

**IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

**MARY KAY INC.,** §  
§  
**Plaintiff,** §  
§  
v. §  
§  
**Civil Action No. 3:08-CV-00776-G**  
**AMY L. WEBER, SCOTT J. WEBER,** §  
**and TOUCH OF PINK COSMETICS,** §  
§  
**Defendants.** §

---

**MARY KAY INC.'S MOTION FOR ENTRY OF JUDGMENT  
AND FOR A PERMANENT INJUNCTION**

---

John T. Cox III  
Texas Bar No. 24003722  
tcox@lynllp.com  
Jeffrey M. Tillotson, P.C.  
Texas Bar No. 20039200  
jmt@lynllp.com  
Christopher J. Schwegmann  
Texas Bar No. 24036724  
cschwegmann@lynllp.com

**LYNN TILLOTSON PINKER & COX, LLP**  
750 N. St. Paul Street, Suite 1400  
Dallas, Texas 75201  
(214) 981-3800 Telephone  
(214) 981-3839 Facsimile

**ATTORNEYS FOR MARY KAY INC.**

April 3, 2009

## **TABLE OF CONTENTS**

TABLE OF AUTHORITIES .....	ii
I. Summary.....	1
II. Argument and Authorities .....	2
A. The Court Should Enter Judgment For Defendants' Pre-Tax Net Profits and Post-Judgment Interest at the Applicable Legal Rate. ....	2
B. Mary Kay Satisfies the Traditional Four Factor Test for an Injunction.....	3
1. Mary Kay Has Suffered Irreparable Harm. ....	3
2. Legal Damages Are Not Adequate to Compensate Mary Kay.....	5
3. The Balance of Hardships Favors the Entry of a Permanent Injunction. ....	6
4. An Injunction Serves the Public Interest. ....	7
C. This Court Should Enter a Broad Injunction to Protect Mary Kay From Any Future Trademark Infringement or Unfair Competition. ....	8
1. The Court Should Enjoin Defendants From Using the Name "Touch of Pink Cosmetics" or "MaryKay1Stop" To Sell Non-Genuine Mary Kay Products. ....	9
2. The Court Should Enjoin Defendants From Selling Old or Expired Mary Kay Products and Order the Destruction of All Such Products Currently in Defendants' Possession, Custody or Control.....	10
3. The Court Should Enjoin Defendants From Using Mary Kay's Trademarks in Any Advertising Except to Identify the Mary Kay Product By Name. ....	13
III. Conclusion.....	15
CERTIFICATE OF CONFERENCE.....	17
CERTIFICATE OF SERVICE .....	18

## TABLE OF AUTHORITIES

### Cases

<i>Allstate Ins. Co. v. Allstate Inc.</i> , 307 F. Supp. 1161 (N.D. Tex. 1969).....	12
<i>Amana Soc. v. Gemeinde Brau, Inc.</i> , 417 F. Supp. 310 (N.D. Iowa 1976) .....	12
<i>Chemlawn Servs. Corp. v. GNC Pumps, Inc.</i> , 690 F. Supp. 1560 (S.D. Tex. 1988) .....	4
<i>Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.</i> , 659 F.2d 695 (5th Cir. Unit A 1981) .....	8
<i>eBay v. MercExchange</i> , 547 U.S. 388 (2006).....	3
<i>Enterprises, Inc. v. P.K. Sorren Export Co.</i> , 546 F.Supp. 987 (S.D. Fla. 1982) .....	12
<i>Fendi S.A.S. Di Paola v. Cosmetic World, Ltd.</i> , 642 F. Supp. 1143 (S.D.N.Y. 1986) .....	12
<i>Kentucky Fried Chicken v. Diversified Packaging Corp.</i> , 549 F.2d 368 (5th Cir. 1977) .....	8
<i>L.P. Larson, Jr., Co. v. Wm. Wrigley, Jr., Co.</i> , 277 U.S. 97 (1928) .....	2
<i>Pebble Beach Co. v. Tour 18 Ltd.</i> , 155 F.3d 526 (5th Cir. 1998).....	2, 8
<i>Quick Technologies, Inc. v. Sage Group PLC</i> , 313 F.3d 338 (5th Cir. 2003) .....	2
<i>Acme Refrigeration Supplies v. Acme Refrigeration</i> , 961 F. Supp. 936 (E.D. La. 1996).....	3
<i>Warner-Lambert Co. v. Northside Dev. Co.</i> , 86 F.3d 3 (2d Cir. 1996) .....	7
<i>Am. Rice, Inc. v. Producers Rice Mill, Inc.</i> , No. H-05-3227, 2006 WL 1984592 (S.D. Tex. July 14, 2006).....	5
<i>Conan Properties, Inc. v. Conans Pizza, Inc.</i> , 752 F.2d 145 (5th Cir. 1985) .....	8
<i>DS Waters of America, Inc. v. Princess Abita Water, L.L.C.</i> , 539 F.Supp.2d 853 (E.D. La. 2008).....	6
<i>Elvis Presley Enterprises, Inc. v. Capece</i> , 141 F.3d 188 (5th Cir. 1998) .....	9

