

1 OLIVIER A. TAILLIEU (SBN 206546)
otailieu@ztllp.com
2 YURI MIKULKA (SBN 185926)
ymikulka@ztllp.com
3 LAURA D. CASTNER (SBN 172362)
lcastner@ztllp.com
4 **ZUBER & TAILLIEU LLP**
10866 Wilshire Boulevard, Suite 300
5 Los Angeles, California 90024
Telephone: (310) 807-9700
6 Facsimile: (310) 807-9701
7 Attorneys for Plaintiff NEWEGG, INC.

8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

11
12 NEWEGG, INC., a Delaware
13 Corporation,

14 Plaintiff,

15 v.

16 KOHL'S CORPORATION, a
17 Wisconsin Corporation; KOHL'S
DEPARTMENT STORES, INC., a
18 Delaware Corporation; KOHL'S
ILLINOIS, INC., a Nevada
19 Corporation; and DOES 1-10, inclusive,

20 Defendants.
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CASE NO.:

COMPLAINT FOR:

- (1) Trademark Infringement Under 15 U.S.C. § 1114(1);**
- (2) False Designation Of Origin And Unfair Competition Under The Lanham Act, 15 U.S.C. § 1125(A);**
- (3) Trademark Dilution Under The Lanham Act, 15 U.S.C. § 1125(C);**
- (4) Trademark Infringement In Violation Of California Common Law;**
- (5) Trademark Dilution In Violation Of Cal. Bus. & Prof. Code § 14200 Et. Seq. And California Common Law;**
- (6) Unfair Competition In Violation Of Cal. Bus. And Prof. Code § 17200; And**
- (7) Unfair Competition Under California Common Law.**

1 Plaintiff Newegg Inc. (“Newegg”) by and through its Counsel, Zuber &
2 Taillieu LLP, for its complaint against Defendants Kohl’s Corporation, Kohl’s
3 Department Stores, Inc., and Kohl’s Illinois, Inc. (collectively “Kohl’s” or
4 “Defendants”), alleges as follows:

5
6 **NATURE OF THE ACTION AND RELIEF SOUGHT**

7 1. This action concerns the misappropriation of Newegg’s rights to its
8 valuable trademark, “ONCE YOU KNOW, YOU NEWEGG.” (registration number
9 3,138,233) (“NEWEGG Mark”). This misappropriation is a blatant effort by Kohl’s
10 to trade on the benefit of the well-established and famous NEWEGG Mark, in direct
11 violation of the Lanham Act and California law.

12
13 2. In particular, this action concerns Defendants’ attempts to direct traffic
14 to their website by misleading potential customers, using a confusingly similar
15 slogan to the NEWEGG Mark.

16
17 3. As of May 8, 2009, Kohl’s unrolled a television and radio advertising
18 campaign touting that “The More You Know, the More you Kohl’s” (the “Infringing
19 Campaign” or the “Infringing Slogan”). There are three television commercials that
20 refer to the NEWEGG Mark, which can be seen at [http://www.kohls.com/
21 kohlsStore/ourbrands/tvspots.jsp](http://www.kohls.com/kohlsStore/ourbrands/tvspots.jsp).

22
23 4. Immediately after the confusingly similar slogan appears on the
24 commercials used in Kohl’s Infringing Campaign, viewers are directed to Kohl’s
25 website, which is in direct competition with Newegg.

26
27 5. Not only is the Infringing Campaign a direct violation of Newegg’s
28 rights, Kohl’s further to perpetrates its infringement on its website, by branding one

1 of its main pages with the Infringing Slogan. See
2 <http://www.kohls.com/kohlsStore/ourbrands/tvspots.jsp>.

3
4 6. Newegg Inc. is informed and believes, and based thereon alleges, that
5 Kohl's is likely to roll out its Infringing Campaign on other media, including
6 newspaper ads, and thus further infringe the NEWEGG Mark.

7
8 7. In light of Kohl's blatant and willful infringement and opportunistic
9 behavior at Newegg's expense, Newegg has no choice but to file this lawsuit
10 seeking injunctive relief and damages that it has suffered as a result of Defendants'
11 (a) unauthorized use of the NEWEGG Mark under the Lanham Act, 15 U.S.C. §
12 1114(1); (b) false designation of origin and unfair competition under the Lanham
13 Act, 15 U.S.C. § 1125(a); (c) trademark dilution under the Lanham Act, 15 U.S.C. §
14 1125(c); (d) trademark infringement in violation of California common law; (e)
15 trademark dilution in violation of Cal. Bus. & Prof. Code § 14200 et. seq. and
16 California common law; (f) unfair competition in violation of Cal. Bus. and Prof.
17 Code § 17200; and (g) unfair competition under California common law.

