UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

SUMMARY ORDER

RULINGS BY SUMMARY ORDER DO NOT HAVE PRECEDENTIAL EFFECT. CITATION TO A SUMMARY ORDER FILED ON OR AFTER JANUARY 1, 2007, IS PERMITTED AND IS GOVERNED BY FEDERAL RULE OF APPELLATE PROCEDURE 32.1 AND THIS COURT'S LOCAL RULE 32.1.1. WHEN CITING A SUMMARY ORDER IN A DOCUMENT FILED WITH THIS COURT, A PARTY MUST CITE EITHER THE FEDERAL APPENDIX OR AN ELECTRONIC DATABASE (WITH THE NOTATION "SUMMARY ORDER"). A PARTY CITING A SUMMARY ORDER MUST SERVE A COPY OF IT ON ANY PARTY NOT REPRESENTED BY COUNSEL.

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 3rd day of November, two thousand twenty-six.

PRESENT:

JOSÉ A. CABRANES,
GERARD E. LYNCH,
JOSEPH F. BIANCO,
Circuit Judges.

CHANEL, INC.,

Plaintiff-Appellee,

v. 25-722

WHAT COMES AROUND GOES AROUND LLC, DBA WHAT GOES AROUND COMES AROUND, MHW PROPERTIES, INC., PINES VINTAGE, INC., VINTAGE DESIGNS LTD., WGACA, LLC, WGACA WEB, LLC, WCAGA LA, LLC,

Defendants-Appellants,

SETH WEISSER, GERARD MAIONE, WCAGA WEB LLC,

Defendants.

FOR PLAINTIFF-APPELLEE:	THEODORE C. MAX (Tyler E. Baker, Hyo Jin Paik, Jill M. Pietrini, and Matthew G. Halgren, *on the brief*), Sheppard, Mullin, Richter & Hampton LLP, New York, New York, Los Angeles, California, and San Diego, California.
FOR DEFENDANTS-APPELLANTS:	AMY MASON SAHARIA, Williams & Connolly LLP, Washington, District of Columbia (Lisa S. Blatt, Alexander Heldman, Dana Gotfryd, and Claire Groden, Williams & Connolly, LLP, Washington, District of Columbia; and Peter T. Shapiro, Lewis Brisbois Bisgaard & Smith LLP, New York, New York, *on the brief*).

Appeal from a judgment and order of the United States District Court for the Southern District of New York (Louis L. Stanton, *Judge*).

UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the judgment of the district court, entered on February 26, 2025, is **AFFIRMED**, and its post-trial order, entered on June 26, 2025, is **VACATED** as to the award of costs, and **AFFIRMED** in all other respects, and the case is **REMANDED** for further proceedings consistent with this order.

Defendants-Appellants What Comes Around Goes Around LLC, d/b/a What Goes Around Comes Around, MHW Properties, Inc., Pines Vintage, Inc., Vintage Designs Ltd., WGACA, LLC, WGACA Web, LLC, WCAGA LA, LLC (collectively, "WGACA") appeal from the district court's judgment, entered following a jury trial and a bench trial, imposing liability for violations of the Lanham Act, 15 U.S.C. § 1114 *et seq.*, awarding statutory damages, ordering disgorgement, and permanently enjoining WGACA from using certain trademarks of Plaintiff-Appellee Chanel, Inc., and from the district court's post-judgment order, which, *inter*

alia, denied WGACA's motions for judgment as a matter of law and a new trial pursuant to Rules 50 and 59 of the Federal Rules of Civil Procedure, and awarded certain litigation expenses to Chanel, *see generally Chanel, Inc. v. WGACA, LLC*, No. 18-CV-2253, 2025 WL 1765857 (S.D.N.Y. June 26, 2025). We assume the parties' familiarity with the underlying facts, procedural history, and issues on appeal, to which we refer only as necessary to explain our decision.

