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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

18 CV 6132

AIRIGAN SOLUTIONS, LLC,

Plaintiff,

v.

YIWU LANHOME JEWELRY CO., LTD., NINGBO GLORY IMP & EXP CO., LIMITED, NINGBO JIANGBEI JIAMIN COMMODITY CO., LTD., JIANGSHAN TOPME IMPORT & EXPORT CO., LTD., NINGHAI HONGHAO PLASTIC CO., LTD., NINGBO ONTIME IMP. & EXP. CO., LTD., NINGBO HAISHU GREENWELL COMMODITY INDUSTRIAL CO., LTD., HEFEI FENGZHISHENG TRADE CO., LTD., and THE INDIVIDUALS, PARTNERSHIPS AND UNINCORPORATED ASSOCIATIONS IDENTIFIED ON SCHEDULE "A",

Defendants.

Civil Action No.

Jury Trial Requested

FILED UNDER SEAL

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S *EX PARTE* APPLICATION FOR: 1) A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION; 2) AN ORDER RESTRAINING ASSETS AND MERCHANT STOREFRONTS; 3) AN ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION SHOULD NOT ISSUE; 4) AN ORDER AUTHORIZING ALTERNATIVE SERVICE BY ELECTRONIC MEANS; AND 5) AN ORDER AUTHORIZING EXPEDITED DISCOVERY

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I. INTRODUCTION

Pursuant to and in accordance with the Federal Rules of Civil Procedure, Plaintiff Airigan Solutions, LLC ("Airigan" or "Plaintiff") submits this memorandum of law in support of its *ex parte* application for: 1) a temporary restraining order; 2) an order restraining assets and Merchant Storefronts (as defined *infra);* 3) an order to show cause why a preliminary injunction should not issue; 4) an order authorizing alternative service and 5) an order authorizing expedited discovery against above-referenced Defendants (hereinafter collectively referred to as "Defendants" or individually as "Defendant") in light of Defendants' intentional and willful offering for sale and/or sales of Counterfeit and/or Patent Infringing Products ("Application").

Counterfeiting is a pervasive and as yet unstoppable problem throughout the world. *See Declaration of Brian Samuel Malkin* ("*Malkin Dec*."), ¶6. In the United States, Chinese companies and other foreign manufacturers have found a convenient way through various on-line stores to both retail and wholesale their substandard copies of genuine products. *See Declaration of Margaret B. Tyler* ("*Tyler Dec.*"), ¶21. Worse yet, these on-line stores ("On-Line Marketplaces") provide easy anonymity for the purveyors of the counterfeit products, assist them in obtaining the counterfeits, provide the logistics for fulfillment of orders, and allow them to reap the financial rewards also anonymously. *See id.* Until the law changes in the U.S., businesses selling their genuine products will continue to be deprived of their profits and sales by these counterfeiters who are able to flood the on-line marketplaces with cheaply manufactured counterfeit or infringing products ("Infringing Listings") favored by consumers because they are sold so far below the retail prices of the genuine products. *See Malkin Dec*., ¶¶6 - 12. As detailed below, the Plaintiff in this case has fallen victim to these deceptive and unscrupulous

counterfeiters, essentially at risk of losing all of its business unless a legal remedy is obtained. *See Tyler Dec*. ¶¶26 - 29.

Plaintiff, Airigan Solutions, LLC, developed the genuine NEGG® egg peeler, an innovative product for quickly peeling the shell off of hard boiled eggs. *See Tyler Dec*., ¶7. The product is patented and the mark NEGG® is a registered trademark. *See Tyler Dec*., ¶¶8 - 9. The product is exclusively manufactured in the United States and is only sold on a few Airigan controlled on-line stores and their own web page. *See Tyler Dec*., ¶¶10 - 15. It has received acclaim and acquired distinctiveness amongst consumers, its hand-picked re-sellers, and retail outlets. *See Tyler Dec*., ¶¶10-18. Some months after Airigan began selling its product, counterfeit versions began to show up on various on-line marketplaces, like Alibaba.com, Aliexpress.com, Amazon.com, bonanza.com, dhgate.com, eBay.com, Walmart.com, and wish.com, and both retail and wholesale orders from Airigan plummeted as did profit and its reputation for quality products. *See Malkin Dec*., Exs. 1 - 8 and *Tyler Dec*. After becoming frustrated and failing to alleviate the sales and profit erosion while playing "Whack-a-Mole" with various counterfeit product listings that were taken down upon request and then popped up again under a new made up name for the seller or on-line store, Airigan retained legal counsel. *See Tyler Dec*., ¶¶20 - 22. Airigan's legal counsel collected evidence of many Chinese Manufacturers and other as yet unidentified defendants ("Marketplace Defendants"), and filed this lawsuit against all of the Defendants listed in **Schedule A** to the Complaint. *See Malkin Dec*., *Exs.* 1- 8.

II. STATEMENT OF THE RELEVANT FACTS

A. Airigan Solutions' Innovative NEGG® Egg Peeler

Plaintiff Airigan was founded in 2015 and is in the business of producing, marketing and selling the patented NEGG® brand egg peeler, which was launched in 2015. *See Tyler Dec.*, ¶ 5. The NEGG® egg peeler (Fig. 1, below) is designed so that by placing a standard chicken egg inside with a capful of water, tightly fastening the opposing lids, and shaking the egg peeler, the shell is punctured and cracked so that it simply peels off in one continuous motion ("Plaintiff's NEGG® Product") (Fig. 2, below). *See Tyler Dec.*, ¶6:

Fig. 1

Fig. 2

The distinctive photograph of the NEGG® egg peeler found on all of the packaging and on-line sales materials was posed with parsley leaves underneath the right facing side of the egg peeler.

