

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

NATIVE AMERICAN ARTS, INC.,)	
)	
Plaintiff,)	08-cv-03908
)	
v.)	
)	Magistrate Judge Jeffrey Cole
PETER STONE CO., U.S.A., INC.,)	
)	
Defendant.)	

**PLAINTIFF’S MEMORANDUM IN SUPPORT OF ITS
MOTION FOR PARTIAL SUMMARY JUDGMENT**

I. Introduction

Summary Judgment on liability should be entered in favor of Plaintiff Native American Arts, Inc. (“NAA”). Defendant has admitted that it violated the Indian Arts and Crafts Act, 25 U.S.C. §305e (the “IACA”) by falsely suggesting in advertisements, catalogues, trade flyers, and mailers and on its website that Wendy Whiteman a/k/a Wolfwalker was an authentic Native American Indian who produced, designed and “made” the 36 item Wolfwalker Jewelry collection. Defendant admits that Wolfwalker is not authentic Native American as defined under IACA, and that its advertisements describing the Wolfwalker Collection as authentic Native American Jewelry designed, made or produced by Wolfwalker a real Indian, were false.

Summary judgment is routinely entered in favor of Plaintiffs in false designation of origin or product counterfeiting cases that are directly analogous to this case. *Coach, Inc. v. Treasure Box, Inc.*, 2013 WL 2402922, at *9 (N.D. Ind. May 31, 2013); *Coach, Inc. v. Diva’s House of Style*, 2012 WL 6049722, at *8 (N.D. Ind. Dec. 5, 2012). Those cases hold that the

Court can determine that the Defendant engaged in illegal counterfeiting where the evidence of counterfeiting is obvious from an examination of the counterfeited products.

As in the cases above, an examination of Defendant's deceptive advertising compels entry of summary judgment. Defendant itself admits that it was deceived by Whiteman and believed that her collection was authentic Native American Jewelry. SOF ¶¶ 4-5, 9. There can therefore be no question that the buyers and prospective buyers of the collection were deceived into believing the Wolfwalker collection was designed, made and produced by a real Native American, Wendy Whiteman a/k/a Wolfwalker. Defendant's own expert, William Hoefer concedes that consumers who read Defendant's advertisements would accept as true the false representation that the Wolfwalker Collection was designed, made and produced by a real Native American Indian. SOF ¶ 19.

This conduct, as the undisputed affidavit and deposition testimony of NAA's owner demonstrates, injured NAA and the congressionally granted designation of origin in authentic Native American made arts and crafts NAA uses to make a livelihood. Peter Stone has not proffered and cannot point to any evidence in the record refuting this evidence of injury suffered by NAA as a result of Peter Stone's admitted violations. As the Supreme Court in *Lexmark Int'l v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388-89 (2014), recognized this type of reputational and intangible economic injury falls within the "zone of interest" protected by the IACA and confers standing to NAA. Accordingly, since there are no disputed issues of material fact summary judgment as to liability should enter in favor of NAA.

II. The Undisputed Facts

Wendy Whiteman admitted that she is not a registered member of a recognized Native American Tribe or an Indian as defined by the IACA. SOF ¶¶ 2, 6.

Defendant's owner Peter Koslowski, in his affidavit, admitted that Defendant advertises that its Jewelry is "made" by various designers or artists, including Whiteman. SOF ¶ 3. In the case of the Wolfwalker Collection, Koslowski testified at his deposition that he believed in his "heart and soul" that Wendy Whiteman was a real Native American. SOF ¶ 4, 5. He therefore instructed his marketing department to create advertisements and marketing materials communicating that the Wolfwalker Jewelry Collection was designed by a real Indian. SOF ¶¶ 7, 9-10.

Koslowski testified as follows regarding the intended marketing message for the Wolfwalker Collection:

Q. And you may have advertised the Wolfwalker Collection as authentic Native American jewelry throughout 2007 and 2008 until you got sued in this case, correct?

