

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

EPICARE LTD.,

Plaintiff,

v.

AMAZON.COM, INC.,

Defendant.

Civil Action No.: _____

JURY TRIAL DEMANDED

VERIFIED COMPLAINT

Plaintiff, EpiCare Ltd. (“EpiCare”) by their attorneys, as and for their Complaint against Defendant, Amazon.com, INC. (“Amazon”), alleges as follows:

Nature of Action

1. This case involves Amazon’s infringing use of EpiCare’s legally registered trademark SPA SONIC[®]. Amazon uses EpiCare’s trademark to market what appear to be EpiCare’s SPA SONIC[®] line of products. However, Amazon is not a licensed and authorized seller of EpiCare’s products, thus, Amazon’s use of EpiCare’s trademark is also unauthorized. To the extent Amazon is selling products under the SPA SONIC[®] trademark, those products have either been obtained by Amazon through improper channels, or are counterfeit. In either case, Amazon’s unauthorized sale of SPA SONIC[®] products and infringing use of EpiCare’s trademark has irreparably harmed EpiCare. This is particularly the case since Amazon’s infringing actions occur during the “holiday season” where the majority of EpiCare’s sales take place.

The Parties

2. Plaintiff EpiCare Ltd., whose principle place of business is at 66 Madison Avenue, New York, NY, was established in 1993. Among EpiCare's many product offerings, EpiCare designs, manufactures, and markets the SPA SONIC[®] line of skin care systems.

3. According to the records of the Delaware Department of State, Defendant Amazon.com, Inc. is a corporation, organized and existing under the laws of the State of Delaware, with its registered office located at Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE. On information and belief, Amazon's principal place of business is at 410 Terry Avenue North, Seattle, WA 98109.

4. Upon information and belief, Amazon does business through the website www.amazon.com.

5. Amazon is an international e-commerce company offering online retail, computing services, consumer electronics, digital contents as well as other local services as daily deals and groceries. Because of its extensive web presence, Amazon markets and sells to people throughout the United States, as well as throughout the world.

Jurisdiction and Venue

6. This action arises under the Trademark Laws of the United States, Title 15 U.S.C. § 1, et seq. In particular, this Court has jurisdiction over the subject matter of this case under 28 U.S.C. § 1331 (federal question); § 1332(a) (a suit between citizens of different states, and the amount in controversy exceeds \$75,000, exclusive of interest and costs); § 1338 (trademark infringement); and § 1367 (supplemental jurisdiction).

7. This Court has personal jurisdiction over Amazon. On information and belief, Amazon markets, distributes and/or sells products through the United States, including to

customers within this judicial district, and infringement has occurred and continues to occur in Illinois and in this jurisdictional district.

8. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391.

PERTINENT FACTS

9. EpiCare has been providing a wide range of health care products for over a decade. Among its numerous offerings, EpiCare has developed a line of skin care systems called SPA SONIC[®]. EpiCare designs, manufactures, and markets the SPA SONIC[®] line of skin care systems through a select group of distributors and major retailers, of which Amazon is not one. As a result of EpiCare's marketing efforts, the SPA SONIC[®] line of skin care systems is considered the premier system available today.

EpiCare's Authorized Distribution and Retailing of the SPA SONIC[®] Skin Care Systems

10. In an effort to control the distribution and pricing of the SPA SONIC[®] systems, EpiCare has limited the number of distributors and retailers who are authorized to sell the SPA SONIC[®] systems. The authorization agreement specifically sets forth the minimum retail price for the systems.

11. EpiCare has negotiated with certain retailers to allow them to offer the SPA SONIC[®] system and a particularly low price. These retailers are the largest retailers in the United States and have negotiated a guaranteed lowest price on select holiday seasons. The agreement ensures the retailers that no other retailer, except those who are authorized by EpiCare, will be allowed to sell the SPA SONIC[®] system at this low price. Specifically, these retailers have been authorized by EpiCare to sell the SPA SONIC[®] system at \$39.99, as opposed to the regular retail price of \$84.99. Without these authorized retailers, EpiCare could not have achieved the success it now has.

12. Amazon is not an authorized distributor or retailer of the SPA SONIC[®] system, let alone authorized to sell the system below the regular retail price.

Amazon's Unauthorized Sales of the SPA SONIC[®] System

13. On information and belief, Amazon is either selling SPA SONIC[®] systems they have improperly received from an unauthorized distributor, or selling counterfeit SPA SONIC[®] systems. Amazon is selling the SPA SONIC[®] system for \$31.99 to \$56.51, below the lowest authorized price for the SPA SONIC[®] system. (*See Exhibit A*).