Airigan is the owner of U.S. Patent No. 9,968,211 for "PERSONAL EGG PEELER," which is directed to the NEGG® brand egg peeler. *See Tyler Dec.*, ¶7. Airigan is the owner of U.S. Trademark Registration No. 5,142,630 for NEGG for "manually operated device used for peeling eggs." *See Tyler Dec.*, ¶7. A true and correct copy of the trademark registration certificate is attached to the Complaint as "Exhibit 1" The NEGG® trademark, the logo (pictured below), and packaging have acquired distinctiveness among consumers:

A true and correct copy of the packaging, on which the above logo appears, is attached to the Complaint as "Exhibit 2," and includes a copy of the NEGG® product insert. *See Tyler Dec.*, ¶9. Hereinafter, the NEGG® trademark, the NEGG® logo, and the trade dress for the NEGG® are collectively referred to as the "Negg Marks" or "Plaintiff's Marks"). The NEGG® brand egg peeler and the Negg Marks have become well-known amongst consumers and retailers and have and continue to receive widespread publicity. The NEGG® brand egg peeler has been featured on national television in The Today Show and the Home Shopping Network. *See Tyler Dec.*, ¶ 10.

The NEGG® brand egg peeler typically retails for between $16.00 and $18.00. *See Tyler Dec.*, ¶ 11. The product has been successful though sales have suffered drastically in the past several months due to the infringing and counterfeit products offered for sale and sold by the Defendants. *See Tyler Dec.*, ¶ 13. The NEGG® brand egg peeler is sold through its own merchant store fronts on Amazon.com and eBay.com, through its website at www.peelanegg.com and by a few authorized re-sellers entitled to purchase wholesale and then sell the product at retail. Several of the authorized re-sellers are located in New York City, including the Borough of Manhattan. *See Tyler Dec.*, ¶ 13.

The patented features of the NEGG® brand egg peeler, the registered trademark of NEGG®, the distinct photographs, the distinct NEGG® logo and design, the instructions, the trade dress, and the unique presentation of the product, all comprise Airigan's valuable intellectual property ("IP") and all have become distinct in consumer's minds such that consumers associates all of this IP with Airigan's genuine NEGG® egg peeler. *See Tyler Dec.*, ¶14. Since the product is only manufactured by Airigan in the United States, if a product that purports to be a NEGG® brand egg peeler is manufactured in China or oversees it is a

counterfeit. *See Tyler Dec*., ¶¶ 15 - 16. Likewise an egg peeler that through visual inspection and analysis infringes on one or more of the claims in the U.S. patent owned by the Plaintiff but offered for sale as new on an on-line Market Place ("OMP") (i.e., Alibaba.com, Aliexpress.com, Amazon.com, bonanza.com, dhgate.com, eBay.com, Walmart.com, and wish.com) at below market price is also a counterfeit. *See Tyler Dec*., ¶ 17.

Due to the success of Airigan and its NEGG® brand egg peeler, they have become the target of multiple counterfeiters seeking to profit off the goodwill and reputation and fame enjoyed by Airigan and its NEGG® brand egg peeler. *See Tyler Dec*., ¶ 18. The counterfeiting activities have driven sales and prices down. Indeed, wholesale orders from Airigan's re-sellers have precipitously dropped over the last several months due the pervasive activities of the counterfeiters. *See Tyler Dec*., ¶ 19.

B. Airigan's Efforts to Police the Counterfeit Products

The Defendants use the interactive commercial Internet websites and Internet based e-commerce stores using the seller identities and store names, store fronts, and URLs set forth on "**Schedule A**" to the Complaint. These interactive commercial Internet websites provide on-line Merchant Store fronts that allow the Defendants to maintain their anonymity ("OMPs") while selling counterfeit goods into the US and into New York. The OMPs used by these Defendants include Alibaba.com, Aliexpress.com, Amazon.com, bonanza.com, dhgate.com, eBay.com, Walmart.com, and wish.com.¶¶ 2 and 37, and *Tyler Dec.,* ¶ 23.

Airigan has been forced to police the various OMPs to identify and seek takedowns of the counterfeit products since allowing them to continue is causing damage to Airigan's reputation and bottom line. Some of these counterfeiters sell their fake egg peelers at a fraction of the controlled retail price, going as low as $3.00 or $4.00. Because of the software provided by the

various OMPs, the lowest priced items are sorted to the top and/or promoted by the software and then purchased by the consumers and the genuine NEGG® egg peeler is ignored. *See Tyler Dec*., ¶ 20. Airigan has had varied success in identifying and requesting takedowns of the various counterfeit listings and as soon as one is taken down another counterfeit is listed to replace it. *See Tyler Dec*., ¶ 20.

Another major problem with the OMPs is that there is a direct and convenient connection between various Chinese and other unidentified manufactures to the counterfeiters. In essence, a counterfeiter in Vietnam or Russia, for example, may order a crate of counterfeit products from a Chinese manufacturer, have them drop shipped to a fulfillment center in the US, for example, Amazon fulfillment, and then sell the counterfeit product to a US consumer through Amazon or eBay Online Marketplace. The ease of this system encourages counterfeiting to flourish. *See Tyler Dec*., ¶21.

For these reasons, Airigan retained the legal counsel of Ference & Associates LLC ("the Ference firm") to perform the policing of various OMPs. *See Tyler Dec*. ¶ 22. During the process, the Ference firm identified many Chinese manufacturers operating through Alibaba.com and providing direct sales to sellers on Amazon and eBay, among others. *See id.* These identified Defendants were supplying many of the other identified Defendants with counterfeit products flooding the OMPs and damaging Airigan's business. This damage to Airigan's business will continue unless Airigan receives the sought after restraining order and injunctive relief. *See Tyler Dec*., ¶¶22, 26 - 29.

C. The Defendants' Counterfeit Sales Irreparably Harm Airigan Solutions

Without Airigan's authorization or consent, the Defendants identified in **Schedule "A"** of the Complaint, were and/are currently manufacturing, importing, exporting, advertising,

marketing, promoting, distributing, displaying, offering for sale and or/selling patent infringing and counterfeit products with Airigan's NEGG® trademark and/or logo and using marking, packaging and trade dress that are confusingly similar and/or identical to those of Airigan ("Infringing Products" or "Counterfeit Products") to U.S. consumers, including those consumers in New York, though their OMP storefronts. *See Malkin Dec.,* ¶¶ 2 and 37, and *Tyler Dec.,* ¶¶23-24.[1]

None of the identified Defendants are authorized re-sellers of genuine NEGG® brand egg peelers. Moreover, none of the identified Defendants are authorized to manufacture, import, export, advertise, offer for sale or sell any NEGG® branded egg peelers or any egg peelers that purport to be NEGG® egg peelers or any egg peelers that are counterfeits of the NEGG® brand egg peelers. Further, Airigan never consented or granted permission to any of the identified Defendants to use Airigan's artwork, photographs, or any of Airigan's other IP. *Tyler Dec.,* ¶¶ 23-24.