BACKGROUND[1]

Chanel is a manufacturer of luxury goods, including handbags. Chanel owns multiple federally registered trademarks, including the wordmark "CHANEL" and the interlocking "C" logo:

CHANEL 

Chanel is the exclusive designer of goods bearing its trademarks; those goods are manufactured in authorized factories on a "to order" basis. Chanel provides its factories with only enough supplies to make the specific number of products that have been ordered and does not authorize factory overruns. Specific Chanel products are assigned a unique serial number and include an authenticity card, sticker, and label to establish genuineness—once a handbag has been authorized for manufacture, assembled, and checked for quality assurance, a serial number label and authenticity card are placed inside the bag, and the bag's description and serial number are recorded in Chanel's internal inventory system, known as "ORLI." If serial numbers are

[1] The facts summarized below are drawn from the evidence adduced at trial.

missing or stolen, Chanel's practice is to void those serial numbers in the ORLI system. Chanel does not specifically authorize secondhand sale of its branded goods. In 2012, 30,000 authenticity cards were stolen from the Renato Corti factory, a third-party factory authorized by Chanel to produce Chanel handbags, in Italy.

WGACA is an online and brick-and-mortar retailer of secondhand luxury goods, including clothing, handbags, jewelry, and accessories. WGACA sources its goods from individuals and wholesalers across the world and, because it guarantees the authenticity of all products sold, employs a team of in-house experts to authenticate goods prior to sale. WGACA advertisements use a combination of its own trademarks and those of the luxury companies whose goods WGACA sells.

In 2018, Chanel brought suit against WGACA, alleging trademark infringement and false association based on WGACA's sale of: (i) 11 Chanel-branded handbags bearing serial numbers that were among those stolen from the Renato Corti factory; (ii) two Chanel-branded handbags that do not match the description in the ORLI system; (iii) 50 Chanel-branded handbags bearing serial numbers that were voided following inventory audits; and (iv) 779 Chanel-branded "counter-support" items that Chanel does not authorize for sale. Chanel also asserted claims for trademark infringement, false association, and false advertising based on WGACA advertisements, retail displays, and website designs that used Chanel's trademarks and images, and quotations attributed to Chanel's founder, Coco Chanel.

At trial, a jury found that WGACA willfully infringed Chanel's trademarks, falsely associated with Chanel, engaged in false advertising, and willfully sold goods bearing counterfeit Chanel marks. The jury awarded Chanel the statutory maximum of $4 million in damages, $2

million per counterfeit mark for willful counterfeiting. The district court then held a bench trial on equitable remedies, after which Chanel moved for entry of a permanent injunction against WGACA and disgorgement of WGACA's profits. The district court subsequently issued a permanent injunction enjoining WGACA from using certain Chanel trademarks and a final judgment, which required WGACA to pay $4 million in statutory damages and $12,739 in disgorgement of WGACA's net profits from its sale of the goods at issue. Following the filing of post-trial motions, the district court issued an order, *inter alia*, (1) denying WGACA's motions for judgment as a matter of law under Rule 50 and a new trial under Rule 59, and (2) denying Chanel's motion for attorneys' fees, but awarding $560,978.97 in litigation expenses (characterized in the attorneys' fees application as "costs").

This appeal followed.

DISCUSSION

On appeal, WGACA does not challenge the jury verdict as to infringement, false association, or false advertising, or the district court's order of disgorgement or permanent injunction. Instead, "WGACA challenges on appeal only the counterfeiting verdict and resulting award of statutory damages and the 'costs' award." Appellants' Br. at 3.

WGACA argues that: (1) the district court erred in instructing the jury on the definition of a counterfeit mark; (2) the district court abused its discretion in excluding evidence that allegedly went to the bias of Chanel's witnesses; (3) the district court's statutory damages award violates due process; and (4) the district court's costs award included unrecoverable attorneys' fees. We address each argument in turn.

