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HAIR FLAIR LIMITED

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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	:	
HAIR FLAIR LIMITED,	:	
	:	
	:	Civil Case No. 17 Civ. 1131
Plaintiff,	:	
	:	
-against-	:	JURY TRIAL DEMANDED
	:	
	:	
MERCARI, INC. d/b/a MERCARIAPP, INC.	:	
Defendant.	:	
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COMPLAINT

Hair Flair Limited ("Plaintiff"), for its Complaint against Mercari, Inc. d/b/a Mercariapp, Inc. (collectively, "Defendant"), hereby alleges as follows:

NATURE OF THE ACTION

1. This is a civil action for patent and trademark infringement. Plaintiff owns United States Patent No. U.S. 6,647,989, issued Nov. 18, 2003 and directed to a “Hair Treatment Device and Method” (the “ ‘989 patent”). Plaintiff sells hair curler products covered by the ‘989 patent under its CURLFORMERS trademarks. Defendant willfully infringes the ‘989 patent by selling and offering for sale unauthorized copies of Plaintiff’s hair curler products that infringe one or more claims of the ‘989 patent. Defendant has been repeatedly put on notice of its patent infringing conduct. Plaintiff also is the owner of two U.S. trademark registrations for CURLFORMERS, *to wit*, U.S. Registration No. 4746230 for the CURLFORMERS word mark, and incontestable U.S. Registration No. 3679861 for the CURLFORMERS logo mark. Defendant infringes Plaintiff’s trademark rights by using and inducing the use of Plaintiff’s CURLFORMERS trademarks in a manner likely to cause consumer confusion.

THE PARTIES

2. Plaintiff Hair Flair Limited is a United Kingdom limited company having a registered address at C/O AccountsCo, 1 Purley Place, Islington, London N1 1QA and a trading address at 3rd Floor, The News Building, 3 London Bridge Street, London SE1 9SG.

3. Defendant Mercari, Inc. is a Delaware corporation with its principal place of business at 720 Market Street, 4th Floor, San Francisco, California 94102.

4. Upon information and belief, Mercari, Inc. does business under the name Mercariapp, Inc.

5. Upon information and belief, Defendant is wholly-owned and controlled by Mercari, Ltd., a Japanese corporation, and Defendant and Mercari, Ltd. share directors, officers, and key employees.

JURISDICTION AND VENUE

6. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a) because this action arises under the Patent Laws of the United States, 35 U.S.C. § 1 et seq. and the Lanham Act, 15 U.S.C. § 1125 et seq. Supplemental subject matter jurisdiction for the state law claims is based on 28 U.S.C. § 1367.

7. This Court has personal jurisdiction over Defendant at least under N.Y.C.P.L.R. 302(a) because Defendant has sufficient minimum contacts with the forum as a result of business conducted within the State of New York and within the Southern District of New York. Personal jurisdiction also exists specifically over Defendant because it offers for sale, sells, imports, advertises, makes available and/or markets one or more products and/or services within the State of New York, and more particularly, within the Southern District of New York, and has purposely availed itself of the privileges and benefits of the laws of the State of New York.

8. Upon information and belief, Defendant, directly and/or through authorized intermediaries, ships, distributes, offers for sale, sells, and/or advertises (including the provision of an interactive website and app) its products and services in the United States and the State of New York.

9. Upon information and belief, Defendant has committed patent and trademark infringement in the State of New York. Defendant solicits customers in the State of New York. Defendant has paying customers who are residents of the State of New York and who each use Defendant's products and services in the State of New York.

10. This Court further has subject matter jurisdiction over the claims and causes of action asserted in this Complaint pursuant to 28 U.S.C. § 1332(a) because this dispute is between citizens of complete diversity, including a Delaware company and a United Kingdom company, and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

11. Venue is proper in this judicial district as to Defendant pursuant to 28 U.S.C. §§ 1391 and 1400(b), because Defendant has committed acts of infringement in the Southern District of New York and has transacted business in the Southern District of New York.

FACTUAL BACKGROUND

12. Plaintiff began sales of its CURLFORMERS brand hair curlers in the United States as early as January 2007. CURLFORMERS brand hair curler products are widely used in the USA, by women, mothers with children, cheerleaders, and others who want to curl their hair (or their children's hair), without damaging it by using curling irons. Through years of use and extensive sales of genuine CURLFORMERS products, Plaintiff has demonstrated secondary meaning in the CURLFORMERS mark.

