

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

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| XiaoQian Zhao,                         | ) |                                 |
|  | ) |                                 |
| Plaintiff,                             | ) |                                 |
|  | ) | Case No. 1:23-cv-04507          |
| v.                                     | ) |                                 |
|  | ) | Dist. Judge Matthew F. Kennelly |
| The Partnerships and Unincorporated    | ) |                                 |
| Associations Identified on Schedule A, | ) | Mag. Judge Gabriel A. Fuentes   |
| Defendants                             | ) |                                 |

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**Plaintiff's Second Motion for Entry of Default and Default Judgment**

**NOW COMES** XiaoQian Zhao (“Plaintiff”), by and through its undersigned counsel, and hereby moves for entry of default and default judgment against certain remaining defendants in the case (collectively, the “Defaulting Defendants”), based on Plaintiff’s action for copyright infringement.

**I. Statement of Facts**

Plaintiff specializes in the creation, manufacture, marketing and sale of fire extinguisher products (collectively, the “Plaintiff Products”). [Dkt. 1 ¶ 9]. Plaintiff is the owner of all rights to the valid, federally registered copyright in the Plaintiff Work, and has used the Plaintiff Work in connection with the sale, distribution, promotion, and advertising of genuine Plaintiff Products since 2021. [Dkt. 1 ¶ 11-12]. Plaintiff has invested substantial resources, time, money, and commercial efforts to produce to Plaintiff Work. [Dkt. 1 ¶ 17]. Additional factual assertions regarding Plaintiff in the Complaint are incorporated herein. *Id.* at ¶¶ 9-20.

The Defaulting Defendants were excepted from Plaintiff’s first motion for entry of default and default judgment in light of ongoing settlement discussions. However, such discussions have been long stalled and no settlement was ever reached. The Defaulting Defendants conduct business throughout the United States, including within the State of Illinois and this Judicial District, through the operation of the fully interactive, commercial online marketplaces operating under the online

storefronts as identified in Schedule A (the “Defendant Online Stores”). *Id.* at ¶ 21. Each Defaulting Defendant targets the United States, including Illinois, and has offered to sell and, on information and belief, has sold and continues to sell unauthorized and unlicensed products using the Registered Plaintiff Work (the “Infringing Products”) to consumers within the United States, including the State of Illinois and this Judicial District. *Id.* Additional factual assertions regarding Defaulting Defendants in the Complaint are incorporated herein. *Id.* at ¶¶ 21-40.

Plaintiff filed this action on July 12, 2023, alleging Federal Copyright Infringement under 17 U.S.C. § 501 (Count I). [Dkt. 1]. On July 21, 2023, this Court granted Plaintiff’s *Ex Parte* Motion for Entry of a temporary Restraining Order (the “TRO”) and subsequently converted the TRO [Dkt. 14] into a Preliminary Injunction [Dkt. 28] with respect to the Defaulting Defendants on August 17, 2023. [Dkt. 27]. Paragraph 6 of the TRO permitted Plaintiff to complete service of process to Defendants by electronically publishing a link to the relevant documentation on a website and sending an email to the email addresses provided for Defendants by third-parties. The Defaulting Defendants were properly served with process on August 4, 2023, [Dkt. 23], and none of the Defaulting Defendants have filed an answer or otherwise pled in this action. *See*, [Dkt. 47-1 ¶ 2].

Plaintiff now moves this Court for an Order entering default and default judgment finding that Defaulting Defendants are liable on all counts of Plaintiff’s Complaint. Fed. R. Civ. P. 55(a), (b)(2). Plaintiff further seeks an award of statutory damages as authorized by 17 U.S.C. § 504(c)(2) of willful copyright infringement against each of the Defaulting Defendants for their violations of Plaintiff’s exclusive rights under 17 U.S.C. § 106 caused by the Defaulting Defendants unauthorized reproduction, display, and/or distribution of Plaintiff’s registered Plaintiff Work in connection with products sold through each of the Defendant Online Stores. Plaintiff also seeks entry of a permanent injunction prohibiting Defaulting Defendants from using the Plaintiff Work in connection with the sale of any product that is not authorized by Plaintiff to be sold in connection

with the Plaintiff Work.

