

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

NAKEFIT USA, LLC,

Plaintiff,

v.

THE PARTNERSHIPS and
UNINCORPORATED ASSOCIATIONS
IDENTIFIED ON SCHEDULE “A”,

Defendants.

Case No. 21-cv-00976

COMPLAINT

Plaintiff NakeFit USA, LLC (“Plaintiff”), under agreement with NakeFit Company S.R.L., has full and exclusive license to use, enforce, and sublicense the trademarks of NakeFit Company S.R.L. in the United States. NakeFit USA, LLC and NakeFit Company S.R.L. are hereinafter referred to together or individually as “NakeFit”. Plaintiff hereby brings the present action against the Partnerships and Unincorporated Associations identified on Schedule A attached hereto (collectively, “Defendants”) and alleges as follows:

I. JURISDICTION AND VENUE

1. This Court has original subject matter jurisdiction over the claims in this action pursuant to the provisions of the Lanham Act, 15 U.S.C. § 1051, *et seq.*, 28 U.S.C. § 1338(a)–(b) and 28 U.S.C. § 1331.

2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defendants since each of the Defendants directly targets business activities toward consumers in the United States, including Illinois, through at

least the fully interactive e-commerce stores¹ operating under the seller aliases identified in Schedule A attached hereto (the “Seller Aliases”). Specifically, Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers using one or more Seller Aliases, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, have sold products using infringing and counterfeit versions of NakeFit’s federally registered trademarks to residents of Illinois. Each of the Defendants is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused NakeFit substantial injury in the State of Illinois.

II. INTRODUCTION

3. This action has been filed by NakeFit to combat e-commerce store operators who trade upon NakeFit’s reputation and goodwill by offering for sale and/or selling unauthorized and unlicensed footwear products, including stick-on soles, using infringing and counterfeit versions of NakeFit’s federally registered trademarks (the “Counterfeit NakeFit Products”). Defendants create e-commerce stores operating under one or more Seller Aliases advertising, offering for sale and selling Counterfeit NakeFit Products to unknowing consumers. E-commerce stores operating under the Seller Aliases share unique identifiers establishing a logical relationship between them and that Defendants’ counterfeiting operation arises out of the same transaction, occurrence, or series of transactions or occurrences. Defendants attempt to avoid and mitigate liability by operating under one or more Seller Aliases to conceal both their identities and the full scope and interworking of their counterfeiting operation. NakeFit is forced to file this action to combat Defendants’ counterfeiting of the registered NakeFit trademarks, as well as to protect unknowing consumers from purchasing Counterfeit NakeFit Products over the Internet. NakeFit has been and

¹ The e-commerce store urls are listed on Schedule A hereto under the Online Marketplaces.

continues to be irreparably damaged through consumer confusion, dilution, and tarnishment of its valuable trademarks as a result of Defendants' actions and seeks injunctive and monetary relief.

III. THE PARTIES

Plaintiff

4. Founded in 2017 after a successful Kickstarter campaign, NakeFit is an industry-leading designer, manufacturer, distributor, and seller of footwear. Believing that innovation often emerges as a solution to common issues, NakeFit created the NakeFit stick-on soles—a revolutionary and innovative approach to footwear that provides comfort and protection without compromising the absolute freedom that comes from close contact with nature.

5. NakeFit designs, manufactures, and sells high-quality footwear products, including the NakeFit soles (these and other genuine NakeFit branded products are collectively referred to herein as the “NakeFit Products”). NakeFit’s innovative and chic stick-on soles provide wearers stylish protection and complete freedom.

6. NakeFit Products have become enormously popular, driven by NakeFit’s arduous quality standards and innovative design. Among the purchasing public, genuine NakeFit Products are instantly recognizable as such. In the United States and around the world, the NakeFit brand has come to symbolize high quality, and NakeFit Products are among the most recognizable for footwear.

7. NakeFit incorporates a variety of distinctive marks in its various NakeFit Products. NakeFit has registered its trademarks with the United States Patent and Trademark Office. NakeFit Products typically include at least one of NakeFit’s registered trademarks. NakeFit uses its trademarks in connection with the marketing of its NakeFit Products, including the following marks which are collectively referred to as the “NAKEFIT Trademarks.”

