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CLERK
U.S. DISTRICT COURT
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CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

17 Counsel for Plaintiffs
18 Abercrombie & Fitch Co.
19 and Abercrombie & Fitch Trading Co.

20 IN THE UNITED STATES DISTRICT COURT
21 FOR THE NORTHERN DISTRICT OF CALIFORNIA

22 06-01815

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Case No:
**COMPLAINT FOR BREACH OF
CONTRACT, TRADEMARK
INFRINGEMENT, UNFAIR
COMPETITION, FALSE
DESIGNATION OF ORIGIN AND
UNJUST ENRICHMENT**

Abercrombie & Fitch Co. and
Abercrombie & Fitch Trading Co.,
Plaintiffs,
v.
Netblue, Inc., d/b/a YF Direct Inc.,
Defendant.

Plaintiffs Abercrombie & Fitch Co. and Abercrombie & Fitch Trading Co. (collectively
"A & F" or "Plaintiffs") seek injunctive and monetary relief against defendant Netblue Inc./YF Direct
Inc. ("Netblue" or "Defendant") for breach of contract, trademark infringement, unfair competition

1 and unjust enrichment with regard to Plaintiffs' Abercrombie & Fitch trade name and trademark. As
2 more fully alleged below, Defendant has violated, and continues to violate, the Trademark Act of
3 1946 as amended, 15 U.S.C. §§ 1125 *et seq.* ("Lanham Act") and California law by making
4 unauthorized use of Plaintiffs' famous "Abercrombie & Fitch" trademark (hereinafter "Abercrombie
5 & Fitch Mark") in online "free gift" advertisements to bait consumers into purchasing the products
6 and services of Defendant's third-party clients.

7
8 **PARTIES**

9 1. Plaintiff Abercrombie & Fitch Co. ("A & F Co.") is a Delaware corporation having its
10 principal place of business at 6301 Fitch Path, New Albany, Ohio 43054. A & F Co., itself and
11 through its wholly owned subsidiaries, designs, manufactures and sells apparel for young men and
12 women across the country.

13 2. Plaintiff Abercrombie & Fitch Trading Co. is an Ohio corporation with its principal
14 place of business at 6301 Fitch Path, New Albany, Ohio 43054. Abercrombie & Fitch Trading Co. is a
15 wholly owned subsidiary of co-plaintiff A & F Co. and is the owner of Plaintiffs' Abercrombie & Fitch
16 Mark.

17 3. Defendant Netblue, Inc., doing business as YF Direct Inc., upon information and belief,
18 is a California corporation with its principal place of business at 303 Bryant Street, Mountain View,
19 California 94041. Defendant is in the business of marketing third parties' goods and services through
20 online gift promotions.

21
22 **JURISDICTION AND VENUE**

23 4. This court has personal jurisdiction over Defendant because it resides and conducts
24 business in the State of California.

25 5. This court has jurisdiction over the subject matter of this action under 15 U.S.C. § 1121
26 and 28 U.S.C. §§ 1331 and 1338(a) and 1338(b), and has supplemental jurisdiction under 28 U.S.C. §
27 1367(a) over A & F's claims under California law.
28

1 6. Venue is proper in this district under 28 U.S.C. §1391(b), as Defendant has its principal
2 place of business in this district and, upon information and belief, a substantial part of the events or
3 omissions giving rise to the claims occurred and is occurring in this district.

4
5 **PLAINTIFFS' FAMOUS ABERCROMBIE & FITCH NAME**

6 7. A & F is a leading designer, manufacturer and seller of casual apparel and accessories
7 for young men and women.

8 8. A & F, through its predecessor in interest, has continuously offered retail clothing store
9 services under the Abercrombie & Fitch Mark and sold apparel bearing the Abercrombie & Fitch Mark
10 since the establishment of A & F's predecessor in 1892.

11 9. Since at least 1996, A&F has also sold personal care products, jewelry and bags bearing
12 the Abercrombie & Fitch Mark.

13 10. Since at least 2000, A & F has sold gift cards bearing its Abercrombie & Fitch Mark in
14 its retail stores.

15 11. Since at least 2000, A & F has sold gift cards bearing its Abercrombie & Fitch Mark on
16 its website at www.bercrombie.com.