An Example of two such counterfeit egg peelers is seen in *Malkin Dec*., "**Exhibit 1**". These counterfeit egg peelers were ordered and received as part of the investigation leading up to the current filing of this lawsuit. Comparison of the photos of the genuine NEGG® egg peeler to the photos of the counterfeits in this exhibit reveals that the counterfeits, their packaging and

[1] See *e.g., Gucci Am., Inc. v. Tyrrell-Miller,* 678 F. Supp. 2d 117, 119 (S.D.N.Y. 2008) (Plaintiff's Intellectual Property Manager found that the products offered for sale on the Defendant's websites were non-genuine counterfeit products, based on a visual inspection of Defendant's websites); *Malletier v. 2016bagsilouisvuitton.com,* No. 16-61554-CIV- DPG, 2016 U.S. Dist. LEXIS 93072, at *3 (S.D. Fla. July 18, 2016) (Plaintiff's representative reviewed the items bearing the Louis Vuitton Marks offered for sale through Defendant's Internet websites and determined the products to be non-genuine, unauthorized versions of the Plaintiff's products.); *Chanel Inc. v. Yang,* No. C-12-04428-PJH (DMR), 2013 U.S. Dist. LEXIS 151104, at *5-6 (N.D. Cal. Aug. 13, 2013) (Plaintiff's Director of Legal Administration reviewed the various Chanel-branded products offered for sale by Defendants on each of the websites operating under the subject domain names, and determined that the products were non-genuine Chanel products); *Chanel, Inc. v. Powell,* No. C/A 2:08-0404-PMD-BM, 2009 U.S. Dist. LEXIS 127709, at *7 (D.S.C. 2009) (Plaintiff's representative personally reviewed the printouts reflecting the various Chanel brand products offered for sale by the Defendant through its website, and concluded that those products were non-genuine Chanel products).

presentation are cheaply produced poor copies of Airigan's IP. Both of these clearly indicate that they were manufactured in China. Yet, the writing on the packaging is in English. So, they were intentionally manufactured and packaged to be shipped to English speaking countries, like the US. Predictably, Airigan has received multiple consumer complaints from purchasers actually confused that the substandard, faulty, and leaking counterfeit products were those of Airigan when they were not. *See Tyler Dec*. ¶25.

Defendants' actions have caused and will continue to cause, in the event the requested relief is not granted, irreparable harm to Airigan's goodwill and reputation as well as to the unassuming consumers who will continue to believe that the Defendants' cheaply produced, inferior, and typically faulty counterfeit or infringing products are produced, authorized, approved, endorsed or licensed by Airigan, when they are not. *See Tyler Dec*., ¶ 26. Defendants' intentional and illegal conduct, including selling inferior counterfeit egg peelers using Airigan's various IP into the U.S. and the State of New York has likely caused lost profits to Airigan and damaged the inherent value of Airigan's business and NEGG® brand, by diluting the brand and goodwill, damaging Airigan's reputation for providing high quality fully functioning egg peelers, and interfering with Airigan's relationships with its customers and authorized resellers, as well as impeding Airigan's ability to attract new customers and business. *See Tyler Dec*. ¶ 27. All of the injuries and damages described above are taking place in the United States, including the State of New York. *See Tyler Dec*., ¶ 28.

In addition to trying to stop the injuries and damages caused to Airigan's business, Airigan also is seeking in this lawsuit to protect consumers from being exposed to and purchasing the substandard, faulty, and leaking counterfeits or infringing products that wrongly

indicate their origin as being from Airigan or wrongly bear Airigan's NEGG® trademark or are a poor and cheaply made imitation of the patented NEGG® egg peeler. *See Tyler Dec*., ¶ 29.

Airigan's request for *ex parte* relief is particularly necessary since, upon information and belief, many of the Defendants are most likely located in China and other overseas locations and conduct business entirely over the Internet. Consequently, should Defendants receive notice of the claims and allegations against them prior to the issuance of the relief sought in the instant Application, it is highly likely that they will transfer, conceal and/or destroy the inventory of the Counterfeit Products in their possession and their means of making or obtaining such Counterfeit Products, along with all business records and any and all other evidence relating to their counterfeiting activities, as well as hide or dispose of all of Defendants' Assets to which Airigan may be entitled. *See Malkin Dec.,* ¶¶ 36 and 37. Considering that sellers on eBay and other Online Marketplaces, like Defendants, usually conceal their identities, such sellers often circumvent temporary restraining orders issued with prior notice by disappearing, destroying any evidence of their counterfeiting and infringing actions, and/or draining their financial accounts. *See id.* In light of the foregoing, and considering that it typically takes noticed Financial Institutions (as defined *infra*) and/or Third Party Service Providers (as defined *infra)* a minimum of five (5) days to locate, attach and freeze Defendants' Assets and/or Defendants' Financial Accounts (as defined *infra*), Airigan respectfully requests that the Court order bifurcated service. Specifically, Airigan asks that the Court provide enough time for the Financial Institutions and/or Third Party Service Providers to freeze Defendants' Assets, Defendants' User Accounts, Defendants' Merchant Storefronts and Financial Accounts before ordering service on Defendants.

In light of the covert nature of Defendants' offshore counterfeiting and infringing activities and the importance of creating economic disincentives for such counterfeiting and infringing activities, courts in this Circuit have recognized these concerns and often grant *ex parte* applications for relief in similar instances of infringement on the Internet.[2] Accordingly, Airigan respectfully requests that this Court grant its *ex parte* Application for the following: 1) a temporary restraining order; 2) an order restraining assets and Merchant Storefronts; 3) an order to show cause why a preliminary injunction should not issue; 4) an order authorizing alternative