I. Jury Instruction on Counterfeit Goods

WGACA contends that the district court erred because its jury instruction on the definition of "counterfeit mark" did not more closely track the statutory definition for that term. In particular, the district court refused to include WGACA's proposed instruction, which would have advised the jury that "[a] counterfeit handbag is one that is a copy and not an original and one that was not manufactured by a factory authorized by Chanel to make Chanel handbags." Joint App'x at 660. WGACA asserts that, in failing to include that instruction, the district court left it unable to argue to the jury "that the bags at issue could not be counterfeits because they were made in the Corti factory, which Chanel authorized to make bags using Chanel's registered marks." Appellants' Br. at 32. In other words, "[a]t most, under WGACA's view of the case, the bags were infringing (because Chanel had not authorized their sale) but not counterfeit." *Id.* WGACA noted that the district court explained this distinction between a counterfeit and infringing good[2] in its summary judgment decision. *See* Joint App'x at 598–99 n.9 ("It is important to observe that there is a special definition of 'counterfeit' which applies to trademark and copyright law. A counterfeit is a copy which is so close that it is difficult to tell from an original. Thus, a shoe which is made in the manufacturer's factory, and meets its specifications, but is unauthorized for sale, is an infringement, but not a counterfeit."). However, according to WGACA, the district court's instruction failed to properly advise the jury of that critical distinction. We disagree.

"We review challenges to a district court's jury instructions *de novo*," but will overturn a verdict on such a challenge "only if (1) the instructions were erroneous, and (2) the error was

[2] Technically, the relevant distinction is between counterfeit and authentic *marks*, not counterfeit and authentic goods. The parties elide this distinction, however, so we largely follow their usage.

prejudicial." *Saint-Jean v. Emigrant Mortg. Co.*, 129 F.4th 124, 147 (2d Cir. 2025). "Jury instructions are erroneous if they mislead the jury or do not adequately inform the jury of the law, and error is prejudicial where the appellant can show that the error, in light of the charge as a whole, improperly influence[d] the jury's verdict." *Id.* (alteration in original) (internal quotation marks and citations omitted). Moreover, in reviewing whether an instruction was erroneous, we have emphasized that "a trial court has discretion in the style and wording of jury instructions so long as the instructions, taken as a whole, do not mislead the jury as to the proper legal standard" or fail to "adequately inform the jury of the law." *Boyce v. Soundview Tech. Grp., Inc.*, 464 F.3d 376, 390 (2d Cir. 2006) (internal quotation marks and citation omitted); *United States v. Banki*, 685 F.3d 99, 105 (2d Cir. 2012) ("While a defendant is entitled to any legally accurate jury instruction for which there is a foundation in the evidence, he does not have a right to dictate the precise language of the instruction. If the substance of a defendant's request is given by the court in its own language, the defendant has no cause to complain." (internal quotation marks and citations omitted)).

The Lanham Act separately defines a "mark" as "any trademark, service mark, collective mark, or certification mark," and "counterfeit" as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. Although the statute does not define "spurious," we have recognized that "[a] 'spurious' mark . . . is one that is 'fake' and '[d]eceptively suggest[s] an erroneous origin.'" *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74, 95 n.18 (2d Cir. 2020) (alterations in original) (quoting *Spurious*, BLACK'S LAW DICTIONARY (11th ed. 2019)). In the context of a civil action for use of a "counterfeit mark," the Lanham Act further defines a "counterfeit mark" as:

> a counterfeit of a mark that is registered . . . [with] the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; . . . but [the] term does not include any mark or designation used on or in connection with goods or services of which the manufacture[r] or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

15 U.S.C. § 1116(d)(1)(B). The carveout in this definition, often referred to as the "overrun exclusion," establishes that goods that are produced by an authorized factory, but not otherwise approved for sale, can be infringing, but do not bear "counterfeit marks." *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25:15 (5th ed. 2026).

