7th Cir. 2007).

Meanwhile, the Federal Circuit, unique among circuits, appears to apply a veil-piercing theory to assessing personal liability in intellectual property cases. *Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308, 1331 (Fed. Cir. 1999). This position stands in contrast to all other Circuits, which view individual liability as arising independently from corporate form.

That the Circuits have offered differing and typically vague pronouncements on when individual liability attaches to corporate acts warrants this Court's review under Rule 10. In particular, there is a circuit split on whether any direct involvement or only involvement that meets some threshold of significance subjects an individual to liability, as well as a circuit split as to whether such participation must be knowing.

This Court ought accept certiorari and identify at least some threshold level of participation necessary for individual liability. As an initial matter, it could not have been the intent of Congress to subject every single employee of a corporation, working in any capacity, to liability for an infringement. Even assuming an executive whose responsibility was to purchase or market counterfeit goods ought be held liable, the same cannot be said for a retail store clerk who helped a customer check out, or the delivery driver who brought the counterfeit goods to the store. Guidance is particularly warranted because a violation of the Lanham Act potentially exposes individuals to criminal as well as civil liability. And cases raising this issue are common not only in trademark infringement, but other forms of intellectual property disputes, and, indeed, any time a statute imposes liability on both a corporation and its individual agents.

The subject case provides a particularly good vehicle to address that split for several reasons: The first is that the Eleventh Circuit's own language has been internally inconsistent and vague, as the Court has simultaneously suggested that personal liability must be knowing and significant and that evidence of direct participation is definitive. To the extent the Eleventh Circuit continues to hold that, even if knowledge is irrelevant, an individual's participation must be a moving and active force, the Circuit has provided no guidance on the line between mere participation and being an active force.

That lack of clarity leads to a second reason this vehicle is an appropriate one: here, infringement of Respondents' mark was apparently widespread among all of the businesses in the area well before Mr. Soloman took an ownership stake in Diamond J. Wholesale, LLC, and, indeed, it is unclear whether smaller wholesalers like Diamond J. Wholesale even had the ability to purchase conforming goods. Under the facts here, a trier of fact could conclude that while Mr. Soloman unknowingly acquiesced to the continued purchase of counterfeit goods, he was not the moving force in triggering the infringing activity. This Court's guidance, then, on whether such an individual is subject to liability under the Lanham Act is greatly needed.

CONCLUSION

Lower court rulings provide scattered and inconsistent guidance on the appropriate standard for imposing individual liability for Lanham Act violations involving a corporation. This Court should grant the petition to provide clearer guidance.

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Respectfully submitted.

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DECEMBER 20, 2023

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**APPENDIX A — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
ELEVENTH CIRCUIT, FILED AUGUST 22, 2023**

IN THE UNITED STATES COURT OF APPEALS
FOR THE ELEVENTH CIRCUIT

No. 22-10926
Non-Argument Calendar

TOP TOBACCO, L.P., REPUBLIC TECHNOLOGIES
(NA), LLC, REPUBLIC TOBACCO, L.P.,

Plaintiffs-Appellees,

versus

GABSONS NOVELTIES, *et al.*,

Defendants,

DIAMOND J. WHOLESALE, LLC,
D.B.A. GABSONS NOVELTIES,

Defendant-Appellant.

August 22, 2023, Filed

Appeal from the United States District Court
for the Northern District of Georgia.
D.C. Docket No. 1:19-cv-02148-LMM

Appendix A

Before JORDAN, NEWSOM, and ED CARNES, Circuit Judges.

PER CURIAM:

Diamond J Wholesale, LLC, and Raj Solomon, its sole owner and member, appeal a judgment of \$11 million in statutory damages in favor of the plaintiffs (Top Tobacco, L.P., Republic Technologies (NA), LLC, and Republic Tobacco, L.P.) on their claims of willful trademark infringement under the Lanham Act, 15 U.S.C. §§ 1114 *et seq.* Following review of the parties' briefs and the record, we affirm.¹

Evidentiary Rulings. The appellants contend that the district court erred in excluding certain evidence (witness testimony and invoices) which purportedly would have shown that they and their suppliers had purchased the counterfeit products from a legitimate wholesaler named Star Importers. According to the appellants, this evidence would have shown that they and their suppliers believed that Star Importers was a large and reputable seller of the plaintiffs' products. And that, the appellants say, would have helped them defeat the plaintiffs' claim that the trademark infringement was willful.

Reviewing for abuse of discretion, *see Chrysler Int'l Corp. v. Chemaly*, 280 F.3d 1358, 1362-63 (11th Cir. 2002), we discern no errors. First, the district court did not abuse

1. As we write for the parties, we assume their familiarity with the case and set out only what is necessary to explain our decision. The panel unanimously determined that this appeal should be removed from the oral argument calendar and decided on the briefs. *See* 11th Cir. R. 34-3(b).

