

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

SANDISK LLC,

Plaintiff,

v.

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

Defendants.

Case No. 23-cv-04395

COMPLAINT

Plaintiff SanDisk LLC (“SanDisk” 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 Illinois residents by setting up and operating e-commerce stores that target United States

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

consumers using one or more Seller Aliases, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and/or funds from U.S. bank accounts, and, on information and belief, have sold products using infringing and counterfeit versions of SanDisk'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 SanDisk substantial injury in the State of Illinois.

II. INTRODUCTION

3. This action has been filed by SanDisk to combat e-commerce store operators who trade upon SanDisk's reputation and goodwill by offering for sale and/or selling unauthorized and unlicensed products, including flash memory storage systems for electronic devices, using infringing and counterfeit versions of SanDisk's federally registered trademarks (the "Counterfeit SanDisk Products"). Defendants create e-commerce stores operating under one or more Seller Aliases that are advertising, offering for sale and selling Counterfeit SanDisk 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. SanDisk is forced to file this action to combat Defendants' counterfeiting of its registered trademarks, as well as to protect unknowing consumers from purchasing Counterfeit SanDisk Products over the Internet. SanDisk 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 SanDisk LLC is a limited liability company duly organized and existing under the laws of the State of Delaware, having its headquarters at 951 SanDisk Drive, Milpitas California 95035.

5. SanDisk was founded in 1988 and has since become an internationally recognized manufacturer, developer, designer and retailer of flash memory storage solutions, including, for example, USB flash drives, memory cards, and memory card adapters, all of which prominently display its famous, internationally recognized and federally registered trademarks, including the SANDISK trademark (collectively, the “SanDisk Products”).

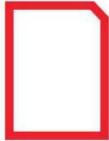
6. SanDisk is known around the world as a global leader in the industry, driven by its arduous quality standards and innovative design. Among the purchasing public, genuine SanDisk Products are instantly recognizable as such. In the United States and around the world, the SanDisk brand has come to symbolize high quality, and the SanDisk Products are renowned for their quality, performance, and reliability.

7. SanDisk Products are distributed and sold to consumers in brick-and-mortar authorized storefronts worldwide. In the United States and in Illinois, SanDisk Products are distributed through retailers such as Best Buy, Target, Walmart, and Staples. SanDisk Products can also be purchased through online retailers, such as Amazon.com.

8. SanDisk incorporates a variety of distinctive marks in the design of its various SanDisk Products. As a result of its longstanding use, SanDisk owns common law trademark rights in its SANDISK trademark, among others. SanDisk has also registered its trademarks with the United States Patent and Trademark Office. SanDisk Products include at least one of

SanDisk's registered trademarks. SanDisk uses its trademarks in connection with the marketing of its SanDisk Products, including the following marks, which are collectively referred to as the "SANDISK Trademarks."

Registration Number	Trademark
2,036,202; 2,794,796	SANDISK
2,515,962	CompactFlash
2,675,539	SANDISK ULTRA
2,754,118	CRUZER
2,921,645	RESCUEPRO
2,964,378	SANDISK EXTREME
4,012,937	SANDISK EXTREME PRO
4,208,709	CRUZER EDGE
4,212,481	CRUZER BLADE
4,276,516	CRUZER FIT
4,393,423	CRUZER GLIDE
4,544,756	CRUZER FORCE
4,455,564	SANDISK SECUREACCESS

Registration Number	Trademark
3,325,767	
4,142,944	
4,264,597	
4,321,691	

9. The above U.S. registrations for the SANDISK Trademarks are valid, subsisting, in full force and effect, and many are incontestable pursuant to 15 U.S.C. § 1065. The SANDISK Trademarks have been used exclusively and continuously by SanDisk, some since as early as 1996, and have never been abandoned. The registrations for the SANDISK Trademarks constitute *prima facie* evidence of their validity and of SanDisk's exclusive right to use the SANDISK Trademarks pursuant to 15 U.S.C. § 1057(b). True and correct copies of the United States Registration Certificates for the above-listed SANDISK Trademarks are attached hereto as **Exhibit 1**.