13. Plaintiff's CURLFORMERS word mark is registered in the United States Patent and Trademark Office, U.S. Registration No. 4746230, issued June 2, 2015 and first used in commerce in January 2007, for goods and services including "non-electric curlers

other than hand implements; hair accessories, namely, twisters; non-electric hair rollers; structural parts and fittings for the aforesaid goods.” Plaintiff’s incontestable CURLFORMERS logo mark is registered in the United States Patent and Trademark Office under the Registration No. 3679861, issued September 8, 2009 and first used in commerce for goods and services including “hand implements for use by hairdressers and parts and fitting therefor, namely, hair cutting scissors, electric and battery powered hair clippers, hair trimmers, non-electric hair trimmers, non-electric curling irons; and structural parts and fittings for all of the aforesaid goods.” Copies of the registration certificates for Plaintiff’s word and logo marks are attached as **Exhibit A**.

14. In addition, CURLFORMERS brand hair curler products are covered by one or more claims of the ‘989 patent, which Plaintiff received by assignment from inventor Alfredo de Benedictis by an assignment dated December 15, 2008. Plaintiff possesses all rights of recovery under the ‘989 Patent, including the right to sue and recover all damages for infringement thereof, including past infringement. A copy of the ‘989 patent is attached as **Exhibit B**.

15. Plaintiff identified a number of sellers of unauthorized and infringing hair curler products on Defendant’s website at www.mercari.com, and on January 5, 2017, Plaintiff put Defendant on notice of its infringement of the ‘989 patent by following the procedures set forth on Defendant’s website.

16. On January 5, 2017, Plaintiff sent a letter to Defendant asking Defendant to remove the infringing listings directly and to block the infringing sellers from selling any

other infringing hair curler products. A copy of Plaintiff's January 5, 2017 letter is attached as Exhibit C. No response to Plaintiff's letter was received from Defendant, nor did Defendant respond to Plaintiff's follow up request (also attached as part of Exhibit B).

17. The unauthorized copies include in their product descriptions words such as "Waive Hair Styling Curler", "No Heat Curler", "Heatless Hair Curler" and, quite frequently, unauthorized use of the "CURLFORMERS" mark. Other characteristics are that the unauthorized copies are usually presented either in clear polypropylene bags, or without packaging. Significantly, the manufacturers' names and addresses seem not to appear on the packaging or as part of the listing.

18. Plaintiff's January 5, 2017 letter provided links to examples of unauthorized CURLFORMERS products and included listings of examples of infringing and unauthorized products known to Plaintiff for sale on Defendant's website (the "Accused Products"). Plaintiff's letter also included a detailed patent infringement analysis, and explained why as a legal matter Defendant was liable for patent infringement under the Patent Act for selling and offering to sell Accused Products.

19. Plaintiff's January 5, 2017 letter was sent to Defendant pursuant to the infringement reporting procedures included in Defendant's Terms of Service ("TOS"), which are posted on Defendant's website. The TOS state that its terms apply to all types of intellectual property rights, but in response to Plaintiff's notice Plaintiff received an automated email response from Defendant stating that Defendant would respond only to reports of copyright infringement, as follows (emphasis added):

Hi,

Thank you for contacting Mercari.

This email address is used for the purpose of accepting the Digital Millennium Copyright Act reports only.

Please note that we do not respond to any other types of emails.

If you are a Mercari customer that needs an [sic] assistance, please contact us from the app via Help Center.

If you are a copyright owner and reporting items on Mercari, we will review the case and get back to you shortly.

Thank you,

Team Mercari

20. Defendant's TOS provide no mechanism to report infringement other than the procedures Plaintiff followed.

21. Some of the listings for Accused Products identified by Plaintiff's January 5, 2017 letter are no longer offered for sale on mercari.com, but dozens of other listings for Accused Products still appear on the website.

22. On January 23, 2017, the undersigned, on behalf of Plaintiff, utilized Defendant's website to purchase a sample of the Accused Products. The Accused Product purchased by the undersigned was delivered on January 30, 2017.