## II. Argument

### a. **Jurisdiction and venue are proper in this Court.**

This Court has original subject matter jurisdiction over the claims in this action pursuant to the provisions of the Copyright Act, 17 U.S.C. § 501, *et seq.* and 28 U.S.C. §§ 1331, 1338(a)-(b). Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defaulting Defendants since each of the Defendants directly target business activities toward consumers in Illinois and causes harm to Plaintiff's business with this Judicial District. *See*, [Dkt. 1 at ¶ 8]; uBID, Inc. v. GoDaddy Grp., Inc., 623 F.3d 421, 423-24 (7th Cir. 2010) (“without benefit of an evidentiary hearing, the plaintiff bears only the burden of making a prima facie case for personal jurisdiction” and all of plaintiff's asserted facts should be accepted as true and any factual determinations should be resolved in its favor).

Through at least the fully interactive, commercial online marketplaces accounts operating under the Defendant Online Stores, each of the Defaulting Defendants has targeted sales to Illinois residents by operating online stores which offer shipping to the United States, including within Illinois and this judicial district, offered to accept payment in U.S. dollars, and offered for sale and/or sold Infringing Product using unauthorized reproductions of the Plaintiff Work to residents of Illinois. [Dkt. 1 at ¶ 8]. Personal jurisdiction exists over the Defaulting Defendants because they directly target their business activities toward consumers in the United States, including Illinois. Specifically, Defaulting Defendants are reaching out to do business with Illinois residents by operating one or more commercial, interactive Defendant Online Stores through which Illinois residents can purchase Infringing Products being offered and sold using unauthorized reproductions of the Plaintiff Work. uBID, Inc., 623 F.3d at 423-24; *See*, Monster Energy Co. v. Wensheng, 136 F. Supp. 3d 897, 907 (N.D. Ill. 2015); Deckers Outdoor Corp. v. Does 1-55, 2011 WL 4929036, at \*3

(N.D. Ill. Oct. 14, 2011).

**b. Plaintiff has met the requirements for entry of default.**

Under Federal rules, “when a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend, and that failure is shown by affidavit or otherwise, the clerk must enter the party’s default.” Fed. R. Civ. P. 55(a). On July 12, 2023, Plaintiff filed its Complaint alleging Federal Copyright Infringement under 17 U.S.C. § 501 (Count I). [Dkt. 1]. The Defaulting Defendants were all served with process in accordance with the TRO on August 4, 2023 [Dkt. 23]. Despite having been served with process, none of the Defaulting Defendants have filed an answer or otherwise pled in this action. [Dkt. 47-1 ¶ 2]. Upon information and belief, the Defaulting Defendants are not active-duty members of the U.S. armed forces. [Dkt. 47-1 ¶ 3]. Accordingly, Plaintiff asks for entry of default against the Defaulting Defendants pursuant to Fed. R. Civ. P. 55(a).

**c. Plaintiff has met the requirements for entry of default judgment.**

Rule 55(b)(2) of the Federal Rules of Civil Procedure provides for a court-ordered default judgment. A default judgment establishes, as a matter of law, that the Defaulting Defendants are liable to Plaintiff on each cause of action alleged in the Complaint. Deckers Outdoor Corp., 2011 WL 4929036, at \*2, *citing*, United States v. Di Mucci, 879 F.2d 1488, 1497 (7th Cir. 1989). When the Court determines that a defendant is in default, the factual allegations of the complaint are taken as true and may not be challenged, and the defendants are liable as a matter of law as to each cause of action alleged in the complaint. Black v. Lane, 22 F.3d 1395, 1399 (7th Cir. 1994).

As noted above, Plaintiff served the Complaint on the Defaulting Defendants on August 4, 2023 [Dkt. 23]. More than twenty-one (21) days have passed since each of the Defaulting Defendants was served, and no answer or other responsive pleading has been filed by any of the Defaulting Defendants as required under federal rules. Fed. R. Civ. P. 12(a)(1)(A)(i). Default

judgment is therefore appropriate, and consistent with previous similar cases in front of this Court. Plaintiff requests an award of statutory damages as authorized by 17 U.S.C. § 504(c)(2) for willful copyright infringement against each of the Defaulting Defendants for their infringing utilization of the Plaintiff Work in connection with the sale of Infringing Products, and listings therefor, sold through the Defendant Online Stores. Plaintiff also seeks entry of a permanent injunction prohibiting Defaulting Defendants from exercising any of the exclusive rights afforded to Plaintiff under 17 U.S.C § 106.

