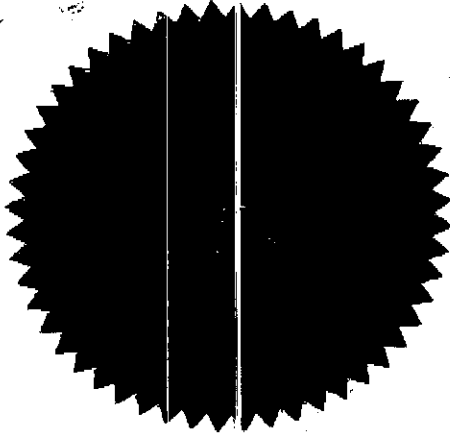


Court File No. T- 1046 -01



FEDERAL COURT OF CANADA
TRIAL DIVISION

BETWEEN:

LUCASFILM LTD. and LUCAS LICENSING LTD.

Plaintiffs

- and -

GERARDO FOLLANO carrying on business as
GERARDO FOLLANO ENTERPRISES

STATEMENT OF CLAIM

Defendant

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a solicitor acting for you are required to prepare a statement of defence in Form 171B prescribed by the *Federal Court Rules, 1998*, serve it on the plaintiffs' solicitor or, where the plaintiffs do not have a solicitor, serve it on the plaintiffs, and file it, with proof of service, at a local office of this Court, **WITHIN 30 DAYS** after this statement of claim is served on you, if you are served in Canada.

If you are served in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period for serving and filing your statement of defence is sixty days.

Copies of the *Federal Court Rules, 1998*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO DEFEND THIS PROCEEDING, judgment may be given against you in your absence and without further notice to you.

DATED this 14th day of June, 2001.

Issued by: M Das

Address of local office: 330 University Avenue
7th Floor
Toronto, Ontario M5H 3E5

**Manjula Das
Registry Officer**

TO: GERARDO FOLLANO
Carrying on business as GERARDO FOLLANO ENTERPRISES
7198 6E Avenue
Montréal, Québec
H2A 3E5

CLAIM

1. The Plaintiffs claim:

a) A Declaration that the Defendant has:

- i) infringed or is deemed to have infringed, the Plaintiffs' exclusive rights to the use and benefit of the "STAR WARS Intellectual Properties" as that term is defined herein, contrary to sections 19 and 20 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13, as amended;
- ii) passed off the Defendant's unauthorized, counterfeit or infringing custom made costumes, armoury, weaponry, masks or any other merchandise, wares and/or services (hereinafter collectively "Unauthorized Merchandise") as and for those of the Plaintiffs or their licensees, contrary to Section 7(c) of the *Trade-Marks Act*;
- iii) directed public attention to the Defendant's Unauthorized Merchandise in such a way as to cause or be likely to cause confusion between the Defendant's Unauthorized Merchandise and the wares and services of the Plaintiffs or of the Plaintiffs' licensees, contrary to Section 7(b) of the *Trade-Marks Act*;
- iv) infringed the copyright in and to the STAR WARS Intellectual Properties contrary to Sections 3 and 34 of the *Copyright Act*, R.S.C. 1985, c. C-42, as amended;
- v) participated in unfair competition; and
- vi) depreciated the value of the goodwill attaching to the STAR WARS Intellectual Properties.

- b) An interim, interlocutory and permanent injunction enjoining and restraining the Defendant from:
- i) infringing the exclusive rights of the Plaintiffs in the STAR WARS Intellectual Properties, including Canadian trade-mark registrations and applications set out in Schedule "A" and U.S. copyright registrations set out in Schedule "B", by the manufacture, production, printing, distribution, advertisement, display, storage, shipment, offer for sale, sale of or otherwise dealing in the Unauthorized Merchandise;
 - ii) manufacturing, producing, printing, distributing, advertising, displaying, storing, shipping, offering for sale, selling or otherwise dealing in any Unauthorized Merchandise, displaying, incorporating, bearing or reproducing the STAR WARS Intellectual Properties or any trade-marks or copyrights confusingly similar thereto;
 - iii) using the STAR WARS Intellectual Properties or any other copyright or trade-mark confusingly similar to them on or reproducing the Unauthorized Merchandise or on any packaging, advertisement or promotion therefor;
 - iv) directing public attention to the Defendant's Unauthorized Merchandise in such a way as to cause or be likely to cause confusion in Canada between the Unauthorized Merchandise and the wares and services of the Plaintiffs or their licensees;
 - v) directing public attention to the Defendant's Unauthorized Merchandise in such a way as to cause or be likely to cause depreciation of the valuable goodwill in Canada attached to the STAR WARS Intellectual Properties for the Plaintiffs' authorized wares and services; and
 - vi) directing the Defendant to cease its activities with respect to the STAR WARS Intellectual Properties on or over the Internet.

