UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CHANEL, INC.,

Plaintiff,

v.

WGACA, LLC, WHAT COMES AROUND GOES AROUND LLC d/b/a WHAT GOES AROUND COMES AROUND, MHW PROPERTIES, INC., WGACA WEB, LLC, PINES VINTAGE, INC., VINTAGE DESIGNS LTD., and WCAGA LA, LLC,

Defendants.

Case No. 18-cv-2253-LLS

DEFENDANT WGACA'S RESPONSE TO THE COURT'S PROPOSED INJUNCTION

DATES OF PHASE TWO TRIAL: JULY 15 -19, 2024

The WGACA defendants hereby submit their response to the Court's proposed injunction emailed to the parties on November 4. 2024. Attached as Exhibit A is a proposed redline injunction.[1]

SPECIFIC SECTIONS OF THE PROPOSED INJUNCTION

3(a)(i): The Court proposes enjoining WGACA from using the Chanel marks to "advertise or promote WGACA's **general business".** (emphasis added). This restriction would violate the nominative fair use doctrine and the First Amendment. Under the nominative fair use doctrine, WGACA can "lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product." *Tiffany*

[1] WGACA maintains its objection to the issuance of an injunction as more fully set forth in its post trial briefs Dkt. Nos. 453 and 496.

(NJ) Inc. v. eBay Inc., 600 F. 3d. 93, 102-03 (2d. Cir 2010). WGACA legally sells Chanel products and is legally entitled to say so to promote its general business of selling secondhand luxury items from multiple fashion brands. For example, WGACA's website in the "About Us" section states: "WGACA's selection of top-tier pre-owned accessories and apparel from brands such as vintage Chanel , Hermès, Louis Vuitton , Gucci, Dior, Fendi, and Saint Laurent…" https://www.whatgoesaroundnyc.com/en-us/about-us.html This description represents fair use which is vital for WGACA to be able to communicate to consumers what WGACA sells. This type of language is also protected by the First Amendment as lawful commercial speech. *Consumer Union of United States, Inc. v. Gen. Signal Corp*., 724 F. 2d. 1044, 1053 (2d. Cir. 1983). We suggest language which would enable WGACA to use the Chanel name in the nominative fair use sense while guarding against potential confusion.

3(a)(vii): WGACA should be able to reference Coco Chanel so long as it does not do so in a way that wrongly suggests that Chanel and WGACA are affiliated. As a purveyor of second hand luxury, WGACA provides consumers with factual information about the brands it sells including the histories of 13 different brands. For example, on its website WGACA writes:

" Gabrielle "Coco" Chanel founded the namesake French fashion house in 1910 that forever changed the wardrobe of the modern woman. After its initial success, Chanel was revived once again under Karl Lagerfeld in 1983. Lagerfeld developed the brand into one of the most sought-after luxury names in the world with

iconic accessories and clothing that are instantly recognizable and undeniably Chanel." https://www.whatgoesaroundnyc.com/en-us/chanel.

Nothing about that language implies that WGACA is affiliated with Chanel. Phrases like "Chanel was revived" and "the brand" clearly distinguish Chanel as a separate entity from WGACA. Furthermore, all of this information is true. WGACA should be permitted to provide true factual information about the Chanel brand it sells, which requires mentioning the brand founder Coco Chanel so long as it does so in a way that is not likely to confuse customers.[2]

3(b): WGACA agrees to the restriction that the items that appear in any advertising must have been at one point in time offered for sale. We disagree with the requirement that advertising be restricted to items "currently" for sale. Seth Weisser testified in Phase 2 as to the problematic nature of this kind of restriction and we provided greater detail in our post Phase 2 trial brief, Dkt No. 496 at 57. We have added the phrase "or previously" to address this issue.

In sum, WGACA's advertising (including its social media) include items that are or were at one point for sale. While an item advertised is, of course, at some point sold, the advertisement continues to exist even after the items advertised are sold and the advertisements remain accessible on the Internet. Requiring that WGACA retract

[2] WGACA provides a similar type narrative of nearly all the luxury brands it sells, e.g. "Hermès began in 1837 as a small saddle and harness manufacturing company…" and the like for other brands. https://www.whatgoesaroundnyc.com/en-us/hermes.

advertisements from the Internet after the items advertised therein are sold, would serve as an extreme burden to WGACA and would also serve no meaningful purpose. This proposed restriction as written, we would suggest, is not directed toward mitigating against confusion. This is because, whether the items in an advertisement/social media post are currently available for purchase, as opposed to previously having been available for purchase, does not cause confusion as to affiliation. The current language of the proposed injunction would essentially inhibit WGACA's ability to promote its products via social media at all because of the burdensome nature of trying to retract these posts once the items displayed therein were sold. We also suggest striking the language at the end of 3(b) as WGACA like many resellers, always bolds or uses a larger font for brand names over and above the description of the items. There is nothing confusing about such a standard presentation. *See, e.g.*, https://www.whatgoesaroundnyc.com/en-us/brand.

Regarding the disclaimer, the proposed language conveys a false premise on multiple fronts. *See* Dkt. No. 496 p. 58-59. The Chanel items being offered for sale **have in fact been authenticated by Chanel**. The proposed disclaimer says the opposite. The point of the disclaimer should be to convey that Chanel and WGACA are not affiliated in any way and our proposed disclaimer in the redline addresses that issue. Our proposed language also makes it clear that WGACA is not associated with any of the brands it sells which is critical to its business.

Regarding the serial number publication, we have included language to ensure that the provision is not interpreted to mean that WGACA cannot sell Chanel items that have no serial numbers, of which there are many, including jewelry and clothing.[3]

3(d)(e): Our changes ensure that re-dyeing a bag the same color is not considered a material alteration. Also vis-à-vis repairs, we included language to clarify what kinds of repairs need to be disclosed and then how such repairs should be disclosed.

3(f): The current version of paragraph 3(f) conflicts with paragraph 3(c). Paragraph 3(c) prohibits WGACA from selling products that Chanel has not authorized for sale after notification from Chanel. Paragraph 3(c) appropriately reflects the fact that it is impossible for WGACA to know whether Chanel has authorized any given good for sale, in part because Chanel does not publicize the serial numbers it has voided. Paragraph 3(f), however, would enjoin WGACA from selling any "infringing" or "counterfeit" Chanel product without any mechanism for WGACA to determine whether Chanel regards a given product as infringing or counterfeit. We have added proposed language to paragraph 3(f) to align it with paragraph 3(c).

[3] We have also proposed striking the language that requires disclaimers on social media posts. Social media posts have space limitations which would make adding a disclaimer problematic and as a practical matter, the consumer is always directed to WGACA's website from the social media posts where the disclaimer will be displayed on each product listing per the proposed injunction.

3(i): We added a cure provision to help prevent unnecessary conflict.

We appreciate the Court's consideration.

DATE: December 4, 2024

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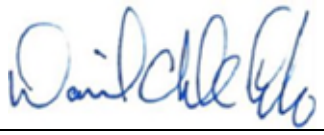
By: 

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