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THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

CHANEL, INC.,)	CASE NO.
a New York corporation,)	
)	
Plaintiff,)	COMPLAINT FOR DAMAGES
)	AND INJUNCTIVE RELIEF
v.)	
YURY BYALIK d/b/a)	
EFFORDABLEJEWELRY.COM d/b/a)	
INSPIREDSTYLES.COM d/b/a INSPIRED)	
STYLES d/b/a REPLICASUITE.COM d/b/a)	
COPYCATWATCHES.COM and DOES 1-10,)	
)	
Defendants.)	

Plaintiff, CHANEL, INC., a New York corporation ("Chanel") hereby sues Defendants, YURY BYALIK d/b/a EFFORDABLE JEWELRY d/b/a INSPIREDSTYLES.COM d/b/a REPLICASUITE.COM d/b/a COPYCATWATCHES.COM ("Byalik") and DOES 1-10, (collectively "Defendants") and alleges as follows:

JURISDICTION AND VENUE

1. This is an action pursuant to 15 U.S.C. §§ 1114, 1116, 1121, and 1125. Accordingly, this Court has jurisdiction under 28 U.S.C. §§ 1331 and 1338. Venue is proper in this Court under 28 U.S.C. § 1391 because the named Defendant resides and conducts business activities within this District. Furthermore, venue is appropriate since a substantial portion of the acts giving rise to this case occurred within this District.

THE PARTIES

2. Chanel is a corporation duly organized under the laws of the State of New York with its principal place of business in the United States located at 876 Centennial Avenue, Piscataway, New Jersey 08854. Chanel is, in part, engaged in the business of manufacturing and distributing throughout the world, including within this Judicial District, high quality necklaces and watches under the federally registered trademarks CHANEL, CC MONOGRAM, and J12 (collectively the “Chanel Marks.”)

3. Byalik is an individual who, upon information and belief, resides and conducts business within this Judicial District at 30 Osprey Drive, Old Bridge, New Jersey 08857. Upon information and belief, Byalik also conducts business within this Judicial District at 154 Nathan Drive, Morganville, New Jersey 07751, 9 Smock Court, Manalapan, New Jersey 07726, and P.O. Box 51, Morganville, New Jersey 07751. Byalik uses at least the names “EffordableJewelry.com,” “InspiredStyles.com,” “ReplicaSuite.com,” and “CopycatWatches.com” as aliases to operate his business.

4. Upon information and belief, Byalik is directly and personally engaging in the sale of counterfeit and infringing products within this District as alleged herein.

5. Defendants Does 1 through 5 are, upon information and belief, individuals who reside and/or conduct substantial business within this Judicial District. Further, Does 1 through 5 are directly and personally contributing, inducing, and engaging in the sale of counterfeit products as alleged herein as partners or suppliers to the named Defendant. Chanel is presently unaware of the true names of Does 1 through 5. Chanel will amend this Complaint upon discovery of the identities of such fictitious Defendants.

6. Defendants Does 6 through 10 are business entities which, upon information and belief, reside and/or conduct business within this Judicial District. Moreover, Does 6 through 10 are, upon information and belief, directly engaging in the sale of counterfeit products as alleged herein as partners or suppliers to the named Defendant. Chanel is presently unaware of the true names of Does 6 through 10. Chanel will amend this Complaint upon discovery of the identities of such fictitious Defendants.

COMMON FACTUAL ALLEGATIONS

7. Chanel is the owner of the following trademarks protected by the following United States Federal Trademark Registrations:

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
CHANEL	0,612,169	September 13, 1955
CC MONOGRAM	1,501,898	August 30, 1988
CHANEL	0,955,074	March 13, 1973
CHANEL	1,238,001	May 17, 1983
CHANEL	1,571,787	December 19, 1989
J12	2,559,772	April 9, 2002
CHANEL	3,133,139	August 22, 2006

The Chanel Marks are registered in International Classes 14 and 28 and are used in connection with the manufacture and distribution of, a variety of high quality luxury goods, including, but not limited to, necklaces and watches.

8. The Chanel Marks have been used in interstate commerce to identify and distinguish Chanel’s high quality necklaces, watches, and other products for an extended period of time.