A. We may have, yes.

Q. Because you had directed your marketing staff to convey the message to consumers that Wendy Whiteman was an authentic Native American Indian, correct?

...

A. Yes.

Q. And do you know when you stopped telling the public that Wendy Whiteman was an authentic Native American Indian?

...

A. Well, we didn't tell people that she was an authentic Native American Indian. We said the collection was designed by a Native American.

...

Q. So in your advertising in 2007 for the Wolfwalker Collection, it was your -- and in 2008 before you were sued, it was your intent to convey to the public that Wendy Whiteman was -- that the jewelry collection was designed by an authentic Native American, right?

...

A. Yes.

SOF ¶ 9.

Koslowski also testified that he did not intend for Defendant's advertising to convey that the Wolfwalker Collection was merely Indian themed Jewelry. He wanted to convey that the Collection was a unique collection created by a specific Native American, Wendy Whiteman. He testified as follows on that subject:

Q. Did you intend to convey, before you got sued, that this was a generic collection of Indian-themed items that wasn't an original Native American collection? Is that what you intended to convey?

A. No.
SOF ¶ 10.

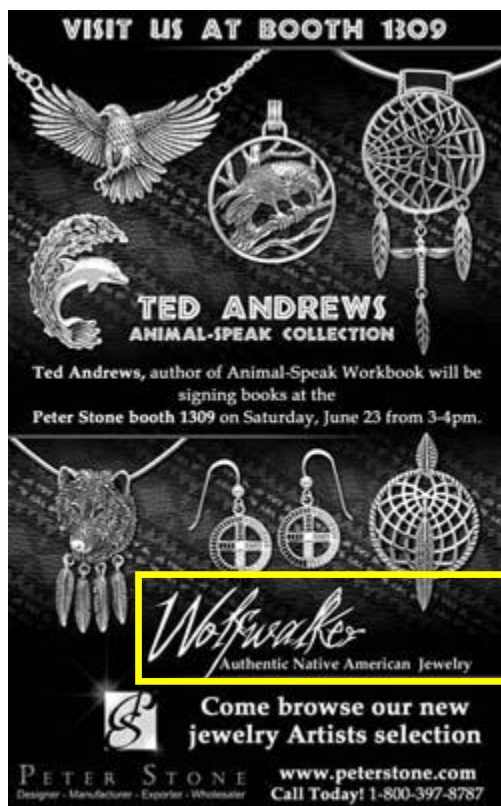
Defendant's advertisements, based on Koslowski's instructions, informed its customers that the collection was made by a real Native American, and appeared as follows:

Peter Stone Home webpage



SOF ¶ 11.

Trade-Show Flyer That Also Appeared on Peter Stone Website



SOF ¶ 13.

Trade-Show Flyer That Also Appeared on Peter Stone Website



SOF ¶ 13.

Peter Stone Catalog



Native American Jewelry



ANIMAL TOTEM



TPD-544

WolfeWalker Collection proudly presents its new line of sterling silver jewelry that honors the rich symbolism of the Native American culture. The buffalo, the eagle, the pipe, and the Medicine Wheel are all symbols that many Nations have shared since the beginning. The eagle's feathers, the most honored of birds, represent the Great Spirit. The eagle feather fan is still used today for ceremony, healing, and social dancing. The buffalo, the giver of life, has sustained the People for centuries and is honored by his great sacrifice. The Medicine Wheel reminds us that all life moves in cycles, through the seasons and the stages of life & death. Within the wheel, all our relations are represented. We hope that you find the symbol that most moves your heart in the many designs of this Collection.



PETER STONE
Designer - Manufacturer - Exporter - Wholesaler

13 Australia Tel : 0407-513-282

MEDICINE BAG



TPD-525
Pendant



TER-195

SIMPLY FEATHER



TER-197



TPD-527
Pendant

SWEETGRASS



TBA-016



TRI-245

DOUBLE FEATHER



TBA-020



TRI-262

MEDICINE WHEEL



TPD-516
Pendant



TCM-056



TER-193



TBA-010



TRI-225

Australia Fax : 0295-312-026

SOF ¶ 17. See also SOF ¶¶ 12,14-16.