Here, we conclude the district court adequately instructed the jury with respect to the definition of a counterfeit mark, including informing them that a mark on a good manufactured by Chanel is not a counterfeit mark. More specifically, the district court's instruction on the definition of a counterfeit mark was as follows:

> A counterfeit trademark means a mark that is not genuine or authentic but is substantially indistinguishable from a registered trademark. A counterfeit handbag is so close a copy that it is difficult to tell it from the original. Deviations between genuine Chanel products and the contested goods, including discrepancies between Chanel records and the actual characteristics of the contested goods, may be evidence that they were not manufactured by Chanel.

Joint App'x at 3988. Although the district court's instruction does not include the verbatim language in the overrun exclusion, it sufficiently conveyed, taken as a whole, that a good is counterfeit if it is "not genuine or authentic," but rather is a "copy" that was "not manufactured by Chanel." *Id.*

Moreover, at several points during the trial, the district court emphasized the important distinction between a counterfeit and an infringing good to the jury. *See Banki*, 685 F.3d at 105

("Jury instructions must be viewed in the context of the entire trial, not separately and in isolation." (internal quotation marks and citation omitted)). For example, the district court interrupted Chanel's opening statement to preview to the jury that "[a] simple infringement is not a counterfeit, and it's a big difference in the law." Joint App'x at 3421. Then the district court interrupted the direct examination of Chanel's first witness to explain this important distinction to the jury:

> Members of the jury, this is an interesting item in respect of what I was saying to you earlier. It is an infringement because it is not something that Chanel itself is offering or would offer or has approved to be offered. It is not a counterfeit because it is not a copy of anything or a close relative of anything, and I'm saying this to you because so often in this case the epithet "counterfeit" is used. That is a misnomer. The accurate statement is it's an infringement, and the difference in damages, in law, is quite serious. So the difference between the common term "counterfeit," not real, and the use in the court is a serious one, and it illustrates what I was saying to you before. It is an infringement, but it is not counterfeit.

Id. at 3430. The district court again reminded the jury of that same distinction during the cross-examination of Chanel's expert on authentication. *Id.* at 3604 ("Let me remind you, because it's simple and clear and easy to be remembered, *if it's not made in a Chanel-authenticated factory, it is not a genuine Chanel*." (emphasis added)).

Thus, contrary to WGACA's contention, these instructions both during the trial and in the final charge gave WGACA the ability to argue in its summation that certain bags at issue were not counterfeit because they were manufactured at a Chanel-authenticated factory. *See, e.g.*, *id.* at 3965 ("[Chanel's witness] conclusively could not tell us if any of the bags were not made at the Corti factory. There wasn't a single witness who told us that the bags were not made at the Corti factory. And further, we were told by [the witness] that the bags were not counterfeit."); *id.* at 3967 ("Chanel has made a decision, a corporate decision that no matter whether it's stolen, it's made in their factory, they know about it, they don't know about it, it

goes out the back door . . . that if it's not in the ORLI database, we don't know about it, it's not real."). In fact, in the summation, WGACA suggested that the Renato Corti theft included not just serial numbers, as admitted by Chanel, but also bags. *See id.* at 3965 ("I mean, why on earth would thieves go into a factory . . . and leave the bags?"). Chanel, in its closing, also acknowledged the distinction between counterfeit and infringing goods:

> But even assuming for the sake of argument that these bags are not counterfeited, and the evidence shows that they are, there is no evidence that any of these handbags were sold by Chanel, went through Chanel's authorized quality control procedures. There is no evidence of that whatsoever. And again, without that evidence, without a sale by Chanel, an authorized sale, *they are at the very least infringements*, and you'll see that when you get your jury instructions.

Joint App'x at 3979 (emphasis added).

In sum, we conclude that the instructions regarding the definition of a counterfeit good given to the jury by the district court, taken as a whole, "[did] not mislead the jury as to the proper legal standard" or fail to "adequately inform the jury of the law." *Boyce*, 464 F.3d at 390 (internal quotation marks and citation omitted).