Registration No.	Trademark	Goods and Services
6,145,243	NAKEFIT	For: Insoles for shoes; footwear in class 025.
5,528,070		For: Insoles for shoes; footwear in class 025.

8. The above U.S. registrations for the NAKEFIT Trademarks are valid, subsisting, and in full force and effect. The registrations for the NAKEFIT Trademarks constitute *prima facie* evidence of their validity and of NakeFit's exclusive right to use the NAKEFIT Trademarks pursuant to 15 U.S.C. § 1057(b). The NAKEFIT Trademarks have been used exclusively and continuously by NakeFit and have never been abandoned. True and correct copies of the United States Registration Certificates for the above-listed NAKEFIT Trademarks are attached hereto as

Exhibit 1.

9. The NAKEFIT Trademarks are exclusive to NakeFit, and are displayed extensively on or in close connection with NakeFit Products, NakeFit packaging, and in NakeFit's marketing and promotional materials. NakeFit Products have become popular around the world and have been extensively promoted and advertised at great expense. NakeFit Products have also been the subject of extensive unsolicited publicity resulting from their high-quality and innovative design. Because of these and other factors, the NakeFit brand and the NAKEFIT Trademarks have become well-known throughout the United States.

10. NakeFit Products are distributed and sold to consumers through retailers throughout the United States, including through Walmart and other authorized retailers in Illinois. NakeFit

Products can also be purchased through authorized online retailers and via the official NakeFit.us website. Providing genuine NakeFit branded retail store services over the Internet to sell genuine NakeFit Products is an important part of NakeFit's business strategy. The NakeFit.us website features proprietary content, images and designs exclusive to NakeFit.

11. The NAKEFIT Trademarks are distinctive when applied to the NakeFit Products and packaging, signifying to the purchaser that the products come from NakeFit and are manufactured to NakeFit's quality standards. Whether NakeFit manufactures the products itself or contracts with others to do so, NakeFit has ensured that products bearing the NAKEFIT Trademarks are manufactured to the highest quality standards. The NAKEFIT Trademarks have achieved tremendous fame and recognition, which has only added to the inherent distinctiveness of the marks. As such, the goodwill associated with the NAKEFIT Trademarks is of incalculable and inestimable value to NakeFit.

12. NakeFit has expended substantial time, money, and other resources in developing, advertising and otherwise promoting and protecting the NAKEFIT Trademarks. As a result, products bearing the NAKEFIT Trademarks are widely recognized and exclusively associated by consumers, the public, and the trade as being high-quality products sourced from NakeFit. The widespread fame, outstanding reputation, and significant goodwill associated with the NakeFit brand have made the NAKEFIT Trademarks invaluable assets of NakeFit.

The Defendants

13. Defendants are individuals and business entities of unknown makeup who own and/or operate one or more of the e-commerce stores under at least the Seller Aliases identified on Schedule A and/or other seller aliases not yet known to NakeFit. On information and belief, Defendants reside and/or operate in the People's Republic of China or other foreign jurisdictions with lax trademark enforcement systems, or redistribute products from the same or similar sources

in those locations. Defendants have the capacity to be sued pursuant to Federal Rule of Civil Procedure 17(b).

14. On information and belief, Defendants either individually or jointly own and/or operate one or more e-commerce stores under the Seller Aliases listed in Schedule A attached hereto. Tactics used by Defendants to conceal their identities and the full scope of their counterfeiting operation make it virtually impossible for NakeFit to learn Defendants' true identities and the exact interworking of their counterfeit network. If Defendants provide additional credible information regarding their identities, NakeFit will take appropriate steps to amend the Complaint.

