

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

TELFAR LLC,

Plaintiff,

v.

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

Defendants.

Case No. 22-cv-03635

COMPLAINT

Plaintiff Telfar LLC (“Telfar” or “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

¹ The e-commerce store URLs are listed on Schedule A hereto under the Online Marketplaces and Domain Names.

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 Telfar'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 Telfar substantial injury in the State of Illinois.

II. INTRODUCTION

3. This action has been filed by Telfar to combat e-commerce store operators who trade upon Telfar's reputation and goodwill by offering for sale and/or selling unauthorized and unlicensed products, including tote bags, shopping bags, apparel, and other accessories, using infringing and counterfeit versions of Telfar's federally registered trademarks (the "Counterfeit Products"). Defendants create e-commerce stores operating under one or more Seller Aliases that are advertising, offering for sale and selling Counterfeit 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. Telfar is forced to file this action to combat Defendants' counterfeiting of its registered trademarks, as well as to protect unknowing consumers from purchasing Counterfeit Products over the Internet. Telfar has been and 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. Plaintiff is a New York limited liability company with its principal place of business at 2483 Coney Island Avenue, Brooklyn, New York, 11223.

5. Founded by Liberian-American fashion designer Telfar Clemens in 2005, Telfar is well-known throughout the United States and the world as a source of highly sought after products, including tote bags, shopping bags, apparel, and other accessories (collectively, the “Telfar Products”).

6. In 2020, the global fashion shopping platform Lyst released its Year in Fashion Report listing Telfar as one of the breakout fashion brands of the year. Telfar Products have become some of the most desired items in the fashion world and are frequently referenced by the media and notable figures such as Beyoncé Knowles, Real Housewives of New York City star Sonja Morgan, Congresswoman Alexandria Ocasio-Cortez, Swae Lee, Ashton Sanders, and Dua Lipa. In 2020, Oprah Winfrey included Telfar Products on her list of Favorite Things. Attached hereto as Exhibit 1 is a true and correct copy of the Oprah Daily article with Oprah’s 2020 list of favorite things.

7. Telfar Products are so highly sought after, each release of its shopping bags results in Telfar Products selling out shortly after they are listed for sale. A March 29, 2021 article from Today.com noted that Telfar shopping bags are nearly impossible to get and detailed specific ways for shoppers to obtain the brand’s coveted products, including joining Telfar’s Bag Security Program. Attached hereto as Exhibit 2 is a true and correct copy of this March 29, 2021 article from Today.com.

8. Telfar Products typically include at least one of Telfar's federally registered trademarks. Telfar's trademark registrations include, but are not limited to, the following United States Registrations, which are collectively referred to as the "TELFAR Trademarks":

REGISTRATION NUMBER	TRADEMARK	REGISTRATION DATE	GOODS
5,895,525	TELFAR	October 29, 2019	For: Handbags, shoulder bags, clutch bags, tote bags, briefcases, and business card cases, all being partly and wholly made of vegan leather in class 18.
5,895,526	TELFAR	October 19, 2019	For: T-shirts, sweatshirts, caps being headwear, belts, pants, sweaters, and hoodies in class 25.
6,234,479	TELFAR	December 29, 2020	For: Footwear in class 25.
6,573,851	TELFAR EST. 2005, NYC	November 30, 2021	For: Backpacks; Luggage; Handbags in class 18. For: Dresses; Footwear; Pants; Shirts; Sweaters; Swimwear; Belts; Blouses; Outerwear, namely, coats, jackets, overcoats, raincoats, vests,

			parkas, capes, scarves, gloves and hats; Skirts; Sweatshirts; T-shirts in class 25.
6,728,459	TELFAR	May 24, 2022	For: Luggage; Backpacks; Handbags. Class 18

The above U.S. registrations for the TELFAR Trademarks are valid, subsisting, and in full force and effect. The registrations for the TELFAR Trademarks constitute *prima facie* evidence of their validity and of Telfar's exclusive right to use the TELFAR Trademarks pursuant to 15 U.S.C. § 1057(b). True and correct copies of the United States Registration Certificates for the above-listed TELFAR Trademarks are attached hereto as **Exhibit 3**.

9. The TELFAR Trademarks have been used continuously for many years, some since as early as 2005. Telfar has established substantial goodwill and a favorable reputation for itself and its TELFAR Trademarks. The TELFAR Trademarks are exclusive to Telfar and are displayed extensively on Telfar Products and in Telfar's marketing and promotional materials. Telfar Products are among the most popular and recognizable of their kind and have been extensively promoted and advertised at great expense. Telfar has expended millions of dollars and other resources in advertising, promoting and marketing featuring the TELFAR Trademarks.