23. Defendant is selling and offering for sale and acting as an online retailer and dealer in the Accused Products, by selling and offering the Accused Products for sale at mercari.com, and facilitating sales on mercari.com. Defendant is directly liable for the

infringing offers for sale and sales of these Accused Products, regardless of whether the individual seller partners of Defendant are also liable. Defendant's provision of the legal and technological framework that permits a buyer and seller to enter into a contract for sale makes Defendant an essential part of the sales transaction.

24. Defendant is also profiting from its infringement of Plaintiff's trademarks and patents by its practice of presenting unauthorized copies of Plaintiff's hair curler products in response to searches for CURLFORMERS products.

25. Defendant's conduct in selling and offering for sale and acting as an online retailer and dealer in Accused Products, and in providing links to unauthorized hair curler products in response to searches for genuine CURLFORMERS products, has, upon information and belief, irreparably injured Plaintiff's reputation. Consumers who purchase unauthorized and infringing products are frequently receiving hair curler products that do not meet Plaintiff's high standards for quality and safety. Because consumers do not recognize that the products are not genuine CURLFORMERS products, they incorrectly attribute any defects or harm caused by the products to Plaintiff. Plaintiff's reputation and goodwill is thereby damaged directly, and by consumers who attribute unsatisfactory experiences with unauthorized and infringing Accused Products to Plaintiff.

26. Defendant has been repeatedly and specifically notified of the infringement, and Defendant has ignored Plaintiff's demands. Defendant has offered no explanation as to why numerous, current listings for the Accused Products do not infringe the '989 patent, and Defendant's continued conduct in selling and offering for sale Accused Products on

mercari.com makes Defendant's infringement willful. Attached as **Exhibit D** is a sample of listings for Accused Products available on Defendant's website as of February 7, 2017.

27. Accordingly, facing a seller unwilling to take any responsibility for removing the infringing products it knowingly sells from its online store, and to protect Plaintiff's valuable patents and trademarks from online exploitation, Plaintiff brings this suit against Defendant.

COUNT I

PATENT INFRINGEMENT

28. Paragraphs 1-27 are incorporated by reference as if fully restated herein.

29. Upon information and belief and in violation of 35 U.S.C. § 271, Defendant has directly and indirectly, and through inducement and contribution, infringed and continues to infringe at least one or more claims of the '989 Patent, including at least claims 1, 6, and 13 by providing, offering to sell, and selling (directly or through intermediaries), in this district and elsewhere in the United States, hair curler products on its website mercari.com, including but not limited to the Accused Products.

30. Such hair curler products infringe because they are each a device for treatment of a tress of hair including a lengthwise contractible cylindrical tube open at least one end for containing the tress of hair, said tube being formed such that contraction of the tube lengthwise from a first lengthwise state to a second lengthwise state causes a transverse dimension of said tube to increase from a first dimension to a second dimension, the tube

being resiliently spring biased toward a preformed state in which the tube is one of the flattened and twisted about a longitudinal axis thereof and bent about at least one axis extending transversely to the longitudinal axis so that the cylindrical shape of the tube is distorted so as to impart a desired form to said tress of hair contained within said tube during use, the tube being resiliently manipulable from said preformed sate into said cylindrical shape.

31. Such hair curler products also infringe because the tube of the product has a wall comprising interwoven fibres inclined to the length of the tube, and the tube has a wall comprising elements interconnected in a mesh formation, said elements being inclined to the length of the tube, where in the determined form the tube is of oval cross section and has a twist about a lengthwise axis of the tube.

32. In addition, such products are sold with an infringing hair engaging hook which is constructed for use with a hair treatment device including a lengthwise contractible cylindrical tube open at least one end, said tube being formed such that contraction of the tube lengthwise from a first lengthwise state to a second lengthwise state causes a transverse dimension of said tube to increase from a first dimension to a second dimension; and said tube when in the first lengthwise state being manually preformable into a determined form to impart a desired form to said tress of hair contained within said tube, including a hook member having an outer profile and a hair engaging tooth having a free end extending inwards from the outer profile.

33. To the extent notice may be required, Defendant received actual notice of its infringement of the '989 Patent at least as early as the filing of this complaint in this action, pursuant to 35 U.S.C. § 287(a). Defendant also received written notice on January 5 and 11, 2017.