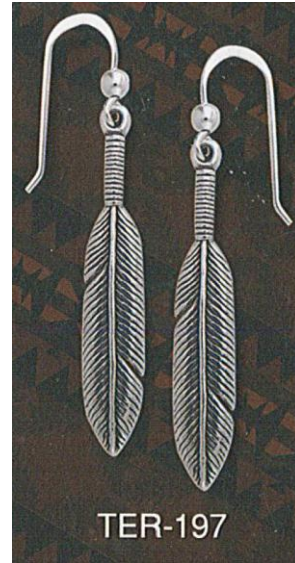
The knock-off counterfeit jewelry sold by Peter Stone is very similar to Authentic items sold by NAA, as proven by the below example, which is but one of more:

Native American Arts Earrings



SOF ¶ 18.

Wolfwalker Collection Earrings



SOF ¶ 17.

Wolfwalker Collection Earrings With Falsely Suggestive Packaging



SOF ¶ 17.

Along with the outright false claims of authenticity (*supra* at 2-7), the wording and imagery on the above Peter Stone packaging is falsely suggestive that the jewelry is Native American produced. *See Native Am. Arts, Inc. v. Peter Stone Co., U.S.A.*, No. 08 CV 3908, 2009 WL 1181483, at *4 (N.D. Ill. Apr. 30, 2009).

Defendant's expert William Hoefer admitted that Defendant's advertisements told consumers that the Wolfwalker Collection was designed and produced by an Authentic Native American. SOF ¶ 19. He testified as follows on that subject:

Q. [One definition of the word "produce", which is used in the IACA to prohibit falsely suggesting that a product is Indian produced] is "to compose, create or bring about by intellectual or physical effort." Do you see that?

A. Yes.

Q. And so, do you agree that Wendy Whiteman helped produce the Wolfwalker Collection?

A. By this definition, yes.

Q. And that's the one that consumers understand, correct, sir?

A. Yes.

Q. So, it's your belief that Peter Stone is telling the public in its advertisements that Wendy Whiteman produced the Wolfwalker Collection, correct?

A. Yes.

...

Q. And so, you would agree that Wendy Whiteman, that she fits that definition of produce, to oversee the making of, based on your review of Peter Koslowski's testimony today?

A. She oversaw the making of, yes.

Q. And you would agree that Wendy Whiteman was the producer of the Wolfwalker Collection, correct?

...

A. She designed the pieces, and then she approved the final production that they did.

Q. So, in that sense, she was the producer of the Wolfwalker Collection, correct, under the English definition of it in Webster's?

A. Well, under the definition, she's a producer, but so are the people who are making it.

Q. Peter Koslowski, if he described that process to the public in his advertisements, he would be saying that Wendy Whiteman was one of the producers of the Wolfwalker Collection, correct, sir?

A. I think he would say "designer."

Q. A designer can be one of the producers of a jewelry collection, sir, under the Webster's Dictionary definition, correct, sir?

A. Yes.

Q. And the designer can be one of the creators of a jewelry collection, as well, if they designed it, correct, sir?

A. Yes.

Q. And to design something and give birth to it is also to produce it, correct, sir, under the common English definition?

...

A: Yes, it can be.

...

Q. And Wendy Whiteman can be the producer of the Wolfwalker Collection, even though she doesn't make the jewelry in Thailand, correct, sir, to the public?

...

A: By your definition, yes, sir.

Q. It's not just my definition, that's the Webster's Dictionary definition, the one the general public uses, correct, sir?

...

A: Yes, the dictionary definition.

...

Q. So, Wendy Whiteman, by her intellectual effort, created and produced the Wolfwalker Collection based on Peter Koslowski's testimony, correct, sir?