The U.S. Copyright Act provides that “[a]nyone who violates...the exclusive rights of the copyright owner... is an infringer of the copyright.” 17 U.S.C. § 501(a). Plaintiffs are entitled to various remedies for infringement, including injunctions, monetary damages, costs, and attorney’s fees. 17 U.S.C. §§ 502, 504, 505. A plaintiff bringing a copyright infringement claim under 17 U.S.C. § 501 must show: (i) ownership of a valid copyright, and (ii) copying of constituent elements of the work that are original. Pickett v. Prince, 52 F.Supp.2d 893, 900-01 (N.D. Ill. 1999), *citing*, Feist Publications, Inc. v. Rural Tel. Serv., 499 U.S. 340, 361 (1991); *see also*, Atari, Inc. v. North Am. Phillips Consumer Elecs. Corp., 672 F.2d 607, 614 (7th Cir. 1982). The registration of a copyright certificate creates a *prima facie* presumption of validity of a copyright. 17 U.S.C. § 410(c).

Plaintiff alleges in the Complaint that they are the owner of all right, title, and interest in and to the original federally registered Plaintiff Work. [Dkt. 1 at ¶ 42]. Plaintiff’s federal registration for the Plaintiff Work is valid, subsisting, and in full force and effect. [Dkt. 1 at ¶ 11]. Among the exclusive rights granted to Plaintiff under the Copyright Act are the exclusive right to copy, reproduce, and display the Plaintiff Work and prepare derivative works based upon the Plaintiff Work. [Dkt. 1 at ¶ 12, 44]. The Defaulting Defendants have copied and/or displayed the Plaintiff Work or derivative versions thereof on their respective Defendant Online Stores in connection with

the sale of products without Plaintiff's authorization and in violation of Plaintiff's exclusive rights under 17 U.S.C. § 106. [Dkt. 1 at ¶¶ 45-46].

Because the Defaulting Defendants have failed to answer or otherwise plead in this matter, the Court must accept the allegations contained in Plaintiff's Complaint as true. *See*, Fed. R. Civ. P. 8(b)(6); Am. Taxi Dispatch, Inc., v. Am. Metro Taxi & Limo Co., 582 F. Supp. 2d 999, 1004 (N.D. Ill. 2008). Accordingly, Plaintiff requests entry of judgment with respect to Counts I for willful copyright infringement against the Defaulting Defendants.

**d. Plaintiff is entitled to monetary and injunctive relief.**

Awarding statutory damages is both remedial in nature and serves to protect an important public interest. Thus, it is important to both penalize defendants and try to deter future violations. Plaintiff expended resources to create and produce the Plaintiff Work and has used the Plaintiff Work in connection with the sale, distribution, promotion, and advertising of genuine Plaintiff Products. [Dkt. 1 at ¶¶ 10, 13]. Further, Plaintiff has invested substantial resources, time, money, and commercial efforts in order to offer Plaintiff Products sold in connection with the Plaintiff Work, and the success of Plaintiff's business enterprise is dependent and a result of its efforts to market and advertise online via e-commerce. [Dkt. 1 at ¶ 17]. The success of Plaintiff's sales in connection with the Plaintiff Work has resulted in substantial infringing activity and harm to Plaintiff, as evidence by this case. Plaintiff has built substantial goodwill in and to the products sold in connection with the Plaintiff Work and regularly investigates and enforces their rights to the Plaintiff Work. [Dkt. 1 at ¶¶ 17, 32].

**i. Statutory damages are appropriate in this case.**

Pursuant to the statutory damages provision of the Copyright Act, 17 U.S.C. § 504(c)(1), a plaintiff in a case involving the use of a copyright infringement may elect to receive “not less than \$750 or more than \$30,000 as the court considers just.” 17 U.S.C. § 504(c)(1). “[T]he court in its

discretion may increase the award of statutory damages to a sum of not more than \$150,000.” 17 U.S.C. § 504(c)(2).

The Seventh Circuit's standard for awarding statutory damages for copyright infringement under 17 U.S.C § 504(c) is articulated in Chi-Boy Music v. Charlie Club, 930 F.2d 1224, 1229 (7th Cir. 1991). Under the Chi-Boy standard, a court awarding statutory damages is “not required to follow any rigid formula,” but instead “enjoys wide discretion.” Id.