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[2] *See, e.g., Intenze Products, Inc. v. 1586, et al., No. 18-cv-4611-RWS (S.D.N.Y. May 24, 2018); Allstar Marketing Group, LLC v. 158, et al., No. 18-cv-4101-GHW, Dkt. 22 (S.D.N.Y. May 17, 2018); William Mark Corporation v. 1&cc, et al., No. 18-cv-3889-RA, Dkt. 18 (S.D.N.Y. May 2, 2018); WOW Virtual Reality, Inc. v. Bienbest, et al.,* No. 18-cv-3305-VEC, Dkt. 9 (S.D.N.Y. April 16, 2018); *Ideavillage Products Corp. v. abc789456, et al.,* No. 18- cv-2962-NRB, Dkt. 11 (S.D.N.Y. April 11, 2018); *Ideavillage Products Corp. v. Aarhus, et al.,* No. 18-cv-2739- JGK, Dkt. 22 (S.D.N.Y. March 28, 2018); *Moose Toys Pty Ltd. et al., v. 963, et al.,* No. 18-cv-2187-VEC, Dkt. 16 (S.D.N.Y. April 2, 2018); *Off-White, LLC v. A445995685, et al.,* No. 18-cv-2009-LGS, Dkt. 5 (S.D.N.Y. March 27, 2018)*; Spin Master Ltd. and Spin Master, Inc. v. 158, et al., No. 18-cv-1774-PAE, Dkt. 18 (Feb. 27, 2018); JLM Couture, Inc. v. Aimibridal, et al., No. 18-cv-1565-JMF, Dkt. 18 (S.D.N.Y. Feb. 21, 2018); Spin Master Ltd. and Spin Master, Inc. v. Alisy, et al., No. 18-cv-543-PGG, Dkt. 16 (S.D.N.Y. Jan. 22, 2018); WowWee Group Limited, et al. v. Meirly, et al., No. 18-cv-706-AJN, Dkt. 11 (S.D.N.Y. Jan. 26, 2018); Ideavillage Products Corp. v. Dongguan Shipai Loofah Sponge Commodity Factory, et al., No. 18-cv-901-PGG, Dkt. 20 (S.D.N.Y. Feb. 1, 2018); WowWee Group Limited, et al. v. A249345157, et al, No. 17-cv-9358-VEC, Dkt. 18 (S.D.N.Y. Dec. 11, 2017); HICKIES, Inc. v. Shop1668638 Store, et al., No. 17-cv-9101-ER, Dkt. 14 (S.D.N.Y. Dec. 6, 2017); Ideavillage Products Corp. v. Dongguan Opete Yoga Wear Manufacturer Co., Ltd., et al., No. 17-cv-9099-JMF, Dkt. 19 (S.D.N.Y. Nov. 27, 2017);* Ideavillage Products Corp. v. Shenzhen City Poly Hui Foreign Trade Co., Ltd., et al., *No. 17-cv-8704-JGK. .(S.D.N.Y. May 24, 2017); Moose Toys Pty LTD et al. v. Guangzhou Junwei Trading Company d/b/a Backgroundshop et al., No. 17-cv-2561-LAK, Dkt. 12 (S.D.N.Y. May 11, 2017); Rovio Entertainment Ltd. and Rovio Animation OY v. Angel Baby Factory d/b/a Angelbabyfactory et al., No. 17- cv-1840-KPF, Dkt. 11 (S.D.N.Y. March 27, 2017); Ontel Products Corporation v. Airbrushpainting Makeup Store a/k/a Airbrushespainting et al., No. 17-cv-871-KBF, Dkt. 20 (S.D.N.Y. Feb. 6, 2017); Ideavillage Products Corp. v. Bling Boutique Store, et al., No. 16-cv-09039-KMW, Dkt. 9 (S.D.N.Y. Nov. 21, 2016); Gucci America, Inc., et al v. Alibaba Group Holding LTD, et al, No. 1:15-cv-03784-PKC (S.D.N.Y. June 23, 2015) (unpublished); Chanel, Inc. v. Conklin Fashions, Inc., No. 3:15-cv-893-MAD/DEP, 2015 U.S. Dist. LEXIS 109886, at *10-13 (N.D.N.Y. Aug. 14, 2015); Belstaff Grp. SA v. Doe, No. 15-cv-2242-PKC/MHD, 2015 U.S. Dist. LEXIS 178124, at *2 (S.D.N.Y. June 18, 2015); AW Licensing, LLC v. Bao, No. 15-cv-1373, 2015 U.S. Dist. LEXIS 177101, at *2-3 (S.D.N.Y. Apr. 1, 2015); Klipsch Grp., Inc. v. Big Box Store Ltd., No. 1:12-cv-06283-VSB, 2012 U.S. Dist. LEXIS 153137, at *3-4 (S.D.N.Y. Oct. 24, 2012); True Religion Apparel, Inc. et al. v. Xiaokang Lee et al., No. 1:11-cv-08242-HB (S.D.N.Y. Nov. 15, 2011) (unpublished); N. Face Apparel Corp. v. Fujian Sharing Imp. & Exp. Ltd. Co., No. 1:10- cv-1630-AKH, 2011 U.S. Dist. LEXIS 158807 (S.D.N.Y. June 24, 2011); Tory Burch, LLC v. Yong Sheng Int'l Trade Co., Ltd., No. 1:10-cv-09336-DAB, (S.D.N.Y. Jan. 4, 2011) (unpublished); Chloe v. Designersimports.com USA, Inc., No. 07-cv-1791 -CS/GAY, 2009 U.S. Dist. LEXIS 42351, at *2 (S.D.N.Y. Apr. 29, 2009); see also In re Vuitton et Fils, S.A., 606 F.2d 1 (2d Cir. 1979) (holding that ex parte temporary restraining orders are indispensable to the commencement of an action when they are the sole method of preserving a state of affairs in which the court can provide effective final relief).*

service and 5) an order authorizing expedited discovery against Defendants, Third Party Service Providers and Financial Institutions.

II. ARGUMENT

A. THIS COURT HAS PERSONAL JURISDICTION OVER DEFENDANTS

Determining personal jurisdiction over a foreign defendant in a federal question case requires a two-step inquiry. First, courts must look to the law of the forum state to determine whether personal jurisdiction will lie. *See Licci v. Lebanese Canadian Bank,* 732 F.3d 161, 168 (2d Cir. 2013) (citing *Best Van Lines, Inc. v. Walker,* 490 F.3d 239, 242 (2d Cir. 2007)). Second, if jurisdiction lies, the court then considers whether the district court's exercise of personal jurisdiction over a foreign defendant comports with due process protections established under the United States Constitution. *See id.; see also Int'l Shoe Co. v. Washington,* 326 U.S. 310, 316 (1945). As alleged herein, Defendants' unlawful, counterfeiting and infringing activities subject them to long-arm jurisdiction in New York under N.Y. C.P.L.R. §§ 302(a)(1) and 302(a)(3). Furthermore, New York's exercise of jurisdiction over Defendants thereunder comports with due process.