14. On information and belief, Amazon employs a system to automatically search the internet for the lowest price of a particular product. Once that price is found, Amazon prices its sale of the product at or below the lowest price found, even if that means Amazon will lose money on each sale of that particular product. As a result, Amazon, who is not an authorized retailer of the SPA SONIC[®] system, is undercutting the price of those who have gone through the effort of becoming authorized retailers.

15. As a result of Amazon's unauthorized sale of EpiCare's SPA SONIC[®] system, Amazon's sales are affecting the sales of those retailers who have become authorized retailers. In turn, those retailers who are authorized to sell the SPA SONIC[®] system at a guaranteed lowest price, are seeking recourse through EpiCare. In some cases, these retailers have threatened to withdraw from their authorized sales agreement. Losing just one of these major retailers, especially while entering into the holiday sales season, would be detrimental to EpiCare, and would irreparably harm EpiCare.

The SPA SONIC[®] Registered Trademark

16. EpiCare is the owner of all rights, title and interest in U.S. Trademark Registration No. 4,599,586 for SPA SONIC[®]. (Attached hereto as Exhibit B). EpiCare uses this

registered trademark in the marketing and sales of its SPA SONIC[®] systems and has continuously and extensively used this trademark since at least October 2009 in connection with the skin care systems. For example, EpiCare uses the trademark on its packaging and advertising. (See Exhibit C). In addition, EpiCare uses the trademark on its website for the SPA SONIC[®] systems (www.myspasonic.com).

17. Pursuant to Section 7(b) of the Lanham Act, 15 U.S.C. § 1057(b), EpiCare's federal registration certificate for SPA SONIC[®] is *prima facie* evidence of the validity of the mark as well as EpiCare's ownership and exclusive right to use the mark in commerce or authorize others to use the mark in commerce.

18. As a direct result of EpiCare's substantial investment of time and resources in promoting the SPA SONIC[®] trademark, the mark has become recognized and accepted by the public, and as such has obtained significant value symbolizing a high quality skin care system.

19. Each of EpiCare's authorized distributors and retailers are also authorized to use the SPA SONIC[®] trademark in their own advertising and are authorized to share in the value created by the Mark.

20. Amazon is not authorized to use the SPA SONIC[®] mark in any way. Amazon's unauthorized use of the mark infringes EpiCare's federal trademark registration. Amazon's infringing use of the mark, and continued infringing use of the mark, creates confusion over the source of the SPA SONIC[®] system.

21. To the extent Amazon is selling counterfeit SPA SONIC[®] systems, Amazon's infringing use of the mark, and continued infringing use of the mark, also causes dilution of the mark.

22. The confusion created by Amazon by infringing EpiCare's SPA SONIC[®] mark, and the potential dilution caused by Amazon's infringing use of the mark has, and will continue to irreparably harm EpiCare.

Amazon's Unauthorized Sales May Result In EpiCare's Liability

23. The SPA SONIC[®] system is considered a health and beauty aid. As a result, EpiCare is acutely aware of its responsibility in the event an accident occurs using one of the system. As such, EpiCare maintains liability insurance in the event of an accident. EpiCare's liability insurance extends to its authorized distributors and retailers.

24. Since Amazon is neither an authorized distributor nor authorized retailer, EpiCare's liability insurance may not cover Amazon's sales of the SPA SONIC[®] system. Moreover, EpiCare cannot, and will not indemnify any of the products sold by Amazon, even if they are not counterfeit and found to be genuine EpiCare SPA SONIC[®] systems.

25. In the event of an accident caused by Amazon's unauthorized sale of the SPA SONIC[®] system, EpiCare may be sued for liability, which its insurance policy may not cover.

26. Although EpiCare will ultimately seek redress from Amazon, especially if it is found that Amazon is selling counterfeit SPA SONIC[®] systems, the cost of defending a lawsuit possibly without insurance coverage, and the potential bad press from such a lawsuit, will be detrimental to EpiCare's viability, and will irreparably harm EpiCare.

Attempts to Resolve

27. EpiCare has, on several occasions, attempted to resolve this dispute with Amazon, but Amazon refused to cooperate.

28. In its latest attempt, EpiCare's attorneys sent a letter to Amazon seeking to resolve this matter (attached hereto as Exhibit D). Specifically, EpiCare asked Amazon to cease

sales of the SPA SONIC[®] systems and to identify their source for SPA SONIC[®] systems. Amazon refused, saying “absent a valid subpoena requesting this information or some evidence that indicates the products being sold by Amazon.com are counterfeit or otherwise illegitimate, we will not provide you with the information you requested.” (November 18, 2014 email from Amazon.com Copyright Agent to Nicholas S. Lee, attached hereto as Exhibit E).

