

MEMORANDUM OF LAW

I. INTRODUCTION

Plaintiff Deckers Outdoor Corporation (“Deckers”) brings the present action against all Defendants identified in “Schedule A” attached to the First Amended Complaint (collectively the “Defendants”), for federal trademark infringement and counterfeiting (Count I), false designation of origin (Count II), cyberpiracy (Count III) and violation of the Illinois Uniform Trade Practices Act (Count IV). As alleged in Deckers’ First Amended Complaint, the Defendants are promoting, advertising, distributing, offering for sale and selling products bearing counterfeits of Deckers’ UGG® Trademark, through various fully interactive commercial Internet websites operating under at least the domain names listed in Schedule A attached to the First Amended Complaint (collectively the “Defendant Domain Names”).

II. STATEMENT OF FACTS

On November 15, 2011, this Court granted Deckers’ Motion for a Temporary Restraining Order (“the TRO” - Docket Entry 18) which has been since extended until December 13, 2011. The TRO authorized Deckers to provide notice of these proceedings and the preliminary injunction hearing to Defendants by electronic mail at the e-mail addresses identified in Schedule A to Deckers’ Complaint and electronic publication at the Defendant Domain Names which have been transferred to Deckers’ control. *Id.* at ¶ 6. Since and pursuant to entry of the TRO, 92 PayPal accounts associated with Defendants’ websites have been frozen. *See* Declaration of Justin R. Gaudio (hereinafter “Gaudio Declaration” at ¶ 2). The 92 PayPal accounts have a total account balance of approximately \$308,236. *Id.* In addition, Deckers has served the TRO on the relevant domain name registrars and registries and anticipates that all domain names will be transferred to Deckers control and/or disabled prior to the preliminary injunction hearing on December 12, 2011. *Id.* On December 7, Deckers filed a First Amended Complaint naming

Defendants identified in Schedule A to the original Complaint that were also the subject of the TRO. (Docket Entry No. 27). Deckers respectfully requests that this Court convert the TRO into a preliminary injunction against Defendants so that they remain enjoined from the manufacture, importation, distribution, offer for sale, and sale of products bearing counterfeits of the UGG® Trademark during the pendency of this litigation. As part of the Preliminary Injunction, Deckers requests that the Defendant Domain Names remain in Deckers' control and that Defendant's PayPal accounts remain frozen until completion of these proceedings. In addition, Deckers' seeks permission from this Court to complete service of process on Defendants by email and electronic publication.

III. ARGUMENT

a) A Preliminary Injunction Extending Relief Already Granted in the TRO is Appropriate

Deckers respectfully requests that this Court convert the TRO into a preliminary injunction to prevent further illegal conduct by Defendants. Courts addressing similar allegations of Internet-based counterfeiting have also issued preliminary injunctions following a Temporary Restraining Order. *See, e.g. Deckers Outdoor Corporation v. Does 1-55*, No. 11 Civ. 10, Docket No. 38 (N.D. Ill. 2011); *Tory Burch, LLC., et al. v. Yong Sheng Int'l Trade Co., LTD*, No. 10 Civ. 9336 (S.D.N.Y. May 13, 2011); *Farouk Systems, Inc. v. Eyou Int'l Trading Co., Ltd., et al.*, 10 Civ. 2672 (S.D. Tex. Aug. 2, 2010); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 10 CIV 1630 (S.D.N.Y. Mar. 16, 2010).

i) This Court has Already Found that the Requirements for a Preliminary Injunction have Been Satisfied

Since the standard for granting a TRO and the standard for granting a preliminary injunction are identical in this Circuit, Deckers submits that the requirements for a preliminary injunction extending the TRO have been satisfied. *See, e.g. Charter Nat'l Bank and Trust v.*