IV. DEFENDANTS' UNLAWFUL CONDUCT

15. The success of the NakeFit brand has resulted in its significant counterfeiting. Consequently, NakeFit regularly investigates suspicious e-commerce stores identified in proactive Internet sweeps and reported by consumers. In recent years, NakeFit has identified numerous fully interactive e-commerce stores, including those operating under the Seller Aliases, which were offering for sale and/or selling Counterfeit NakeFit Products to consumers in this Judicial District and throughout the United States. E-commerce sales, including through e-commerce stores like those of Defendants, have resulted in a sharp increase in the shipment of unauthorized products into the United States. **Exhibit 2**, Excerpts from Fiscal Year 2018 U.S. Customs and Border Protection (“CBP”) Intellectual Property Seizure Statistics Report. Over 90% of all CBP intellectual property seizures were smaller international mail and express shipments (as opposed to large shipping containers). *Id.* Over 85% of CBP seizures originated from mainland China and Hong Kong. *Id.* Counterfeit and pirated products account for billions in economic losses, resulting

in tens of thousands of lost jobs for legitimate businesses and broader economic losses, including lost tax revenue.

16. Third party service providers like those used by Defendants do not adequately subject new sellers to verification and confirmation of their identities, allowing counterfeiters to “routinely use false or inaccurate names and addresses when registering with these e-commerce platforms.” **Exhibit 3**, Daniel C.K. Chow, *Alibaba, Amazon, and Counterfeiting in the Age of the Internet*, 40 NW. J. INT’L L. & BUS. 157, 186 (2020); *see also* report on “Combating Trafficking in Counterfeit and Pirated Goods” prepared by the U.S. Department of Homeland Security’s Office of Strategy, Policy, and Plans (Jan. 24, 2020), attached as **Exhibit 4** and finding that on “at least some e-commerce platforms, little identifying information is necessary for a counterfeiter to begin selling” and recommending that “[s]ignificantly enhanced vetting of third-party sellers” is necessary. Counterfeitors hedge against the risk of being caught and their websites taken down from an e-commerce platform by preemptively establishing multiple virtual store-fronts. **Exhibit 4** at p. 22. Since platforms generally do not require a seller on a third-party marketplace to identify the underlying business entity, counterfeiters can have many different profiles that can appear unrelated even though they are commonly owned and operated. **Exhibit 4** at p. 39. Further, “E-commerce platforms create bureaucratic or technical hurdles in helping brand owners to locate or identify sources of counterfeits and counterfeiters.” **Exhibit 3** at 186-187.

17. Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers using one or more Seller Aliases, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, have sold Counterfeit NakeFit Products to residents of Illinois.

18. Defendants concurrently employ and benefit from substantially similar advertising and marketing strategies. For example, Defendants facilitate sales by designing the e-commerce stores operating under the Seller Aliases so that they appear to unknowing consumers to be authorized online retailers, outlet stores, or wholesalers. E-commerce stores operating under the Seller Aliases appear sophisticated and accept payment in U.S. dollars via credit cards, Alipay, Amazon Pay, Western Union and/or PayPal. E-commerce stores operating under the Seller Aliases often include content and images that make it very difficult for consumers to distinguish such stores from an authorized retailer. NakeFit has not licensed or authorized Defendants to use any of the NAKEFIT Trademarks, and none of the Defendants are authorized retailers of genuine NakeFit Products.

19. Many Defendants also deceive unknowing consumers by using the NAKEFIT Trademarks without authorization within the content, text, and/or meta tags of their e-commerce stores in order to attract various search engines crawling the Internet looking for websites relevant to consumer searches for NakeFit Products. Other e-commerce stores operating under Seller Aliases omit using the NAKEFIT Trademarks in the item title to evade enforcement efforts while using strategic item titles and descriptions that will trigger their listings when consumers are searching for NakeFit Products.

20. On information and belief, Defendants have engaged in fraudulent conduct when registering the Seller Aliases by providing false, misleading and/or incomplete information to Internet based e-commerce platforms. On information and belief, certain Defendants have anonymously registered and maintained Seller Aliases to prevent discovery of their true identities and the scope of their e-commerce operation.

21. On information and belief, Defendants regularly register or acquire new seller aliases for the purpose of offering for sale and selling Counterfeit NakeFit Products. Such seller alias registration patterns are one of many common tactics used by the Defendants to conceal their identities, the full scope and interworking of their counterfeiting operation, and to avoid being shut down.