17 12. Between 2000 and 2005, A & F's aggregate sales of merchandise featuring its
18 Abercrombie & Fitch Mark exceeded \$14.8 billion.

19 13. A & F has invested millions in advertising that includes prominent depiction of its
20 Abercrombie & Fitch Mark.

21 14. Abercrombie & Fitch Trading Co. is the owner of the following Registrations on the
22 Principal Register of the United States Patent & Trademark Office for the Abercrombie & Fitch Mark
23 pursuant to 15 U.S.C. Section 1111:
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<u>Mark</u>	<u>First Use in Commerce Date</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Services/Goods</u>
ABERCROMBIE & FITCH	1892	951410	January 23, 1973	Men's and women's clothing and footwear
ABERCROMBIE & FITCH CO.	1892	2061284	May 13, 1997	Retail clothing store services
ABERCROMBIE & FITCH	September 29, 1978	1178609	November 17, 1981	Retail store and mail order services in the field of sporting goods
ABERCROMBIE & FITCH	April 1990	1999665	September 10, 1996	Cologne, face and body lotion, face and body soap; and aftershave
ABERCROMBIE & FITCH	November 1996	2500146	October 23, 2001	Personal care products, jewelry, bags and clothing.
ABERCROMBIE & FITCH	July 1997	2235069	March 23, 1999	Mail order catalog services featuring clothing and accessories

15. These registrations were duly and legally issued, and are valid and subsisting. Registration Nos. 951410, 1178609, 1999665, 2061284 and 2235069 are incontestable pursuant to 15 U.S.C. § 1065. Abercrombie & Fitch Trading Co. has licensed to A & F Co. and its subsidiaries the right to use its registered Abercrombie & Fitch Mark in the United States.

16. To create and maintain goodwill among its customers, A & F has taken substantial steps to ensure that all apparel bearing its Abercrombie & Fitch Mark is of the highest quality.

17. As a result of its long use and promotion of its Abercrombie & Fitch Mark, A & F has established its Abercrombie & Fitch Mark as famous and distinctive among its actual and target purchasers of apparel as well as among members of the public.

DEFENDANT’S WRONGFUL ACTIVITIES

1
2
3 18. In mid-2005, A & F discovered Defendant making unauthorized use of Plaintiffs’
4 Abercrombie & Fitch Mark as well as Plaintiffs’ “A&F” trademark (hereinafter “A&F Mark”) in
5 online advertisements on its website at internetopiniongroup.com and in pop-up advertisements on
6 other websites, of “free” Abercrombie & Fitch gift cards to entice consumers to buy other goods and
7 services of Defendant’s third-party clients.

8 19. Once consumers clicked on the link to claim the gift card, Defendant informed
9 consumers that in order to receive the gift card, they had to subscribe to at least two “offers” listed on
10 the website. These offers were products and services of the Defendant’s clients.

11 20. Upon information and belief, Defendant receives payment from its clients for each new
12 customer the Defendant induces to sign up for the clients’ products and services.

13 21. On May 5, 2005, A & F requested Defendant to cease and desist this unauthorized use
14 of Abercrombie & Fitch and A&F Marks.

15 22. On June 7, 2005, Defendant represented that it had ceased advertising the Abercrombie
16 & Fitch gift cards, but shortly thereafter A & F discovered that Defendant was still advertising the gift
17 cards on its website at internetopiniongroup.com.

18 23. On July 8, 2005, A & F again requested Defendant to cease and desist its unauthorized
19 use of Abercrombie & Fitch and A&F Marks.

20 24. On August 4, 2005, Defendant signed an “Agreement to Permanently Cease Use,” in
21 which it agreed to cease use of all A & F trademarks (the “August 2005 Agreement”). The August
22 2005 Agreement is attached as Exhibit A.

23 25. In the August 2005 Agreement, Defendant promised to “immediately and permanently
24 cease all use of ABERCROMBIE & FITCH, A&F, and other A&F marks...and confusingly similar
25 variations thereof.” Defendant also agreed to remove all references to A & F trademarks from its
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1 websites, to terminate any agreements with third parties in which Defendant had allowed the use of
2 A & F trademarks, and to inform these third parties that they must cease use of A & F trademarks.