29. Having no other alternative to resolve this matter and avoid irreparable harm, EpiCare is forced to seek redress from the Court.

COUNT I
TRADEMARK INFRINGEMENT UNDER
SECTION 32(1) OF THE LANHAM ACT, 15 U.S.C. § 1114(1)

30. EpiCare incorporates by reference paragraphs 1 through 29 of its Complaint as if set forth herein.

31. EpiCare owns all right, title, and interest in U.S. Trademark Registration No. 4,599,586 for SPA SONIC[®].

32. Amazon’s unauthorized use in interstate commerce of the SPA SONIC[®] mark is likely to cause confusion or mistake as to the source, sponsorship, approval or affiliation of Amazon’s products.

33. The consuming public is likely to believe that Amazon is an authorized retailer of the SPA SONIC[®] skin care system, and that Amazon is licensed, sponsored or approved by EpiCare, or in some way connected or related to EpiCare in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), when in fact Amazon is not an authorized retailer of the SPA SONIC[®] system.

34. Amazon’s conduct in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), as set forth above, constitutes intentional and willful infringement of EpiCare’s rights.

Such acts have occurred in interstate commerce. Amazon's infringement is likely to cause EpiCare to suffer economic damage; is likely to result in unjust enrichment to Amazon; and has caused, and unless restrained by this Court will continue to cause, serious and irreparable harm, to which not adequate remedy at law exists.

COUNT II
UNFAIR COMPETITION UNDER
SECTION 43(a) OF THE LANHAM ACT, 15 U.S.C. § 1125(a)

35. EpiCare incorporates by reference paragraphs 1 through 34 of its Complaint as if set forth herein.

36. Amazon's unauthorized use in interstate commerce of the SPA SONIC[®] mark wrongly and falsely designates, describes or represents Amazon's products, and is likely to cause confusion, mistake, and deception as to the affiliation, connection, or association of Amazon's product with EpiCare, or as to the sponsorship or approval of said products by EpiCare. Amazon's conduct therefore violates EpiCare's rights in its distinctive SPA SONIC[®] mark in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

37. Amazon's infringement is likely to cause EpiCare to suffer economic damage; is likely to result in unjust enrichment to Amazon; and has caused, and unless restrained by this Court will continue to cause, serious and irreparable harm, to which not adequate remedy at law exists.

COUNT III
VIOLATION OF THE ILLINOIS CONSUMER FRAUD AND
DECEPTIVE BUSINESS PRACTICES ACT, 815 ILCS 505/1-12

38. EpiCare incorporates by reference paragraphs 1 through 37 of its Complaint as if set forth herein.

39. Amazon's use of the SPA SONIC[®] mark is an unfair method of competition and an unfair or deceptive act or practice. Amazon is using and has used deception and misrepresentation, on which it intends consumers to rely, and in the course of this conduct, is involving trade or commerce, in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 – 12.

40. Amazon's conduct involves trade practices that are directed to the market generally and that implicate consumer protection concerns.

41. By these aforesaid acts and misrepresentations, Amazon has caused, and is likely to cause in the future, a public injury and a detrimental effect on consumers by causing confusion as to the origin or sponsorship of Amazon's products. Said acts constitute unfair methods of competition and unfair or deceptive acts or practices in willful violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 – 12.

42. Amazon's acts and practices in violation of Section 505 of the Illinois Consumer Fraud and Deceptive Business Practices Act as set forth above have caused and, unless restrained by this Court, will continue to cause serious and irreparable harm and damage, including in this State, to EpiCare, for which there is no adequate remedy at law.

COUNT IV
VIOLATION OF THE ILLINOIS UNIFORM
DECEPTIVE TRADE PRACTICES ACT, 815 ILCS 510/1-7

43. EpiCare incorporates by reference paragraphs 1 through 42 of its Complaint as if set forth herein.

44. Amazon's unauthorized use of the SPA SONIC[®] mark is likely to cause confusion or misunderstanding as to the source, sponsorship, approval, or certification of

Amazon's products, and/or otherwise creates a likelihood of confusion or misunderstanding, inasmuch as it gives rise to the incorrect belief that Amazon has some connection with EpiCare.

45. Amazon's acts constitute false, deceptive and misleading representations or statements in connection with the advertising and sale of Amazon's products, and said acts constitute deceptive trade practices in the course of Amazon's business in willful violation of the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510/1 – 7.