10. The SANDISK Trademarks are exclusive to SanDisk and are displayed extensively on SanDisk Products and in SanDisk's marketing and promotional materials. SanDisk Products have long been among the most popular and recognizable flash memory

storage products in the world, and have been extensively promoted and advertised at great expense. In fact, SanDisk has expended millions of dollars annually in promoting and marketing products featuring the SANDISK Trademarks.

11. The SANDISK Trademarks are distinctive when applied to the SanDisk Products, signifying to the purchaser that the products come from SanDisk and are manufactured to SanDisk's quality standards. SanDisk maintains rigorous quality control standards for all of its SanDisk Products, and all SanDisk Products are subject to these strict guidelines by SanDisk prior to distribution and sale. The SANDISK 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 SANDISK Trademarks is of incalculable and inestimable value to SanDisk.

12. Since at least as early as 1996, SanDisk has operated a website where it promotes genuine SanDisk Products at sandisk.com (now at westerndigital.com/brand/sandisk). SanDisk's website features proprietary content, images and designs exclusive to SanDisk.

13. SanDisk has expended substantial time, money, and other resources in developing, advertising and otherwise promoting and protecting the SANDISK Trademarks. As a result, products bearing the SANDISK Trademarks are widely recognized and exclusively associated by consumers, the public, and the trade as being high-quality products sourced from SanDisk. SanDisk Products have become among the most popular of their kind in the world. The widespread fame, outstanding reputation, and significant goodwill associated with the SanDisk brand have made the SANDISK Trademarks invaluable assets of SanDisk.

14. SanDisk proactively protects the SANDISK Trademarks against the sale of Counterfeit SanDisk Products. One measure of protection used by SanDisk is its recording of

the SANDISK Trademarks with U.S. Customs authorities, which entitles SanDisk to specifically prevent the import of Counterfeit SanDisk Products. Another measure SanDisk undertakes to protect the SANDISK Trademarks is execution of its worldwide anti-counterfeiting program. SanDisk's anti-counterfeiting program routinely and regularly investigates suspicious e-commerce stores identified in proactive Internet sweeps and reported by consumers. In recent years, SanDisk has identified, investigated and removed hundreds of fully interactive e-commerce stores and listings on platforms such as eBay, AliExpress, Alibaba, Amazon, Walmart, Etsy, DHgate, and Wish.com.

The Defendants

15. 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 SanDisk. 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).

16. 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 SanDisk to learn Defendants' true identities and the exact interworking of their counterfeit network. If Defendants provide additional credible information regarding their identities, SanDisk will take appropriate steps to amend the Complaint.

IV. DEFENDANTS' UNLAWFUL CONDUCT

17. The success of the SanDisk brand has resulted in significant counterfeiting of SanDisk's trademarks. Consequently, Plaintiff has a worldwide anti-counterfeiting program and regularly investigates suspicious e-commerce stores identified in proactive Internet sweeps and reported by consumers. In recent years, SanDisk has identified many fully interactive, e-commerce stores offering counterfeit SanDisk Products on online marketplace platforms such as Amazon, eBay, AliExpress, Alibaba, Walmart, Etsy, Wish.com, and DHgate, 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 a U.S. Customs and Border Protection ("CBP") report, in 2021, CBP made over 27,000 seizures of goods with intellectual property rights ("IPR") violations totaling over \$3.3 billion, an increase of \$2.0 billion from 2020. *Intellectual Property Rights Seizure Statistics, Fiscal Year 2021*, U.S. Customs and Border Protection (**Exhibit 2**). Of the 27,000 in total IPR seizures, over 24,000 came through international mail and express courier services (as opposed to containers), most of which originated from China and Hong Kong. *Id.*

18. 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. Counterfeiters 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 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 186-87.

19. 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/or funds from U.S. bank accounts, and, on information and belief, have sold Counterfeit SanDisk Products to residents of Illinois.