1. Defendants are Subject to Personal Jurisdiction Under N.Y. C.P.L.R. § 302(a)(1)

Under § 302(a)(1), there are two requirements that must be met to establish personal jurisdiction: "(1) [t]he defendant must have transacted business within the state; and (2) the claim asserted must arise from that business activity." *Licci,* 732 F.3d at 168 (quoting *Sole Resort, S.A. de C. V. v. Allure Resorts Mgmt., LLC,* 450 F.3d 100, 103 (2d Cir. 2006)). In applying the test for the "transacts business" prong of § 302(a)(1), "New York decisions ... tend to conflate the long-

arm statutory and constitutional analyses by focusing on the constitutional standard,"[3] ergo, "a defendant need not be physically present in New York to transact business there within the meaning of [this first prong]," so long as the defendant has engaged in "purposeful activity," for example, "some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Chloe v. Queen Bee of Beverly Hills, LLC,* 616 F.3d 158, 169-71 (2d Cir. 2010) (quoting *Best Van Lines, Inc.,* 490 F.3d at 246-247) (internal quotations omitted). The second prong of § 302(a)(1) requires an "articulable nexus or substantial relationship between the business transaction and the claim asserted," however, "a causal relationship between the business transaction and the claim asserted" is not required. *Gucci Am., Inc. v. Weixing Li,* 135 F. Supp. 3d 87, 93 (S.D.N.Y. 2015) (internal citations and quotations omitted). Rather, it is sufficient that "the latter is not completely unmoored from the former." *Id.*

In determining whether a party has "transacted business," New York courts must look at the totality of the circumstances concerning the party's interactions with, and activities within, the state. *See Citigroup Inc. v. City Holding Co.,* 97 F. Supp. 2d 549, 565 (S.D.N.Y. 2000). Whether the exercise of personal jurisdiction is permissible in the context of Internet activity is "directly proportionate to the nature and quality of commercial activity that an entity conducts over the Internet." *Id.* (internal citations omitted). Courts in this Circuit have regularly conferred personal jurisdiction on a given defendant based on that defendant's operation of a fully interactive website through which consumers can access the site from anywhere and purchase products, as is the case with Defendants' User Accounts and Merchant Storefronts, which are

[3] *Chloe v. Queen Bee of Beverly Hills,* LLC, 616 F.3d 158, 169-71 (2d Cir. 2010) (collecting cases); *see also Seldon v. Magedson,* 11 Civ. 6218 (PAC) (MHD), 2012 U.S. Dist. LEXIS 141616, at *33 (S.D.N.Y. July 10, 2012) ("The meaning of 'transacting business' under section 302(a)(1) 'overlaps significantly' with the minimum-contacts due- process test, however, New York's long-arm statute encompasses a wider range of activity than the minimum-contacts doctrine"). *Id.*

accessible through Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com, and allow for customers all over the world (including within this District) to view and purchase products, including Counterfeit Products, as demonstrated by the websites themselves and Ference's purchase of Counterfeit Products. *See Malkin Dec*., ¶ 11, *Ex.* 1 and *Declaration of Stanley D. Ference III* ("Ference *Dec.*")*,* ¶ 9, *Ex.* 1; see, *e.g., Grand v. Schwarz,* No. 15-cv-8779-KMW, 2016 U.S. Dist. LEXIS 61606, at *9 (S.D.N.Y. May 10, 2016) (holding that an interactive and commercial website provides support for jurisdiction under § 302(a)(1)); *Chloe,* 616 F.3d at 170 (conferring jurisdiction where defendant operated a "highly interactive" website where bags were offered for sale to New York consumers); *Energy Brands, Inc. v. Spiritual Brands, Inc.,* 571 F. Supp. 2d 458 (S.D.N.Y. 2008) (court exercised jurisdiction based on online purchases of twenty-nine orders of bottled water by consumers in New York through an interactive website); *M. Shanken Commc'ns, Inc. v. Cigar500.com,* No. 07 Civ. 7371 (JGK), 2008 U.S. Dist. LEXIS 51997, at *13-16 (S.D.N.Y. July 7, 2008) (finding § 302(a)(1) jurisdiction over defendants because the interactive website was primarily used to effect commercial transactions, even though the website did not specifically target the New York market); *Alpha Int'l, Inc. v. T- Reproductions, Inc.,* 02 Civ. 9586 (SAS), 2003 U.S. Dist. LEXIS 11224, at *7 (S.D.N.Y. July 1, 2003) ("Websites that permit information exchange between the defendant and viewers are deemed 'interactive,' and generally support a finding of personal jurisdiction over the defendant."); *Thomas Publ'g Co. v. Indus. Quick Search,* 237 F. Supp. 2d 489, 492 (S.D.N.Y. 2002) ("If [defendant] wishes to operate an interactive website accessible in New York, there is no inequity in subjecting [defendant] to personal jurisdiction here. If [defendant] does not want its website to subject it to personal jurisdiction here, it is free to set up a passive website that does not enable [defendant] to transact business in

New York.") and *Hsin Ten Enterprise USA, Inc. v. Clark Enterprises,* 138 F. Supp. 2d 449, 456 (S.D.N.Y. 2000) ("Generally, an interactive website supports a finding of personal jurisdiction over the defendant.").[4]

Courts in this Circuit have also exercised jurisdiction over defendants under § 302(a)(1) where such defendants regularly offer for sale and sell goods through online marketplaces, "even though Defendants do not control their [] 'storefront' or its interactivity to the same extent that they control their own highly interactive website." *Lifeguard Licensing Corp. v. Ann Arbor T-Shirt Co., LLC*, No. 15 Civ. 8459 (LGS), 2016 U.S. Dist. LEXIS 89149, at *7 (S.D.N.Y. July 8, 2016) (Hon. Lorna G. Schofield held that the Michigan-based defendants who sold to New York consumers on Amazon.com were subject to this Court's personal jurisdiction); *EnviroCare Techs.,* 2012 U.S. Dist. LEXIS 78088, at *8. Jurisdiction is proper "for internet sellers who use an internet storefront like Amazon," -- or in this case, Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com -- when the Internet sellers are "commercial vendors who use it 'as a means for establishing regular business with a remote forum.'" *Lifeguard Licensing Corp.,* 2016 U.S. Dist. LEXIS 89149, at *8.