<i>Hawkins Pro-Cuts v. DJT Hair,</i> No. CA 3-96-CV-1728-R, 1997 WL 446458 (N.D. Tex. July 25, 1997).....	3
<i>Sunbeam Products, Inc. v. West Bend Co.</i> , 123 F.3d 246 (5th Cir. 1997).....	8
<i>Whittaker Corp. v. Execuair Corp.</i> , 953 F.2d 510 (9th Cir. 1992) .....	12
<i>Windsurfing Int'l Inc. v. AMF, Inc.</i> , 782 F.2d 995 (Fed. Cir. 1986).....	6

## **Other**

McCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (4th ed.).....	2
RESTATEMENT (THIRD) OF UNFAIR COMPETITION (1995) .....	2

TO THE HONORABLE COURT:

COMES NOW Plaintiff Mary Kay Inc. (“Mary Kay”) and moves for entry of judgment and for a permanent injunction pursuant to 15 U.S.C. § 1116, 15 U.S.C. § 1118, and Rules 58 and 65(d) of the Federal Rules of Civil Procedure against Defendants Amy L. Weber, Scott J. Weber, and Touch of Pink Cosmetics (collectively, “Defendants”).<sup>1</sup>

**I. Summary**

After a trial on the merits, the jury found that Defendants infringed Mary Kay’s trademarks and engaged in unfair competition and passing off with the specific intent to cause confusion, to cause mistake, and to deceive. The jury also rejected all of Defendants’ affirmative defenses, and awarded Mary Kay an accounting of profits. Based on the jury’s verdict, Mary Kay now seeks the entry judgment for the amount of \$1,139,962.00, plus post-judgment interest at the applicable legal rate.

Mary Kay also seeks the entry of a permanent injunction to prohibit Defendants (and to protect Mary Kay) from any future acts of infringement, unfair competition, and passing off. Specifically, this Court should enjoin Defendants from: (1) promoting, advertising, offering for sale, selling, or otherwise distributing any Mary Kay products using the names “Touch of Pink Cosmetics” or “MaryKay1Stop;” (2) promoting, advertising, offering for sale, selling or otherwise distributing any products originally manufactured by Mary Kay that are beyond their shelf lives and/or expiration dates; and (3) using Mary Kay’s trademarks in any manner suggesting that Defendants are endorsed by, sponsored by, or otherwise affiliated with Mary Kay.

---

<sup>1</sup> Pursuant to Rule 54(d)(2)(B) of the Federal Rules of Civil Procedure, Mary Kay will file its motion for attorneys’ fees and costs within 14 days of the entry of final judgment.

## **II. Argument and Authorities**

### **A. The Court Should Enter Judgment For Defendants' Pre-Tax Net Profits and Post-Judgment Interest at the Applicable Legal Rate.**

Mary Kay respectfully requests that this Court enter judgment in its favor for \$1,139,962.00, plus post-judgment interest at the applicable legal rate. Section 1117(a) of the Lanham Act authorizes a trademark holder to recover any profits derived from the defendants' infringing conduct, subject to the principles of equity. *See* 15 U.S.C. § 1117(a). Here, after hearing all of the evidence, the jury found Defendants liable on all claims and that Defendants acted "voluntarily and intentionally and with the specific intent to cause confusion, to cause mistake, or to deceive." *See* Court's Instructions to the Jury. This Court instructed the jury to consider all of the relevant legal factors and the jury awarded Mary Kay an accounting of Defendants' profits. *See* Court's Instructions the Jury at 21-22, 32. Accordingly, this Court should enter judgment for Defendants' profits in accordance with section 1117(a) and the jury's verdict.

Regarding the amount of Defendants' profits, this Court should award Defendants' pre-tax profits. It is well-established that a defendant may not deduct the income taxes paid on profits where, as here, the infringement was willful, conscious, or deliberate. *See L.P. Larson, Jr., Co. v. Wm. Wrigley, Jr., Co.*, 277 U.S. 97 (1928); MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (4th ed.) § 30:67 (listing cases); RESTATEMENT (THIRD) OF UNFAIR COMPETITION (1995) § 37 cmt. g ("Income taxes paid by defendant on the profits for which it is accountable should not generally be deducted in computing the defendant's liability."). As noted above, the jury found that Defendants acted willfully, "with the specific intent to cause confusion, to cause mistake, or to deceive." Further, the parties stipulated that Defendants' pre-tax net profits were \$1,139962.00. Based on the jury's verdict, this Court should award the entire amount of Defendants' pre-tax net profit for the years 2005-2008. Accordingly, Mary Kay respectfully requests judgment for \$1,139,962.00, plus post-judgment interest at the applicable legal rate.