Charter One Fin., Inc., 2001 WL 527404, *1 (N.D.Ill. May 15, 2001) (citing *Frederick Atkins, Inc. v. Carson Pirie Scott & Co., Inc.*, 1999 WL 1249342, *1 (N.D. Ill. Dec. 13, 1999)). A temporary restraining order or preliminary injunction may be issued upon a showing: “(1) that there is a reasonable likelihood that Plaintiffs will succeed on the merits; (2) that Plaintiff will suffer irreparable injury if the order is not granted because there is no adequate remedy at law; (3) that the balance of hardships on the Plaintiff’s favor; and (4) that the public interest will not be disserved by the injunction.” *Columbia Pictures Industries, Inc. v. Jasso*, 927 F.Supp. 1075, 1076 (N.D. Ill. 1996). By virtue of this Court’s entry of the TRO, it has already found that the above-mentioned requirements have been satisfied.

ii) The Equitable Relief Sought Remains Appropriate

The Lanham Act authorizes courts to issue injunctive relief “according to principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark ...” 15 U.S.C. § 1116(a).

(1) The Domain Name Transfer Order Remains Appropriate

Deckers seeks a conversion of the TRO entered by this Court on November 15, 2011 allowing Deckers to retain control of the Defendant Domain Names until completion of these proceedings. Since entry of the TRO, Deckers has served the TRO on the relevant domain name registrars and registries and anticipates that all domain names will be transferred to Deckers control and/or disabled prior to the preliminary injunction hearing on December 12, 2011. To prevent the Defendants from further manufacture, importation, distribution, offer for sale, and sale of products bearing counterfeits of the UGG® Trademark and to provide notice to Defendants regarding these proceedings, Deckers respectfully requests that the injunctive relief already awarded be extended through the pendency of this case.

(2) The Asset Restraining Order Remains Appropriate

Deckers also requests a conversion of the TRO to a preliminary injunction so that Defendants' U.S. based financial accounts remain frozen. Since entry of the TRO, PayPal has provided Plaintiff with the identification of 92 PayPal accounts linked to the Defendants' websites which were offering for sale and/or selling counterfeit products bearing counterfeits of Deckers' UGG Trademark. The 92 PayPal accounts have a total account balance of approximately \$308,236. In absence of a preliminary injunction, Defendants may attempt to move any assets from any U.S.-based financial account, including PayPal Accounts. Therefore, Plaintiff submits that Defendants' assets should remain frozen for this reason.

The amount of damages to which Deckers is entitled as set forth in the First Amended Complaint far exceeds any amount contained in any of the Defendants' frozen PayPal accounts. For example, Deckers' prayer for relief requests statutory damages in excess of \$2 million from each Defendant. In addition and as established in Deckers' TRO Memorandum, many federal courts, including the Northern District of Illinois, have granted orders preventing the fraudulent transfer of assets. *See, e.g., Deckers Outdoor Corporation v. Does 1-55*, No. 11 Civ. 10, Docket No. 26 (N.D. Ill. February 3, 2011); *Lorillard Tobacco Co. v. Montrose Wholesale Candies & Sundries, Inc.*, 2005 WL 3115892 (N.D. Ill. Nov. 8, 2005); *Tory Burch, LLC., et al. v. Yong Sheng Int'l Trade Co., LTD*, No. 10 Civ. 9336 (S.D.N.Y. January 4, 2011); *Farouk Systems, Inc. v. Eyou Int'l Trading Co., Ltd., et al.*, No. 4:10 CV 2672 (S.D. Tex. Aug. 2, 2010); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 10 CIV 1630 (S.D.N.Y. Mar. 16, 2010); *Levi Strauss & Co. v. Sunrise Int'l Trading Inc.*, 51 F.3d 982, 987 (11th Cir. 1995). As such, an order continuing to freeze the Defendants' assets should be granted.