...

A. Yes.

SOF ¶ 19.

Hoefler also admitted that many consumers would trust the message in Defendant's advertising and would believe that the Wolfwalker Collection was designed by a real Native American. He testified:

Q. So, the marketing methods that the vendor intends to convey is likely the message that most consumers will receive, correct, sir?

...

A. Yes.

...

Q. And Peter Stone intended to convey that Wendy Whiteman was an authentic Native American Indian, right?

A. As per his testimony, yes.

Q: Assuming that if a consumer is not a trained expert, the reliance on the representations by the vendor is one of the keys to knowing if the goods are likely to be understood by consumers to be designed or produced by a Native American, correct?

...

A. Yes, it depends on what he states, how he states it.

...

Q. Assuming the consumer is not a trained expert, the reliance on the representations by the vendor is one of the keys to knowing if the goods are likely to be understood by consumers to be Native American-produced, correct?

A. Could be, yes.

...

Q. Sir, if the vendor says that the product has been produced by a real Native American, an authentic Native American Indian, then an untrained consumer is likely to understand the product to be produced by a real Native American?... Produced by a Native American, with the broad Webster's definition. You can use "produced" or "designed." You can use both definitions or one or the other.

...

A. Well, let's say "designed." If he states specifically that it's designed by a Native American, then that's what he's stating, that would be assumed.

SOF ¶ 19.

Peter Stone's false advertising and counterfeiting activities directly and proximately caused NAA to suffer a wide variety of intangible economic injuries to its business reputation and the reputation of the congressionally granted authentic Indian arts and crafts designation of origin that its business relies upon. SOF ¶¶ 20-23. NAA's President Matt Mullen outlines these injuries in great detail in his deposition testimony and affidavit. SOF ¶¶ 20-23.

These injuries include: (a) reputation and good will loss to NAA's business by having to deal with consumer mistrust caused by the deceptive practices engaged in by Peter Stone and other wrongdoers who violate the IACA; (b) diminution in value to the congressionally granted designation of origin in genuine or authentic Native American arts and crafts that NAA uses and relies upon to promote its business and make a livelihood; and (c) misappropriation of NAA's advertising and promotional investment in genuine Native American arts and crafts due to Peter Stone free riding on those efforts. SOF ¶¶ 20-23.

III. Argument

The IACA states in relevant part:

A person specified in subsection (d) may... bring an action against a person who, directly or indirectly, offers or displays for sale or sells a good... in a manner that falsely suggests it is Indian produced, an Indian product, or the product of a particular Indian. 25 U.S.C. §305e

Here there can be no dispute that Peter Stone violated the IACA. Defendant admittedly falsely advertised that the Wolfwalker Collection was designed, made and produced by a real Native American, Wendy Whiteman. SOF ¶¶ 9-17. Peter Stone's own expert admitted that Peter Stone's advertising holds out that the Wolfwalker collection was produced by a Native American as the term produced is defined in Webster's Dictionary. SOF ¶¶ 19, 25. He also admitted that many consumers would be deceived into believing that Wolfwalker Collection was produced by a Native American based on Peter Stone's advertising. SOF ¶¶ 19. Further, since Peter Stone itself believed its own false advertising, it cannot dispute that such advertising violated the IACA. SOF ¶¶ 4-5, 9.

Dilution of a trademark, or in this case the congressionally created designation of origin for terms such as "Authentic Native American Jewelry," requires some proof that the use of designation of origin decreases its commercial value. If the plaintiff holds a distinctive trademark, or in this case a designation of origin that Congress in the IACA has declared is distinctive, it is enough that the defendant has made significant use of a very similar designation or mark to demonstrate a decrease in its value. *See Community Federal Savings & Loan Assoc. v. Orondorff*, 678 F.2d 1034, 1035 (11th Cir.1982). Here, the record supports the finding that Defendant extensively advertised the Wolfwalker Collection as authentic Native American Jewelry produced by a real Native American named Wendy Whiteman a/k/a Wolfwalker. SOF ¶¶ 11-17. This leads to the inevitable conclusion that Peter Stone decreased the value of that designation of origin, thereby harming NAA and all other sellers of genuine or authentic Indian designed, made or produced jewelry products who are in the "zone of interest" protected by IACA. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388-90 (2014).

