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April 27, 2016

**VIA ECF AND U.S. MAIL**

The Honorable Shira A. Scheindlin  
United States District Judge  
Southern District of New York  
United States Courthouse  
500 Pearl Street  
New York, NY 10007

Re: Omega SA v. Xie Zhenmin et al. – Civil Action No. 12 Civ. 9338 (SAS)

Dear Judge Scheindlin:

Our firm represents Plaintiff Omega SA in this trademark counterfeiting action. We write in response to the Court's Order filed March 28, 2016 (DE 27) directing that the action be discontinued, with the proviso that "counsel for either side may apply by letter for restoration of the action to the calendar."

As we explain below, defendants defaulted in the action and have shown no interest in appearing to defend themselves. We obtained and served an Order directing five non-party Chinese banks to freeze specified bank accounts and to turn over to us documents relating to defendants' transactions. The banks have objected to the Court's Order on various jurisdictional grounds. Your Honor has been patient as we have awaited the Second Circuit's resolution of the underlying jurisdictional issues in a parallel case involving Gucci America (discussed infra).

Therefore, for the reasons explained below, we respectfully request that the Court restore this action to the calendar so that plaintiff may:

- (1) Complete its damages-related discovery of the Chinese banks, and, following the completion of that discovery; and
- (2) Apply to the Court for an award of damages in a specific amount, together with attorneys' fees, and related relief (including an order



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directing return of the \$10,000 plaintiff deposited into court in connection with the Temporary Restraining Order, and authorizing our firm to release from escrow and pay over to Omega SA the monies (\$59,990.15 PayPal turned over to us in response to the preliminary injunction.)

\* \* \*

Plaintiff manufactures and distributes the famous OMEGA brand of watches. Plaintiff filed this lawsuit in December 2012 against the operators of 29 websites that were selling “replica” (counterfeit) versions of Plaintiff’s OMEGA watches. ECF Nos. 2, 8 (Compl.); 10 (Decl. of Jeffrey Lindenbaum in Support of Motion for TRO and Preliminary injunction).

Defendants – natural persons and entities apparently residing in China – defaulted in responding to the Complaint and to Plaintiff’s motion for a preliminary injunction. ECF No. 19. See also ECF No. 18 (Preliminary Injunction Order, signed on Jan. 18, 2013 and publicly filed on Feb. 25, 2013). In the course of taking non-party discovery, plaintiff was able to tie defendants and their illegal websites to some 30 accounts maintained at five different Chinese banks (the “Banks”) – specifically, Industrial and Commercial Bank of China Ltd.; China Construction Bank Corporation; China Merchant’s Bank Co. Ltd.; Bank of Communications Col. Ltd.; and Agricultural Bank of China Ltd.

Your Honor issued a default judgment and permanent injunction in favor of Plaintiff on August 20, 2013. ECF No. 26. Among other relief, the Order directed the Banks to locate and freeze all funds within the specified bank accounts and to produce various records to Plaintiff’s counsel. Id. 8 – 11. The Order further stated, “Following completion of Plaintiff’s discovery on damages, Plaintiff shall submit to the Court a request for entry of Final Judgment, which shall include any demand by Plaintiff for damages and attorney’s fees.” Id. 12.

In early September 2013, we served the Court’s August 20, 2013 Order on each of the Banks at different offices in New York City. Generally, the Banks all told us that they would not or could not comply with Your Honor’s Order to the extent that the Order required the banks to produce records located in China and/or restrain accounts whose situs lay in China.

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At the time, these very issues – that is, the extent of a federal district court’s power to enforce discovery and asset freeze orders against a non-party Chinese bank in the context of a trademark counterfeiting action – were before the Second Circuit in an appeal taken by Bank of China (“BOC”) from Judge Sullivan’s order holding BOC in civil contempt for failing to produce bank records associated with the sale of counterfeit “GUCCI” product. Gucci Am., Inc. v. Li, Civil Action No. 10 Civ. 4974, 2012 U.S. Dist. LEXIS 171520 (S.D.N.Y. Nov. 15, 2012).

In light of the pending appeal in Gucci, our client decided to await the Second Circuit’s decision in Gucci before taking steps to enforce Your Honor’s August 20, 2013 Order. The objective was to avoid a protracted (and potentially expensive) dispute with the Banks so long as the underlying legal issues remained somewhat unsettled.

The Second Circuit decided the appeal in Gucci in September 2014. Gucci v. Bank of China, 768 F.3d 122 (2d Cir. 2014). To the extent relevant here, the Second Circuit vacated the district court’s order directing BOC to produce records maintained in China and instructed the district court to reconsider the propriety of that order in light of various jurisdictional and international comity concerns. After considering these issues on remand, Judge Sullivan again directed BOC to produce the account documents to Gucci, 2015 U.S. Dist. LEXIS 131567 (S.D.N.Y. Sep. 29, 2015). When BOC failed to comply with that order, Judge Sullivan once again entered an order of civil contempt against BOC, 2015 U.S. Dist. LEXIS 160842 (S.D.N.Y. Nov. 30, 2015).

We understand that BOC filed an appeal from the most recent civil contempt order – but then withdrew its appeal and began to negotiate with Gucci over the scope of its disclosure obligations. Counsel representing Gucci and BOC recently have filed letters with Judge Sullivan addressing the underlying issues. See e.g., March 2, 2016 letter from Robert L. Weigel of Gibson Dunn (counsel for Gucci) to Hon. Richard J. Sullivan, docketed as ECF No. 207 in Gucci Am., Inc. v. Li, Civil Action No. 2010 Civ. 4974.

It is in this context that Your Honor issued the March 28, 2016 Order. We have discussed the issues with our client. Now that the underlying jurisdictional issues have been clarified, our client would like to move forward by pursuing discovery from the Banks and by eventually filing a motion with the Court requesting entry of Final Judgment of a specific monetary amount, along with an award of attorney’s fees – as contemplated by Your Honor’s Order of August 20, 2013. Courts in this judicial district have entered large damages awards against defendants under circumstances to similar

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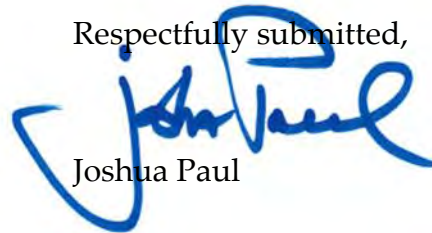
to those of the present case. Tiffany (NJ) LLC v. Forbse, 2015 U.S. Dist. LEXIS 129647, at \*8 (S.D.N.Y. Sep. 22, 2015) (awarding Tiffany \$26.5 million against defendants defaulting in trademark counterfeiting case).

The final Order we seek also will provide for return of the \$10,000 Omega SA deposited into court in connection with the Temporary Restraining Order, as will authorize our firm to release from escrow and pay over to Omega SA the monies (\$59,990.15) PayPal turned over to us in response to the preliminary injunction entered in this case.

### CONCLUSION

For the foregoing reasons, Plaintiff Omega SA respectfully requests that the Court restore this action to the active calendar.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joshua Paul", is written over the typed name. The signature is stylized and cursive.

Joshua Paul