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Republic Tobacco Fighting Counterfeiters During the Global Pandemic

(Glenview, IL) The efforts of Republic Tobacco, LP to stop the sale of fake products have continued unabated during the COVID-19 crisis, as the company has been meeting this illegal behavior head-on with aggressive actions nationwide.

Company officials from Republic have only stepped up their work with federal and state law enforcement agents, pursuing coordinated police raids, government enforcement actions, civil suits, and counterfeit product seizures. These counterfeit products pose a grave risk to consumers—they are often made using unsafe manufacturing practices and many contain unknown and dangerous ingredients. “The bad guys don’t stop, so we won’t stop—ever,” said Republic CEO Don Levin. “Even at a time like this when an international crisis has essentially lowered the gates on most cities and significantly slowed many businesses, we won’t quit doing everything within our power to stop those who seek to profit from selling counterfeit products.”

Along those lines, a Nevada District Court judge granted Republic’s request for attorneys’ fees in excess of \$100,000 in July, bringing to more than \$800,000 the statutory damages and fines assessed against a Chinese national and his company for selling counterfeit versions of Republic’s TOP- and JOB-brand cigarette rolling papers.

Last month, a Tennessee District Court judge allowed all of Republic’s claims against a Tennessee resident and his company, Smoke Dreams, to proceed. This stemmed from a U.S. Customs and Border Control operation that intercepted cases of counterfeit JOB-brand cigarette rolling papers imported from China and subsequent sales of counterfeit TOP- and JOB-brand cigarette rolling papers by Smoke Dreams. Republic filed a federal complaint alleging federal trademark violations and related violations of Tennessee law based on the defendants’ willful importation and sales of counterfeit TOP- and JOB-brand cigarette rolling papers. After the filing of Republic’s lawsuit, Smoke Dreams closed down and sold its assets. Ultimately, Republic reached a settlement with the defendants in which they admitted to their intentional and willful counterfeiting activity, agreed to a permanent injunction, and agreed to provide reasonable assistance in Republic’s investigations. On October 13, 2020, Chief Judge Waverly D. Crenshaw, Jr. entered the permanent injunction.

Republic also filed a federal lawsuit in Pennsylvania against two related sellers of TOP- and JOB-brand cigarette rolling papers, Easy Wholesale, Inc. and Smoke Shop (a/k/a DK JOO Inc.), as well as the individual owners of the companies, alleging the sale of counterfeit goods in violation of the Lanham Act. Over defendants’ objections, in August 2020, a federal judge allowed Republic to take the depositions of the individual owners and a third-party witness. Similarly, despite defendants’ opposition, the judge entered an order last month allowing Republic, via a third party, to examine defendants’ accounting software system. This lawsuit is ongoing.

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Earlier this year, Republic filed another federal complaint in Virginia alleging federal and related state law trademark violations against a former Republic customer, VA Traders Market Place and its owner, based on the defendants' sales of counterfeit TOP- and JOB-brand cigarette rolling papers. Republic settled its claims against the defendants and the defendants agreed to a permanent injunction prohibiting them from making unauthorized use of TOP- or JOB-marks.

Last year, Republic assisted with law enforcement raids at two wholesalers, Star Importers & Wholesalers, Inc. and Ziya Business Inc. (d/b/a ZCell & Novelties), in the Atlanta, GA area where a significant amount of counterfeit TOP and JOB papers were seized. Immediately after the raids, Republic filed federal civil lawsuits against Star and ZCell, alleging violations of federal and state trademark laws. Those lawsuits are ongoing.

Republic also cooperated with FBI agents in Georgia on an investigation into the owners and operators of EC Wholesale: Irafanali Nisarali Momin and Shiba I. Momin a/k/a Saguftabanu F. Momin. The Momins were indicted on 39 federal criminal charges on December 19, 2019 in the Northern District of Georgia, and charged with 14 counts of trafficking in counterfeit goods, including TOP and JOB brand cigarette papers, 10 counts of smuggling goods into the United States, 10 counts of receiving misbranded drugs in interstate commerce, 1 count of conspiracy, and 2 counts each of unlawfully procuring citizenship.

The Momins were arrested by federal law enforcement agents on January 8, 2020 and subsequently imprisoned. Federal prosecutors requested that the Momins be detained for "the safety of the community" and because there is a "serious risk that the defendants [would] flee and obstruct justice." The pair pleaded guilty to criminal information, according to the U.S. Attorney's Office, and will be sentenced January 7, 2021.

Republic's proactive, multi-pronged approach has seen concrete gains, including heightened awareness within the wholesale community. Amin Virani, a seller accused of supplying counterfeits in the Atlanta area, closed his store and refused to comply with Republic's subpoenas, leading the court to hold him in contempt. A number of wholesalers and suppliers have also acknowledged their counterfeiting activity, agreed to permanently cease future infringement, and committed to providing cooperation in Republic's current and future lawsuits, as a direct result of Republic's efforts.

Republic continues to file lawsuits against wholesalers and retailers trafficking counterfeit versions of the company's products throughout the country. Company officials have also filed actions against foreign nationals selling counterfeit goods at trade shows and continue to monitor these big events to help stem the proliferation and marketing of counterfeit products.

To protect its brand and the sale of legitimate products, Republic hires investigators nationwide who coordinate with the Department of Homeland Security, U.S. Customs, the U.S. Marshals Service, and local law enforcement officials to remove misleading products from the U.S. market.

"This is an ongoing fight," said Katten White Collar and Internal Investigations partner Sheldon Zenner, Republic's longtime legal advisor. "Our efforts won't end until the counterfeiting stops."

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