10. The TELFAR Trademarks are distinctive when applied to Telfar Products, signifying to the purchaser that the products come from Telfar and are manufactured to Telfar's quality standards. Whether Telfar manufactures the products itself or licenses others to do so, Telfar has ensured that products bearing its trademarks are manufactured to the highest quality

standards. Telfar's products branded under the TELFAR Trademarks have been widely accepted by the public and are enormously popular as demonstrated by millions of dollars in sales. In view of this popularity, the TELFAR Trademarks are famous marks and valuable assets of Telfar.

11. Telfar operates a website where it promotes Telfar Products under the TELFAR Trademarks at shop.telfar.net. Telfar Products are available for purchase through the shop.telfar.net website. The shop.telfar.net website features proprietary content, images, and designs exclusive to Telfar.

The Defendants

12. 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 Telfar. 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).

13. On information and belief, Defendants, either individually or jointly, 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 operation make it virtually impossible for Telfar to learn Defendants' true identities and the exact interworking of their counterfeit network. If Defendants provide additional credible information regarding their identities, Telfar will take appropriate steps to amend the Complaint.

IV. DEFENDANTS' UNLAWFUL CONDUCT

14. The success of the Telfar brand has resulted in significant counterfeiting of the TELFAR Trademarks. In recent years, Telfar has identified many fully interactive, e-commerce

stores offering counterfeit Telfar Products on online marketplace platforms such as Amazon, eBay, AliExpress, Alibaba, Wish.com, DHgate, Walmart, and Etsy, including the e-commerce stores operating under the Seller Aliases. The Seller Aliases target consumers in this Judicial District and throughout the United States. According to U.S. Customs and Border Protection (CBP), most counterfeit products now come through international mail and express courier services (as opposed to containers) due to increased sales from offshore online counterfeiters. *The Counterfeit Silk Road: Impact of Counterfeit Consumer Products Smuggled Into the United States* prepared for The Buy Safe America Coalition by John Dunham & Associates ([Exhibit 4](#)). The bulk of counterfeit products sent to the United States “come from China and its dependent territories,” accounting for over 90.6% of all cargo with intellectual property rights (IPR) violations. *Id.* Of the \$1.23 billion in total IPR violations intercepted, \$1.12 billion was from China. *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. *Id.*

15. 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 5](#), 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 6](#), 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. Counterfeiter hedge against the risk of being caught and having their websites taken

down from an e-commerce platform by preemptively establishing multiple virtual store-fronts. Exhibit 6 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 6 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 5 at 186–187.

16. 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 Products to residents of Illinois.

17. 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 look sophisticated and accept payment in U.S. dollars via credit cards, Alipay, Amazon Pay, 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. Telfar has not licensed or authorized Defendants to use the TELFAR Trademarks, and none of the Defendants are authorized retailers of genuine Telfar Products.

18. Many Defendants also deceive unknowing consumers by using the TELFAR Trademarks without authorization within the content, text, and/or meta tags of their e-commerce stores to attract various search engines crawling the Internet looking for websites relevant to consumer searches for Telfar Products. Other e-commerce stores operating under the Seller

Aliases omit using TELFAR 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 Telfar Products.

19. E-commerce store operators like Defendants commonly engage in fraudulent conduct when registering the Seller Aliases by providing false, misleading and/or incomplete information to e-commerce platforms to prevent discovery of their true identities and the scope of their e-commerce operation.

20. E-commerce store operators like Defendants regularly register or acquire new seller aliases for the purpose of offering for sale and selling Counterfeit Products. Such seller alias registration patterns are one of many common tactics used by e-commerce store operators like Defendants to conceal their identities and the full scope and interworking of their counterfeiting operation, and to avoid being shut down.

21. 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, 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 Products for sale by the Seller Aliases bear similar irregularities and indicia of being counterfeit to one another, suggesting that the Counterfeit Products were manufactured by and come from a common source and that Defendants are interrelated.

22. E-commerce store operators like 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.

23. Counterfeitors such as Defendants typically operate under multiple seller aliases and payment accounts so that they can continue operation in spite of Telfar's enforcement. E-commerce store operators like Defendants maintain off-shore bank accounts and regularly move funds from their financial accounts to off-shore accounts outside the jurisdiction of this Court to avoid payment of any monetary judgment awarded to Telfar. 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.