b) Service of Process by E-mail and Electronic Publication is Warranted

In Paragraph 6 of the TRO, this Court allowed Deckers to provide notice of these proceedings and the preliminary injunction hearing via email and electronic Publication. A screenshot of the website at <http://gbclaw.net/caseno-11-cv-7970>, which provides notice to Defendants, is attached as Exhibit 1 to the Gaudio Declaration. Deckers is in the process of redirecting each of the Defendant Domain Names to this website. For example, when the Defendant Domain Name buttonbaileyuggboots.com typed into a web browser URL bar, it will take the visitor to <http://gbclaw.net/caseno-11-cv-7970> instead of the counterfeit website. Pursuant to Federal Rule of Civil Procedure 4(f)(3), Deckers now requests an order allowing service of process on Defendants using this same previously approved method. Electronic service is appropriate and necessary in this case because the Defendants on information and belief have provided false or inaccurate physical address information in their registrations for the Defendant Domain Names in order to conceal their locations and avoid liability for their unlawful conduct. Examples of addresses provided by Defendants include “Fuzhou Gulou Fuzhou, 350002” and “Johnsonjohnson, Johnson Johnson 111111, gb.” *See* Gaudio Declaration at ¶¶ 4-5.

In addition, Defendants rely primarily on electronic communications to communicate with their registrars and customers, demonstrating the reliability of this method of communication by which the registrants of the Defendant Domain Names may be apprised of the pendency of this action. Deckers respectfully submits that an order allowing service of process solely via email and electronic publication in this case will benefit all parties and the Court by ensuring the registrants of the Defendant Domain Names receive immediate notice of the pendency of this action and allowing this action to move forward expeditiously. Absent the

ability to serve the Defendants in this manner, Deckers will almost certainly be left without the ability to pursue a remedy.

According to regulations established by the Internet Corporation for Assigned Names and Numbers (“ICANN”), an individual or entity that registers a domain name is required to provide accurate contact information for the domain name. *See* Gaudio Declaration at ¶ 6. As demonstrated, the registrants for the Defendant Domain Names have ignored the applicable ICANN regulations and provided false physical address information to the domain name registrars in order to avoid liability for their criminal conduct. However, as a practical matter, the registrants of the Defendant Domain Names generally must maintain an accurate email address where their registrars may communicate with them regarding issues related to the purchase, transfer, and maintenance of the various accounts. Moreover, it is necessary for merchants, such as the registrants of the Defendant Domain Names, who operate entirely online, to provide customers with accurate email addresses by which the customer can contact the merchant to ask questions about the merchant’s products, place orders from the merchant’s Internet websites, and receive information from the merchant regarding the shipment of an order.

Deckers conducted searches of the public WhoIs information regarding the Defendant Domain Names identifying the e-mail addresses the registrants provided the Registrars. *See* Declaration of Justin R. Gaudio in Support of Deckers’ Motion for a TRO at ¶ 3 (Docket No. 23). Many of Defendants’ names and addresses used to register the Defendant Domain Names are incomplete, randomly typed letters, contain street addresses with no cities or states listed or use a privacy service. *Id.* Overlapping contact information also suggests that many of the aliases used to register the Defendant Domain Names are used by the same individual or entity. Thus,

based on the provision of invalid postal addresses and likely fictitious name(s), Deckers is preventing from serving the Defendants by traditional means.

Federal Rule of Civil Procedure 4(f)(3) allows this Court to authorize service of process by any means not prohibited by international agreement as the Court directs. *Rio Props, Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1014 (9th Cir. 2002). Rule 4 does not require that a party attempt service of process by those methods enumerated in Rule 4(f)(2), including by diplomatic channels and letters rogatory, before petitioning the court for alternative relief under Rule 4(f)(3). *Id.* at 1114-15. The Ninth Circuit in *Rio Properties* held, “without hesitation,” that email service of an online business defendant “was constitutionally acceptable.” *Rio Props.*, 284 F.3d at 1017. The Court reached this conclusion in part because the defendant conducted its business over the Internet, used email regularly in its business, and encouraged parties to contact it via email.

Similarly, a number of Courts, including the Northern District of Illinois, have held that alternate forms of service pursuant to Rule 4(f)(3), including email service, are appropriate and may be the only means of effecting service of process “when faced with an international e-business scofflaw.” *See, e.g., Deckers Outdoor Corporation v. Does 1-55*, No. 11 Civ. 10, Docket No. 26 (N.D. Ill. February 3, 2011) (allowing service of process by email); *MacLean-Fogg Co. v. Ningbo Fastlink Equip. Co. Ltd.*, 2008 WL 5100414, *2 (N.D. Ill. Dec. 1, 2008) (holding email and facsimile service appropriate); *Farouk Systems, Inc. v. Eyou Int'l Trading Co., Ltd., et al.*, No. 4:10 CV 2672 (S.D. Tex. Aug. 2, 2010); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 10 CIV 1630 (S.D.N.Y. Mar. 16, 2010); *Popular Enter., LLC v. Webcom Media Group, Inc.*, 225 F.R.D. 560, 563 (E.D. Tenn. 2004) (quoting *Rio Properties*, 284 F.3d at 1018) (allowing email service); *see also Williams-*