34. Defendant's aforesaid activities have been willful and intentional, and without authority and/or license from Plaintiff. Specifically, although Defendant maintains the power under its Conditions of Use to remove whatever products it wishes to from its online store, has a detailed infringement notice program to coordinate that removal, and indeed removes products continuously on this basis, it has continued to allow Accused Products to be sold on its online store and, on information and belief, generating substantial profits from those sales.

35. Plaintiff is entitled to recover from Defendant the damages sustained by Plaintiff as a result of the Defendant's wrongful acts in an amount subject to proof at trial, which, by law, cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

36. Defendant's infringement of Plaintiff's exclusive rights under the '989 Patent will continue to damage Plaintiff, causing irreparable harm for which there is no adequate remedy at law, unless enjoined by this Court.

COUNT II

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

37. Plaintiff realleges and incorporates herein the allegations contained above.

38. Plaintiff is the owner of the federally registered CURLFORMERS marks for use in connection with non-electric hair curler products.

39. Plaintiff has used the CURLFORMERS marks in the U.S. for over seven years and owns all goodwill in that mark.

40. Defendant and its seller partners have used and are using in commerce without Plaintiff's consent the CURLFORMERS marks, and marks that are confusingly similar and colorable imitation of Plaintiff's CURLFORMERS mark, to sell, offer for sale, identify, promote and advertise their unauthorized hair curler products. Such use is likely to cause confusion, cause mistake or to deceive.

41. Defendant's unauthorized use of CURLFORMERS is causing and will continue to cause consumer confusion, mistake or deception as to the source of Defendant's products in violation of §32(1)(a) of the Lanham Act, 15 U.S.C. §1114(1)(a).

42. Through these actions, Defendant has directly and indirectly, and through inducement and contribution, infringed and contributed to the infringement of Plaintiff's CURLFORMERS marks.

43. Defendant's use of CURLFORMERS is a knowingly unauthorized use and was committed with knowledge that such imitation was intended to be used to cause confusion, or to cause mistake or to deceive.

44. Defendant's wrongful acts have proximately caused and will continue to cause Plaintiff irreparable injury, including, but not limited to lost profits, dilution of its goodwill, and injury to its reputation.

45. As a consequence of these wrongful acts, Plaintiff has suffered irreparable damages and lost profits in an amount not yet determined, and Plaintiff will continue to suffer irreparable damages and lost profits in the future unless and until Defendant's infringing activities are enjoined by this Court.

COUNT III

UNFAIR COMPETITION AND FALSE DESIGNATION OF ORIGIN UNDER §43(A) OF THE LANHAM ACT, 15 U.S.C. §1125(A)

46. Plaintiff realleges and incorporates herein the allegations contained above.

47. Defendant's use of the CURLFORMERS marks alone and in conjunction with other words is likely to cause confusion and mistake, and to deceive consumers as to the affiliation, connection or association of Defendant and its seller partners with Plaintiff and its licensees or as to the origin, sponsorship, or approval of Defendant's products and services, and to falsely designate or represent the original source of their goods and services.

48. Through these activities, Defendant has directly and indirectly, and through inducement and contribution, used false designations of origin and unfairly competed with Plaintiff, in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

49. Defendant's wrongful acts have proximately caused and will continue to cause Plaintiff injury, including, but not limited to lost profits, dilution of its goodwill, and injury to the reputation of Plaintiff and its products.

50. As a consequence of these wrongful acts, which have been willful, Plaintiff has suffered irreparable damage and monetary damages in an amount not yet determined, and Plaintiff will continue to suffer irreparable and monetary damages in the future unless and until Defendant's infringing activities are enjoined by this Court.

COUNT IV

DECEPTIVE BUSINESS ACTS OR PRACTICES (N.Y. GEN. BUS. LAW § 349)

51. Plaintiff realleges and incorporates herein the allegations contained above.

52. Defendant's activities constitute knowing and willful deceptive acts or practices and acts with the capacity to deceive in the conduct of its business impacting consumers, in violation of N.Y. Gen. Bus. L. § 349.

53. Plaintiff has been, and will continue to be, damaged by Defendant's acts in an amount to be determined at trial.

54. By reason of the willful nature of Defendant's acts, Plaintiff is entitled to actual damages, and trebling of its damages, and attorneys' fees, pursuant to N.Y. Gen. Bus. L. § 349.