- c) An Order directing that the Defendant deliver up all Unauthorized Merchandise, packaging and any other such items in the Defendant's possession, custody or control bearing any of the characters, likenesses, logos, artwork, trade-marks or copyrights associated with the STAR WARS Intellectual Properties;
- d) Damages without a reference as against the Defendant in the amount of \$100,000.00 per trade-mark, as sustained by the Plaintiffs by reason that the Defendant's having engaged in the manufacture and sale of Unauthorized Merchandise and engaged in passing off, unfair competition, dilution of goodwill, unjust enrichment, conversion and violation of Section 7 of the *Trade-marks Act*; or damages or an accounting of profits after a reference, as the Plaintiffs may elect after due enquiry on both, for such actions;
- e) Damages without a reference as against the Defendant for copyright infringement in the sum of \$100,000.00 per copyright, and additionally, pursuant to Section 34, et seq. of the *Copyright Act*, and an accounting of profits made by the Defendants either individually or jointly from such infringements; or damages and/or an accounting of profits after a reference, as the Plaintiffs may elect after due enquiry on both for copyright infringement;
- f) In the alternative to the relief requested in sub-paragraph (g) above, and at the Plaintiffs' sole election, statutory damages pursuant to section 38.1 of the *Copyright Act*;
- g) Damages for conversion;
- h) Damages for breach of the undertaking to cease and desist infringing activities as discussed herein in the sum of \$50,000.00;
- i) Punitive and exemplary damages in the sum of \$50,000.00;

- j) Pre-judgment and post-judgment interest in accordance with s. 37(2) of the *Federal Court Act*, R.S.C. 1985, c. F-7, as amended;
- k) Costs of this action, including investigative fees, on a solicitor and client basis, and together with any applicable Goods and Services Tax; and
- l) Such further and other relief as this Honourable Court may deem just.

The Parties

2. The Plaintiff, Lucasfilm Ltd. ("Lucasfilm"), is a company duly incorporated under the laws of the State of California, having its principal place of business at 3270 Kerner Boulevard, San Rafael, California, 94912, United States of America.

3. The Plaintiff, Lucas Licensing Ltd. ("Lucas Licensing"), is a company duly incorporated under the laws of the State of California, having its principal place of business at 5858 Lucas Valley Road, Nicasio, California, 94946, United States of America. Lucas Licensing is wholly owned by Lucasfilm. Lucas Licensing came into existence in 1997 and its sole role is to manage all aspects of the licensing and merchandising associated with films created and produced by Lucasfilm.

4. The Defendant, Gerardo Follano, carrying on business as Gerardo Follano Enterprises, is an individual residing in Montréal, Québec, who manufactures, produces, offers for sale, sells, advertises, displays, stores, ships and/or deals in custom-made replica STAR WARS Characters (as that term is defined herein) costumes, body armour and weaponry by means of a website on the Internet.

STAR WARS Intellectual Properties

5. Lucasfilm is and has been for over 20 years one of the world's most successful creators and producers of theatrical motion pictures and has developed a reputation for producing films of the highest quality.

6. Lucasfilm has released the following theatrical motion pictures (collectively defined as the "STAR WARS Films"):

- (i) In 1977, it released the first STAR WARS film entitled "A New Hope". This is the story of Princess Leia being held hostage by the evil Imperial forces who are attempting to quell the rebellion against the Galactic Empire.
- (ii) In 1980, it released the second STAR WARS film entitled "The Empire Strikes Back". This is the story of the battle to save the galaxy from the evil Galactic Empire with the heroes facing the Imperial forces of the Empire.
- (iii) In 1983, it released the third STAR WARS film entitled "The Return of the Jedi". This is the story in which Luke Skywalker rescues his companions and then works on becoming a true Jedi Knight to defeat Darth Vader and the dark side of the Force.
- (iv) In 1997, it released the re-worked trilogy of the above three films (the "Classic Trilogy"). Lucasfilm spent approximately \$35 million on the re-working of the three films and their release.
- (v) In 1999, it released the prequel STAR WARS film to the STAR WARS Classic Trilogy entitled, "STAR WARS: Episode I - The Phantom Menace." The box office figures for this film are even greater than that of the original three films and the re-worked trilogy.