18
19 8. The injunctive relief sought includes, but is not limited to, enjoining
20 Kohl's from the use of the NEWEGG Mark, or any colorable imitation thereof, on
21 any of Kohl's advertisements, including on the radio, television, or on Kohl's
22 Website and elsewhere, in connection with the sale of goods, or in any other manner
23 that would infringe Newegg's NEWEGG Mark.

24
25 9. Newegg is also seeking damages in an amount to be proven at trial,
26 plus attorneys' fees and costs, for (1) lost revenues; (2) corrective advertising; (3) a
27 reasonable license; and (4) damage to the NEWEGG Mark due to Defendants'

1 unauthorized use. Newegg also seeks treble damages and attorneys' fees, where
2 applicable, under the Lanham Act, 15 U.S.C. § 1117(b).

3
4 **JURISDICTION AND VENUE**

5 10. Through this action, Newegg asserts claims against Defendants arising
6 under the Trademark Act of 1946, as amended, 15 U.S.C. § 1051 et seq., Cal. Bus.
7 & Prof. Code § 14330, Cal. Bus. & Prof. Code § 17200 et seq., and California
8 common law. This Court has original subject matter jurisdiction over Newegg's
9 federal claims pursuant to 28 U.S.C. §§ 1331, 1332 and 1338(a) & (b), and
10 supplemental subject matter jurisdiction over Newegg's state law claims pursuant to
11 28 U.S.C. § 1367(a).

12
13 11. This Court has specific personal jurisdiction over Defendants as they
14 have purposefully committed, within the State of California, the acts from which
15 these claims arise and/or have committed tortious acts outside California, knowing
16 and intending that such acts would cause injury within the state. The Court also has
17 general personal jurisdiction over Defendants as they conduct continuous,
18 systematic, and routine business within the State of California and the County of
19 Los Angeles.

20
21 12. Venue is proper in the United States District Court for the Central
22 District of California pursuant to 28 U.S.C. §§ 1391(b) and 1391(c).

23
24 **PARTIES**

25 13. Newegg is a corporation organized and existing under the laws of the
26 State of Delaware with a principal place of business in the City of Industry,
27 California.

1 14. Newegg is informed and believes, and based thereon alleges, that
2 Defendant Kohl's Corporation is a corporation organized and existing under the
3 laws of the State of Wisconsin with a principal place of business in the city of
4 Menomonee Falls, Wisconsin.

5
6 15. Newegg is informed and believes, and based thereon alleges, that
7 Defendant Kohl's Department Stores, Inc. is a corporation organized and existing
8 under the laws of the State of Delaware with a principal place of business unknown.

9
10 16. Newegg is informed and believes, and based thereon alleges, that
11 Defendant Kohl's Illinois, Inc. is a corporation organized and existing under the
12 laws of the State of Nevada with a principal place of business unknown.

13
14 **THE NEWEGG MARK AND COMPANY PHILOSOPHY**

15 17. An egg is a symbol of birth and unlimited potential. The founders of
16 Newegg selected "Newegg" as the company name to signify new hope for e-
17 commerce during a period when e-commerce businesses were struggling to remain
18 in existence.

19
20 18. Newegg was founded with one overarching principle in mind: Make
21 the customers happy and they will come back. To achieve this goal, Newegg has
22 been committed to becoming the most loved and trusted marketplace on the web by
23 offering an unsurpassed shopping experience, rapid delivery, and stellar customer
24 service.

25
26 19. Newegg has succeeded in its endeavor. As a result of its outstanding
27 performance, Newegg has become a leader in its industry and consumers have come
28 to place a great deal of trust and respect in the Newegg name and mark.

1 20. As such, Newegg leads the pack in many respects. From a dollars and
2 cents perspective, Newegg is the second-largest online-only retailer in the United
3 States. Last year alone, Newegg's sales exceeded \$2.1 billion. Helping the
4 company achieve that result is a network of over 11 million registered users on
5 Newegg's website. In fact, Newegg is so appreciated by its customers, and thus its
6 NEWEGG Mark is so strong, that almost 70% of its business is generated by return
7 customers.