55. Plaintiff has no adequate remedy at law, entitling it to injunctive relief restraining Defendant from engaging in further acts of deceptive business acts and practices.

COUNT V

UNFAIR COMPETITION
UNDER NEW YORK COMMON LAW

56. Plaintiff realleges and incorporates herein the allegations contained above.

57. The aforesaid acts of Defendants constitute unfair competition in willful violation of the common law of the State of New York.

58. As a consequence of these wrongful acts, which have been willful, Defendant has unjustly enriched itself and Plaintiff has suffered irreparable damage and monetary damages in an amount not yet determined, and Plaintiff will continue to suffer irreparable and monetary damages in the future unless and until Defendant's infringing activities are enjoined by this Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully request that this Court enter judgment against Defendant as follows:

A. An adjudication that Defendant has infringed the '989 Patent;

B. Entry of a preliminary and/or permanent injunction against further infringement of the '989 Patent by Defendant, its employees, agents, officers, directors, attorneys, successors, affiliates, subsidiaries and related companies, licensees, representatives, dealers, distributors, and assigns, and all those in active concert and participation with Defendant, as well as enjoining any and all of them from:

- a. falsely describing, representing, or listing the origin of products other than Plaintiff's under marks consisting of or containing the CURLFORMERS marks or any confusingly similar marks;
- b. performing any act that can, or is likely to, mislead members of the trade or public to believe that that products other than Plaintiff's are in any manner associated or connected with Plaintiff or the CURLFORMER brand, or sponsored, approved or authorized by Plaintiff, or vice versa;
- c. otherwise competing unfairly with Plaintiff in any manner;
- d. performing in any manner whatsoever any of the other acts complained of in this Complaint; and

- e. assisting, authorizing, aiding or abetting any other person or business entity in engaging in or performing any of the activities referred to in subparagraphs (a) through (d) above;

C. An order directing Defendant to undertake corrective advertisement and such other actions as the Court may deem appropriate to correct any erroneous impression among the trade or public, created by Defendant's acts, that products other than those authorized by Plaintiff are related in any way to Plaintiff or its CURLFORMERS brand;

D. An order directing Defendant to file with the Court and serve upon Plaintiff's counsel within thirty (30) days after entry of such judgment, a report in writing under oath, setting forth in detail the manner and form in which Defendant has complied with the above;

E. An order requiring an accounting of all profits, royalties, fees, and other monies received by Defendant as a result of its wrongful conduct;

F. An award to Plaintiff of all damages it sustained or will sustain by reason of the Defendant's trademark infringement, unfair competition, and deceptive business practices, together with appropriate interest on such damages. Pursuant to Section 35 of the Lanham Act, 15 U.S.C. §1107, Plaintiff is entitled an amount up to three times the amount of such actual damages sustained as a result of Defendant's violation of the Lanham Act;

G. An award of damages to be paid by Defendant adequate to compensate Plaintiff for Defendant's past patent infringement and any continuing or future infringement up until the date such judgment is entered, including interest, costs, and disbursements as justified under 35 U.S.C. § 284 and, if necessary to adequately compensate Plaintiff for Defendant's infringement, an accounting of all infringing sales including, but not limited to, those sales not presented at trial;

H. An order finding that Defendant's infringement of the patents-in-suit has been willful and trebling the damages awarded to Plaintiff, as provided by 35 U.S.C. § 284;

I. A declaration that this case is exceptional under 35 U.S.C. § 285;

J. An award to Plaintiff of its attorney fees, costs, and expenses incurred in prosecuting this action; and

K. An award to Plaintiff of such further relief at law or in equity as the Court deems just and proper.

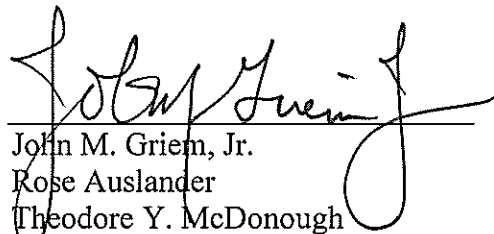
DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury on all claims and issues so triable.

Dated: February 14, 2017

Respectfully submitted,

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