9. The Chanel Marks have never been assigned or licensed to any of the Defendants in this matter.

10. The Chanel Marks are symbols of Chanel's quality, reputation, and goodwill and have never been abandoned.

11. Further, Chanel has expended substantial time, money, and other resources developing, advertising, and otherwise promoting the Chanel Marks. The Chanel Marks qualify as famous marks as that term is used in 15 U.S.C. §1125(c)(1).

12. Chanel has extensively used, advertised, and promoted the Chanel Marks in the United States in association with the sale of high quality necklaces, watches, and other goods and has carefully monitored and policed the use of the Chanel Marks.

13. As a result of Chanel's efforts, members of the consuming public readily identify merchandise bearing the Chanel Marks as being high quality merchandise sponsored and approved by Chanel.

14. Accordingly, the Chanel Marks have achieved secondary meaning as identifiers of high quality necklaces and watches.

15. Upon information and belief, at all times relevant hereto, the Defendants in this action had full knowledge of Chanel's ownership of the Chanel Marks, including its exclusive right to use and license the Chanel Marks and the goodwill associated therewith.

16. Chanel has discovered Defendants are promoting and otherwise advertising, distributing, selling and/or offering for sale counterfeit products, including, at least, necklaces and watches bearing trademarks which are exact copies of the Chanel Marks (the "Counterfeit Goods"). Specifically, upon information and belief, Defendants are using the Chanel Marks in the same stylized fashion for different and inferior quality goods.

17. Upon information and belief, Defendants' Counterfeit Goods are of a quality substantially different to that of Chanel's genuine goods. Despite the nature of their Counterfeit Goods and the knowledge that they are without authority to do so, Defendants, upon information and belief, are actively using, promoting and otherwise advertising, distributing, selling and/or offering for sale substantial quantities of their Counterfeit Goods with the knowledge that such goods will be mistaken for the genuine, high quality products offered for sale by Chanel. The net effect of Defendants' actions will be to result in the confusion of consumers who will believe Defendants' Counterfeit Goods are genuine goods originating from and approved by Chanel.

18. Upon information and belief, Defendants, advertise their Counterfeit Goods for sale to the consuming public. In so advertising these products, Defendants use the Chanel Marks. Indeed, Defendants herein, upon information and belief, misappropriated Chanel's advertising ideas and entire style of doing business with regard to the advertisement and sale of Chanel's genuine products. Upon information and belief, the misappropriation of Chanel's advertising ideas in the form of the Chanel Marks has occurred, in part, in the course of Defendants' advertising activities and has been the proximate cause of damage to Chanel.

19. Upon information and belief, Defendants are conducting their counterfeiting and infringing activities at least within this Judicial District and elsewhere throughout the United States. Defendants' infringement and disparagement of Chanel's trademark rights do not simply amount to the wrong description of their goods or the failure of the goods to conform to the advertised quality or performance. As a result, Defendants are defrauding Chanel and the consuming public for Defendants' own benefit.

20. Defendants' use of the Chanel Marks, including the promotion, advertisement, distribution, sale and/or offering for sale of their Counterfeit Goods, is without Chanel's consent or authorization.

21. Further, Defendants may be, upon information and belief, engaging in the above-described illegal counterfeiting and infringing activities knowingly and intentionally or with reckless disregard or willful blindness to Chanel's rights, for the purpose of trading on the goodwill and reputation of Chanel. If Defendants' counterfeiting and infringing activities are not preliminarily and permanently enjoined by this Court, Chanel and the consuming public will continue to be damaged.

22. Defendants' above identified infringing activities are likely to cause confusion, deception, and mistake in the minds of consumers, the public, and the trade. Moreover, Defendants' wrongful conduct is likely to create a false impression and deceive customers, the public, and the trade into believing there is a connection or association between Chanel's genuine goods and Defendants' Counterfeit Goods.

23. Chanel has no adequate remedy at law.

24. Chanel is suffering irreparable injury and has suffered substantial damages as a result of Defendants' counterfeiting and infringing activities.

25. The injuries and damages sustained by Chanel are directly and proximately caused by Defendants' wrongful advertisement, promotion, distribution, sale and/or offering for sale of their Counterfeit Goods.