8
9 21. From an inventory perspective, Newegg offers nearly 40,000 products
10 in stock and useful tools to help consumers make informed buying decisions. As
11 such, Newegg's customers can shop for a comprehensive selection of the latest
12 consumer electronic and high-tech products, view detailed product descriptions,
13 pictures, how-to information and customer reviews, and interact with other online
14 shoppers.

15
16 22. From a critical perspective, Newegg has solidified its position as a
17 market leader by offering peace of mind, with its lightning fast delivery and cutting
18 edge logistics, which has led to industry-wide recognition from rating and ranking
19 organizations.

20
21 23. Newegg has received the Computer Shoppers' Choice Award yearly
22 between 2003 and 2008; the BizRate Gold Honoree award in 2005 and 2008, as well
23 as the BizRate Circle of Excellence Award in 2003 and 2004; has been featured in
24 Forbes as "Best on the Web"; and has received the *Inc. Magazine* 500 and 5000
25 awards.

26
27 24. Newegg has also received the following recent accolades from
28 industry and consumer critics:

1 A. #1 in Customer Satisfaction of all internet retailers - ACSI
2 survey by University of Michigan and ForeSee Results (02/2009). Newegg
3 beat even acknowledged industry leaders like Amazon.com on this survey.

4 B. Voted "Overall Best Place to Buy Online" 6th year; "Best Place
5 to Buy": Desktops, Notebooks, Software, Peripherals, and Components -
6 Computer Shopper Magazine and ComputerShopper.com (01/2009)

7 C. #6 in Customer Service nationwide - NRF Foundation/American
8 Express 2008 Awards (01/2009). This is an improvement from Number 10 in
9 the 2007 survey, and ahead of companies that are legendary for customer
10 service, like Nordstrom.

11 D. #1 Web Site to Buy Computers, tied for 3rd place among e-
12 tailers offering CE products - Consumer Reports (12/2008)

13 E. Voted one of the "5 Best Places to Buy Online Electronics" - PC
14 Magazine and PcMag.com (11/2008)

15 F. #15 among the Top 100 Consumer Electronics Retailers in the
16 US; #3 in Consumer Direct category - TWICE Magazine 05/19/2008

17 G. In Top 10 US Online Retailers and #5 in Computer/Electronics
18 two years in a row - Internet Retailer Rankings (2007, 2008)

19 H. 2nd in the Computer and Electronics sector and #6 in customer
20 satisfaction among online retailers - Foresee Online Satisfaction Index (2008)

21 I. #1 in Response Time and Consistency, #4 in Availability -
22 Gomez.com Business Process Benchmark 10/31/2007

23 J. #1 in Top 10 Best Online Shopping Sites for Women-Getting an
24 Early Start on Cyber Monday - www.sheknows.com 11/21/2007
25
26
27
28

1 31. Newegg also conducts targeted email marketing, and uses trade show
2 giveaways and box inserts, all of which have the company slogan on them. In
3 addition, the company logo and mark appear on Newegg's letterhead, and the mark
4 appears in Newegg's electronic signature.

5
6 32. During 2008, Newegg spent over \$21 million on advertising, much if
7 not all of which incorporated its slogan. Recently, Newegg switched from the
8 boutique public relations firm it had been working with to a larger organization with
9 experience with other major e-tailers and national companies, as part of the effort to
10 broaden its customer base and product offerings.

11
12 33. Newegg applied for registration for of its mark on March 11, 2005, for
13 use in connection with an "online retail store featuring computer hardware and
14 computer peripherals." Registration was granted in June 2006.

15
16 34. The Newegg mark is a strong mark. The phrase "Once you Know,
17 you Newegg" does not literally mean anything. It was created by Newegg to
18 identify a set of values and principles that apply to the shopping experience on its
19 site. Hence, the mark is arbitrary in nature. As an arbitrary mark, it is entitled to the
20 highest level of protection.

21
22 35. As a result of the extensive use, promotion and advertising of the
23 NEWEGG Mark by Newegg, the NEWEGG Mark has become famous and has
24 acquired a distinctive and secondary meaning. The NEWEGG Mark is strongly
25 associated with Newegg's award-winning service and products.

26
27 36. The goodwill embodied in the NEWEGG Mark, and consequently
28 Newegg's valuable reputation and credibility, depend on the ability of the

1 NEWEGG Mark to identify the Newegg products and services exclusively in the
2 area of consumer goods.

3

4 **THE PREVALENCE OF THE NEWEGG MARK IN THE MEDIA AND THE**
5 **BLOGOSPHERE**

6 37. Thousands of newspapers, magazines, online magazines, and blogs
7 around the world have touted Newegg's products and services—and, have related
8 those comments to the NEWEGG Mark.