**B. Mary Kay Satisfies the Traditional Four Factor Test for an Injunction.**

In addition, Mary Kay requests that this Court enter a permanent injunction against Defendants to prohibit future acts of infringement, unfair competition, and passing off. Under the Lanham Act, the district court has discretion to enter an injunction to prevent a defendant's continued infringement and unfair competition. 15 U.S.C. § 1116 (a). A plaintiff seeking a permanent injunction must satisfy the traditional four-factor test for an injunction: (1) that it has suffered an irreparable injury, (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the patent owner and infringer, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. *See eBay v. MercExchange*, 547 U.S. 388, 391 (2006). As shown below, Mary Kay has satisfied all of these factors.

**1. Mary Kay Has Suffered Irreparable Harm.**

Mary Kay has suffered, and absent injunctive relief will continue to suffer, irreparable harm in the form of damage to Mary Kay's goodwill and brand name. *See Acme Refrigeration Supplies v. Acme Refrigeration*, 961 F. Supp. 936, 938-39 (E.D. La. 1996) (holding that a trademark user suffers a loss of goodwill and damage to its reputation when it cannot control another's use of its marks).<sup>2</sup> Here, the jury found a likelihood of confusion, which can alone constitute irreparable harm. *See, e.g., Hawkins Pro-Cuts v. DJT Hair*, No. CA 3-96-CV-1728-R, 1997 WL 446458, at \*7 (N.D. Tex. July 25, 1997) ("The likelihood of confusion . . . can constitute irreparable harm in a trademark case."); *Chelawn Servs. Corp. v. GNC Pumps, Inc.*,

---

<sup>2</sup> This is especially true given the type of non-genuine Mary Kay products sold by Defendants. Courts are more likely to find irreparable harm where, as here, the mark holder cannot control the quality of the goods and services sold by the defendants. *See DS Waters of America, Inc. v. Princess Abita Water, L.L.C.*, 539 F.Supp.2d 853, 863 (E.D. La. 2008); *see also Quantum Fitness Corp. v. Quantum LifeStyle Centers, LLC*, 83 F.Supp.2d 810 (S.D. Tex. 1999) ("When likelihood of confusion exists, trademark infringement plaintiff's lack of control over quality of defendant's goods or services constitutes immediate and irreparable injury . . . regardless of the actual quality of those goods or services."). By their own admission, the vast majority of the products sold by Touch of Pink are old and/or expired, and Touch of Pink lacks any meaningful quality control procedures to ensure that consumers only receive genuine Mary Kay products.

690 F. Supp. 1560, 1569 (S.D. Tex. 1988) (“likelihood of confusion . . . by its very nature causes irreparable harm.”).

The evidence supporting a likelihood of confusion at trial was overwhelming. On the Touch of Pink website, Defendants use the Mary Kay trademarks extensively on the home page, the “About Us” page, and throughout the website. App. at 14-15 (Tr. at 136:24-137:8). Defendants also use photographs similar to the photographs used by Mary Kay to promote Mary Kay’s products on Mary Kay’s website, and use product descriptions that “are almost identical” to descriptions and marketing copy that Mary Kay uses in its literature. App. at 13 (Tr. at 134:10-14); App. at 16 (Tr. 142:19-22); App. at 14 (Tr. at 136:16-18). Defendants sell other items only available to beauty consultants through Mary Kay, such as apparel, awards, promotional items, and other gifts (collectively, “Section 2 Items”), and have even sent their customers Mary Kay’s product catalogs and marketing samples. App. at 17 (Tr. 156:1-12); App. at 71 (Tr. at 556:6-557:12). Ms. Beitler, Mary Kay’s Chief Counsel – U.S., summarized Defendants’ unlawful conduct as follows:

Q. What’s the problem in your mind?

A. The problem here is the manner in which these products are being sold by the Webers. To start with, the way they are driving people to the site through the purchase of our trademarks and trade names. When people are on the internet looking for Mary Kay, they are diverting traffic to Touch of Pink. . . . They are using our trademarks. Just the site itself is made to look like it’s affiliated with Mary Kay, even down to the color pink.