26. Chanel has retained the undersigned counsel to represent it in this matter and is obligated to pay said counsel a reasonable fee for such representation.

COUNT I - TRADEMARK COUNTERFEITING AND INFRINGEMENT

27. Chanel hereby readopts and realleges the allegations set forth in Paragraphs 1 through 26 above.

28. This is an action for trademark counterfeiting and infringement against Defendants based on their promotion, advertisement, distribution, sale and/or offering for sale of their Counterfeit Goods bearing the Chanel Marks.

29. Specifically, Defendants, upon information and belief, are promoting and otherwise advertising, selling, offering for sale, and distributing at least counterfeit and infringing necklaces and watches bearing the Chanel Marks. Defendants are continuously infringing and inducing others to infringe the Chanel Marks by using them to advertise, promote, and sell counterfeit necklaces and watches.

30. Defendants' counterfeiting and infringing activities are likely to cause and actually are causing confusion, mistake, and deception among members of the trade and the general consuming public as to the origin and quality of Defendants' Counterfeit Goods bearing the Chanel Marks.

31. Defendants' unlawful actions have caused and are continuing to cause unquantifiable damages to Chanel.

32. Defendants' above-described illegal actions constitute counterfeiting and infringement of the Chanel Marks in violation of Chanel's rights under § 32 of the Lanham Act, 15 U.S.C. § 1114.

33. Chanel has suffered and will continue to suffer irreparable injury due to the above described activities of Defendants if Defendants are not preliminarily and permanently enjoined.

**COUNT II - FALSE DESIGNATION OF ORIGIN
PURSUANT TO § 43(a) OF THE LANHAM ACT**

34. Chanel hereby readopts and realleges the allegations set forth in Paragraphs 1 through 26 above.

35. Defendants' Counterfeit Goods bearing the Chanel Marks have been widely advertised and distributed throughout the United States.

36. Defendants' Counterfeit Goods bearing the Chanel Marks are virtually identical in appearance to each of Chanel's respective genuine goods. However, the Counterfeit Goods are different and likely inferior in quality. Accordingly, Defendants' activities are likely to cause confusion in the trade and among the general public as to at least the origin or sponsorship of the Counterfeit Goods.

37. Defendants, upon information and belief, have used in connection with their sale of Counterfeit Goods, false designations of origin and false descriptions and representations, including words or other symbols, which tend to falsely describe or represent such goods and have caused such goods to enter into commerce with possible knowledge of the falsity of such designations of origin and such descriptions and representations, all to the detriment of Chanel.

38. Specifically, Defendants, upon information and belief, have authorized an infringing use of the Chanel Marks, in Defendants' advertisement and promotion of their counterfeit and infringing necklaces and watches. Defendants, upon information and belief, have misrepresented to members of the consuming public that the Counterfeit Goods being advertised and sold by them are genuine, non-infringing products.

39. Defendants' above-described actions are in violation of Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a).

40. Chanel has sustained injury and damage caused by Defendants' conduct, and absent an entry of an injunction by this Court, Chanel will continue to suffer irreparable injury to its goodwill and business reputation as well as monetary damages.

COUNT III - COMMON LAW TRADEMARK INFRINGEMENT

41. Chanel hereby readopts and realleges the allegations set forth in Paragraphs 1 through 26 above.

42. This is an action for common law trademark infringement against Defendants based on their promotion, advertisement, sale and/or offering for sale of goods bearing marks which are virtually identical, both visually and phonetically, to the Chanel Marks in violation of Chanel's common law trademark rights.

43. Specifically, Defendants, upon information and belief, are promoting and otherwise advertising, selling, offering for sale, and distributing infringing necklaces and watches bearing marks substantially similar to and indistinguishable from the Chanel Marks.

44. Defendants' infringing activities are likely to cause and actually are causing confusion, mistake, and deception among members of the trade and the general consuming public as to the origin and quality of Defendants' products by their use of the Chanel Marks.

45. As a result of the above described trademark infringement activities of Defendants, Chanel has suffered, and will continue to suffer, irreparable injury and substantial damages, and Defendants have been unjustly enriched.