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its discretion in excluding the testimony of Steve Kent—one of the appellants’ suppliers—because, among other things, Mr. Kent did not purchase products from Star Importers during the time period relevant to this suit. *See* D.E. 172 at 38-39. Second, the district court did not abuse its discretion in excluding the invoices under Rule 37 because the appellants did not turn them over in discovery and only brought them to the district court’s attention a year or so after the discovery deadline ended. *See* D.E. 154 at 17-19. In any event, even if the exclusion of the invoices constituted an abuse of discretion, any error was harmless because the invoices were not for transactions between Diamond J and Star Importers—they were between Quick Save Food Mart (a convenience store owned by Mr. Solomon) and Star Importers. The invoices therefore do not bear on the appellants’ purported good faith in obtaining the counterfeit products at issue, and any error in excluding them was harmless. *See Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303, 1319 (11th Cir. 2019); 28 U.S.C. § 2111.²

Judicial Notice. The appellants complain that the district court failed to take judicial notice of the definition of the word “culpability.” *See* D.E. 172 at 36, 39-40. If there was any error under Federal Rule of Evidence 201, it was harmless because the district court permitted the appellants to include their definition of “culpability” in the jury instructions. *See id.* at 39-40. The appellants acknowledged that including the definition in the jury

2. With respect to the matter of financial data about Diamond J and its competitors, the appellants were able to testify and comment on Diamond J’s small size and the restrictive effect that its size had on purchasing directly from Top Tobacco. Any error respecting that evidence was therefore also harmless.

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instructions would basically accomplish the same thing as judicial notice, *see id.* at 40, but they chose not to place the definition in the instructions. Given that course of action, any error in declining to take judicial notice of the definition was invited, is procedurally barred, or was harmless, or a combination of those three things.

Mr. Solomon’s Individual Liability. Mr. Solomon challenges the district court’s grant of summary judgment holding him individually liable for trademark infringement. He asserts that knowledge of infringement is required for individual liability under the Lanham Act, and that—as the district court originally thought—there are genuine issues of fact about his state of mind.

We conclude that the district court did not err. Under 15 U.S.C. § 1114(1)(a)—which in relevant part prohibits the use in commerce of counterfeit marks—a “showing of intent or bad faith is unnecessary to establish a violation[.]” *Chanel, Inc. v. Italian Activewear of Fla., Inc.*, 931 F.2d 1472, 1476 (11th Cir. 1991). And an individual is liable under that provision if he “actively and knowingly caused the infringement.” *See id.* at 1477.

In *Chanel* we affirmed a district court’s summary judgment order holding a corporate official individually liable because he (1) was the president and CEO of the infringing company, (2) purchased the infringing goods, (3) advertised those goods as legitimate, and (4) operated the showroom where the goods were sold. *See id.* at 1478. Here Mr. Solomon was the owner and sole member of Diamond J, and he stipulated that he was “chiefly responsible for buying and selling the counterfeit products and therefore ‘actively caused the infringement as a moving, conscious

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force.” D.E. 130-6 at ¶ 3. This was sufficient for the district court to grant summary judgment against him on the issue of individual liability. *See Chanel*, 931 F.2d at 1478 n.8 (explaining that an individual is liable if he “actively participated as a moving force in the decision to engage in the infringing acts, or otherwise caused the infringement as a whole to occur”) (emphasis omitted). *See also Edmondson v. Velvet Lifestyles, LLC*, 43 F.4th 1153, 1164 (11th Cir. 2022) (“In other words, a corporate officer who directs, controls, ratifies, participates in, or is the moving force behind the infringing activity is personally liable for that infringement.”) (internal quotation marks and citation omitted).

Simply stated, we held in *Chanel*, 931 F.2d at 1476, that intent is not necessary to demonstrate a violation of § 1114(1)(a). Given this underlying principle, individual liability under that provision does not demand proof of scienter. Any issues of fact relating to Mr. Solomon’s state of mind were therefore not material. *See* 87 C.J.S. Trademarks, Etc. § 296 (Aug. 2023 update) (“Actual intent to infringe is not necessary for liability under the Lanham Act, and, therefore, individual liability may be imposed on a corporate officer who had no knowledge of the infringement, but who had (1) the right and ability to supervise the infringing activity, and (2) a direct financial interest in [that] activity. In determining whether a corporate officer’s acts render the officer individually liable under the Lanham Act, it is immaterial whether the officer knows that the acts will result in infringement.”) (citations omitted).³

3. Knowledge of infringement is required for the remedy of treble damages and attorney’s fees under § 1117(b) of the Lanham Act, and such knowledge is usually a matter for the fact-finder. *See*

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Appendix A

We affirm the district court's judgment.

AFFIRMED.

Chanel, 931 F.2d at 1476-78. Here the jury found that Mr. Solomon acted willfully. *See* D.E. 191.

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**APPENDIX B — ORDER OF THE UNITED
STATES DISTRICT COURT FOR THE NORTHERN
DISTRICT OF GEORGIA, ATLANTA DIVISION,
FILED MARCH 15, 2021**

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

CIVIL ACTION NO. 1:19-CV-2177-LMM

TOP TOBACCO, L.P., REPUBLIC TECHNOLOGIES
(NA), LLC, AND REPUBLIC TOBACCO, L.P.,

Plaintiffs,

v.

SALIM PANJWANI AND ASR BUSINESS, INC.,

Defendants.

CIVIL ACTION NO. 1:19-CV-2148-LMM

TOP TOBACCO, L.P., REPUBLIC TECHNOLOGIES
(NA), LLC, AND REPUBLIC TOBACCO, L.P.,

Plaintiffs,

v.

