

EXHIBIT 1

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

TALISMAN DESIGNS, LLC.

Plaintiff,

20cv1084

ELECTRONICALLY FILED

v.

DASANI, ET AL,

Defendants.

Memorandum Order denying Motions to Set Aside Default (doc. 43 and doc. 51)

I. Introduction

This is an action for unfair competition, and trademark infringement under the Lanham Act, initiated on July 20, 2020, against numerous Defendants, who are Chinese corporations who were allegedly engaged in counterfeiting of the “Bacon Bin” kitchen product for storing and disposing of bacon grease, trademarked by Plaintiff, Talisman Designs, LLC. The civil case was filed by Plaintiff, a small business, against numerous Defendants, including AA Fashion, Cemic, Funarrow, LEEaccessry, Light-Ren, Qinai, Sanmubo Trade, Sundlight, and Urmanal (collectively the “AA Fashion Defendants”), and Defendant Lightshh, on the basis that they sold counterfeit products on Amazon in violation of the Lanham Act. Plaintiff also sought a Temporary Restraining Order, which this Court granted, and following a hearing on a subsequent motion for Preliminary Injunction, at which Defendants failed to attend, the Court entered an Order granting said Motion on August 3, 2020. The Court also granted Plaintiff’s Motion for Alternative Service permitting electronic service of process under Fed. R. Civ. P. 4(f)(3) (hereinafter the “Alternative Service Order”). ([Doc. 19](#)). On July 28, 2020, Talisman Designs electronically served all of the defendants listed on Schedule A with the Summons, Complaint, Requests for Admission, and the Temporary Restraining Order (“TRO”), including the AA Fashion Defendants and Defendant

Lightshh, in accordance with the Alternative Service Order. ([Doc. 29](#) and [Doc. 35](#)). The AA Fashion Defendants and Lightshh Defendant do not dispute that the Court authorized electronic service or that they each received the Summons, Complaint, Requests for Admission, and the TRO by email in accordance with the Alternative Service Order. The Clerk of Court entered Default as to all (remaining) Defendants, following alternate service and failure to answer or otherwise plead on August 28, 2020. On September 9, 2020, the AA Fashion Defendants filed the instant Motion to Set Aside Default Judgment ([doc. 43](#)) and Defendant Lightshh also filed a similar Motion ([doc. 51](#)), with Defendants arguing that this Court has no personal jurisdiction over Defendants, that service was improper as to AA Fashion Defendants, and that Defendants have valid defenses to this cause of action. For the following reasons, the Court denies Defendants' Motions because (1) personal jurisdiction exists in this Court, (2) service was proper, and (3) Defendants have wholly failed to set forth a meritorious defense.

II. Discussion

Pursuant to Fed. R. Civ. P. 55(c), a default may be lifted upon a showing of "good cause." There are four (4) factors to determine if good cause has been shown to set aside the entry of Default by the Clerk. These factors are: (1) prejudice to the plaintiff; (2) whether defendant has a prima facie meritorious defense; (3) whether defaulting defendant's conduct is excusable or culpable; and (4) effectiveness of alternative sanctions. *Gross v. Stereo Component Sys., Inc.*, 700 F.2d 120 (3d Cir. 1983). The second factor - - whether the defendant has a meritorious defense - - is considered a threshold question. *United States v. \$55,518.05 in U.S. Currency*, 728 F.2d 192 (3d Cir. 1984). After all, it would be futile to set aside a default to afford a movant an additional opportunity to present a meritless defense. *Id.* That is the case before the Court in the instant matter.

The Court recognizes that the entry of defaults are generally disfavored. *Farnese v. Bagnaso*, 687 F.2d 761, 764 (3d Cir. 1982). And, while this Court finds that the factors of prejudice to Plaintiff, whether defaulting Defendants' conduct was excusable, and the effectiveness of alternative sanctions are somewhat neutral, there is futility in setting aside a default here because Defendants present meritless defenses.

A meritorious defense is one which, "if established at trial, would completely bar plaintiffs' recovery." *Momah v. Albert Einstein Medical Center*, 161 F.R.D. 304 (E.D. Pa. 1995) (citing *Foy v. Dicks*, 146 F.R.D. 113, 116 (E.D. Pa. 1993)). To satisfy this element, Defendants' answer and pleadings must contain specific facts that would allow them to advance a complete defense. *Id.* (citing *United States v. \$55,518.05 in U.S. Currency*, 728 F.2d 192, 194–96 (3d Cir.1984)); *Accu-Weather, Inc. v. Reuters, Ltd.*, 779 F.Supp. 801, 803 (M.D.Pa.1991). A court requires the defendant to raise specific facts beyond a general denial so that it has some basis for determining whether the defendant can make out a complete defense. *Id.* citing *\$55,518.05 in U.S. Currency*, 728 F.2d at 195.

As alleged in the Complaint, Defendants are part of a sophisticated group of businesses that intentionally use the nationwide market reach of Amazon and other on-line platforms to sell their Chinese-made counterfeit and knock-off items from China into the United States, including the Commonwealth of Pennsylvania. [Doc. 1 at paragraph 11](#). Contrary to the contentions of Defendants, each product (with exception of product of Defendant CEMIC which has not yet arrived) was received in Pennsylvania and was visually inspected to confirm that is was counterfeit. In other words, Defendants actually shipped product into Pennsylvania and even collected Pennsylvania sales tax on their sales.

The primary defense of Defendants is that this Court lacks personal jurisdiction over them. This defense is without merit. The three-part test to determine personal jurisdiction, as set forth in *Budget Blinds, Inc. v. White*, 536 F.3d 244, 260 (3d Cir. 2008), is as follows: (1) the nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out of or results from the defendant's forum-related activities; and, (3) exercise of jurisdiction must be reasonable. All three parts of this test have been met in this case as to Defendants.