Q. What are you worried is going to happen as a result of that appearance or look of affiliation?

A. We are concerned that it’s going to create confusion in the minds of consumers. Not only in the minds of consumers with products but independent beauty consultants as to our affiliation with or endorsement of the site. And it’s a concern because they are not selling Mary Kay products. They are selling expired products.

App. at 31 (Tr. at 305:14-306:8).

The combination of all of these elements, including Defendants' use of Mary Kay's trademarks, the various representations made on Defendants' web site, and the fact that Touch of Pink sells old and expired products, causes confusion among consumers and irreparable harm to Mary Kay. App. at 18 (Tr. 157:4-7). In fact, Mary Kay received emails from consumers demonstrating actual confusion regarding Touch of Pink's affiliation with Mary Kay. *See* Tr. Ex. 259; App. at 27 (Tr. at 265:25-266:8); *see also* Tr. Ex. 311. Ms. Weber also conceded that she received emails from consumers inquiring whether Touch of Pink is affiliated with Mary Kay. App. at 54 (Tr. at 472:6-10). Indeed, one of Touch of Pinks customers even stated, "I am aware [Touch of Pink] is a consultant web site, and this is why I'm willing to shop there." *See* Tr. Ex. 323; App. at 73 (Tr. at 566:10-567:5). Defendants received similar emails from other consumers demonstrating actual confusion. *See, e.g.*, Tr. Exs. 102, 328, 322, and 327. Ms. Beitler testified that these emails concerned her because they demonstrated that consumers are confused regarding Touch of Pink's affiliation with Mary Kay. App. at 29 (Tr. at 268:24-269:4).

## ***2. Legal Damages Are Not Adequate to Compensate Mary Kay.***

Although the jury awarded Mary Kay an accounting of Defendants' profits, legal damages are not alone adequate to compensate Mary Kay for Defendants' continuing trademark infringement and unfair competition because the damage to Mary Kay's goodwill and brand name cannot be easily quantified. These types of ongoing injuries to one's reputation cannot be adequately compensated by money damages. *See Am. Rice, Inc. v. Producers Rice Mill, Inc.*, No. H-05-3227, 2006 WL 1984592, at \*8 (S.D. Tex. July 14, 2006).

Ms. Shasteen, Mary Kay's Chief Marketing Officer, testified that the "Mary Kay" trade name and trademarks are "extremely important" to Mary Kay's business, "particularly given the fact that Mary Kay was a real person and she was the founder of [Mary Kay], and everything that [the company] does is based on her philosophy and approach to business." App. at 8 (Tr. 48:15-20). As a result, Mary Kay spends "tens of millions of dollars" to promote its brands in women's

magazines, catalogs, product samplers, and on the Internet. App. at 8-9 (48:24-49:3); *see also* App. at 9 (Tr. 49:4-13); App. at 10 (Tr. 51:3-7). She also testified that Touch of Pink's conduct has hurt Mary Kay in the marketplace, and it "could be extremely harmful to the goodwill that [Mary Kay has] worked for almost forty-six years." App. at 19 (Tr. at 166:2-4). She further testified that this harm cannot be easily quantified in money damages. App. at 19 (Tr. at 166:19-22) ("How do you say how much forty-five years of doing business the Mary Kay way is worth? How do you put a number on that? I don't think you can."). Accordingly, Mary Kay has satisfied the first and second requirements for a permanent injunction.

### **3. *The Balance of Hardships Favors the Entry of a Permanent Injunction.***

The balance of hardship favors Mary Kay. Mary Kay will continue to suffer irreparable harm if Defendants' conduct is not enjoined. As shown above, the evidence proving a likelihood of confusion at trial was overwhelming; indeed, the jury found Defendants liable on all of Mary Kay's claims, and that Defendants had "the specific intent to cause confusion, to cause mistake, and to deceive." Absent injunctive relief, Mary Kay would be required to return to the courts continuously to demand relief from Defendants' unlawful use of Mary Kay's trademarks.

Defendants, on the other hand, cannot complain of any hardship caused by their trademark infringement and unfair competition because such a hardship is imposed by law. The fact that the infringing product is the defendant's primary product, and that an injunction might therefore put the defendant out of business, cannot justify denial of injunctive relief. *Windsurfing Int'l Inc. v. AMF, Inc.*, 782 F.2d 995, 1003, n. 12 (Fed. Cir. 1986) ("One who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected."). Moreover, having now been found guilty of willful infringement, unfair competition, and passing off, Defendants cannot complain about a permanent injunction that prohibits them from any future unlawful conduct.