9

10 38. A quick search on Google for "ONCE YOU KNOW YOU
11 NEWEGG" returns over 1,400,000 results—all of which establish a connection
12 between the NEWEGG Mark and Newegg.

13

14 39. The Los Angeles Times identifies Newegg as pioneer in on-line sales
15 by being one of the first online stores to post customers' reviews next to the products
16 it sells. It also notes how intrinsically the Newegg name is tied to the NEWEGG
17 Mark, remarking that "[Newegg's] motto pokes fun at the paradox of its profitable
18 obscurity: 'Once you know, you Newegg.'" The article also recognizes the
19 expansion of Newegg's market by identifying one of Newegg's strategy shifts—the
20 selling of bread machines and coffee makers mixed in with the microprocessors and
21 hard drives. <http://articles.latimes.com/2007/dec/29/business/fi-newegg29>

22

23 40. A typical blog entry states "Their motto, 'Once You Know, You
24 Newegg' is pretty accurate. Once you experience Newegg, they will always be your
25 first choice." <http://xenomorph.net/newegg/>

26

27 41. Newegg and the NEWEGG Mark have become synonymous with high
28 quality customer service in the online retail world.

1 **NEWEGG’S FEDERAL REGISTRATIONS FOR THE NEWEGG MARK**
2 **AND KOHL’S LACK THEREOF**

3 42. On March 11, 2005 Newegg filed an application for federal trademark
4 registration of “ONCE YOU KNOW, YOU NEWEGG” for International Class 35
5 (Serial No. 78/585754), which was approved on September 5, 2006 (Registration
6 No. 3138233). A true and correct copy of the trademark registration from the United
7 States Patent and Trademark Office (“USPTO”) is attached hereto as Exhibit ____.

8
9 43. Newegg is informed and believes, and based thereon alleges, that by
10 all appearances, Kohl is well aware of how to protect its own trademark rights and
11 intellectual property. Kohl’s itself is a registered service mark of Kohl’s Illinois,
12 Inc., and parent company Kohl’s Corp. considers this mark and the accompanying
13 name recognition to be valuable to its business.

14
15 44. Additionally, Newegg is informed and believes, and based thereon
16 alleges, that Kohl’s Illinois, Inc. has over 100 additional registered trademarks, trade
17 names and service marks, most of which are used in Kohl’s private label program.

18
19 45. A search of the U.S. Patent and Trademark Office’s Trademark
20 Electronic Search System (“TESS”) reveals at least sixteen current, live trademark
21 and service mark registrations for Kohl’s, including Kohl’s slogan “Expect great
22 things” (Registration No. 3086610), and others with the name “Kohl’s” featured in
23 the mark, including “Kohl’s Green Scene” (Registration No. 3565308), “Kohl’s
24 S.T.E.P.S. Style and Technology in Every Pair of Shoes” ” (Application Serial No.
25 77106346), “Kohl’s Cares for Kids (Registration Nos. 2553885, 2295922).

1 H. electronics and games, including computer accessories, flash
2 drives, webcams, cameras and camcorders, binoculars, electronics cases, iPod
3 accessories, and hair dryers;

4 I. jewelry; and

5 J. beauty supplies.
6

7 50. Newegg is informed and believes, and based thereon alleges, that
8 Kohl's offers products for sale online at www.kohls.com, as well as in its numerous
9 brick-and-mortar stores.
10

11 51. Newegg is informed and believes, and based thereon alleges, that
12 Kohl's operates a 940,000 square foot fulfillment center that services its e-
13 commerce business. In 2007, the fulfillment center was expanded by over 400,000
14 square feet to support its e-commerce sales growth.
15

16 52. Newegg is informed and believes, and based thereon alleges, that
17 Kohl's had total net sales of \$16 billion for 2008, with net income of \$885 million.
18

19 53. Newegg is informed and believes, and based thereon alleges, that
20 Kohl's e-commerce was a strong performer in 2008, with \$340 million in sales, up
21 about 40% from 2007. According to Kohl's president and CEO, "We continue to
22 make a lot of progress there. . . . Combination customers for both brick-and-mortar
23 and the internet are our most profitable customers, and also lead to high sales."
24

25 54. Newegg is informed and believes, and based thereon alleges, that
26 Kohl's net advertising costs in 2008 were \$890 million, primarily for television and
27 radio broadcast and newspaper circulars.
28

1 **THE DISCOVERY BY NEWEGG OF KOHL'S INFRINGEMENT**

2 60. Newegg became aware of the “The more you know, the more you
3 Kohl’s” slogan in or about late April 2009, when a customer service agent received
4 a call from a customer who wanted to know if Newegg and Kohl’s were under the
5 same company umbrella because of the similarity of Kohl’s new slogan, “The more
6 you know, the more you Kohl’s,” to Newegg’s mark “Once you know, you
7 Newegg.”