II. Evidence of Chanel's Motive for Initiating the Lawsuit

WGACA argues that the district court erred in precluding WGACA from introducing evidence that Chanel's enforcement of its trademark rights in the lawsuit was a pretext to eliminate the secondhand market for its goods, which is a position WGACA had advanced throughout the litigation. *See, e.g.*, Defs.' Ltr. Mot. at 5, *Chanel, Inc. v. WGACA, LLC*, No. 18-CV-2253 (S.D.N.Y. Nov. 12, 2020), Dkt. No. 157 ("Chanel made up out of whole cloth a pretextual rationale for filing this lawsuit, namely, that it was being injured (or would be likely injured) by the alleged false advertising by WGACA of its sale of 'vintage' and 'genuine' secondhand Chanel goods."). For instance, WGACA intended to introduce evidence at trial,

including internal Chanel records, that WGACA argued would show that "a year before filing [the instant] lawsuit in 2018, Chanel identified the growth of luxury secondhand sellers like WGACA as a problem that could 'become[] huge and a real threat.'" Appellant's Br. at 41 (second alteration in original) (citation omitted).

"We review a trial court's evidentiary rulings deferentially, and we will reverse only for abuse of discretion," *i.e.*, if "the challenged evidentiary rulings were arbitrary and irrational." *United States v. Quinones*, 511 F.3d 289, 307–08 (2d Cir. 2007) (internal quotation marks and citation omitted). As part of that discretion, "a trial judge retains a wide latitude to exclude irrelevant, repetitive, or cumulative evidence." *United States v. Holmes*, 44 F.3d 1150, 1157 (2d Cir. 1995); *accord Madeira v. Affordable Hous. Found., Inc.*, 469 F.3d 219, 251 (2d Cir. 2006); *see also* Fed. R. Evid. 402 ("Irrelevant evidence is not admissible.").

Here, the district court did not abuse its discretion in excluding evidence that Chanel allegedly brought the lawsuit because of its hostility toward the secondhand market. As the district court correctly noted, "the evidence regarding Chanel's motives [would] provide no help in deciding the trial disputes over claims that WGACA infringed Chanel's trademarks." Special App'x at 2. In other words, Chanel's motives in bringing the lawsuit are immaterial to the jury's determination as to whether WGACA sold goods bearing counterfeit marks and infringed on Chanel's trademark rights. *See Jones v. Spentonbush-Red Star Co.*, 155 F.3d 587, 593 (2d Cir. 1998) (holding that "[the district court] did not abuse [its] discretion when [it] excluded proof irrelevant to the issues actually raised at trial").

To the extent that WGACA suggests that the district court's ruling precluded them from attempting to undermine the credibility of Chanel witnesses by showing bias, we disagree.

Importantly, the district court did not preclude WGACA from cross-examining Chanel witnesses about their alleged bias based on their interest in protecting the Chanel brand. For example, WGACA cross-examined a Chanel attorney on that precise issue:

> Q. And as an attorney working for Chanel, one of your jobs is to represent your client's interests, correct, which would be Chanel?
>
> A. Yes. Yes, I work for Chanel.
>
> Q. And you work for Chanel, and one of your jobs, you would agree with me, as a lawyer working for Chanel is to advocate whatever positions Chanel wants you to advocate for?
>
> A. Well, yes, but there's also a discussion that goes into whether we should be advocating for something, but -- yes.
>
> Q. Sure, but lawyers, by the very nature of being a lawyer, they are advocates for their clients; you agree with that?
>
> A. Yes.

Joint App'x at 3559. Similarly, in the summation, WGACA argued to the jury that the trial witnesses who were employees and lawyers for Chanel were necessarily biased because of their interest in the case:

> And even when we work for corporations, or we work for clients, we have ethics codes, and those ethics codes are clear as day. In an adversary system, lawyers have to protect their clients. So where are we? Did the witness have an interest in the outcome of the case? You betcha, a hundred percent. They're employees. I didn't ask them how much money they made. I don't—quite frankly, I don't want to embarrass anybody. But they have an interest in this case.