Commerce just like this over the internet, even specifically through Amazon, has been found to support a finding that a Court can properly exercise personal jurisdiction over a China-based infringer, even if the infringer has no physical presence in the United States. *Curry v. Revolution Labs, LLC*, 949 F.3d 385, 399 (7th Cir. 2020). The Court finds instructive the decisions of colleagues in the Western District of Pennsylvania, and its own prior decision, finding that sellers on Amazon, Aliexpress, and Ebay may not avoid personal jurisdiction by this Court on the basis that the Great Wall of China renders a district court without jurisdiction to protect brand owners from counterfeit products just like this. *Airigan Solutions, LLC v. Belvia*, No. 20-cv-284 (W.D. Pa. 2020)(Schwab, J.); *Doggie Dental Inc. v. Ahui*, No. 19-cv-1462 (W. D. Pa 2019)(Hornak, C.J.); *Gorge Designs v. Accessmail, et. al*, No. 19-cv-1454 (W. D. Pa. Stickman, J.); *Doggie Dental Inc. v. Worthbuyer*, No. 19-cv-1283 (W. D. Pa. October 11, 2019)(Hornak, C.J.).

Moreover, Defendants are also subject to personal jurisdiction pursuant Fed. R. Civ. P. 4(k)(2), which provides for personal jurisdiction through nationwide service of process over any

defendant provided that: (1) Plaintiff's claim are based upon federal law; (2) no state court could exercise jurisdiction over defendants; (3) the exercise of jurisdiction is consistent with the law of the United States; and (4) the exercise of jurisdiction is consistent with the Constitution. *Cent. States Southeast and Sw. Area Pension Fund v. Reimer Express World Cor.*, 230 F.3d 934, 940 (7th Cir. 2000).¹ Here, because Defendant purposefully and knowingly offered for sale, sold and ultimately shipped product to United States residents, including Pennsylvania residents, Rule 4(k)(2) dictates that personal jurisdiction is proper. *Plixer Int'l v. Scrutinizer GmbH*, 905 F.3d 1, 5 (1st Cir. 2018).

Very recently, Defendant's counsel raised these defenses unsuccessfully in the United States District Court for the Southern District of New York in *Mattel, Inc. v. 2012SHININGROOM2012, et al.*, Civil Action No. 18-11648 (S.D.N.Y. Sept 25, 2020) (Doc. 100) (rejecting all defenses of China-based sellers and awarding damages and attorney fees). *See also Camelbak Products, LLC v Partnerships and Unincorporated Associations Identified on Schedule "A"*, No. 20-cv-01544 (N.D. Ill. Sept. 25, 2020) (Doc. 75) (Court denied Chinese defendants' pro se motions to dismiss based upon lack of personal jurisdiction, forum non conveniens and zero sales into jurisdiction). In the *Camelbak* case, which is pending in Illinois

¹ AA Fashion Defendants contend that service was improper. However, alternative service was permitted by this Court, and additionally, Plaintiff by affidavit set forth evidence that AA Fashion Defendants provided Amazon with United States addresses, which were fictitious. Also, the original contact by the AA Fashion Defendants supposed legal counsel led counsel to a law firm called "TIANYU Law Group PLLC" which lead to a generic website which stated that it was not a business entity registered in New York, contrary to what alleged defense counsel had represented. When Plaintiff's counsel sent by email on July 30, 2020, a link to the litigation website, after several failed attempts to connect, Plaintiff's counsel emailed Robin Cheng to determine what state he was licensed to practice law, and 11 days later, after default was entered, a response was delivered by Attorney Tianyu Ju of Glacier Law PLLC. The response was "We are licensed to practice in multiple jurisdictions." Importantly, no requests for extension were made by any defense counsel during that time.

(however, the standard for personal jurisdiction is the same as Pennsylvania), the docket sheet merely reflects the motion was denied for the reasons stated from the bench, but the transcript provides:

With regard to personal jurisdiction, the record reflects that each of these two defendants operates an interactive website through which it offered products for sale that consumers in Illinois who have selected an address for shipping including to Illinois is an option. It's less significant that any products were actually sold to Illinois than products were offered for sale in Illinois which the record reflects they were. So for this reason and the language of certain Supreme Court cases, the defendants purposely availed themselves of the privilege of doing business in Illinois. It's also sufficient under Illinois law which allows the exercise of personal jurisdiction up to the limits of due process. Transcript, p. 3, lines 13-25 (Declaration of Stanley D. Ference III ("Ference Dec."), Ex. 1).

Finally, as for Defendants contentions that they are entitled to assert the defense of the "First Sale Doctrine," this Court finds this defense is totally without merit. The "First Sale Doctrine" defense may be applicable where it is probable that the alleged infringing products might be genuine, instead of counterfeit. *Polymer Technology v. Mimran*, 975 F.2d 58, 61 (2d. Cir. 1992). Plaintiff has handily established, however, the unavailability of this defense in its Motion for TRO, because this doctrine is only applicable where Defendant buys and resells an authentic product. The products in this case are not even made in the same color as the genuine Bacon Bin product.

For all of these reasons, Defendants have failed to show that good cause exists to lift or set aside the Clerk's entry of Default in this case. Accordingly, the Motions to Set Aside Default ([doc. 43](#) and [doc. 51](#)) are DENIED.

SO ORDERED this 13th day of October, 2020.

s/ Arthur J. Schwab
Arthur J. Schwab
United States District Judge

cc: All ecf-registered counsel of record