8
9 61. At about the same time, on or about April 24, 2009, Newegg’s PR
10 Manager saw a television commercial with some women in a hair salon talking
11 about how great Kohl’s is, which concluded with the tagline, “The more you know,
12 the more you Kohl’s.”

13
14 62. This employee subsequently undertook to investigate other instances
15 of use of the slogan, and discovered a reference to the slogan on a women’s
16 networking site, at <http://www.womenco.com/careers/employers/5787>, and
17 comments about the new slogan posted on www.Twitter.com and
18 <http://forums.toonzone.net/showthread.php?p=3229891>.

19
20 63. On or about April 24, this employee emailed one of Newegg’s vice
21 presidents, regarding what she perceived to be possible copyright infringement by
22 Kohl’s.

23
24 64. This vice-president referred the matter to Newegg’s general counsel,
25 who agreed that Kohl’s new slogan sounds remarkably similar – too similar – to
26 “Once you know, you Newegg.”

1 65. During the week of May 3, 2009, Newegg's Senior Counsel for
2 litigation heard a Kohl's radio advertisement on Southern California radio station
3 95.5 FM KLOS and saw a Kohl's television commercial, both using the slogan.
4

5 66. In addition, after the Mother's Day holiday on May 10, 2009, the "The
6 more you know, the more you Kohl's" slogan began appearing on Kohl's website.
7 Sometime before May 10, 2009, a television commercial using the slogan also
8 appeared on YouTube.
9

10 67. Following discovery of the increasing instances of Kohl's use of the
11 new slogan, Newegg contacted its outside counsel to initiate proceedings to stop
12 Kohl's infringement of Newegg's mark.
13

14 **CONSUMERS ARE LIKELY TO BE CONFUSED**

15 68. Consumers who come into contact with the Kohl's slogan are likely to
16 be confused and are likely to believe that Newegg has sold its interests to, or is
17 affiliated in some way with, Kohl's.
18

19 69. The NEWEGG Mark is a strong mark. To wit, the statement "Once
20 You Know, You Newegg" is a made-up phrase and has no literal meaning. As such,
21 it is arbitrary. Arbitrary marks are typically afforded the highest level of protection.
22

23 70. Additionally, the goods sold by Newegg and Kohl's overlap greatly.
24 Kohl's Website prominently displays a way to browse through Kohl's offering of
25 "Electronics and Games." Once a customer clicks on that category, he or she is
26 taken to a separate page that lists the various types of "Electronics and Games"
27 available.
28

1 71. Newegg is informed and believes, and therefore alleges, that the
2 categories of “Electronics and Games” available on Kohl’s Website include: Audio;
3 Baby Monitors; Batteries & Power Supplies; Binoculars; Brands for Electronics &
4 Games; Cameras, Camcorders & Accessories; Cell Phone Accessories; Clocks;
5 Computer Accessories; Dartboards & Accessories; Digital Frames; DVDs;
6 Electronics & Gadgets for Kids; Electronics Cases; Flashlights & Lamps; Gadgets;
7 Game Tables; Games; GPS Navigation; iPod Accessories; Music & Dance; Online
8 Exclusives; Remote Control Toys; Sports & Outdoor Games; Telephones & Office;
9 Telescopes & Microscopes; TVs & DVD Players; Video Games & Accessories;
10 Water Toys; and Weather Stations.

11
12 72. All of these products (except baby monitors, microscopes, dartboards,
13 DVDs, outdoor games, and water toys) can be equally purchased on Newegg’s
14 Website.

15
16 73. Like Newegg, Kohl’s also sells many home appliance items on its
17 Website, thus further competing with Newegg. Some of these items include
18 Blenders; Bread Makers; Coffee Grinders; Coffee Makers; Espresso / Combination
19 Machines; Fondue; Food Processors; Ice Cream Makers; IceMakers; Juicers &
20 Extractors; Mixers; Popcorn Poppers; Rice Cookers; Rotisserie Ovens; Steamers;
21 Teakettles; Thermo Pots; Toaster Ovens; Toasters; Vacuum Sealers & Canisters;
22 Waffles / Griddles / Pizelles / Panini; Warming Trays; Water Dispensers; Wine,
23 Beer Coolers & Accessories.