7. Lucasfilm intends to release two further theatrical motion pictures as part of the prequel to the STAR WARS Classic Trilogy, which are referred to as Episode II and III. Episode II is scheduled to be released in 2002.

8. The STAR WARS Films have proved to be one of the most successful theatrical motion picture properties in history. The box office figures for the Classic Trilogy were \$500 million worldwide. In videocassette release, there were over 60 million cassettes of the Classic Trilogy sold. With respect to the merchandise for these various films, worldwide retail sales have been in the amount of approximately \$4.5 billion. In Canada, retail sales of merchandise based on the STAR WARS Films have been approximately \$250 million. There was tremendous publicity with

respect to the prequel film, as well as public interest, including in the merchandising of the film. Some of the major merchandising promotions were by Pepsi, KFC, Pizza Hut, Taco Bell and Frito Lay.

9. The STAR WARS Films have made famous a number of characters for which Lucasfilm is the owner of copyright in Canada. These original fictional characters include, but are not limited to, BOBA FETT, STORMTROOPER, LUKE SKYWALKER, JEDI KNIGHT, DARTH VADER, QUI-GON JINN, QUEEN PADME NABERIE AMIDALA and DARTH MAUL and their distinctive costumes, armoury, weaponry, masks and accessories (the "STAR WARS Characters"). Some of these characters are represented in the works for which U.S. copyright registrations have been obtained and applied for as listed in Schedule "A" to this Statement of Claim. These characters are successful and world famous characters which are popular with adults as well as children.

10. The design, configuration and distinctive features of the STAR WARS Characters are wholly original and constitute copyrightable subject-matter under the *Copyright Act*. The copyrights owned by the Plaintiff Lucasfilm include, but are not limited to, those illustrated in the U.S. copyright registrations listed in Schedule "A" attached hereto.

11. By written assignment dated as of September 1, 1997, Lucasfilm assigned all of its trademark rights to the STAR WARS Characters, including all goodwill associated therewith to Lucas Licensing. Lucas Licensing is in the business of licensing rights in and to a variety of products, including costumes, masks, toys and interactive products that are based on or incorporate the elements of the STAR WARS Films.

12. Lucasfilm and then Lucas Licensing have been the exclusive owner of all right, title and interest in and to the STAR WARS Characters and all trade-marks associated with the STAR WARS Characters and STAR WARS Films (hereinafter the "STAR WARS Trade-marks"). Some of the STAR WARS Trade-marks are also the subject of a number of Canadian trade-mark applications and registrations listed in Schedule "B" attached hereto.

13. All proprietary elements associated with the STAR WARS Films, STAR WARS Characters, STAR WARS Trade-marks, including all copyrighted artwork is herein referred to collectively as the "STAR WARS Intellectual Properties".

Plaintiffs Merchandising and Licensing Activities

14. Lucas Licensing has the exclusive right in Canada and elsewhere to reproduce, distribute and license the reproduction and distribution of merchandise bearing or being the STAR WARS Intellectual Properties and has exercised its rights. The Plaintiffs have since at least as early as 1984, licensed manufacturers and others in Canada to use reproductions and representations of the STAR WARS Intellectual Properties on merchandise of all kinds, including costumes, masks, clothing, ties, headwear, publications, toys, watches, computer software and other merchandise. A significant aspect of the Plaintiffs' business and resulting revenues has been for many years and continues to be, the merchandising and licensing of distinctive elements associated with the STAR WARS Intellectual Properties.

15. All authorized STAR WARS merchandise sold by licensees in Canada bear the appropriate copyright and trade-mark notices in association with the products. These notices are clearly visible on authorized products on the packaging, and indicate that the trade-marks and copyright are owned by the Plaintiffs and are used under authorization. Pursuant to agreements with various licensees of the Plaintiffs, such authorized licensees have manufactured merchandise featuring the STAR WARS Intellectual Properties and associated artwork to which proper copyright and trade-mark notices have been affixed, have secured Lucas Licensing's approval on such products and have distributed millions of such products to retail consumers.