#### **4. An Injunction Serves the Public Interest.**

Finally, a permanent injunction serves the public interest because it would protect the rights of trademark holders generally, and would also remove old, expired, and defective products from the marketplace. *See DS Waters of America, Inc. v. Princess Abita Water, L.L.C.*, 539 F.Supp.2d 853, 863 (E.D. La. 2008) (stating “the consuming public has an interest in protecting the integrity of trademarks because they secure for the owner benefits of a good reputation”); *see also Warner-Lambert Co. v. Northside Dev. Co.*, 86 F.3d 3, 8 (2d Cir. 1996) (enjoining the defendant from selling products beyond the manufacturer’s established twenty-four month shelf life). The evidence at trial conclusively established that products that are beyond their shelf lives and/or expiration dates are not genuine Mary Kay products.

The majority of products sold on Touch of Pink are old, beyond their shelf life or expired. Ms. Weber herself conceded that approximately *seventy-five percent* of the Mary Kay products are beyond the products’ shelf life or expiration date. App. at 50 (Tr. at 467:8-12). Mr. Lance Margheim, Mary Kay’s Director of Technical Information, reviewed “every single Mary Kay product” on the website and confirmed that the majority of the products offered for sale by Touch of Pink are beyond their shelf life or expired. App. at 48 (Tr. at 443:4-13). Mr. Margheim also testified that those products are “materially different” from the products sold by Mary Kay, are “not genuine” Mary Kay products, and are “defective” because of their age. App. at 48-49 (Tr. at 443:22-444:4).

Ms. Wickham, Mary Kay’s Vice President of Product Quality, emphasized that the age of Mary Kay products is a “very important” factor in determining product stability. App. at 35 (Tr. at 315:6-7). According to Ms. Wickham, the age of the products is “critical” because the preservatives in the products “can and do degrade over a period of time,” causing unwanted microbes and other contaminants to grow in the product. App. at 35 (Tr. at 315:12-25). With certain other products, like sunscreens, the active ingredients contained in those products may also degrade over time, causing the products to become less effective. App. at 36 (Tr. at 316:6-

17) (stating a consumer may get a sunburn by using expired sunscreen). The fact that Touch of Pink continues to sell these products is wrong and unlawful; worse yet, Ms. Weber does not warn her customers that they may be purchasing old or expired product when ordering from her website. App. at 68 (Tr. at 527:12-22); *see also* App. at 70 (Tr. at 535:17-20). On these facts, a permanent injunction clearly serves the public interest.<sup>3</sup> Accordingly, Mary Kay has satisfied all of the elements for a permanent injunction, and respectfully requests that this Court grant Mary Kay's motion.

**C. This Court Should Enter a Broad Injunction to Protect Mary Kay From Any Future Trademark Infringement or Unfair Competition.**

This Court should enter a broad injunction to protect Mary Kay from any future acts of trademark infringement, unfair competition, and passing off. In fashioning the scope of a permanent injunction, the court may “proscribe activities that, standing alone, would have been unassailable.” *Pebble Beach Co.*, 155 F.3d at 550; *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 705 (5th Cir. Unit A 1981) (stating a “competitive business, once convicted of unfair competition in a given particular, should thereafter be required to keep a *safe distance* away from the margin line—even if that requirement involves a handicap as compared with those who have not disqualified themselves”) (emphasis added); *Kentucky Fried Chicken v. Diversified Packaging Corp.*, 549 F.2d 368, 390 (5th Cir. 1977).

This “safe distance” rule “permits the court to issue injunctions that sweep more broadly than the Lanham Act would permit against a manufacturer who has not already been found liable for trademark infringement.” *Sunbeam Products, Inc. v. West Bend Co.*, 123 F.3d 246, 260 (5th Cir. 1997) (“[T]he district court possesses broad discretion to vindicate the preliminary injunction by prohibiting subsequent modifications that do not move a ‘safe distance’ away from

---

<sup>3</sup> This injunction also serves the public interest because it would prevent Defendants from confusing the public about the quality of Mary Kay products. The evidence at trial overwhelming proved that Defendants use Mary Kay’s products with the specific intent to cause confusion, to cause mistake, and to deceive consumers regarding Defendants’ affiliation with Mary Kay. By selling old, expired, and non-genuine products to consumers, often without any warning, Defendants mislead the public about the quality of Mary Kay’s authentic products. This Court should prohibit Defendants from further confusing the public in this fashion.

the trademark infringement.”). This rule guarantees that the purpose of the Lanham Act is not frustrated by the defendant’s subsequent attempts to “modify his behavior ever so slightly and attempt to skirt the line of permissible conduct.” *See Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 154 (5th Cir. 1985).<sup>4</sup> Mary Kay respectfully asks this Court to enjoin Defendants from the following conduct:

**1.     *The Court Should Enjoin Defendants From Using the Name “Touch of Pink Cosmetics” or “MaryKay1Stop” To Sell Non-Genuine Mary Kay Products.***