3 26. In early 2006, A & F received a consumer complaint that Defendant was advertising
4 “Free Abercrombie & Fitch” online, which did not even link to A & F product, but instead connected
5 to an advertisement posted on Defendant’s website at EveryFreeGift.com featuring gift cards from
6 other retailers including Zappos.com, Nordstrom, Amazon.com and Visa.

7 27. Defendant was using A & F’s Abercrombie & Fitch Mark to bait consumers to its
8 website and then switching the products offered to those sold by other retailers.

9 28. Defendant’s unauthorized use of A & F’s mark in the manner described above:

- 10 (a) is likely to cause confusion, to cause mistake, and/or to deceive customers and
11 potential customers of the parties, as to the origin, sponsorship, or approval of
12 Defendant’s products and services, or as to some affiliation, connection, or
13 association of Defendant with A & F;
14 (b) enables Defendant to trade on and receive the benefit of goodwill A & F built up
15 at great labor and expense over several years, and to gain acceptance for
16 Defendant’s products and services not solely on its own merits, but on the
17 reputation and goodwill of A & F, its trademarks, and its products and services;
18 (c) unjustly enriches Defendant; and
19 (d) unlawfully removes from A & F the ability to control the nature and quality of
20 products and services provided under its marks and places the goodwill and
21 valuable reputation of A & F in the hands of Defendant, over which A & F has
22 no control.

23 29. A & F has been damaged and continues to be damaged by Defendant’s unauthorized
24 use of A & F’s Abercrombie & Fitch Mark, in the manner described above.

25 30. Unless these acts of Defendant are restrained by this Court, they will continue to cause
26 irreparable injury to A & F and to the public for which there is no adequate remedy at law.
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COUNT I: BREACH OF CONTRACT
(Common Law of California)

31. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 30 herein.

32. The August 2005 Agreement is a binding contract.

33. As alleged more specifically above, Defendant has breached the August 2005 Agreement.

34. As a result of the foregoing alleged actions of Defendant, Defendant has been unjustly enriched, and A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant are enjoined, A & F will continue to suffer injury and damage.

COUNT II
FEDERAL TRADEMARK INFRINGEMENT
(Lanham Act § 32, 15 U.S.C. § 1114(1))

35. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 34 herein.

36. The acts of Defendant complained of herein constitute use in commerce of reproductions, copies, or colorable imitations of A & F's federally registered Abercrombie & Fitch Mark in connection with the sale, offering for sale, distribution and advertising of goods and services in violation of 15 U.S.C. § 1114(1).

37. Defendant's use of A & F's mark on or in connection with such goods and services is likely to cause confusion, to cause mistake or to deceive.

38. Defendant's acts complained of herein have been willful, with full knowledge and in conscious disregard of A & F's rights in its marks and with intent to trade off A & F's vast goodwill in its registered Abercrombie & Fitch Mark.

1 39. As a result of the foregoing alleged actions of Defendant, Defendant has been unjustly
2 enriched, and A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant
3 are enjoined, A & F will continue to suffer injury and damage.

4
5 **COUNT III**
6 **FEDERAL UNFAIR COMPETITION, FALSE DESIGNATION OF ORIGIN AND**
7 **TRADEMARK INFRINGEMENT**
8 **(Lanham Act § 43, 15 U.S.C. § 1125(a))**

9 40. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 39
10 herein.

11 41. Defendant's unauthorized use of A & F's Abercrombie & Fitch Mark falsely indicates
12 that Plaintiffs or their agents are connected with, sponsored, endorsed, authorized, or approved by, or
13 affiliated with Defendant, or that Defendant is connected with, sponsored, endorsed, authorized, or
14 approved by, or affiliated with A & F.

15 42. Defendant's use of A & F's Abercrombie & Fitch Mark, is likely to cause, and is likely
16 to continue to cause, confusion, mistake or deception as to the source or affiliation of Defendant's
17 goods and services.

18 43. Defendant's unauthorized use of A & F's Abercrombie & Fitch Mark in connection
19 with its goods and services allows Defendant to receive the benefit of A & F's goodwill, which A & F
20 has established at great labor and expense, and further allows Defendant to gain acceptance of its
21 goods and services, based not on its own qualities, but on the reputation, investment, hard work and
22 goodwill of A & F.