Id. at 3963.[3]

[3] Indeed, notwithstanding the district court's *in limine* ruling, WGACA also raised in summation Chanel's alleged bias in bringing the lawsuit to undermine the secondhand market. *See, e.g.*, Joint App'x at 3961 ("Chanel has decided to use their power, use their money, and use their leverage to make a statement through WGACA about the secondhand market."); *see also id.* at 3962 ("And I submit to you that that's really what this case is about. This case is about trying to sully their reputation, hurt their

In sum, we discern no abuse of discretion in the district court's exclusion of evidence of Chanel's alleged motive in initiating the lawsuit.

III. Statutory Damages

The Lanham Act provides statutory damages for use of a counterfeit mark between $1,000 and $200,000, or, if "the use of the counterfeit mark was willful," as much as $2 million "per counterfeit mark per type of goods or services sold, offered for sale, or distributed." 15 U.S.C. § 1117(c). At trial, the jury found that WGACA engaged in willful counterfeiting and awarded Chanel $4 million in statutory damages, $2 million each for use of the "CC" logo and the "CHANEL" wordmark. The district court also ordered disgorgement of $12,739 of WGACA's net profits from the sale of 51 handbags bearing voided serial numbers and 779 counter-support items.

WGACA argues that the statutory damages award of $4 million violates due process under *St. Louis, Iron Mountain & Southern Railroad Co. v. Williams*, 251 U.S. 63, 66–67 (1919). We are unpersuaded.[4]

In *Williams*, the Supreme Court explained that a statutory damages award violates due process where the award is "so severe and oppressive as to be wholly disproportioned to the

business, because for whatever reason, Chanel does not like the secondary market.").

[4] As a threshold matter, WGACA also argues that we should utilize the legal framework set forth in *BMW of North America, Inc. v. Gore*, 517 U.S. 559, 574 (1996), in which the Supreme Court established the standard for evaluating whether a jury's award of *punitive* damages can be so excessive that it violates due process. By its terms, *Gore* does not apply to statutory damages awards and, in assessing challenges to an award of statutory damages, we have never utilized the *Gore* framework. *See, e.g.*, *Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 126–27 (2d Cir. 2014); *Parker v. Time Warner Ent. Co.*, 331 F.3d 13, 22 (2d Cir. 2003). We also decline WGACA's invitation to do so here and, instead, apply the standard in *Williams*.

offense and obviously unreasonable." 251 U.S. at 66–67.

WGACA argues that this case runs afoul of the standard established in *Williams* because the trademark violations resulted in only $12,739 in net profits to WGACA, which is only 0.3% of the $4 million in statutory damages awarded by the jury. We disagree. We have noted, in the context of a suit under the Lanham Act, that "courts are not required to consider whether the statutory damages award is reasonably related to the proven amount of plaintiff's actual loss," *Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 258 (2d Cir. 2021) (internal quotation marks and citation omitted)—in other words, the award need not be proportional, *see Psihoyos*, 748 F.3d at 126–27. Although there was no evidence with respect to Chanel's actual loss stemming from the sale of counterfeit goods, the Supreme Court has similarly noted, in the copyright context, that a statutory damages award may be untethered to an infringer's profits or infringed party's loss. *See F.W. Woolworth Co. v. Contemporary Arts*, 344 U.S. 228, 231–33 (1952) ("Few bodies of law would be more difficult to reduce to a short and simple formula than that which determines the measure of damage recoverable for actionable wrongs. The necessary flexibility to do justice in the variety of situations which copyright cases present can be achieved only by exercise of the wide judicial discretion within limited amounts conferred by this statute. It is plain that the court's choice between a computed measure of damage and that imputed by statute cannot be controlled by the infringer's admission of his profits which might be greatly exceeded by the damage inflicted."). Moreover, we have held that statutory damages awards can permissibly serve to deter similar conduct. *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 113–14 (2d Cir. 2001) (noting, in the Copyright Act context, that "statutory damages are not meant to be merely compensatory or restitutionary," but rather "[are] also meant to discourage

wrongful conduct" (internal quotation marks and citation omitted)).