46. Amazon's unlawful conduct has caused EpiCare to suffer economic damage; has resulted in unjust enrichment to Amazon; and has caused and will continue to cause, unless enjoined by this Court, substantial and irreparable damage and injury to EpiCare and the public, for which damage and injury, including in this State, EpiCare has no adequate remedy at law.

COUNT V
COMMON LAW UNFAIR COMPETITION AND TRADEMARK INFRINGEMENT

47. EpiCare incorporates by reference paragraphs 1 through 46 of its Complaint as if set forth herein.

48. Amazon's unauthorized use of the SPA SONIC[®] mark constitutes common law unfair competition and trademark infringement because such use is likely to cause confusion, mistake, or deception as to the source, sponsorship, or approval by EpiCare of Amazon's products. The public is, for example, likely to believe that Amazon's products originate with EpiCare, are licensed by EpiCare, and/or are sponsored by, connected with, or related to EpiCare.

49. Amazon's acts constitute unfair competition and trademark infringement in violation of the common law of the State of Illinois.

50. Amazon's acts and practices in violation of Illinois common law and unfair competition and trademark infringement have caused and, unless restrained by this Court, will

continue to cause serious and irreparable injury and damage, including within this State to EpiCare, for which it has no adequate remedy at law.

WHEREFORE, EpiCare Ltd. respectfully requests the following relief:

- a. Entry of a judgment in favor of EpiCare Ltd. on the claim of Trademark Infringement of U.S. Trademark Registration No. 4,599,586 for SPA SONIC[®];
- b. Entry of a judgment in favor of EpiCare Ltd. on the claim of Unfair Competition;
- c. Entry of a judgment in favor of EpiCare Ltd. on the claim of Violation of the Illinois Consumer Fraud and Deceptive Business Practices Act;
- d. Entry of a judgment in favor of EpiCare Ltd. on the claim of Violation of the Illinois Uniform Deceptive Trade Practices Act;
- e. Entry of a judgment in favor of EpiCare Ltd. on the claim of Common Law Unfair Competition and Trademark Infringement;
- f. A preliminary and/or permanent injunction against Amazon, its agents, servants, employees, successors, assigns, and all those controlled by or in active concert or participation with Amazon from further infringement of the SPA SONIC[®] trademark;
- g. Amazon be ordered to destroy all displays, advertisements, packaging, brochures, web pages and any other materials, whether in paper or electronic form, in their possession or control that bear marks likely to be confusing with the SPA SONIC[®] mark;
- h. Amazon be ordered to compensate EpiCare Ltd. for any and all advertising or other expenses necessary to dispel the public confusion caused by Amazon's unlawful acts;

- i. A judgment in EpiCare Ltd.'s favor against Amazon for monetary damages, including but not limited to, all amounts necessary to compensate EpiCare for Amazon's wrongful activities including reasonable attorneys' fees and costs;
- j. Amazon be ordered to pay interest, costs, and reasonable attorney fees to EpiCare Ltd. under 15 U.S.C § 1117(a) and 815 ILCS 510/3;
- k. A judgment in EpiCare Ltd.'s favor against Amazon for increased damages, upon a finding that this case is exceptional under the Lanham Act, and punitive damages for the willful nature of Amazon's unlawful acts complained of herein, said award to equal at least three times the amount of Amazon's actual damages.
- l. That, pursuant to 15 U.S.C. § 1116, Amazon be directed to file with the Court and serve on EpiCare Ltd. within thirty (30) days after issuance of an injunction, a report in writing and under oath setting forth in detail the manner and form in which Amazon has complied with the injunction; and
- m. Such other and further relief that EpiCare Ltd. is entitled to under law, and any additional relief that this Court or a jury may deem just and proper.

JURY DEMAND

EpiCare demands a trial by jury on all issues presented in this Complaint.

DATED: November 21, 2014

Respectfully submitted by,

/s/Edward L. Bishop
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Attorneys for Plaintiff EpiCare Ltd.

VERIFICATION

I, Evan J. Phillips hereby certify as follows:

1. I am the Vice President of Business Development for EpiCare, Ltd. As such, I am authorized to make this Verification on EpiCare's behalf.

2. I have read the attached Verified Complaint and based on my personal knowledge and my knowledge of information reported to me by subordinates and colleagues who report to me, the factual allegations contained in the Verified Complaint are true.

3. I certify under penalty of perjury under the laws of the United States of America that the foregoing statements made by me are true and correct.


Evan J. Phillips

Executed on: November 21, 2014