DIAMOND J WHOLESALE, LLC D/B/A GABSONS
NOVELTIES AND RAJ SOLOMON,

Defendants.

Appendix B

March 15, 2021, Decided

March 15, 2021, Filed

ORDER

This case comes before the Court on Plaintiffs' Motions for Reconsideration in the above-captioned cases. Dkt. No. [116] in 1:19-cv-2148-LMM; Dkt. No. [90] in 1:19-cv-2177-LMM. After due consideration, the Court enters the following Order:

I. LEGAL STANDARD

Under the Local Rules of this Court, “[m]otions for reconsideration shall not be filed as a matter of routine practice[,]” but rather, only when “absolutely necessary.” LR 7.2(E), N.D. Ga. Such absolute necessity arises where there is “(1) newly discovered evidence; (2) an intervening development or change in controlling law; or (3) a need to correct a clear error of law or fact.” *Bryan v. Murphy*, 246 F. Supp. 2d 1256, 1258-59 (N.D. Ga. 2003). A motion for reconsideration may not be used “to present the court with arguments already heard and dismissed or to repackage familiar arguments to test whether the court will change its mind.” *Id.* at 1259 (quoting *Brogdon v. National Healthcare Corp.*, 103 F. Supp. 2d 1322, 1338 (N.D. Ga. 2000)).

Nor may it be used “to offer new legal theories or evidence that could have been presented in conjunction with the previously filed motion or response, unless a reason is given for failing to raise the issue at an earlier

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stage in the litigation.” *Adler v. Wallace Computer Servs., Inc.*, 202 F.R.D. 666, 675 (N.D. Ga. 2001). Finally, “[a] motion for reconsideration is not an opportunity for the moving party . . . to instruct the court on how the court ‘could have done it better’ the first time.” *Pres. Endangered Areas of Cobb’s History, Inc. v. U.S. Army Corps of Eng’rs*, 916 F. Supp. 1557, 1560 (N.D. Ga. 1995), *aff’d*, 87 F.3d 1242 (11th Cir. 1996).

II. DISCUSSION

Plaintiffs ask the Court to reconsider its holding in each of the above-captioned cases. In each case, the Court held that an issue of fact remains as to the personal liability of the individual defendants. Plaintiffs argue that the Court applied the wrong standard to assess personal liability. The Court read Eleventh Circuit precedent to require that the individual Defendants, owners and officers of the corporate Defendants, knew or were willfully blind to the fact that they were buying and selling counterfeit copies of Plaintiffs’ marks. But Plaintiff argues that the Eleventh Circuit’s law on personal liability for trademark infringement does not require the officers to be aware they are infringing Plaintiffs’ marks. Rather, the Court need only hold that the officers consciously directed the infringing activity. The Court begins by addressing the rule for personal liability for trademark infringement and then applies that rule.

*Appendix B***A. Personal Liability Rule**

Upon reconsideration of the showing required for personal liability, the Court agrees with Plaintiffs. To reach its prior holding, the Court applied the Eleventh Circuit's ruling in *Chanel, Inc. v. Italian Activewear of Florida, Inc.*, 931 F.2d 1472 (11th Cir. 1991). The Eleventh Circuit's language in *Chanel* creates some ambiguity about the standard for personal liability. This is because the Eleventh Circuit describes the standard as follows: "If an individual actively and knowingly caused the infringement, he is personally liable." *Chanel*, 931 F.2d at 1477 (citing *Mead Johnson & Co. v. Baby's Formula Serv., Inc.*, 402 F.2d 19 (5th Cir. 1968)). The phrase "knowingly caused the infringement" could be read to mean that the individual defendant knew that his company was infringing a trademark. The *Chanel* court went on to explain that an individual defendant would be "liable [] if he actively caused the infringement as a moving, conscious force." *Id.* at 1478; *see also id.* at 1478 n.8 ("The individual liability standard . . . asks whether he actively participated as a moving force in the *decision* to engage in the infringing acts, or otherwise caused the infringement as a whole to occur.").

Despite the *Chanel* court's references to knowledge, consciousness, and decision-making, Plaintiffs convincingly argue that the court's holding does not require a defendant to know they are infringing for personal liability to attach. Plaintiffs point out that the *Chanel* court affirmed a defendant's personal liability even though an issue of fact remained regarding his willfulness.

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The defendant there was a corporate officer. The court had to consider whether he willfully committed trademark infringement to determine willfulness under the Lanham Act's damages provision, 15 U.S.C. § 1117. *Chanel*, 931 F.2d at 1476. The evidence was in conflict about whether the officer knew he was buying counterfeit goods or intended to buy counterfeit goods. There was some evidence that the officer had ignored hints that he was buying counterfeit goods. The district court had found this evidence sufficiently compelling to grant the plaintiff's request for summary judgment on willfulness. The Eleventh Circuit disagreed, found that a reasonable jury could find in the officer's favor regarding his knowledge or intent, and so reversed the district court's grant of summary judgment on willfulness. *Id.* at 1477.