This Court should enjoin Defendants from promoting, advertising, offering for sale, selling, or otherwise distributing any product originally manufactured by Mary Kay using the names “Touch of Pink Cosmetics” or “MaryKay1Stop.” *See Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 192 (5th Cir. 1998) (enjoining use of the infringing name “The Velvet Elvis”). Here, like in *Elvis Presley Enterprises*, the evidence at trial proved that Defendants chose the names “MaryKay1Stop” and “Touch of Pink” because those names suggest an affiliation with Mary Kay. With respect to “MaryKay1Stop,” Ms. Weber admitted that she was “trading on the recognition and the valuable goodwill” of the registered Mary Kay trademarks. App. at 55 (Tr. at 491:16-18). With respect to the name “Touch of Pink,” Ms. Weber conceded that people “associate pink with Mary Kay.” App. at 57 (Tr. at 495:21-23). This Court should enjoin Defendants from using Mary Kay’s trademarks in connection both trade names.

Defendants have now operated Touch of Pink for approximately three years, intentionally using Mary Kay trademarks to cause confusion and to deceive consumers. Defendants finally added an inconspicuous and ineffective disclaimer to the bottom of the website’s home page. Ms. Weber testified at trial that she does not spend as much money on keyword advertising to

---

<sup>4</sup> This “safe distance” rule is particularly applicable in this case because Defendants have already made various changes to their website in an attempt to “skirt the line of permissible conduct.” *Conan Properties, Inc.*, 752 F.2d at 154. Among other cosmetic changes, Defendants added certain disclaimers, changed the color scheme, and added the trademark registration symbol to certain Mary Kay product descriptions listed on Touch of Pink. Defendants have not, however, changed the name of their website, and they continue to use Mary Kay’s trademarks for purposes that go well-beyond the mere identification of the products for sale on the website. It is clear from these changes that Defendants hope to continue to trade off of Mary Kay’s goodwill with the specific intent to confuse consumers regarding their affiliation with Mary Kay.

drive consumer traffic to her website because approximately 74% of her business now comes from repeat customers. App. at 75 (Tr. at 582:15-19). Because those customers purchased from Touch of Pink when Defendants used Mary Kay's marks with the specific intent to cause confusion, mistake or to deceive, Touch of Pink should not be allowed to retain the goodwill that they have already misappropriated from Mary Kay. Indeed, to allow Defendants to continue to operate using these trade names would reward them for almost three years of intentional and willful infringement. Accordingly, this Court should enjoin Defendants from using the name "Touch of Pink Cosmetics" and "Mary Kay1Stop" in connection with the sale of Mary Kay products.

**2. *The Court Should Enjoin Defendants From Selling Old or Expired Mary Kay Products and Order the Destruction of All Such Products Currently in Defendants' Possession, Custody or Control.***

This Court should enjoin Defendants from promoting, advertising, offering for sale, selling, or otherwise distributing any product originally manufactured by Mary Kay that is beyond its shelf life or expiration date. Mary Kay proved at trial that products beyond their shelf life and/or expired products are "materially different" from the products sold by Mary Kay, are "not genuine" Mary Kay products, and are "defective" because of their age. App. at 48 (Tr. at 443:22-444:4). The evidence also proved that those products are potentially unsafe; specifically, that the preservatives in certain products, like eye products, degrade over time, causing unwanted microbes and other contaminants to grow in the product. App. at 35 (Tr. at 315:12-25). Certain other products, like sunscreens, have active ingredients that may also degrade over time, causing the products to become less effective. App. at 36 (Tr. at 316:6-17) (stating a consumer may get a sunburn using expired sunscreen). In finding Defendants liable for trademark infringement, passing off and unfair competition, and in rejecting their first sale defense, the jury found that Defendants are not selling genuine Mary Kay products. Defendants therefore are not entitled to use the Mary Kay trademarks in connection with the sale of any products that are past their shelf lives or expiration dates.

In *Warner-Lambert*, the Court held that a trademark holder may enjoin the distribution of non-genuine products that do not meet the mark holder's quality control standards. 86 F.3d at 6 (granting injunction against defendant who distributed products beyond the manufacturer's recommended shelf life). The trademark holder must show: "(i) that it has established legitimate, substantial, and non-pretextual quality control procedures, (ii) it abides by these procedures, and (iii) the non-conforming sales will diminish the value of the mark." *Id.*

Here, Mary Kay proved that it has implemented numerous policies, procedures, and guidelines to ensure the quality of its products and to prevent the sale of old or expired products. Renee Wickham, Mary Kay's Vice President of Product Quality, testified that "[q]uality at Mary Kay is extremely important." App. at 33 (Tr. 312:9-13). She explained that Mary Kay incorporates rigorous quality control procedures "throughout the entire life cycle of the products." App. at 33 (Tr. at 312:14-18). For example, Mary Kay conducts "around three hundred thousand tests every year" on its products, including safety and stability tests. App. at 34 (Tr. at 314:4-23). These tests are designed to determine how long the products remain safe and perform in line with consumer expectations. See App. at 35 (Tr. at 315:6-10).