24
25 74. Kohl’s also competes with Newegg’s other website,
26 NeweggMall.com, by selling a variety of similar products sold on NeweggMall’s
27 website.

28

1 75. Products that are offered on both NeweggMall.com and Kohl's
2 website include but are not limited to:

3

4 A. Accessories such as Belts & Buckles; Gloves & Mittens;
5 Handbags, Hats, Caps & Beanies; Keyrings & Keychains; Money Clips; Scarves,
6 Shawls & Wraps; Sunglasses; Ties, Bowties & Ascots; Umbrellas; and Wallets &
7 Checkbooks;

8

9 B. Apparel such as Clothing; Activewear; Dresses; Intimate
10 Apparel; Jeans; Maternity; Outerwear; Pants & Shorts; Shirts; Skirts; Sleepwear &
11 Robes; Socks & Hosiery; Suits & Separates; Sweaters; Swimwear; Tops;
12 Underwear; and Shoes;

13

14 C. Beauty products, including Bath & Shower products; Cleansers;
15 Deodorants & Powders; Scrubs & Exfoliants; Soaks & Bubble Baths; Cosmetics;
16 Fragrances; Gift Sets; Hair Care Products; Hair Styling Tools; and Skin Care
17 products;

18

19 D. Books on various subjects;

20

21 E. Home Living products such as Bathroom Accessories and
22 Hardware; Bedding & Accessories; Laundry Accessories; Home Décor;
23 Aromatherapy; Decorative Accents; Frames & Albums; Lighting; Rugs; Window
24 Coverings; Kitchen & Dining; Bakeware; Barware; Cookware; Cutlery & Flatware;
25 Dinnerware; Drinkware; Kitchen Tools & Accessories; and Small Appliances;

26

27 F. Jewelry and watches;

28

1 G. Luggage & Bags, such as Business Carriers & Packs and
2 Electronics Cases;

4 H. Outdoor & Garden products; and

6 I. Sporting Goods; and Arts & Music.

8 76. Moreover, Newegg is continuously looking to expand its product
9 lines, and is likely to find itself in a position with yet more overlapping products
10 with Kohl's.

12 77. The Kohl's slogan is very similar to the NEWEGG Mark. First, both
13 have the same meaning. The NEWEGG Marks conveys that once you discover how
14 comparatively good it is to shop at Newegg, you will do it all the time. Similarly,
15 the Kohl's slogan conveys that the more you know about shopping at Kohl's, the
16 more you will shop at Kohl's all the time.

18 78. Additionally, both use the same words. Both refer to the consumer as
19 "you" and that such consumer "knows" about shopping with the target of the slogan.
20 Both slogans then again identify the consumer as "you" and refers to the consumer
21 exclusively shopping at the target by turning the name of the target into a verb.

23 79. Finally, both Newegg and Kohl's use the same marketing channels.
24 Both Newegg and Kohl's sell their product online intended to target consumers
25 throughout the United States.

KOHL'S INFRINGEMENT HAS HARMED AND WILL CONTINUE TO
HARM NEWEGG

1
2
3 80. At all relevant times that the Defendants adopted and used the
4 Infringing Campaign, they have had full knowledge of the existence, promotion,
5 extensive use, and substantial value of the NEWEGG Mark.
6

7 81. Upon information and belief, Defendants adopted a slogan that is
8 confusingly similar to the NEWEGG Mark for use in the Infringing Campaign with
9 the intent to appropriate to themselves the goodwill and value associated with the
10 NEWEGG Mark as a result of Newegg's significant effort and expense.
11

12 82. Upon information and belief, Defendants have attempted to increase
13 traffic to their website by diverting users looking for Newegg's website. The
14 Infringing Campaign has caused actual confusion and is likely to continue to cause
15 confusion in the future.
16

17 83. Newegg customers are and have been confused by the Infringing
18 Campaign.
19

20 84. As a result of this confusion, consumers who visit Kohl's website
21 believing it to be Newegg's website or associated with Newegg become
22 unimpressed with the content of Kohl's website, and thus form a negative opinion of
23 Newegg.
24

25 85. As a result, these customers choose not to purchase from Newegg in
26 the future, thereby depriving Newegg of future revenues.
27
28

1 86. Moreover, the Infringing Campaign is not well received by the public,
2 further damaging the NEWEGG Mark. Several Internets postings have criticized
3 the Infringing Campaign. Some have said that “I think ‘The More You Know, The
4 More You Kohl’s’ may be the worst slogan I’ve ever heard.” See
5 <http://twitter.com/wheezywaiter/status/1435814153>.