23 44. The acts of Defendant complained of herein constitute a false designation of origin, in
24 violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

25 45. The acts of Defendant complained of herein constitute willful unfair competition in
26 violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

1 46. As a result of the foregoing alleged actions of Defendant, Defendant has been unjustly
2 enriched and A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant
3 are enjoined, A & F will continue to suffer injury and damage.

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5 **COUNT IV: TRADEMARK INFRINGEMENT**
6 **(Common Law Of California)**

7 47. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 46
8 herein.

9 48. The acts of Defendant complained of herein constitute trademark and trade name
10 infringement in violation of the common law of California.

11 49. On information and belief, Defendant, with full knowledge of A & F's rights in its
12 Abercrombie & Fitch Mark, and of the valuable goodwill associated therewith, has committed the acts
13 alleged herein willfully, with the intent to trade on, or in complete disregard of, A & F's goodwill and
14 the goodwill associated with A & F's Abercrombie & Fitch Mark.

15 50. As a result of the foregoing alleged actions, Defendant has been unjustly enriched, and
16 A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant are enjoined,
17 A & F will continue to suffer injury and damage.

18 51. As a direct and proximate result of Defendant's acts of unfair competition, Defendant
19 has obtained and continues to obtain gains, profits, and advantages, which will be proven at trial.

20
21 **COUNT V: UNFAIR COMPETITION**
22 **(Common Law Of California)**

23 52. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 51
24 herein.

25 53. The acts of Defendant complained of herein constitute unfair competition in violation of
26 the common law of California.

1 54. As a result of the foregoing alleged actions, Defendant has been unjustly enriched, and
2 A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant are enjoined,
3 A & F will continue to suffer injury and damage.

4
5 **COUNT VI: UNJUST ENRICHMENT**
6 **(Common Law Of California)**

7 55. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 54
8 herein.

9 56. The acts of Defendant complained of herein constitute unjust enrichment of Defendant.

10 57. As a result of the foregoing alleged actions of Defendant, A & F has been injured and
11 damaged. Unless the foregoing alleged actions of Defendant are enjoined, A & F will continue to
12 suffer injury and damage.

13 **COUNT VII: UNFAIR COMPETITION**
14 **(California Unfair Competition Statute,**
15 **Cal. Bus. & Prof. Code § 17200 et seq.)**

16 58. A & F re-alleges and incorporates the allegations set forth in paragraphs 1 through 57
17 herein.

18 59. The acts of Defendant complained of herein constitute unfair competition in violation of
19 the California Unfair Competition Statute, Cal. Bus. & Prof. Code § 17200, as they are likely to
20 deceive and mislead the public.

21 60. As a result of the foregoing alleged actions of Defendant, Defendant has been unjustly
22 enriched, and A & F has been injured and damaged. Unless the foregoing alleged actions of Defendant
23 are enjoined, A & F will continue to suffer injury and damage.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, A & F prays that:

26 1. The Court enter judgment that Defendant breached the August 2005 Agreement;
27 infringed A & F's Abercrombie & Fitch Mark under § 32 and 43 of the Federal Trademark Act, and at
28

1 common law; has competed unfairly with Plaintiffs under § 43(a)(1) of the Federal Trademark Act, 15
2 U.S.C. § 1125(a)(1), the California Unfair Trade Practices Act, Cal. Bus. and Prof. Code § 17200 *et*
3 *seq.*, and at common law; and has otherwise injured Plaintiffs' business reputation and has been
4 unjustly enriched by using Plaintiffs' Abercrombie & Fitch Mark in the manner complained of herein.