Based on rigorous scientific testing and its research and development, Mary Kay has determined that the average shelf life of its products is three years. App. at 38 (Tr. at 321:17-24); App. at 39 (Tr. at 322:6-14) (stating three years "is the amount of time based on our scientific testing that [Mary Kay] has shown that the product is good to be used, performs as it should, and is safe to use"). Mary Kay also places expiration dates on cosmetic products and over-the-counter drugs that have a shelf life of less than three years. App. at 37 (Tr. at 320:18-20); *see also* Tr. Ex. 150. By placing expiration dates on its products, Mary Kay is guaranteeing that its products remain stable, safe, and functional until the date marked on the package. See Tr. Ex. 150. To prevent the sale of old and expired products, and to allow its IBCs sufficient time to resell those products to consumers, Mary Kay quarantines and destroys products in its inventory that are within six months of their shelf life. App. at 40 (Tr. 328:2-5).

Mary Kay also educates its sales force and its consumers regarding the meaning of its date codes and expiration dates, reminds its IBCs not to deliver products beyond the expiration dates, and informs them regarding the proper storage of cosmetic products to ensure their freshness. *See* App. at 41 (Tr. at 329: 6-13) (discussing educational materials included in the starter kit and on Mary Kay's In Touch website); *see also* App. at 46-47 (Tr. at 434:20-435:13) (Mr. Margheim stating that Mary Kay has "a variety of resources and entities available to our IBCs and they are educated to use that information from themselves to manage their inventory as well as to provide directly to consumers if they have questions about how old the product is"). Touch of Pink, by contrast, lacks any meaningful quality control procedures. Even Ms. Weber conceded that "there is no quality control procedures at Touch of Pink for the incoming product other than to look at it." App. at 70 (Tr. at 533:16-19).

Mary Kay's efforts to educate its sales force to prevent the sale of old and expired products are highly effective. Indeed, less than one half of one percent of the products returned to Mary Kay (out of "many hundreds of millions" sold) relate to the sale of expired products. App. at 47-48 (Tr. at 335:7-336:12). Touch of Pink makes little or no effort to control the quality of its products, and receives about a complaint a day regarding product quality. App. at 66 (Tr. at 522:16-523:9). And apart from innuendo and speculation, Touch of Pink did not adduce *any* trial evidence that Mary Kay's IBCs sell old or expired products to end users. Accordingly, this Court should prohibit Defendants from using Mary Kay's trademarks in connection with the sale of any products that were originally manufactured by Mary Kay, but are now beyond their shelf life and/or expiration dates.

In addition, this Court should order the destruction of all Mary Kay products that are currently in Defendants' possession, custody, or control that are beyond their shelf life and/or expiration date. A Court may order a party to destroy infringing goods to prevent future illegal conduct. *See* 15 U.S.C. § 1118; *see also* *Whittaker Corp. v. Execuair Corp.*, 953 F.2d 510, 519 (9th Cir. 1992) (affirming order requiring the destruction of infringing airplane parts); *Fendi*

*S.A.S. Di Paola v. Cosmetic World, Ltd.*, 642 F. Supp. 1143, 1146-47 (S.D.N.Y. 1986) (ordering destruction of counterfeit goods); *Playboy Enterprises, Inc. v. P.K. Sorren Export Co.*, 546 F.Supp. 987, 997 (S.D. Fla. 1982) (ordering destruction of all shirts bearing infringing rabbit head emblem); *Amana Soc. v. Gemeinde Brau, Inc.*, 417 F. Supp. 310, 312 (N.D. Iowa 1976) (ordering destruction of infringing beer cans); *Allstate Ins. Co. v. Allstate Inc.*, 307 F. Supp. 1161 (N.D. Tex. 1969) (ordering destruction of all advertisements, literature, stationary and papers bearing the infringing mark). At trial, Defendants conceded that 75% of their existing inventory is beyond shelf life and/or expired, and that they use Mary Kay's trademarks to sell those products. Mary Kay respectfully requests that Defendants deliver to counsel for Mary Kay all products originally manufactured by Mary Kay that are beyond their shelf life or expiration date for destruction in accordance with 15 U.S.C. § 1118.