**ii. Defaulting Defendants’ infringement and piracy was willful.**

As alleged in Plaintiff’s Complaint, Defaulting Defendants reproduced without authorized the Plaintiff Work, or derivatives versions of the Plaintiff Work, to sell their own fire extinguisher products in competition with Plaintiff, and the Court can infer the Defaulting Defendants’ willfulness from this conduct. Lorillard Tobacco, 2004 WL 2534378, \*7. At a minimum, Defaulting Defendants “showed a reckless disregard” for Plaintiff’s rights in the federally-registered Plaintiff Work. Id., quoting Microsoft Inc. v. Logical Choice Computers, Inc., 2001 WL 58950, at \*11 (N.D. Ill. Jan. 22, 2001) (internal citations omitted). Further, this Court has deemed copyright infringement willful when defendants default. *See*, Polyblank Designs Ltd. v. The P’ships, et al., No. 19-cv-00591 Dkt. No. 38 (N.D. Ill. Apr. 2, 2019) (J. Gettleman); Mon Cheri Bridals, LLC v. Does 1 - 464, No. 19-cv-02362 Dkt. Nos. 44, 46 (N.D. Ill. June 27, 2019) (J. Alonso); Pink Floyd (1987) Ltd. v. The P’ships, et al., No. 19-cv-04276 Dkt. No. 45 (N.D. Ill. Apr. 2, 2019) (J. Kendall).

**iii. A strong statutory damage award is appropriate and just.**

In the Seventh Circuit, a court when determining a statutory damage award for a copyright infringement claim will consider “the difficulty or impossibility of proving actual damages, the circumstances of the infringement, and the efficacy of the damages as a deterrent.” Chi-Boy Music, 930 F.2d at 1229 (internal citations omitted). Where the infringement is willful, “the statutory damages award may be designed to penalize the infringer and to deter future violations.” Id.

In similar cases involving willful internet-based IP infringement, this Court has awarded significant damages including up to the maximum provided by law, to the plaintiff to serve the purposes of (i) deterring the defendant and others situated like him from bringing into commerce spurious goods; (ii) compensating the plaintiff for damages caused by defendant's infringement; and (iii) punishing the defendant appropriately for his infringing activities. *See, Millennium IP, Inc. and Millennium Media, Inc. v. The P'ships, et al.*, No. 19-cv-00136 Dkt. 39 (N.D. Ill. Apr. 5, 2019); *See also, Light v. Zhangyali*, 2016 WL 4429758, at \*4 (N.D. Ill. Aug. 22, 2016) (awarded \$100,000 in statutory damage award under the Lanham Act where "Defendant advertises and sells its products worldwide through its online store"); *Luxottica*, at \*2 (collecting awards from cases where counterfeiting took place online that found "substantial damages awards appropriate," ranging between \$50,000 and \$750,000 per mark). Accordingly, a significant consideration should be whether infringing sales were made over the Internet, the rationale being that sales over the Internet increases the amount of an award because use of the internet made the infringement widely available. *See, e.g., Monster Energy Co. v. The P'ships, et al.*, No. 18-cv-04846 Dkt. 51 (N.D. Ill. Nov. 8, 2018) (awarding \$100,000 in statutory damages for willful copyright infringement against defaulted e-commerce defendants).

**iv. Plaintiff is entitled to permanent injunctive relief.**

Plaintiff also respectfully requests this Court enter a permanent injunction enjoining the Defaulting Defendants from infringing or otherwise violating the Plaintiff's copyright rights in the Plaintiff Work, including at least all injunctive relief previously awarded by this Court to Plaintiff in the TRO and Preliminary Injunction. [Dkts. 14, 27]. Further, Plaintiff is entitled to injunctive relief so it can quickly take action against any new online marketplace accounts that are identified, found to be linked to the Defaulting Defendants, and selling Infringing Products in connection with the Plaintiff Work. *See Oakley, Inc. v. The P'ships, et al.*, No. 13-cv-02958 Dkt. Nos. 36-37 (N.D. Ill.

June 17, 2013) (J. Pallmeyer).

### **III. Conclusion**

Plaintiff respectfully requests this Court enter default and default judgement against each Defaulting Defendant, award statutory damages in the amount of \$50,000 per Defaulting Defendant pursuant to 15 U.S.C. § 504(c)(2), and enter a permanent injunction order prohibiting the Defaulting Defendants from using the Plaintiff Work or any derivative versions thereof.

Dated: May 21, 2024

Respectfully Submitted

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