Accordingly, this Court has personal jurisdiction over Defendants who have intentionally availed themselves of the opportunity to do business in New York, and specifically this District, by using Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com, as well as yet undiscovered online marketplaces, to offer for sale and/or sell Counterfeit Products. Other than the first 11 identified Defendant manufacturers who have indicated through their links and business web sites that they are located in China ("China Manufacturing Defendants"), the remaining identified Defendants ("Storefront Defendants")

[4] *See infra* fn. 5 (collecting cases finding personal jurisdiction over China-based Defendants selling on online marketplace platforms).

merely use fanciful and made up store names or seller ids without complete addresses, contact information, phones numbers and the like). *See Malkin Dec., Ex.* 1 and *Ference Dec.,* ¶ 9 , *Ex.* 1; *see also EnviroCare Techs., LLC v. Simanovsky,* 2012 U.S. Dist. LEXIS 78088, at *8 (E.D.N.Y. 2012) (concluding that jurisdiction existed where defendants sold "allegedly infringing goods . . . online through [their] Amazon storefront and the goods were shipped to New York by Amazon")). Defendants used and continue to use Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com to advertise, market, promote, offer for sale, sell, distribute and/or import Counterfeit Products to New York customers and/or potential customers, including in this District. *See Malkin Dec., Ex.* 1 and *Ference Dec.,* ¶ 9, *Ex.* 1. Here, the fact that Defendants have chosen to open their respective User Accounts for the purpose of selling Counterfeit Products through their Merchant Storefronts on Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com, as well as any and all as yet undiscovered online marketplace platforms, alone supports a finding that Defendants have intentionally used Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com "as a means for establishing regular business with a remote forum." *EnviroCare Techs., LLC,* 2012 U.S. Dist. LEXIS 78088, at *10 (quoting *Boschetto v. Hansing,* 539 F.3d 1011, 1019 (9th Cir. 2008)); *see also Malkin Dec.,* ¶ 2 and ¶ 11, *Ex. 1* and *Ference Dec.,* ¶ 9, Ex. 1. Defendants purposefully availed themselves of this Court's personal jurisdiction. *See Malkin Dec., Ex.* 1 and *Ference Dec.,* ¶ 9, *Ex.* 1; *see also Lifeguard Licensing Corp.,* 2016 U.S. Dist. LEXIS 89149, at *8 and *EnviroCare Techs., LLC,* 2012 U.S. Dist. LEXIS 78088, at *10. Courts have indeed found that "commercial sellers" on "well-known, national . . . website[s]" are in fact subject to personal jurisdiction, as these Defendants "must have been able to foresee the possibility of being hauled into court [in the

present jurisdiction].” *Malcom v. Esposito,* 63 Va. Cir. 440, 446 (Cir. Ct. 2003); *see also EnviroCare Techs., LLC,* 2012 U.S. Dist. LEXIS 78088, at *12. Although here, Plaintiff’s counsel purchased three (3) Counterfeit Products from a sampling of Defendants in this Lawsuit, all shipping to a Manhattan address, whether a defendant physically shipped Counterfeit Products into New York is not determinative of whether personal jurisdiction exists, as courts in this Circuit examine a given defendant’s online interactions with consumers in considering whether a particular defendant has transacted business in the forum state under § 302(a)(1). *See Malkin Dec.*, *Ex.*1 and *Ference Dec.,* ¶ 9, *Ex.* 1, ; *Rolex Watch, U.S.A., Inc. v. Pharel*, 09 CV 4810 (RRM) (ALC), 2011 U.S. Dist. LEXIS 32249, at 6 (E.D.N.Y. Mar. 11, 2011) (finding personal jurisdiction over defendant, a resident of South Carolina, because he transacted business in New York by monitoring and responding to inquiries for counterfeit watches through websites accessible in New York). Plaintiff and Plaintiff’s counsel have viewed Defendant’s Counterfeit Products via their online User Accounts and Merchant Storefronts. *See Tyler Dec.*, ¶ 15 and ¶ 20, *Malkin Dec.* ¶ 9 and ¶ 10. Plaintiff’s counsel purchased three (3) Counterfeit Products.[5] *See*

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[5] *See Skrodzki v. Marcello,* 810 F. Supp. 2d 501, 512-13 (E.D.N.Y. 2011), and that, “[t]he offering for sale of even one copy of an allegedly infringing item, even if no sale results, is sufficient to give personal jurisdiction over the alleged infringer under N.Y. CPLR § 302(a), subd. 1, 2 and 3.” *See also, Cartier v. Seah LLC,* 598 F. Supp. 2d 422, 425 (S.D.N.Y. 2009). Moreover, under Second Circuit case law, when analyzing personal jurisdiction in the Internet context, “traditional statutory and constitutional principles remain the touchstone of the inquiry,” and while a website's interactivity, “may be useful” for analyzing personal jurisdiction ‘insofar as it helps to decide whether the defendant 'transacts any business' in New York,’” ... “it does not amount to a separate framework for analyzing internet-based jurisdiction.” *Best Van Lines, Inc.,* 490 F.3d at 252 (quoting *Best Van Lines, Inc. v. Walker,* No. 03- Civ. 6585 (GEL), 2004 U.S. Dist. LEXIS 7830, at *9 (S.D.N.Y. May 4, 2004)) (citing *Zippo Manufacturing Co. v. Zippo Dot Com, Inc,* 952 F. Supp. 1119 (W. D. Pa. 1997)). Sister circuits similarly rely on the traditional principles guiding the personal jurisdiction analysis when analyzing the same in the Internet context, namely the Eleventh Circuit (see, *e.g., Oldfield v. Pueblo De Bahia Lora, S.A.,* 558 F.3d 1210, 1219-1224 (11th Cir. 2011) (criticizing the over-reliance on the sliding scale of interactivity analysis and instead applying a traditional personal jurisdiction analysis in an Internet case where the website was fully interactive); *see also Louis Vuitton Malletier, S.A. v. Mosseri,* 736 F.3d 1339, 1356-58 (11th Cir. 2013) (applying the traditional purposeful availment test in a case where defendant’s fully interactive website was accessible in Florida, and was selling and distributing infringing goods through his website to Florida consumers), and the Seventh Circuit (see, e.g., *Advanced Tactical Ordnance Systems, LLC v. Real Action Paintball, Inc.,* 751 F.3d 796, 803 (7th Cir. 2010) (addressing the impact of a defendant's online activities upon the personal jurisdiction analysis and reiterating that, as with offline activities, the Court must focus upon the deliberate actions of the defendant within the State)), are instructive in considering whether the exercise of