COUNT IV - COMMON LAW UNFAIR COMPETITION

46. Chanel hereby readopts and realleges the allegations set forth in Paragraphs 1 through 26 above.

47. This is an action for common law unfair competition against Defendants based on their unauthorized promotion, advertisement, distribution, sale and/or offering for sale of goods bearing marks which are virtually identical, both visually and phonetically, to the Chanel Marks in violation of New Jersey's common law of unfair competition.

48. Specifically, Defendants are unlawfully promoting and otherwise advertising, selling, offering for sale, and distributing infringing and counterfeit necklaces and watches bearing the Chanel Marks.

49. Defendants' wrongful acts of unauthorized use of the Chanel Marks, in attempting to pass off their products as if they are Chanel products in a manner calculated to deceive members of the trade and the general public, are likely to cause and are actually causing confusion, mistake, and deception among members of the trade and general consuming public as to the origin and quality of Defendants' products by their use of the Chanel Marks.

50. The natural, probable, and foreseeable consequences of Defendants' wrongful conduct has been and will continue to be the deprivation of the exclusive rights Chanel has in and to its intellectual property.

51. Defendants' wrongful acts of unauthorized use of the Chanel Marks have and will continue to cause Chanel substantial injury including loss of customers, dilution of its reputation, dilution of its goodwill, confusion of existing and potential customers, loss of its reputation, and diminution of the value of its intellectual property. The harm these wrongful acts cause to Chanel is both imminent and irreparable, and the amount of damages sustained by Chanel will grow even more difficult to ascertain if these acts continue.

52. As a result of the above described wrongful activities of unfair competition by Defendants, Chanel has suffered, and will continue to suffer, irreparable injury and substantial damages, and Defendants have been unjustly enriched.

PRAYER FOR RELIEF

WHEREFORE, Chanel demands judgment jointly and severally against Defendants as follows:

a. That the Court enter a preliminary and permanent injunction enjoining Defendants, their agents, representatives, servants, employees, and all those acting in concert or participation therewith, advertising or promoting, distributing, selling or offering to sell their Counterfeit Goods; from infringing, counterfeiting, or diluting the Chanel Marks; from using the Chanel Marks, or any mark or trade dress similar thereto, in connection with the sale of any unauthorized goods; from using any logo, trade name or trademark, or trade dress which may be calculated to falsely advertise the services or products of Defendants as being sponsored by, authorized by, endorsed by, or in any way associated with Chanel; from falsely representing themselves as being connected with Chanel, through sponsorship or association, or engaging in any act which is likely to falsely cause members of the trade and/or of the purchasing public to believe any goods or services of Defendants are in any way endorsed by, approved by, and/or associated with Chanel; from using any reproduction, counterfeit, copy, or colorable imitation of the Chanel Marks in connection with the publicity, promotion, sale, or advertising of any goods sold by Defendants, including, without limitation, necklaces and watches and/or any other goods; from affixing, applying, annexing, or using in connection with the sale of any goods, a false description or representation, including words or other symbols tending to falsely describe

or represent Defendants' goods as being those of Chanel, or in any way endorsed by Chanel and from offering such goods in commerce; and from otherwise unfairly competing with Chanel.

b. That Defendants be required to account to and pay Chanel for all profits and damages resulting from Defendants' infringing and counterfeiting activities and that the award to Chanel be trebled, as provided for under 15 U.S.C. §1117, or, at Chanel election with respect to Count I, that Chanel be awarded statutory damages from each Defendant in the amount of one million (\$1,000,000.00) dollars per each counterfeit Chanel Mark used and product sold, as provided by 15 U.S.C. §1117(c)(2) of the Lanham Act.

c. That Chanel be awarded punitive damages.

d. That Chanel be awarded pre-judgment interest on its judgment.

e. That Chanel be awarded at least treble damages as well as its costs and reasonable attorneys' fees and investigators' fees associated with bringing this action.

f. That Chanel be awarded such other and further relief as the Court may deem just and proper.

DATED this 20th day of August, 2007.

PINILISHALPERN, LLP

By: /s/ Gabriel H. Halpern
Gabriel H. Halpern