**3. *The Court Should Enjoin Defendants From Using Mary Kay's Trademarks in Any Advertising Except to Identify the Mary Kay Product By Name.***

This Court should also enjoin Defendants from promoting, advertising, offering for sale, selling, or otherwise distributing any product originally manufactured by Mary Kay using Mary Kay's trademarks in a manner suggesting that Defendants are endorsed by, sponsored by, or otherwise affiliated with Mary Kay. The evidence presented at trial was overwhelming that Defendants intentionally created confusion using Mary Kay's trademarks. Given the Defendants' prior unlawful conduct, this Court should bar Defendants from using *any* of Mary Kay's trademarks in any manner, except to identify the specific products for sale. Specifically, this Court should prohibit Defendants from:

- using Mary Kay's trademarks in any advertising, newsletters, or coupons except to identify the name of the products for sale;
- using Mary Kay's catalogs, consultant stickers, sales aids, or any other Section 2 products in connection with the sale of Mary Kay's products;
- using any portion of Mary Kay's product descriptions to describe the products for sale on Defendants' website;

- purchasing keywords containing Mary Kay’s trademarks except to identify the specific products for sale by name;
- representing to consumers that products not currently in Defendants’ inventory are on “backorder;”
- representing to consumers that if they “need products that have future expiration dates” that they should “contact [their] local Mary Kay consultant to purchase those products;”
- representing to consumers that Defendants “offer an outlet to reduce [their] slow moving product;”
- representing to consumers that Amy L. Weber, or any Touch of Pink employee, is a current or former Independent Beauty Consultant;
- representing to consumers that Touch of Pink “has been established by former Mary Kay consultants who are assisting consultants liquidate their inventory;”
- representing to consumers that Touch of Pink provides “a place for consultants and consumers to locate hard to find and retired product or even new Mary Kay items at a great discount;”
- representing to consumers and Independent Beauty Consultants that “if your product is less than 12 months old, you can send them back to Mary Kay Inc. for 90% of wholesale;”
- representing to consumers that Touch of Pink is a “one stop shop” for all of a consumer’s Mary Kay needs;
- representing to consumers that Touch of Pink carries authentic products from former consultants that have never been tested or used; and
- using Mary Kay’s marks in any other manner likely to cause confusion regarding Mary Kay’s sponsorship or affiliation of Defendants’ future business.

The Court should further enjoin Defendants from using the Mary Kay marks to entice current or former IBCs to sell Mary Kay products to Defendants. Defendants’ use of the marks in this manner goes well-beyond any use to describe the products being sold, and may confuse both consumers and IBCs regarding Mary Kay’s approval of such conduct. *See, e.g.,* App. at 51-53 (Tr. at 469-472). The Court should therefore enjoin Defendants from representing to the public that Ms. Weber is “a former Mary Kay IBC so [she] can help you rebalance your

inventory,” and from making any other similar representations that may confuse consultants about Mary Kay’s affiliation with Touch of Pink.

### **III. Conclusion**

For all of the foregoing reasons, Mary Kay respectfully requests that the Court enter judgment and a permanent injunction in the form of judgment attached to this motion.

Dated: April 3, 2009

Respectfully submitted,

/s/ Chris Schwegmann

John T. Cox III  
Texas Bar No. 24003722  
tcox@lynllp.com  
Jeffrey M. Tillotson, P.C.  
Texas Bar No. 20039200  
jmt@lynllp.com  
Christopher J. Schwegmann  
Texas Bar No. 24036724  
cschwegmann@lynllp.com

**LYNN TILLOTSON PINKER & COX, LLP**

750 N. St. Paul Street, Suite 1400  
Dallas, Texas 75201  
(214) 981-3800 Telephone  
(214) 981-3839 Facsimile

**ATTORNEYS FOR MARY KAY INC.**

**CERTIFICATE OF CONFERENCE**

Counsel for movant and counsel for respondent have personally conducted a conference at which there was a substantive discussion of every item presented to the Court in this motion and despite best efforts the counsel have not been able to resolve those matters presented.

Certified to this 3<sup>rd</sup> day of April, 2009.

/s/ Chris Schwegmann

**CERTIFICATE OF SERVICE**

I certify that on April 3, 2009, I electronically filed the foregoing document with the clerk of court for the U.S. District Court, Northern District of Texas. The electronic case filing system sent a "Notice of Electronic Filing" to the following attorneys of record, who have consented in writing to accept this Notice as service of this document by electronic means:

Elizann Carroll, Esq.  
RICHARD LAW GROUP, INC.  
8411 Preston Road, Suite 890  
Dallas, Texas 75225

/s/ Chris Schwegmann  
Christopher J. Schwegmann