22. Even though Defendants operate under multiple fictitious aliases, the e-commerce stores operating under the Seller Aliases often share unique identifiers, such as templates with common design elements that intentionally omit any contact information or other information for identifying Defendants or other Seller Aliases they operate or use. E-commerce stores operating under the Seller Aliases include other notable common features such as use of the same registration patterns, accepted payment methods, check-out methods, keywords, illegitimate search engine optimization (SEO), advertising tactics, similarities in price and quantities, the same incorrect grammar and misspellings, and/or the use of the same text and images. Additionally, Counterfeit NakeFit Products for sale by the Seller Aliases bear similar irregularities and indicia of being counterfeit to one another, suggesting that the Counterfeit NakeFit Products were manufactured by and come from a common source and that Defendants are interrelated.

23. On information and belief, Defendants are in constant communication with each other and regularly participate in QQ.com chat rooms and through websites such as sellerdefense.cn, kaidianyo.com and kuajingvs.com regarding tactics for operating multiple accounts, evading detection, pending litigation, and potential new lawsuits.

24. Counterfeitors such as Defendants typically operate under multiple seller aliases and payment accounts so that they can continue operation in spite of NakeFit's enforcement efforts. On information and belief, Defendants maintain off-shore bank accounts and regularly

move funds from their financial accounts to off-shore bank accounts outside the jurisdiction of this Court to avoid payment of any monetary judgment awarded to NakeFit. Indeed, analysis of financial account transaction logs from previous similar cases indicates that off-shore counterfeiters regularly move funds from U.S.-based financial accounts to off-shore accounts outside the jurisdiction of this Court.

25. On information and belief, Defendants are an interrelated group of counterfeiters working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell Counterfeit NakeFit Products in the same transaction, occurrence, or series of transactions or occurrences. Defendants, without any authorization or license from NakeFit, have jointly and severally, knowingly and willfully used and continue to use the NAKEFIT Trademarks in connection with the advertisement, distribution, offering for sale, and sale of Counterfeit NakeFit Products into the United States and Illinois over the Internet.

26. Defendants' unauthorized use of the NAKEFIT Trademarks in connection with the advertising, distribution, offering for sale, and sale of Counterfeit NakeFit Products, including the sale of Counterfeit NakeFit Products into the United States, including Illinois, is likely to cause and has caused confusion, mistake, and deception by and among consumers and is irreparably harming NakeFit.

COUNT I
TRADEMARK INFRINGEMENT AND COUNTERFEITING (15 U.S.C. § 1114)

27. NakeFit hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

28. This is a trademark infringement action against Defendants based on their unauthorized use in commerce of counterfeit imitations of the federally registered NAKEFIT Trademarks in connection with the sale, offering for sale, distribution, and/or advertising of

infringing goods. The NAKEFIT Trademarks are highly distinctive marks. Consumers have come to expect the highest quality from NakeFit Products offered, sold or marketed under the NAKEFIT Trademarks.

29. Defendants have sold, offered to sell, marketed, distributed, and advertised, and are still selling, offering to sell, marketing, distributing, and advertising products using counterfeit reproductions of the NAKEFIT Trademarks without NakeFit's permission.

30. NakeFit is the exclusive owner of the NAKEFIT Trademarks. The United States Registrations for the NAKEFIT Trademarks (Exhibit 1) are in full force and effect. On information and belief, Defendants have knowledge of NakeFit's rights in the NAKEFIT Trademarks, and are willfully infringing and intentionally using counterfeits of the NAKEFIT Trademarks. Defendants' willful, intentional and unauthorized use of the NAKEFIT Trademarks is likely to cause and is causing confusion, mistake, and deception as to the origin and quality of the Counterfeit NakeFit Products among the general public.

31. Defendants' activities constitute willful trademark infringement and counterfeiting under Section 32 of the Lanham Act, 15 U.S.C. § 1114.

32. NakeFit has no adequate remedy at law, and if Defendants' actions are not enjoined, NakeFit will continue to suffer irreparable harm to its reputation and the goodwill of the well-known NAKEFIT Trademarks.