5 2. Defendant, its agents, servants, employees, attorneys, and all others in active concert or
6 participation with any of them, be enjoined and restrained permanently from:

7
8 (a) using Plaintiff's Abercrombie & Fitch Mark, or any other colorable imitation
9 thereof, in connection with any free gift offer or promotion;

10 (b) using Plaintiffs' Abercrombie & Fitch Mark, or any colorable imitation thereof,
11 on or in connection with the design, manufacture, importation, advertisement,
12 promotion, marketing, sale, purported licensing, or other distribution of apparel
13 or any other goods;

14 (c) doing any other act or thing likely to confuse, mislead, or deceive others into
15 believing that Defendant or its products emanate from, or are affiliated or
16 connected with, or sponsored or approved by, A & F;

17 3. An accounting be directed to determine Defendant's profits resulting from its activities
18 and an Order compelling Defendant to pay all such profits to A & F and increased as the Court finds to
19 be just under the circumstances of this case;

20 4. Defendant be required to pay to A & F:

21
22 (a) in accordance with Section 35(a) of the United States Trademark Act, 15 U.S.C.
23 §1117(a), all profits relating to Defendant's aforesaid trademark infringement
24 and unfair competition; and

25 (b) A & F's attorneys' fees and costs of this action;

26 5. Defendant, in accordance with Section 36 of the United States Trademark Act, 15
27 U.S.C. § 1118, be required to deliver to A & F for destruction any and all apparel, labels, signs, prints,
28

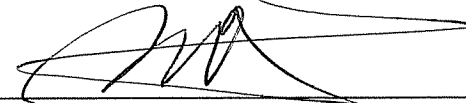
1 packages, containers, products and advertisements in Defendant's possession or control bearing
2 Plaintiffs' Abercrombie & Fitch and any colorable imitation thereof;

3
4 6. Defendant, in accordance with Section 34(a) of the United States Trademark Act, 15
5 U.S.C. § 1116(a), be required to file with the Court, and serve upon A & F, within thirty (30) days after
6 the entry and service on Defendant of an injunction, a report in writing and under oath, setting forth in
7 detail the manner and form in which Defendant has complied with the terms of such injunction;

8 7. The Court retain jurisdiction of this action for the purpose of enabling A & F to apply to
9 this Court in the future for such further orders and directions as may be necessary or appropriate for the
10 interpretation or execution of any Order entered in this action, for the modification of any such Order,
11 for the enforcement or compliance therewith, and for the enforcement of any violations therefore; and

12 8. A & F recover such other relief as the Court may deem appropriate.

13 Respectfully submitted,

14 

15 _____
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Counsel for Plaintiffs

26 Dated: March 8, 2006

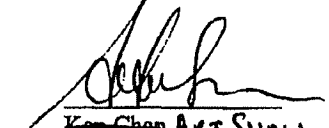
Exhibit A

AGREEMENT TO PERMANENTLY CEASE USE

In exchange for Abercrombie & Fitch's agreement to not pursue further legal action against Netblue, Inc./YF Direct, Inc. (collectively "Netblue") for the activities specifically described in Abercrombie & Fitch's July 8, 2005 letter, Netblue, without any admission of liability, agrees to immediately and permanently (1) cease all use of ABERCROMBIE & FITCH, A&F, and other A&F marks (collectively, "A&F's trademarks"), and confusingly similar variations thereof; (2) remove all references to A&F's trademarks from websites within Netblue's control, including but not necessarily limited to www.internetopiniongroup.com; (3) terminate any and all agreements to advertise or use A&F's trademarks with any and all third parties with whom Netblue agreed to advertise or allowed to use A&F's trademarks, including but not limited to the advertisement shown in Exhibits 3 and 1 (attached hereto); (4) notify in writing any and all such third parties whom Netblue purportedly gave permission, instructed, or allowed use of A&F's trademarks that it must cease using such marks or running such advertisements, including but not limited to the advertisement shown in Exhibits 3 and 1.

This Agreement shall extend to, inure to the benefit of, and be binding upon Abercrombie & Fitch, Netblue and their respective directors, officers, partners, proprietors, agents, servants, employees, representatives, affiliates, subsidiaries, predecessors, successors, and assigns.

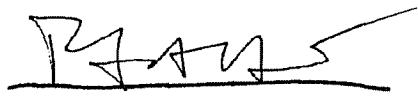
We have read, understand and agree to all of the undertakings set forth above:



~~Ken Chan~~ ART SHAW
CEO
Netblue, Inc.

Date: ~~July~~ ^{AUG.} 4, 2005

"Accepted and effective only when executed by authorized officers of both Netblue, Inc. and Abercrombie & Fitch."



PETER HUTT

V.P. AND TREASURER

ABERCROMBIE & FITCH CO.

DATE: AUGUST 18, 2005