6
7 87. Additionally, bloggers commenting on “The Worst Commercial”
8 identified the Infringing Campaign as confusing and generally bad. See
9 <http://forums.toonzone.net/showthread.php?p=3229891>

10
11 88. These negative comments and perceptions have and will continue to
12 negatively affect Newegg’s valuable NEWEGG Mark.

13
14 **COUNT ONE - TRADEMARK INFRINGEMENT**

15 (Section 32 of the Lanham Act, 15 U.S.C. 1114(1) Against All Defendants)

16 89. Newegg repeats and realleges each and every allegation contained in
17 paragraphs 1 through 88, inclusive, of this Complaint and incorporates them by
18 reference as though fully and completely set forth herein.

19
20 90. Newegg is the registered owner of the NEWEGG Mark.

21
22 91. By their aforesaid acts, Defendants have infringed and are likely to
23 continue to infringe Newegg’s substantial rights in the NEWEGG Mark in violation
24 of 15 U.S.C. § 1114.

25
26 92. Newegg has been damaged by, and Defendants and have profited
27 from, Defendants’ wrongful conduct in an amount to be proven at trial.

28

1 98. By their aforesaid acts, Defendants have diluted the distinctive quality
2 of Newegg's famous and distinctive NEWEGG Mark. Defendants' use of a
3 confusingly similar mark to the NEWEGG Mark has diminished the capacity of that
4 mark to identify and distinguish Newegg's products.

5
6 99. Defendants' use of the confusingly similar mark is commercial in
7 nature and began after the NEWEGG Mark became famous.

8
9 100. Defendants willfully intended to trade on Newegg's reputation and to
10 dilute Newegg's famous NEWEGG Mark.

11
12 101. Defendants' aforesaid acts constitute a violation of 15 U.S.C. §
13 1125(c), for which Newegg is entitled to injunctive relief.

14
15 102. Because Defendants willfully intended to trade on Newegg's
16 reputation and/or dilute the NEWEGG Mark, Newegg is entitled to damages under
17 15 U.S.C. § 1117.

18
19 **COUNT FOUR - TRADEMARK INFRINGEMENT**

20 **(Trademark Infringement**

21 **Under California Common Law Against All Defendants)**

22 103. Newegg repeats and realleges each and every allegation contained in
23 paragraphs 1 through 102, inclusive, of this Complaint and incorporates them by
24 reference as though fully and completely set forth herein.

25
26 104. Newegg has developed substantial common law trademark rights in
27 the NEWEGG Mark under California law.

28

1 105. By their aforesaid acts, Defendants infringed Newegg's NEWEGG
2 Mark by using a confusingly similar mark in commerce in the State of California in
3 a way that has caused and likely will continue to cause consumer confusion as to
4 Newegg's association with, affiliation with, or sponsorship of Defendants and their
5 products.

6
7 106. Newegg has been damaged by, and Defendants have profited from,
8 Defendants' wrongful conduct.

9
10 107. For each completed act of infringement, Newegg is entitled to recover
11 its actual damages as well as Defendants' profits from such infringement.

12
13 108. Monetary relief alone, however, is not adequate to address fully the
14 irreparable injury that Defendants' illegal actions have caused and will continue to
15 cause Newegg if not enjoined. Newegg is therefore entitled to preliminary and
16 permanent injunctive relief to stop Defendants' trademark infringement under
17 California common law.

18
19 **COUNT FIVE - TRADEMARK DILUTION**

20 **(Trademark Dilution in Violation**

21 **of Cal. Bus. & Prof. Code § 14200 et. seq. and California Common Law Against**
22 **All Defendants)**

23 109. Newegg repeats and realleges each and every allegation contained in
24 paragraphs 1 through 108, inclusive, of this Complaint and incorporates them by
25 reference as though fully and completely set forth herein.

26
27 110. By their aforesaid acts, Defendants have caused and likely will
28 continue to cause dilution in the distinctive quality of Newegg's famous NEWEGG

1 Mark and a reduction in the value of Newegg's goodwill by destroying the exclusive
2 association in the minds of the public generally and of those interested in consumer
3 electronic goods specifically, thereby causing Newegg irreparable injury. The said
4 acts constitute a violation of California Business and Professions Code §14200 et
5 seq. Newegg has been damaged and has suffered, and will continue to suffer,
6 immediate and irreparable injury for which it has no adequate remedy at law.