16. From a marketing and promotional standpoint, the STAR WARS Intellectual Properties are highly successful, distinctive and create instant recognition and association with the Plaintiffs. As a result, the Plaintiffs enjoy a very valuable reputation and goodwill therein.

17. Lucas Licensing and its authorized licensees have expended considerable sums of money in promoting the STAR WARS Intellectual Properties in connection with the STAR WARS Films and ancillary merchandise on which use of such proprietary elements is authorized. As a result of such authorized activities, both the trade and the public at large have come to identify the STAR

WARS Intellectual Properties with the business of the Plaintiffs and the same have developed a secondary meaning indicative of relationship, sponsorship and/or association with the Plaintiffs.

18. By reason of the widespread distribution of cinematographic films, publications and other artistic works of and including the STAR WARS Characters, and the distribution by the licensees of wares and merchandise of all kinds, the representations of the STAR WARS Intellectual Properties have become well known to the public in Canada as indicating the Plaintiffs and none other.

19. The Plaintiffs take reasonable measures to protect their intellectual rights in Canada. They have had a program in place for many years to pursue the producers and distributors of Unauthorized Merchandise in Canada.

Defendants' Activities

20. With full knowledge of the unlawful nature of his activities, the Defendant, without the authorization or permission of Plaintiffs, manufactures, offers for sale, sells, advertises, displays, stores, ships and/or deals in items of Unauthorized Merchandise, particularly custom-made costumes, armoury, weaponry, masks and accessories that are unauthorized and unlicensed reproductions of the Plaintiffs' STAR WARS Characters.

21. In or about January 1999, the Plaintiffs became aware that the Defendant was manufacturing, offering for sale and selling the Unauthorized Merchandise such as the STORMTROOPER, DARTH VADER and DARTH MAUL and using the STAR WARS Intellectual Properties in association therewith. This Unauthorized Merchandise appear to be replicas of the costumes, armoury, weaponry, and masks associated with the STAR WARS Characters and were advertised and offered for sale on a website at www.aei.net/~gfollano/, and using the business name Gerardo Follano Enterprises. The website further provided the Defendant's personal story of how he commenced production of such costumes.

22. On or about February 4, 1999, the Plaintiffs sent a letter demanding that the Defendant cease and desist from his infringing activities, *inter alia*, including cessation of all manufacturing and sale distribution of all articles, including costumes and weaponry bearing the STAR WARS Intellectual Properties, and the dismantling of his website and web pages.

23. The Defendant agreed to cease and desist all infringing activities and signed an undertaking evidencing such agreement dated October 1, 1999. The undertaking included, *inter alia*, representations and warranties that the Defendant has ceased manufacturing, selling and distributing of any costumes, or any other reproductions of the STAR WARS Characters or bearing the STAR WARS Trade-marks. The undertaking also included an agreement to change the Defendant's website to remove all reference, display and/or advertisement of any costumes or any other reproductions of the STAR WARS Characters or bearing the STAR WARS Trade-marks.

24. Strictly as an accommodation to the Defendant, the Plaintiffs agreed to waive any claim to damages up to March 1, 1999, because the Defendant claimed that his activities were only a hobby and he had made very little money. The Defendant also pleaded ignorance of the Plaintiff's intellectual property rights.

25. Subsequent to the execution of the undertaking, at some time prior to March 13, 2001, the Defendant resumed his infringing activities not via his own website, but through newsgroups such as, for example, at: www.justgofarfaraway.com; <http://reeltrooper.members.easyspace.com>; www.swreplicaprops.inuk.com; www.shavenwookie.com; www.geocities.com; www.jedi-academy.com; www.cyberramp.net; www.sluisvan.com; www.angelfire.com and www.milieux.com. Through these various websites, the Defendant continues to advertise, offer for sale and sell an array of costumes and weaponry bearing the STAR WARS Trade-marks. The date the Defendant resumed such infringing activities is known to the Defendant but not to the Plaintiffs.

26. The Defendant has therefore deliberately and willfully resumed his infringing activities in blatant disregard of the undertaking signed in favour of the Plaintiffs, in disregard of the STAR WARS Intellectual Properties and with full knowledge of the illegal and infringing nature of his activities.