Even so, the Eleventh Circuit held that the same corporate officer could be personally liable for trademark infringement. *Id.* at 1478. While the officer might not have known the goods were counterfeit, he was the "moving, conscious force" behind the infringing activity:

Applying this standard to Brody, [the officer,] we agree no genuine issue exists on his personal liability. Brody was the president and chief executive officer of [the infringing company]. It was he who purchased the counterfeit goods []; he who advertised the goods as [genuine] products in local publications; and he who operated the showroom from which the goods were sold.

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Id. In other words, the officer was personally liable because he closely controlled the infringing activity, even if he did not know that the activity was infringing. The Eleventh Circuit held him personally liable for “actively and knowingly caus[ing] the infringement.” *Id.* at 1477.

Accordingly, when the Eleventh Circuit’s opinion in *Chanel* is read as a whole, it suggests that knowledge, for purposes of personal liability, means knowledge of the *infringing acts*, not knowledge of *infringement*. This holding is consistent with other cases in which federal courts have held corporate officers personally liable despite their lack of specific knowledge or intent. See *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602, 606 (3d Cir. 1978) (“The fact that an officer is acting for a corporation also may make the corporation vicariously or secondarily liable under the doctrine of respondeat superior; it does not however relieve the individual of his responsibility.”); *Luxottica Grp., S.p.A. v. Casa Los Martinez Corp.*, No. 1:14-cv-22859-JAL, 2015 U.S. Dist. LEXIS 197950, 2015 WL 13776171, at *2 (S.D. Fla. Jan. 30, 2015) (“Whether the officer has knowledge that his acts will result in an infringement is immaterial to his individual liability.”); *Carell v. Shubert Org., Inc.*, 104 F. Supp. 2d 236, 271 (S.D.N.Y. 2000) (“Where it is established that the officer is a ‘moving, active, conscious force’ behind the infringement, ‘[it] is immaterial whether . . . [he] knows that his acts will result in an infringement.’” (quoting *Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899, 913 (E.D.N.Y. 1988))); *Polo Fashions, Inc. v. Branded Apparel Merch., Inc.*, 592 F. Supp. 648, 652-53 (D. Mass. 1984) (same). Some courts have emphasized that this strict liability applies

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without regard to the veil that ordinarily separates officers from their corporations. *Babbit Elecs. v. Dynascan Corp.*, 38 F.3d 1161, 1184 (11th Cir. 1994) (“[A] corporate officer who directs, controls, ratifies, participates in, or is the moving force behind the infringing activity, is personally liable for such infringement without regard to piercing of the corporate veil.”); *Donsco*, 587 F.2d at 606 (“This liability is distinct from the liability resulting from the ‘piercing of the corporate veil’ as that term is commonly used.”).

In sum, the Court’s review of Eleventh Circuit authority and out-of-circuit decisions convinces the Court that Plaintiff is correct. The individual defendants in the above-captioned cases may be held liable without regard to their knowledge of or willful blindness towards infringement as long as they actively caused the infringement as moving, conscious forces. The Court erred when it previously held otherwise.

B. Evidence of Officers’ Roles as “Moving, Conscious” Forces Behind Infringement

The Court must now turn to whether Plaintiffs have shown as a matter of law that the individual defendants were the moving, conscious forces behind the infringement such that they are personally liable. The Court begins by addressing Defendant Raj Solomon in *Top Tobacco, L.P. v. Diamond J Wholesale, LLC*, 1:19-cv-2148 and then turns to Defendant Salim Panjwani in *Top Tobacco, L.P. v. ASR Business, Inc.*, 1:19-cv-2177.

*Appendix B***1. Defendant Raj Solomon**

The record in case number 1:19-CV-2148 reflects that Defendant Solomon is the sole owner of Defendant Diamond J. Dkt. No. [111-2] at 2 ¶ 7 (admitting that Defendant Solomon is the sole owner). He personally decides what the company buys and sells. *Id.* ¶ 11 (admitting that “Solomon is responsible for selecting and ordering products and negotiating pricing on [Diamond J’s] behalf”); Dkt. No. [104-12] at 6 (Solomon Deposition). He selects the company’s suppliers of the rolling papers at issue in this suit. *Id.* 22-24, 29-30. And he places orders for the rolling papers. *Id.* at 6. On this record, the Court finds that Defendant Solomon was chiefly responsible for buying and selling the counterfeit rolling papers and therefore “actively caused the infringement as a moving, conscious force.” *Chanel*, 931 F.2d at 1478; *id.* (holding an officer personally liable when the officer purchased counterfeit goods, advertised the goods in local publications, and operated a showroom from which the goods were sold).¹

1. Defendants in this case oppose reconsideration on the grounds that Defendant Solomon was not the moving, conscious force behind the infringement because he bought Defendant Diamond J from a previous owner that already had suppliers. Dkt. No. [117] at 8-9. Defendants’ citation does not support this position, but rather cites to their summary-judgment opposition brief. Dkt. No. [111-1] at 16-18. But even if their argument were supported by record evidence, it would not overcome the plain admissions in Defendant Solomon’s deposition and response to Plaintiffs’ statement of material facts that he was in charge of Diamond J as sole proprietor and that he made the purchasing decisions.