As the Court in *Treasure Box, Inc.*, 2013 WL 2402922 at *9 held, there are situations, such as counterfeiting well known designer purses, where the facts are so clearly one-sided that there is no question that consumer confusion as to the source of goods is likely, and in those cases liability for infringement may be resolved on summary judgment. *See CAE, Inc., supra*, 267 F.3d at 677; *AutoZone, Inc. v. Strick*, 543 F.3d 923, 929 (7th Cir.2008); *Door Sys. Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 173 (7th Cir.1996); *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir.1993); *Forum Corp. Of North Am. v. Forum, Ltd.*, 903 F.2d 434, 438 (7th Cir.1990) (“We have stated a number of times that the trial court’s ultimate conclusion on the likelihood of confusion is a finding of fact”).

Likewise, the Court in *Diva’s House of Style*, 2012 WL 6049722 at *8 in granting summary judgment held:

In this case, Defendants have admitted to knowingly displaying and/or offering for sale non-authentic Coach-labeled merchandise, that the intent in connection with selling the non-authentic Coach-labeled items was to profit from the value associated with Coach’s distinctive, proprietary Marks, and that the violations of the Lanham Act were willful in nature. Defendants purchased and resold products bearing substantially similar, if not identical, Coach Marks because they were attempting to “trade off” on Coach’s Marks. Ultimately, there is no genuine issue of material fact that Defendants knowingly adopted Marks similar to Coach’s, with the intent to mislead consumers into believing that the products were affiliated with Coach.

See also *Fila U.S.A., Inc. v. Kim*, 884 F. Supp. 491, 494 (S.D. Fla. 1995) (“Where a counterfeit item is virtually identical to the genuine item, the “very purpose of the individuals marketing the cheaper [counterfeit] items is to confuse the buying public into believing that it is buying the true article.” citing *In re Vuitton et Fils S.A.*, 606 F.2d 1, 4 (2d Cir.1979)).

In this case, as in *Treasure Box, Inc.* and *Diva’s House of Style*, there is no question that Peter Stone falsely offered counterfeit Native American products as if they were produced by a real Native American. Peter Stone’s owner and his expert witness both admitted these acts of

false designation of origin or counterfeiting which now support entry of summary judgment on liability. SOF ¶¶ 9-10, 19.*

This Court can enter summary judgment simply by reviewing: (a) the false advertisements misrepresenting that the Wolfwalker Collection is produced by a real Native American; (b) the admissions of Peter Stone's owner and expert that the false advertisements likely caused consumers to incorrectly believe, just as Peter Stone did, that the Wolfwalker collection was produced by a Native American; and (c) the undisputed testimony of NAA's owner that NAA suffered reputational, dilution and free-rider injury directly and proximately caused by Peter Stone's admitted statutory violations. Based on that undisputed record summary judgment should enter in favor of NAA on liability.

IV. Conclusion

For the foregoing reasons, summary judgment on liability in favor of NAA should be entered.

NATIVE AMERICAN ARTS, INC.

By: /s/ John R. McInerney
One of its Attorneys

Peter S. Lubin
Vincent L. DiTommaso
John R. McInerney
DITOMMASO ♦ LUBIN, P.C.
17W220 22nd Street, Suite 410
Oakbrook Terrace, IL 60181
(630) 333-0000
psl@ditommasolaw.com

Terrence Buehler
Touhy, Touhy & Buehler, LLP
55 W. Wacker Dr., Suite 1400
Chicago, IL 60601
(312) 372-2209
tbuehler@touhyllaw.com