27. The sale of Unauthorized Merchandise causes confusion in the marketplace, and causes considerable disadvantage to the Plaintiffs and their licensees. There can be lost licensing opportunities, a reduction in the sale of authorized products and corresponding reduction in royalty revenues, damages to the licensees in lost sales, loss of goodwill and reputation.

28. The Plaintiffs' relationship with licensees is seriously impaired and their ability to attract new licensees is compromised by the sale of Unauthorized Merchandise. The Plaintiffs' ability to expand their licensing business in Canada is seriously jeopardized by the increased sale of Unauthorized Merchandise. The Defendant's actions, if permitted to continue, will jeopardize Lucas Licensing's operations in Canada with respect to the STAR WARS Intellectual Properties.

29. The Defendant therefore infringes and threatens to continue to infringe upon the STAR WARS Intellectual Properties by offering for sale, selling, importing, manufacturing, distributing, advertising, transferring, shipping, and otherwise dealing in Canada, in the Unauthorized Merchandise, contrary to sections 19 and 20 of the *Trade-Marks Act*.

30. The Unauthorized Merchandise is calculated and intended to deceive and is likely to deceive consumers into believing that they are purchasing products authorized by the Plaintiffs for sale in Canada. Such Unauthorized Merchandise does not have the approval or authorization for Canada of the Plaintiffs or of any other person or entity which has the right to reproduce, copy or utilize the STAR WARS Intellectual Properties in Canada. The sale of Unauthorized Merchandise by the Defendant constitutes an attempt to pass-off his wares and services as and for those of the Plaintiffs contrary to section 7(c) of the *Trade-Marks Act*.

31. The Defendant's conduct, as hereinabove alleged, constitutes infringement of Plaintiffs' registered trade-marks and has confused and is likely to confuse the public. The Defendants have directed public attention to the Unauthorized Merchandise through the use of the STAR WARS Intellectual Properties, or marks or indicia confusing therewith, in such a manner as to cause and be likely to cause confusion between his Unauthorized Merchandise and business and the wares and business of the Plaintiffs and their licensees, contrary to section 7(b) of the *Trade-Marks Act*.

32. The Defendant's infringement of copyright in the STAR WARS Characters is carried out with the Defendant's full knowledge that these are protected by copyright.

33. The Defendant has misappropriated the STAR WARS Trade-marks and depreciated the value of the goodwill in such trade-marks, contrary to Section 22 of the *Trade-Marks Act*.

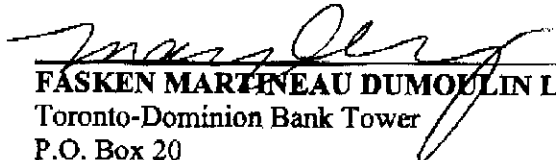
34. The Defendant has and continues to obtain gains, profits and advantages as a result of his infringing activities, and the Plaintiffs have and continue to sustain damage and irreparable harm as a result of Defendant's wrongful acts as alleged herein.

35. The willful, deliberate nature of the Defendant's continued infringement and in blatant disregard of an undertaking promising to cease and desist his infringing activities, justifies an award of punitive and exemplary damages.

36. The Plaintiffs are presently unable to ascertain the full extent of the monetary damages they have suffered by reason of said acts of infringement. The particulars of the Defendant's activities are not known to the Plaintiffs, but the Plaintiffs seek relief in relation to all infringing or wrongful acts of the Defendant.

37. The Plaintiffs propose that this action be tried at Toronto.

DATED at Toronto this 14th day of June, 2001.


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Solicitors for the Plaintiffs

TO: THE ADMINISTRATOR
Federal Court of Canada

AND TO: GERARDO FOLLANO
Carrying on business as Gerardo Follano Enterprises
7198 6E Avenue
Montreal, Quebec
H2A 3E5

FEDERAL COURT - TRIAL DIVISION

BETWEEN:

LUCASFILM LTD. and LUCAS LICENSING LTD.

Plaintiffs

- and -

**GERARDO FOLLANO carrying on business as
GERARDO FOLLANO ENTERPRISES**

Defendants

STATEMENT OF CLAIM

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Aug 19-6-2007
afm
11/12