Malkin Dec. ¶ 11 and *Ference Dec.,* ¶ 9, *Ex. 1*. Thus, Defendants' sophisticated commercial operations, specifically including their offering for sale and/or selling of Counterfeit Products through their highly interactive User Accounts and Merchant Storefronts on Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com, and Plaintiff's counsel's purchase of Counterfeit Products, along with Defendants' own representations on their Merchant Storefronts that they ship Counterfeit Products to the U.S., including to New York addresses, unequivocally establishes that Defendants conduct business within this District and the claims in this suit arise from Defendants' business dealings and transactions with consumers in New York.

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jurisdiction over Defendants in the instant action is appropriate under similar, if not identical facts. For example, courts in the Eleventh Circuit have routinely granted temporary restraining orders, preliminary injunctions and default judgments in online counterfeiting cases where no purchases of the counterfeit/infringing products were made, but the plaintiffs alleged and confirmed that each of the foreign defendants operated fully interactive commercial websites through which they advertised, promoted, offered for sale, and sold products bearing what the plaintiff determined to be counterfeit and infringing trademarks into the U.S., and in interstate commerce, in violation of the plaintiff's rights. *See, e.g., Malletier,* 2016 U.S. Dist. LEXIS 93072, at *3; *Mycoskie v. 2016tomsshoessaleoutlet.us,* No. 16-61523- CIV-GAYLES, 2016 U.S. Dist. LEXIS 95963, at *4 (S.D. Fla. July 22, 2016); *Adidas AG v. 007adidasuk.com,* No. 15-61275-CIV-GAYLES, 2015 U.S. Dist. LEXIS 179020, at *8 (S.D. Fla. 2015); *Louis Vuitton Malletier, S.A. v. 2015shoplvhandbag.com,* No. 15-62531-CIV-BLOOM, 2015 U.S. Dist. LEXIS 181477, at *11 (S.D. Fla. Dec. 18, 2015); *Abercrombie & Fitch Trading Co. v. Abercrombieclassic.com,* No. 15-62579-CIV-CMA, 2015 U.S. Dist. LEXIS 179041, at *5 (S.D. Fla. Dec. 11, 2015); *Gucci Am., Inc. v. Gucc- Outlet.com,* No. 15-62165-CIV-DPG, 2015 U.S. Dist. LEXIS 181483, at *3-4 (S.D. Fla. Nov. 9, 2015); *Chanel, Inc. v. 2012leboyhandbag.com,* No. 15-61986-CIV-WJZ, 2015 U.S. Dist. LEXIS 177989, at *3 (S.D. Fla. Oct. 13, 2015); *Abercrombie & Fitch Trading Co. v. Abercrombieandfitchdk.com,* No. 15-62068-CIV-BB, 2015 U.S. Dist. LEXIS 179117, at *5 (S.D. Fla. Oct. 7, 2015); *Malletier v. 2015louisvuittons.com,* No. 15-61973-CIV-BB, 2015 U.S. Dist. LEXIS 181452, at *11 (S.D. Fla. Sep. 29, 2015); *Chanel, Inc. v. Chanelsstore.com,* No. 15-61156-CIV- CMA, 2015 U.S. Dist. LEXIS 179101, at *5 (S.D. Fla. August 31, 2015). Similarly, the Seventh Circuit, in *Illinois v. Hemi Group LLC,* held that it had personal jurisdiction over the foreign defendants because they operated a nationwide business model where they intentionally created and operated several commercial, interactive websites to offer products for sale and allow online orders from Illinois residents, specifically noting that the "[defendants] maintained commercial websites through which customers could purchase cigarettes, calculate their shipping charges using their zip codes, and create accounts," and as a result, the "[defendants] stood ready and willing to do business with Illinois residents." *Illinois v. Hemi Group LLC,* 622 F.3d 754, 756 (7th Cir. 2010); *see also Monster Energy Co. v. Chen Wensheng,* 136 F. Supp. 3d 897, 906 (N.D. Ill. 2015) (holding that defendants had "expressly aimed" their actions at the state, making specific personal jurisdiction proper even without a sale made to an Illinois resident, because in addition to intentionally creating and operating commercial, fully interactive AliExpress.com Internet stores through which consumers can purchase counterfeit Monster Energy Products, the defendants had affirmatively selected a shipping option to ship counterfeit products to the United States, including to Illinois residents, and the plaintiffs' exhibits showed that the named defendants had specifically offered to sell particular counterfeit products to individuals with Illinois shipping addresses and provided PayPal account number for the buyer to make the payment for the item, and as a result, the defendants expressly elected to do business with the residents of all fifty states, including Illinois).

2. Alternatively, Defendants are Subject to Personal Jurisdiction Under N.Y. P.L.R. § 302(a)(3)

In order to establish jurisdiction under N.Y. C.P.L.R. § 302(a)(3)(ii), a plaintiff must show that 1) the defendant committed a tortious act outside of New York, 2) the tortious act caused injury in New York, 3) the defendant expected or should reasonably have expected the tortious act to have consequences in New York and 4) the defendant derived substantial revenue from interstate or international commerce. *See Energy Brands Inc.,* 571 F. Supp. at 470 (citing N.Y. C.P.L.R. § 302(a)(3) (McKinney)). *See Malkin Dec.* ¶ 11 and *Ference Dec.,* ¶ 9, *Ex. 1.*

Here, by advertising, offering for sale, selling, distributing and shipping retail products directly to consumers across the world, including consumers located throughout the U.S. and specifically in New York, Defendants have committed tortious acts, as alleged herein, outside of New York, thus directly giving rise to the claims asserted in the instant action. *See Malkin Dec.* ¶ 11 and *Ference Dec.,* ¶ 9, *Ex. 1*; *see also Etna Products Co.* v. *Dacofa Trading Co.,* 91 Civ. 6743 (DNE), 1992 U.S. Dist. LEXIS 2924 (S.D.N.Y. March 9, 1992) (noting that copyright infringement and trade dress infringement are commercial torts committed where the infringing goods are sold and/or offered for sale).

