

Volkswagen Wins \$1.2M In Suit Over Counterfeit Audi Wheels

By **Tiffany Hu**

Law360 (May 16, 2022, 6:57 PM EDT) -- A Florida judge has handed a nearly \$1.2 million victory to Volkswagen in its lawsuit accusing a company of selling counterfeit Audi wheels on eBay and intentionally using misleading keywords to lead customers away from the genuine products.

In an order issued Friday, U.S. Magistrate Judge Jonathan Goodman granted summary judgment to Volkswagen Group of America Inc. and Audi Inc. in their lawsuit against Verotec Wheels Inc. and its CEO, Andy Varona.

Verotec is barred from using or marketing products containing Audi trademarks and must pay \$609,227.10 in statutory damages for trademark infringement and counterfeiting. Verotec also can't use, sell or import products that infringe Volkswagen's design patent for the front face of a vehicle wheel, and must pay \$40,615.14 in damages for patent infringement, the order states.

Verotec was also hit with a \$506,692 bill for attorney fees and costs after the judge found the case exceptional, meriting the additional fees — making the total that it must pay to plaintiffs \$1.15 million, with an annual interest rate of 4.25%, according to the order.

Counsel for the parties did not immediately return requests for comment Monday.

Volkswagen sued in 2019, alleging that Varona and his company registered the eBay seller ID "oemwheelsdirect" that sold counterfeit wheels bearing the Audi rings trademark. It was misleading, as the letters "oem," or original equipment manufacturer, falsely indicated to consumers that the wheels were manufactured by Audi, according to the complaint.

Volkswagen also alleged that Varona and his company copied a patented design for an Audi wheel rim, saying Audi had not given approval for the defendants to make or use the design.

"The designs are so similar as to be nearly identical, such that an ordinary observer, giving such attention as a purchaser usually gives, would be so deceived by the substantial similarity between the designs so as to be induced to purchase defendants' products believing them to be substantially the same as the design protected by the patent," the suit stated.

In October 2020, Volkswagen asked the judge to grant summary judgment in its favor, saying the "the record is clear that defendants' unlawful actions have caused plaintiff irreparable injury and will continue to do so if defendants are not permanently enjoined."

Judge Goodman had partly granted the request in May 2021, pointing out that Varona denied operating the eBay store — "despite overwhelming evidence to the contrary" — but had also contradicted himself by saying the wheels did not infringe on Audi's intellectual property.

While Judge Goodman found that Volkswagen was entitled to summary judgment for its trademark, counterfeiting and patent claims, the judge held off on deciding damages and attorney fees until a later bench trial, which the judge said would give him an "opportunity to observe first-hand Mr. Varona's credibility (or lack thereof) for those factual issues on which he did not contradict his prior testimony with a later-filed affidavit."

The patent-in-suit is U.S. Design Patent D721,028.

Volkswagen and Audi are represented by Nicholas Nowak, Daniel Block, Monica Riva Talley, Matt Zuziak and Paige Cloud of Sterne Kessler Goldstein & Fox and John Golden of Fields Howell LLP.

Varona and Verotec are represented by Jolyon Wilson Morris of J Wil Morris PA.

The case is Volkswagen Group of America Inc. v. Varona et al., case number 1:19-cv-24838, in the U.S. District Court for the Southern District of Florida.

--Editing by Rich Mills.