*Appendix B***2. Defendant Salim Panjwani**

The record in case number 1:19-cv-2177 reflects that Defendant Panjwani is the sole incorporator, registered agent, CEO, CFO, and secretary of Defendant ASR Business, Inc. Dkt. No. [68-1] at 278-84. Defendant Panjwani stated in his deposition that he “decides what types of products [ASR] sells,” that he is “responsible for selecting and ordering products,” and that only he interacts with suppliers. *Id.* at 69. Defendant Panjwani negotiates prices with suppliers. *Id.* at 50. In response to Plaintiff’s interrogatory request to identify “each employee or agent [] that is involved in the purchase, sale, or distribution of TOP or JOB products,” Defendants responded, “Salim Panjwani, who is a party to this case and may be contacted through undersigned counsel only.” Dkt. No. [68-7] at 84. On this record, the Court finds that Defendant Panjwani “actively caused the infringement as a moving, conscious force.” *Chanel*, 931 F.2d at 1478.

In sum, the Court alters its prior orders to hold Defendants Solomon and Panjwani personally liable for trademark counterfeiting. The Court erred when it required Plaintiffs to show that these Defendants knew that they were buying and selling counterfeit marks. Eleventh Circuit law includes no requirement of specific knowledge of trademark infringement, but instead holds officers personally liable when they actively cause infringement as moving, conscious forces. The record evidence in these cases establishes as a matter of law that Defendants Solomon and Panjwani actively caused the infringement of Plaintiffs’ products as moving, conscious forces.

*Appendix B***III. CONCLUSION**

Based upon the foregoing, Plaintiffs' Motions for Reconsideration are **GRANTED** to correct legal error in the Court's prior summary judgment orders.

In 1:19-cv-2148, the Court **ALTERS in part** its Order [115] on Plaintiffs' Motion for Summary Judgment [104]. The Court **SETS ASIDE** its denial of summary judgment as to Defendant Solomon's personal liability. Under the proper standard for personal liability, the Court holds that Defendant Solomon is personally liable. Plaintiffs' request for summary judgment on liability against Defendant Solomon is **GRANTED**. The Court's prior Order remains unchanged in all other respects.

In 1:19-cv-2177, the Court **ALTERS in part** its Order [89] on Plaintiffs' Motion for Summary Judgment [67]. The Court **SETS ASIDE** its denial of summary judgment as to Defendant Panjwani's personal liability. Under the proper standard for personal liability, the Court holds that Defendant Panjwani is personally liable. Plaintiffs' request for summary judgment on liability against Defendant Panjwani is **GRANTED**. The Court's prior Order remains unchanged in all other respects.

The Court previously directed the parties in each case to notify the Court as to their preferred forum for mediation. The parties in each case have elected mediation before a Magistrate Judge. Accordingly, this case is hereby **REFERRED** to United States Magistrate Judge Alan J. Baverman for the assignment of a Magistrate Judge for mediation. Within two days of the completion of the mediation, the parties shall report the outcome of the mediation to the Court.

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IT IS SO ORDERED this 15th day of March, 2021.

/s/ Leigh Martin May
Leigh Martin May
United States District Judge

**APPENDIX C — ORDER OF THE UNITED
STATES DISTRICT COURT FOR THE NORTHERN
DISTRICT OF GEORGIA, ATLANTA DIVISION,
FILED FEBRUARY 16, 2021**

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

CIVIL ACTION NO. 1:19-CV-2148-LMM

TOP TOBACCO, L.P., REPUBLIC TECHNOLOGIES
(NA), LLC, AND REPUBLIC TOBACCO, L.P.,

Plaintiffs,

v.

DIAMOND J WHOLESALE, LLC D/B/A GABSONS
NOVELTIES AND RAJ SOLOMON,

Defendants.

February 16, 2021, Decided
February 16, 2021, Filed

ORDER

This case comes before the Court on Plaintiffs Top Tobacco, L.P., Republic Technologies (NA), LLC, and Republic Tobacco, L.P.'s ("Plaintiffs") Motion for Summary Judgment [104]. After due consideration, the Court enters the following Order:

*Appendix C***I. BACKGROUND**

In this trademark counterfeiting suit, Plaintiffs allege that Defendants Raj Solomon and his company, Diamond J Wholesale, LLC (“Diamond J”), bought and sold counterfeit versions of products bearing Plaintiffs’ trademarks. The products in question were cigarette rolling papers, which Plaintiffs sell and distribute under the labels TOP® and JOB®. Plaintiffs claim common law rights in these marks as well as a “substantial portfolio” of federal trademark registrations. Dkt. No. [107-1] at 9.

Defendant Diamond J supplies novelty items to gas stations and convenience stores. *Id.* at 10. This includes TOP®-and JOB®-branded rolling papers. Diamond J does not buy these rolling papers from Plaintiffs. Instead, it buys them from “jobbers” named Amin Virani and Steve Kent who sell novelty items from the back of their trucks. *Id.* Defendants argue that Diamond J also bought rolling papers from Star Importers and Wholesalers, Inc. (“Star”), whom Defendants contend was a licensed distributor.¹

Plaintiffs contend that Diamond J bought from these suppliers counterfeit versions of the TOP® and JOB® rolling papers, which Defendants then resold. Plaintiffs claim to have first discovered these transactions through anti-counterfeiting efforts. *Id.* at 11. Specifically, in January 2018, Plaintiffs directed a confidential informant

1. Plaintiffs have sued Star in a separate case which is pending in this District. *See Top Tobacco v. Star Importers and Wholesalers*, No. 1:19-cv-4939-MLB.