Here, we conclude that the $4 million award does not violate due process under the *Williams* standard. Although WGACA seeks to rely on our decision in *Parker*, that reliance is misplaced. In *Parker*, we suggested, in the context of class actions, that "combining a statutory scheme that imposes minimum statutory damages awards on a per-consumer basis . . . may expand the potential statutory damages so far beyond the actual damages suffered that the statutory damages come to resemble punitive damages." 331 F.3d at 22. However, here, *Parker* is inapposite—this is not the case of a statutory scheme that could result in runaway damages calculations. Instead, the Lanham Act provides statutory damages "per counterfeit mark per type of goods or services sold," 15 U.S.C. § 1117(c), as opposed to, for example, per counterfeit mark per good, which could result in astronomical damages in the case of a prolific handbag counterfeiter. Moreover, in terms of the need for deterrence, the high damages award was supported by evidence that demonstrated that WGACA continued to sell several counterfeit Chanel-branded bags during the litigation and after being notified by Chanel about the voided serial numbers. Although WGACA offered evidence that the sale of those counterfeit goods resulted from short-staffing due to COVID-19, there was sufficient evidence from which the jury could reasonably find that the $4 million award was necessary to provide adequate deterrence.

In short, under the circumstances of this case, the $4 million award for statutory damages was not "so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." *Williams*, 251 U.S. at 66–67.

IV. Costs Award

In March 2025, following the jury trial, Chanel moved for attorneys' fees. The district

court denied the motion, finding that "[t]his [was] not an exceptional case" warranting such an award. *Chanel*, 2025 WL 1765857, at *2. The district court continued that, "[n]onetheless, the Lanham Act allows prevailing plaintiffs to recover for 'the costs of the action,'" *id.* (quoting 15 U.S.C. § 1117(a)), and awarded Chanel the costs for Lexis and Westlaw research and hosting electronically stored information ("ESI") that Chanel had included as part of its application for attorneys' fees. The district court stated that "[t]hese are . . . the types of costs routinely awarded by courts." *Id.*

On appeal, WGACA argues that the district court essentially converted Chanel's request for attorneys' fees into a bill of costs, and that legal research and ESI hosting costs are recoverable only as a component of attorneys' fees and not as "costs of the action" as permitted under the Lanham Act through 28 U.S.C. § 1920. Chanel does not dispute that it sought these costs of litigation as part of its motion for attorneys' fees, which the district court denied. However, despite acknowledging that it did not make a separate request for costs, Chanel maintains that "a large portion of the costs awarded by the [d]istrict [c]ourt are recoverable as 'costs of the action' under 28 U.S.C. § 1920." Appellee's Br. at 66. Chanel, nevertheless, agrees with WGACA that the district court erroneously confused an attorney's expenses, which could be recovered as part of a fee award, with "costs" of the action, which are specified by statute.

We also agree. Because Chanel has not yet sought an award of costs apart from its motion for attorneys' fees (which was denied), we conclude that the district court's decision regarding costs was premature. Therefore, we vacate the award of costs and remand the matter to the district court to provide Chanel with the opportunity to file a bill of costs with the Clerk

of the Court in the first instance, along with supporting evidence for such costs, and for eventual litigation, if necessary, of any party's objections to the bill.

* * *

Accordingly, the district court's judgment is **AFFIRMED**, and its post-trial order is **VACATED** as to the award of costs, and **AFFIRMED** in all other respects, and the case is **REMANDED** for further proceedings consistent with this order.

FOR THE COURT:
Catherine O'Hagan Wolfe, Clerk of Court