Sonoma, Inc. v. FriendFinder, Inc., 2007 WL 4973848, *4 (N.D. Cal. Dec. 6, 2007) (allowing email service); *Philip Morris USA, Inc. v. Veles Ltd.*, 2007 WL 725412, *1, (S.D.N.Y. Mar. 12, 2007) (same); *Williams v. Advertising Sex LLC*, 231 F.R.D. 483, 488 (N.D. West Va. 2005) (same); *Juniper Networks, Inc. v. Bahattab*, 2008 WL 250584, *1-2 (D.D.C. Jan. 30, 2008) (citing *Rio* and other cases in holding that “in certain circumstances ...service of process via electronic mail ... is appropriate and may be authorized by the Court under Rule 4(f)(3) of the Federal Rules of Civil Procedure”). Deckers submits that allowing service solely by email and electronic publication in the present case is appropriate and comports with constitutional notions of due process, particularly given the decision by the registrants of the Defendant Domain Names to conduct their illegal Internet-based activities anonymously.

Deckers is unable to determine the exact physical whereabouts or identity of the registrants of the Defendant Domain Names. However, Deckers has good cause to suspect the registrants of the respective Defendant Domain Names are all residents of China. The United States and the People’s Republic of China are both signatories to the Hague Convention on the Service Abroad of Judicial and Extra-Judicial Documents in Civil and Commercial Matters (the “Hague Convention”). See Gaudio Declaration at ¶ 7.

U.S. Courts have routinely authorized international mail and email service notwithstanding the applicability of the Hague Convention. See e.g., *Brockmeyer v. May*, 383 F.3d 798, 800 (9th Cir. 2004) (“[W]e join the Second Circuit in holding that the Hague Convention allows service of process by international mail”); *Nanya Tech. Corp. v. Fujitsu Ltd.*, 2007 WL 269087, *6, (D. Guam, Jan. 26, 2007) (Hague Convention, to which Japan is a signatory, did not prohibit email service upon Japanese defendant); *Popular Enters.*, 225 F.R.D. at 562 (recognizing that, while “communication via e-mail and over the internet is comparatively

new, such communication has been zealously embraced within the business community”). In addition, the law of the People’s Republic of China does not appear to prohibit the service of process by email and allows for alternate service means in certain circumstances. *Id.* at ¶ 8. As such, this Court should grant Deckers permission to serve Defendants via email.

c) Deckers Requests Release Bond Amount Absent a Showing By Defendants

Deckers also requests that this Court release the one fifty thousand dollar bond (\$150,000.00) deposited with this Court by Deckers in conjunction with the TRO. This Court has determined that Deckers has established a strong likelihood of success for proceeding against Defendants and their illegal counterfeit activities. As of the date of filing of this Motion, none of the Defendants has indicated that they intend to defend this matter. Deckers is a very stable and successful company with annual sales projected to be over \$1 billion in 2011. *Id.* at ¶ 9. As such, Defendants will be able to recover damages from Deckers irrespective of any bond in the event that they are wrongly harmed from this injunction.

IV. CONCLUSION

In view of the foregoing, Deckers respectfully requests this Court enter a preliminary injunction, allow for service of process by email and electronic publication and release the bond to Deckers.

Dated this 7th day of December 2011.

Respectfully submitted,

 /s/ Justin R. Gaudio

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CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of December, 2011, I will electronically file the foregoing with the Clerk of the Court, using the CM/ECF system and that I will e-mail the documents to all Defendants at the e-mail addresses identified in Schedule A to Decker's First Amended Complaint.

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 /s/ Justin R. Gaudio

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