7
8 111. Under California Business and Professions Code § 14200, Newegg is
9 therefore entitled to preliminary and permanent injunctive relief.

10
11 **COUNT SIX - UNFAIR COMPETITION**

12 **(Unfair Competition in Violation of**

13 **Cal. Bus. and Prof. Code § 17200 Against All Defendants)**

14 112. Newegg repeats and realleges each and every allegation contained in
15 paragraphs 1 through 111, inclusive, of this Complaint and incorporates them by
16 reference as though fully and completely set forth herein.

17
18 113. Defendants' aforesaid acts in using Newegg's famous NEWEGG
19 Mark have deceived, misled, and confused the public generally, and those interested
20 in consumer electronic goods specifically, and will continue to do so if such use
21 continues.

22
23 114. Defendants' actions discussed herein constitute unfair competition
24 within the meaning of California Business and Professional Code § 17200, causing
25 damage and irreparable injury to Newegg.

26
27 115. Pursuant to California Business and Professional Code § 17203,
28 Newegg is entitled to preliminary and permanent injunctive relief, whereby

1 Defendants are ordered to cease this unfair competition, as well as restitution for
2 damage resulting from Defendants' unfair competition.

3
4 **COUNT SEVEN - UNFAIR COMPETITION**

5 **(Unfair Competition Under**
6 **California Common Law Against All Defendants)**

7 116. Newegg repeats and realleges each and every allegation contained in
8 paragraphs 1 through 115, inclusive, of this Complaint and incorporates them by
9 reference as though fully and completely set forth herein.

10
11 117. Defendants' use of the NEWEGG Mark constitutes deception, passing
12 off and infringement of Newegg's trademark, and creates confusion.

13
14 118. Defendants' actions discussed herein constitute unfair competition
15 under the common law of the State of California, causing damage and irreparable
16 injury to Newegg.

17
18 119. Newegg has no adequate remedy at law to address fully this
19 irreparable injury that Defendants' illegal actions have caused and will continue to
20 cause Newegg if not enjoined. Newegg is therefore entitled to preliminary and
21 permanent injunctive relief to stop Defendants' ongoing unfair competition.

22
23 **PRAYER FOR RELIEF**

24 WHEREFORE, Newegg prays for judgment as follows:

25 1. That Defendants, their agents, servants and employees and all persons
26 acting in concert with them be restrained and enjoined preliminarily and
27 permanently from directly or indirectly:
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(a) Using the slogan "THE MORE YOU KNOW THE MORE YOU KOHL'S" or any other name, slogan or mark that is confusingly similar to the NEWEGG Mark or any colorable imitation or variation thereof on any advertising or website;

(b) Using the slogan "THE MORE YOU KNOW THE MORE YOU KOHL'S" as part of any trade name, trademark or service mark;

(c) Representing directly or indirectly, or by implication or silence, that Defendants, their activities, businesses or services are affiliated or connected in any way with Newegg, or were at any time; and

(d) Committing any other acts likely to infringe Newegg's NEWEGG Mark or likely to dilute such mark.

2. That all of Defendants' stationery, printed forms, advertising and other material bearing the slogan "THE MORE YOU KNOW THE MORE YOU KOHL'S" or any other name(s), slogan(s) or mark(s) infringing on Newegg's trademark be delivered up and destroyed;

3. That Defendants remove any reference to the slogan "THE MORE YOU KNOW THE MORE YOU KOHL'S" from the Kohl's Website.

4. That Newegg recover all of its actual damages;

1 5. That Newegg recover all profits derived by Defendants from their acts
2 of federal and state trademark infringement, false designation of origin, dilution,
3 unfair competition, and breach of contract;

4
5 6. That Newegg recover its costs in this action and its reasonable
6 attorneys' fees;

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8 7. That Newegg recover enhanced damages for willful infringement,
9 including the trebling of Defendants' profits and Newegg's actual damages; and

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11 8. That the Court award such other and further relief as it deems just and
12 proper.

13
14
15 Dated: May 14, 2009

Respectfully submitted:

16 **ZUBER & TAILLIEU LLP**
17 OLIVIER A. TAILLIEU
18 YURI MIKULKA
19 LAURA D. CASTNER

20
21 By: 
22 Attorneys for NEWEGG, INC.