20. Defendants concurrently employ and benefit from substantially similar advertising and marketing strategies. For example, Defendants facilitate sales by designing 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 and/or funds from U.S. bank accounts 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. SanDisk has not

licensed or authorized Defendants to use the SANDISK Trademarks, and none of the Defendants are authorized retailers of genuine SanDisk Products.

21. Many Defendants also deceive unknowing consumers by using the SANDISK 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 SanDisk Products. Other e-commerce stores operating under the Seller Aliases omit using the SANDISK 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 SanDisk Products.

22. 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.

23. E-commerce store operators like Defendants regularly register or acquire new seller aliases for the purpose of offering for sale and selling Counterfeit SanDisk 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.

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

25. 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 and kuajingvs.com regarding tactics for operating multiple accounts, evading detection, pending litigation, and potential new lawsuits.

26. Counterfeiters such as Defendants typically operate under multiple seller aliases and payment accounts so that they can continue operation in spite of SanDisk'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 SanDisk. 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.

27. Defendants are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell Counterfeit SanDisk Products in the same transaction, occurrence, or series of transactions or occurrences. Defendants, without any authorization or license from SanDisk, have jointly and severally, knowingly and willfully used and continue to use the SANDISK Trademarks in connection with the advertisement, distribution, offering for

sale, and sale of Counterfeit SanDisk Products into the United States and Illinois over the Internet.

28. Defendants' unauthorized use of the SANDISK Trademarks in connection with the advertising, distribution, offering for sale, and sale of Counterfeit SanDisk Products, including the sale of Counterfeit SanDisk 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 SanDisk.

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

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

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

31. 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 SANDISK Trademarks without SanDisk's permission.

32. SanDisk is the exclusive owner of the SANDISK Trademarks in the United States. SanDisk's United States Registrations for the SANDISK Trademarks (**Exhibit 1**) are in full force and effect. Upon information and belief, Defendants have knowledge of SanDisk's rights in the SANDISK Trademarks, and are willfully infringing and intentionally using

counterfeits of the SANDISK Trademarks. Defendants' willful, intentional and unauthorized use of the SANDISK Trademarks is likely to cause and is causing confusion, mistake, and deception as to the origin and quality of the Counterfeit SanDisk Products among the general public.

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

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

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

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

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

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

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

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

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

PRAYER FOR RELIEF

WHEREFORE, SanDisk 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 SANDISK 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 SanDisk Product or is not authorized by SanDisk to be sold in connection with the SANDISK Trademarks;
 - b. passing off, inducing, or enabling others to sell or pass off any product as a genuine SanDisk Product or any other product produced by SanDisk, that is not SanDisk's or not produced under the authorization, control, or supervision of SanDisk and approved by SanDisk for sale under the SANDISK Trademarks;
 - c. committing any acts calculated to cause consumers to believe that Defendants' Counterfeit SanDisk Products are those sold under the authorization, control or supervision of SanDisk, or are sponsored by, approved by, or otherwise connected with SanDisk;

- d. further infringing the SANDISK Trademarks and damaging SanDisk'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 SanDisk, nor authorized by SanDisk to be sold or offered for sale, and which bear any of SanDisk's trademarks, including the SANDISK Trademarks, or any reproductions, counterfeit copies or colorable imitations thereof;
- 2) Entry of an Order that, upon SanDisk's request, those with notice of the injunction, including, without limitation, any online marketplace platforms such as eBay, AliExpress, Alibaba, Amazon, Wish.com, Walmart, Etsy, 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 SANDISK Trademarks;
 - 3) That Defendants account for and pay to SanDisk all profits realized by Defendants by reason of Defendants' unlawful acts herein alleged, and that the amount of damages for infringement of the SANDISK 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 SanDisk 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 SANDISK Trademarks;
 - 5) That SanDisk 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 7th day of July 2023.

Respectfully submitted,

/s/ Justin R. Gaudio

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