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to purchase from Defendants wholesale quantities of papers with JOB® and TOP® labels. *Id.* at 12. Plaintiffs sent samples to their laboratory in France, where technicians determined them to be counterfeit. *Id.* Plaintiffs conducted second and third test buys in March 2018 and February 2019, sent samples from each of those test buys to the lab, and confirmed those papers were also counterfeit. *Id.* at 12-13.

When the case came before this Court, Plaintiffs were authorized to conduct a seizure of counterfeit papers at Defendants' store. *Id.* at 13; Dkt. No. [13]. Plaintiffs, local law enforcement, and investigators seized thousands of boxes of JOB® and TOP® rolling papers and took the papers into custody. Dkt. No. [107-1] at 14. Plaintiffs again conducted lab tests in France and determined that samples from this raid were counterfeit. *Id.*

Plaintiffs sued Defendants based on their alleged counterfeiting and enumerated eight claims in their Verified Complaint:

(1) Trafficking in Counterfeit Goods, 15 U.S.C. § 1114(1)(a);

(2) Infringement of Federally Registered Trademarks, 15 U.S.C. § 1114;

(3) Unfair Competition and False Designation of Origin, 15 U.S.C. § 1125(a);

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(4) Georgia Statutory Unfair Competition, O.C.G.A. § 23-2-55 et seq.;

(5) Violation of the Georgia Uniform Deceptive Trade Practices Act, O.C.G.A. § 10-1-372 et seq.;

(6) Common Law Trademark Infringement;

(7) Common Law Unfair Competition; and

(8) Common Law Unjust Enrichment.

Dkt. No. [1]. Plaintiffs have moved for summary judgment on these claims because, they argue, the uncontradicted evidence supports their allegation that Defendants trafficked in counterfeit goods bearing Plaintiffs' mark. Dkt. No. [104]. Defendants oppose summary judgment. Dkt. No. [111]. After setting forth the standard that applies to Plaintiffs' Motion, the Court turns to the merits.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 56 provides “[t]he 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). A factual dispute is “genuine” if the evidence would allow a reasonable jury to find for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). A fact is “material” if it is “a legal element of the claim under the applicable substantive law which might affect

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the outcome of the case.” *Allen v. Tyson Foods, Inc.*, 121 F.3d 642, 646 (11th Cir. 1997).

The moving party bears the initial burden of showing the Court, by reference to materials in the record, that there is no genuine dispute as to any material fact that should be decided at trial. *Hickson Corp. v. N. Crossarm Co.*, 357 F.3d 1256, 1260 (11th Cir. 2004) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986)). In determining whether the moving party has met this burden, the district court must view the evidence and all factual inferences in the light most favorable to the party opposing the motion. *Johnson v. Clifton*, 74 F.3d 1087, 1090 (11th Cir. 1996).

Once the moving party has adequately supported its motion, the non-movant then has the burden of showing that summary judgment is improper by coming forward with specific facts showing a genuine dispute. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986). There is no “genuine [dispute] for trial” when the record as a whole could not lead a rational trier of fact to find for the nonmoving party. *Id.* (citations omitted).

“But—particularly where, as here, the moving party is also the party with the burden of proof on the issue—it is important to remember the non-moving party must produce its significant, probative evidence only after the movant has satisfied its burden of demonstrating there is no genuine dispute on any material fact.” *Chanel, Inc. v. Italian Activewear of Fla., Inc.*, 931 F.2d 1472, 1477 (11th

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Cir. 1991). And all reasonable doubts are resolved in the favor of the non-movant. *Fitzpatrick v. City of Atlanta*, 2 F.3d 1112, 1115 (11th Cir. 1993).

III. DISCUSSION

Plaintiffs argue that the evidence entitles them to judgment as a matter of law. Dkt. No. [107-1]. They request statutory damages and attorneys' fees. Defendants contest Plaintiffs' trademark case by arguing that their counterfeiting violations were not willful, and they further argue that Plaintiffs' requested remedies are disproportionate to the harm alleged. The Court begins with the merits of Plaintiffs' case before turning to remedies.

A. Merits

Plaintiffs have brought eight claims, but those eight claims are reducible to the same test. Where, as here, a plaintiff's claim for unfair competition based upon false designation of origin turns on a trademark violation, that claim "is practically identical to a[] [trademark] infringement claim." *Tana v. Dantanna's*, 611 F.3d 767, 772 (11th Cir. 2010); *see also Savannah Coll. of Art and Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1261 (11th Cir. 2017) ("We, like other circuits, often blur the lines between [Lanham Act infringement] claims and [Lanham Act false designation of origin] claims because recovery under both generally turns on the confusion analysis."). The same standard applies to Plaintiffs' claims for violations of Georgia's Unfair Competition

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Statute, Georgia's Uniform Deceptive Trade Practices Act, and common law trademark infringement and unfair competition. *Optimum Techs., Inc. v. Henkel Consumer Adhesives, Inc.*, 496 F.3d 1231, 1248 n.11 (11th Cir. 2007) (“[T]he analysis of a Georgia unfair competition claim is ‘co-extensive’ with the analysis of a Lanham Act claim”); *Kason Indus., Inc. v. Component Hardware Grp., Inc.*, 120 F.3d 1199, 1203 (11th Cir. 1997) (“It should be apparent that § 43(a) of the Lanham Act and § 10-1-372(a)(2) of the UDTPA provide analogous causes of action governed by the same standard.”); *Univ. of Ga. Athletic Ass’n v. Laite*, 756 F.2d 1535, 1539 n.11 (11th Cir. 1985) (“[T]he standards governing most of the claims under Georgia law are similar, if not identical, to those under the Lanham Act.”).