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

25. Defendants' unauthorized use of the TELFAR Trademarks in connection with the advertising, distribution, offering for sale, and sale of Counterfeit Products, including the sale of Counterfeit 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 Telfar.

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

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

27. This is a trademark infringement action against Defendants based on their unauthorized use in commerce of counterfeit imitations of the federally registered TELFAR Trademarks in connection with the sale, offering for sale, distribution, and/or advertising of infringing goods. The TELFAR Trademarks are highly distinctive marks. Consumers have come to expect the highest quality from Telfar's products offered, sold or marketed under the TELFAR Trademarks.

28. 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 TELFAR Trademarks without Telfar's permission.

29. Telfar is the exclusive owner of the TELFAR Trademarks. Telfar's United States Registrations for the TELFAR Trademarks (Exhibit 3) are in full force and effect. On information and belief, Defendants have knowledge of Telfar's rights in the TELFAR Trademarks, and are willfully infringing and intentionally using counterfeits of the TELFAR Trademarks. Defendants' willful, intentional and unauthorized use of the TELFAR Trademarks is likely to cause and is causing confusion, mistake, and deception as to the origin and quality of the Counterfeit Products among the general public.

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

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

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

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

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

34. Defendants' promotion, marketing, offering for sale, and sale of Counterfeit 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 Telfar or the origin, sponsorship, or approval of Defendants' Counterfeit Products by Telfar.

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

36. Defendants' false designation of origin and misrepresentation of fact as to the origin and/or sponsorship of the Counterfeit 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.

37. Telfar has no adequate remedy at law and, if Defendants' actions are not enjoined, Telfar will continue to suffer irreparable harm to its reputation and goodwill.

PRAYER FOR RELIEF

WHEREFORE, Telfar 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 TELFAR 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 Telfar Product or is not authorized by Telfar to be sold in connection with the TELFAR Trademarks;
 - b. passing off, inducing, or enabling others to sell or pass off any product as a genuine Telfar Product or any other product produced by Telfar that is not Telfar's or not produced under the authorization, control, or supervision of Telfar and approved by Telfar for sale under the TELFAR Trademarks;
 - c. committing any acts calculated to cause consumers to believe that Defendants' Counterfeit Products are those sold under the authorization, control or supervision of Telfar, or are sponsored by, approved by, or otherwise connected with Telfar;
 - d. further infringing the TELFAR Trademarks and damaging Telfar'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 Telfar, nor authorized by Telfar to be sold or offered for sale, and which bear any of Telfar's trademarks, including the TELFAR Trademarks, or any reproductions, counterfeit copies, or colorable imitations thereof;
- 2) Entry of an Order that, upon Telfar's choosing, the registrant of the Domain Names shall be changed from the current registrant to Telfar, and that the domain name registries for the Domain Names, including, but not limited to, VeriSign, Inc., Neustar, Inc., Afiliias Limited,

CentralNic, Nominet, and the Public Interest Registry, shall unlock and change the registrar of record for the Domain Names to a registrar of Telfar's selection, and that the domain name registrars, including, but not limited to, GoDaddy Operating Company, LLC ("GoDaddy"), Name.com, PDR LTD. d/b/a PublicDomainRegistry.com ("PDR"), and Namecheap Inc. ("Namecheap"), shall take any steps necessary to transfer the Domain Names to a registrar account of Telfar's selection; or that the same domain name registries shall disable the Domain Names and make them inactive and untransferable;

- 3) Entry of an Order that, upon Telfar's request, those with notice of the injunction, including, without limitation, any online marketplace platforms such as eBay, AliExpress, Alibaba, Amazon, Wish.com, DHgate, Walmart, and Etsy (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 TELFAR Trademarks;
- 4) That Defendants account for and pay to Telfar all profits realized by Defendants by reason of Defendants' unlawful acts herein alleged, and that the amount of damages for infringement of the TELFAR Trademarks be increased by a sum not exceeding three times the amount thereof as provided by 15 U.S.C. § 1117;
- 5) In the alternative, that Telfar 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 TELFAR Trademarks;
- 6) That Telfar be awarded its reasonable attorneys' fees and costs; and
- 7) Award any and all other relief that this Court deems just and proper.

Dated this 13th day of July 2022.

Respectfully submitted,

/s/ Justin R. Gaudio

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