33. The injuries and damages sustained by NakeFit have been directly and proximately caused by Defendants' wrongful reproduction, use, advertisement, promotion, offering to sell, and sale of Counterfeit NakeFit Products.

COUNT II
FALSE DESIGNATION OF ORIGIN (15 U.S.C. § 1125(a))

34. NakeFit hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

35. Defendants' promotion, marketing, offering for sale, and sale of Counterfeit NakeFit Products has created and is creating a likelihood of confusion, mistake, and deception among the general public as to the affiliation, connection, or association with NakeFit or the origin, sponsorship, or approval of Defendants' Counterfeit NakeFit Products by NakeFit.

36. By using the NAKEFIT Trademarks in connection with the sale of Counterfeit NakeFit Products, Defendants create a false designation of origin and a misleading representation of fact as to the origin and sponsorship of the Counterfeit NakeFit Products.

37. Defendants' false designation of origin and misrepresentation of fact as to the origin and/or sponsorship of the Counterfeit NakeFit Products to the general public involves the use of counterfeit marks and is a willful violation of Section 43 of the Lanham Act, 15 U.S.C. § 1125.

38. NakeFit has no adequate remedy at law and, if Defendants' actions are not enjoined, NakeFit will continue to suffer irreparable harm to its reputation and the goodwill of its brand.

PRAYER FOR RELIEF

WHEREFORE, NakeFit prays for judgment against Defendants as follows:

- 1) That Defendants, their affiliates, officers, agents, servants, employees, attorneys, confederates, and all persons acting for, with, by, through, under, or in active concert with them be temporarily, preliminarily, and permanently enjoined and restrained from:
 - a. using the NAKEFIT Trademarks or any reproductions, counterfeit copies, or colorable imitations thereof in any manner in connection with the distribution, marketing, advertising, offering for sale, or sale of any product that is not a genuine NakeFit

Product or is not authorized by NakeFit to be sold in connection with the NAKEFIT Trademarks;

- b. passing off, inducing, or enabling others to sell or pass off any product as a genuine NakeFit Product or any other product produced by NakeFit that is not NakeFit's or not produced under the authorization, control, or supervision of NakeFit and approved by NakeFit for sale under the NAKEFIT Trademarks;
- c. committing any acts calculated to cause consumers to believe that Defendants' Counterfeit NakeFit Products are those sold under the authorization, control, or supervision of NakeFit, or are sponsored by, approved by, or otherwise connected with NakeFit;
- d. further infringing the NAKEFIT Trademarks and damaging NakeFit's goodwill; and
- e. manufacturing, shipping, delivering, holding for sale, transferring or otherwise moving, storing, distributing, returning, or otherwise disposing of, in any manner, products or inventory not manufactured by or for NakeFit, nor authorized by NakeFit to be sold or offered for sale, and which bear any of NakeFit's trademarks, including the NAKEFIT Trademarks, or any reproductions, counterfeit copies, or colorable imitations thereof;

2) Entry of an Order that, upon NakeFit's request, those with notice of the injunction, including, without limitation, any online marketplace platforms such as eBay, AliExpress, Alibaba, Amazon, Wish.com, and Dhgate (collectively, the "Third Party Providers") shall disable and cease displaying any advertisements used by or associated with Defendants in connection with the sale of counterfeit and infringing goods using the NAKEFIT Trademarks.

3) That Defendants account for and pay to NakeFit all profits realized by Defendants by reason of Defendants' unlawful acts herein alleged, and that the amount of damages for infringement

of the NAKEFIT Trademarks be increased by a sum not exceeding three times the amount thereof as provided by 15 U.S.C. § 1117;

- 4) In the alternative, that NakeFit be awarded statutory damages for willful trademark counterfeiting pursuant to 15 U.S.C. § 1117(c)(2) of \$2,000,000 for each and every use of the NAKEFIT Trademarks;
- 5) That NakeFit be awarded its reasonable attorneys' fees and costs; and
- 6) Award any and all other relief that this Court deems just and proper.

Dated this 22nd day of February 2021. Respectfully submitted,

/s/ Justin R. Gaudio

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