To prove these claims, Plaintiffs must show (1) that they held enforceable trademark rights in a mark or name; and (2) that Defendants made unauthorized use of the marks in a manner likely to cause consumer confusion. *Savannah Coll. of Art and Design*, 872 F.3d at 1261.² Plaintiffs have produced evidence showing that they own protectable trademarks in JOB® and TOP®, and Defendants do not challenge Plaintiffs’ ownership of the marks. Nor do Defendants challenge Plaintiffs’ contention that Defendants in fact sold counterfeit marks or that the marks were likely to confuse consumers. *See generally* Dkt. No. [111-1].

2. Plaintiffs add a third element: whether the counterfeit marks moved in commerce. Defendants do not contest this element, and Plaintiffs have sustained their burden as to it.

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Instead, Defendants contest Plaintiffs' Motion for Summary Judgment on the narrow ground that their counterfeiting was not intentional. *Id.* at 11-16. As discussed further below, intent or willfulness can impact Defendant Solomon's personal liability, but it does not prevent the entry of summary judgment against Defendant Diamond J. The business's liability does not depend on mental state because trademark infringement and counterfeiting are strict liability offenses under the Lanham Act. *See Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, 453 F.3d 377, 481 (6th Cir. 2006) ("[A]s the Seventh Circuit has put it concisely, '[s]ellers bear strict liability for violations of the Lanham Act.'" (quoting *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1152 n.6 (7th Cir. 1992))); *Kaisha v. Train Wreck Ltd. Liab. Co.*, No. 17-cv-3625-DLI-SJB, 2018 U.S. Dist. LEXIS 90291, 2018 WL 4103582, at *5 (E.D.N.Y. May 29, 2018) ("[T]he lack of knowledge is not a defense to a Lanham Act charge of trademark infringement, and the mere sale of an infringing product subjects a party to liability.").

Accordingly, Plaintiffs have shown that no genuine issue of material fact remains as to Defendant Diamond J's liability for trademark counterfeiting. The Court **GRANTS** Plaintiffs' Motion for Summary Judgment as to liability against Defendant Diamond J.

B. Mr. Solomon's State of Mind and Personal Liability

Plaintiffs argue that Defendant Diamond J's owner, Defendant Solomon, is personally liable for the

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counterfeiting violations. Dkt. No. [107-1] at 19-20. This is because, Plaintiffs argue, Mr. Solomon controlled Diamond J's business and was directly involved in the buying and selling of the counterfeit marks. Defendants disagree. They argue that Defendant Solomon was not on notice that the rolling papers were counterfeit and so he cannot be personally liable. Dkt. No. [111-1] at 15-16.

The Court finds that an issue of fact remains regarding Defendant Solomon's state of mind. As a threshold matter, the Lanham Act provides for personal liability. *See Chanel*, 931 F.2d at 1477 ("Natural persons, as well as corporations, may be liable for trademark infringement under the Lanham Act." (citing 15 U.S.C. §§ 1114, 1117; *Mead Johnson & Co. v. Baby's Formula Serv., Inc.*, 402 F.2d 19 (5th Cir. 1968))). "If an individual actively and knowingly caused the infringement, he is personally liable." *Id.* This is so despite the veil that typically separates corporations and individuals. *See Babbit Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1184 (11th Cir. 1994) ("[A] corporate officer who directs, controls, ratifies, participates in, or is the moving force behind the infringing activity, is personally liable for such infringement without regard to piercing of the corporate veil.").

Even so, for personal liability attach, Plaintiffs must show that Mr. Solomon "actively and knowingly caused the infringement." *Chanel*, 931 F.2d at 1477. The evidence on this issue is conflicting. Plaintiffs argue that Mr. Solomon actively and knowingly caused the infringement because (1) he exercised near-total control over Diamond J's business; (2) Diamond J bought rolling papers from

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“jobbers” who lacked reliability; (3) the papers were priced at steep discounts from Plaintiffs’ cheapest wholesale prices; and (4) the papers that Defendants bought came in shoddy packaging that should have provoked Mr. Solomon to look into their provenance. Dkt. No. [107-1] at 19-20, 33-36. Defendants argue that Mr. Solomon never knew that the rolling papers were counterfeit. Dkt. No. [111-1] at 7. This is because, Defendants argue, Diamond J was buying from Star, which was a licensed distributor of Plaintiffs’ products. *Id.* at 14.

The Court finds a triable issue as to Mr. Solomon’s state of mind. Plaintiffs have produced circumstantial evidence from which a factfinder could infer that Mr. Solomon knew or should have known about the counterfeiting but nevertheless continued to buy counterfeit products. And Defendants’ argument that Mr. Solomon relied upon the licensed purchaser status of Star is undermined by his deposition testimony. Dkt. No. [98-1] at 37 (Solomon Deposition) (“Q: Do you ever purchase from Star? . . . A: Not to my—I don’t recall.”); *id.* at 40 (acknowledging purchases from jobbers Steve Kent and Amin Virani). But Mr. Solomon insists that he never knew about the counterfeiting. When Plaintiffs’ counsel asked Mr. Solomon during his deposition if he had “ever ha[d] any suspicion about the authenticity of the products,” Mr. Solomon answered, “No.” *Id.* at 57-58. He did not recall seeing any suspicious markings on the product packaging that would have put him on notice or constructive notice of counterfeiting. *Id.* at 60-61. Further, Mr. Solomon has denied in his response to Plaintiffs’ statement of material facts that he knew about the counterfeiting. Dkt. No. [111-2] at 16 ¶ 220.

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Viewed in the light most favorable to Mr. Solomon, the evidence does not conclusively show that he knew about the counterfeiting or was willfully blind to it. If believed, Mr. Solomon’s testimony could indicate to a reasonable factfinder that he was not on notice of the counterfeit nature of the rolling papers he purchased. Thus, the Court finds a triable issue regarding Mr. Solomon’s state of mind. *See Chanel*, 931 F.2d at 1476 (“As a general rule, a party’s state of mind (such as knowledge or intent) is a question of fact for the factfinder, to be determined after trial.”).

Accordingly, Plaintiffs’ request for summary judgment on the issue of Mr. Solomon’s personal liability is **DENIED**.

C. Remedies

Plaintiffs request from the Court several remedies for Defendants’ counterfeiting violations. Plaintiffs have asked the Court to enter an award of statutory damages. Dkt. No. [107-1] at 28. The Lanham Act permits plaintiffs in counterfeiting cases to “elect, at any time before final judgment is rendered” an award of statutory damages within a certain range “as the court considers just.” 15 U.S.C. § 1117(c). Defendants argue that Plaintiffs’ requested damages are grossly disproportionate to the infringement alleged. Dkt. No. [111-1] at 16.

Plaintiffs have also requested that the Court award attorneys’ fees. Dkt. No. [107-1] at 40. The Lanham Act permits a recovery of attorneys’ fees in “exceptional” cases—those “where the infringing party acts in a

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malicious, fraudulent, deliberate, or willful manner.” *Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 F. App’x 899, 903 (11th Cir. 2007) (per curiam) (unpublished) (quoting *Burger King v. Pilgrim’s Pride Corp.*, 15 F.3d 166, 168 (11th Cir. 1994)).

Awarding these remedies would be premature at this stage. The Court has found that an issue of fact remains concerning Defendant Solomon’s knowledge and personal liability. The Court prefers to resolve that fact issue before administering remedies, both because intent is a factor involved in determining remedies and because a more complete record will aid the Court in its discretionary determination of a “just” award. *See* 15 U.S.C. § 1117(a), (c); *Chanel*, 931 F.2d at 1476 (“[W]here, as here, a registrant seeks the mandatory treble damages and attorneys’ fees provided for in § 1117(b), the plaintiff must prove the defendants’ intent to infringe.”); *Malletier v. Barami Enters., Inc.*, No. 04-cv-1547, 2006 U.S. Dist. LEXIS 5331, 2006 WL 328343, at *6 (S.D.N.Y. Feb. 14, 2006) (“If [defendants] prove that they were unaware of the infringements, then they will have a meritorious defense to plaintiffs’ claims that the alleged infringing behavior constituted willful and wanton or intentional conduct.”).³

Accordingly, Plaintiffs’ requests for damages and attorneys’ fees are **DENIED without prejudice** pending a

3. That said, the Court notes that Plaintiffs may prefer to forego a trial on the issue of willfulness and choose remedies that do not depend upon that issue. If so, Plaintiffs may move the Court to enter judgment based upon the existing record and the findings in this Order.

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resolution of the remaining fact issue or Plaintiffs' decision to pursue remedies without resolution of that issue.

IV. CONCLUSION

Based upon the foregoing, Plaintiffs Republic Technologies (NA), LLC, Republic Tobacco, L.P., and Top Tobacco, L.P.'s Motion for Summary Judgment [104] is **GRANTED in part, DENIED in part, and DENIED without prejudice in part.**

The Court **GRANTS** Plaintiffs' Motion for a finding of liability on the part of Defendant Diamond J for buying and selling counterfeit goods bearing Plaintiffs' mark.

The Court **DENIES** Plaintiffs' request for a finding of personal liability against Defendant Solomon because fact issues remain regarding Mr. Solomon's state of mind.

The Court **DENIES without prejudice** Plaintiffs' requests for damages and attorneys' fees.

The parties are **ORDERED** to mediation. The parties are directed to confer and notify the Court within **fourteen (14) days** from the date of entry of this Order as to whether they prefer private mediation or mediation before a Magistrate Judge without cost. If the parties are opposed to mediation or believe that it will be futile, the parties are to provide their reasons to the Court.

IT IS SO ORDERED this 16th day of February, 2021.

/s/ Leigh Martin May
Leigh Martin May
United States District Judge