"Courts determining whether there is injury in New York sufficient to warrant § 302(a)(3) jurisdiction must generally apply a 'situs-of-injury' test." *DiStefano v. Carozzi N. Am., Inc.,* 286 F.3d 81, 84 (2d Cir. N.Y. 2001). Courts in this district have found that "in trademark infringement cases, the tort occurs where the passing off occurs, that is, where the customer purchases the defendant's goods in the mistaken belief that they are the trademark owner's products." *See Energy Brands Inc.,* 571 F. Supp. at 467 (finding injury in New York in an action for trade dress infringement, noting that injury within New York encompasses "'harm to a

business in the New York market through lost sales or lost customers,'" which "is satisfied by harm and threatened harm resulting from actual or potential confusion and deception of internet users in New York State.") (internal citations omitted). Further, this Court has often found that "in the case of commercial torts, the situs of injury is "the place where the plaintiff lost business." *A + E TV Networks, LLC v. Wish Factory,* 15-cv-1189-DAB, 2016 U.S. Dist. LEXIS 33361, at *16 (S.D.N.Y. March 11, 2016) (citing *Bank Brussels Lambert v. Fiddler Gonzalez & Rodriguez,* 171 F.3d 779, 793 (2d Cir. 1999)).

Here, the injury clearly occurred within New York, as Defendants' Infringing Listings on Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com resulted in consumers throughout the U.S., and specifically in New York, purchasing Counterfeit Products. *See Malkin Dec.* ¶ 11 and *Ference Dec.,* ¶ 9, *Ex. 1.* As a direct result of Defendants' counterfeiting and infringing actions, Plaintiff has suffered harm in New York through lost sales in New York and lost New York consumers. *See Taylor Dec.,* ¶ 27 and ¶ 28.

In determining whether a defendant "expected or should reasonably have expected" its tortious act to "have consequences in New York," courts have examined whether defendant made a 'discernible effort to directly or indirectly serve the New York market.'" *DH Servs., LLC v. Positive Impact, Inc.,* No. 12 Civ. 6153 (RA), 2014 U.S. Dist. LEXIS 14753, at *34, *37 (S.D.N.Y. Feb. 5, 2014) (internal citations omitted). "To ensure that the provision is construed in a manner consistent with federal due process requirements, New York courts require 'tangible manifestations of a defendant's intent to target New York, or . . . concrete facts known to the nondomiciliary that should have alerted it to the possibility of being brought before a court in the Southern District of New York.'" *Id.,* at *37. Further, "New York courts will assess whether the facts demonstrate that defendant should have been aware that its product would enter the New

York market." *Energy Brands Inc,* 571 F. Supp. at 468. Here, Defendants most certainly should have expected their infringing actions to have consequences in New York and been aware of the fact that the Counterfeit Products would enter the New York market, given their offer to ship to a New York address and Plaintiff's counsel purchased Counterfeit Products from a sampling of Defendants. *See Malkin Dec.* ¶ 11 and *Ference Dec.,* ¶ 9, *Ex. 1*.

Finally, although "there is no bright-line rule regarding when a specific level of revenue becomes substantial for purposes of 302(a)(3)(ii)," as detailed above, there is no doubt that Defendants derive substantial revenue from U.S. interstate commerce through online sales. *Energy Brands Inc.,* 571 F. Supp. at 468.

3. <u>Exercising Personal Jurisdiction Over Defendants Comports With Due Process</u>

The assertion of personal jurisdiction over Defendants also comports with the Due Process Clause of the U.S. Constitution, as Defendants have "certain minimum contacts ... such that maintenance of th[is] suit does not offend 'traditional notions of fair play and substantial justice.'" *Calder v. Jones,* 465 U.S. 783, 788 (1984) (quoting *Milliken v. Meyer,* 311 U.S. 457 (1940)). Defendants intentionally directed activity towards the New York market, thereby purposefully availing themselves of "the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Burger King Corp. v. Rudzewicz,* 471 U.S. 462, 475 (U.S. 1985); *see Best Van Lines, Inc.,* 490 F.3d at 243 ("In the language of minimum contacts, when the defendants committed 'their intentional, and allegedly tortious, actions expressly aimed at California, they must have reasonably anticipated being hailed into court there.'") (internal quotations omitted); *See Ference, Dec.* ¶ *9, Ex. 1.* Moreover, "as a practical matter, the Due Process Clause permits the exercise of jurisdiction in a broader range of circumstances of N.Y. C.P.L.R. § 302, and a foreign defendant meeting the standards of § 302

will satisfy the due process standard." *Energy Brands Inc.,* 571 F. Supp. 2d at 469. Accordingly, Plaintiff respectfully submits that this Court has personal jurisdiction over Defendants in this action.

B. PLAINTIFF IS ENTITLED TO AN *EX PARTE* TEMPORARY RESTRAINING ORDER AND A PRELIMINARY INJUNCTION

An *ex parte* order is essential in this case to prevent immediate and irreparable injury to Plaintiff. Rule 65(b) of the Federal Rules of Civil Procedure provides, in pertinent part, that a temporary restraining order may be granted without written or oral notice to the opposing party or that party's counsel where "it clearly appears from the specific facts shown by affidavit . . . that immediate and irreparable injury, loss or damage will result to the applicant before the adverse party or that party's attorney can be heard in opposition." Fed. R. Civ. P. 65(b). Further, this court has inherent power to grant an *ex parte* restraining order. *See Link v. Wabush R. R.*, 370 U.S. 626, 630 – 31 (1962) ("Inherent powers are governed by the 'control necessarily vested in courts to manage their own affairs as to achieve the orderly and expeditious disposition of cases.'(citation omitted)"). Indeed, the Supreme Court has indicated that federal courts have broad inherent powers to accomplish justice. *See Chambers v. Nasco, Inc*., 501 U.S. 32, 44 (1991).

Moreover, Congress specifically acted to provide that Section 34 of the Lanham Act expressly authorizes this Court to issue *ex parte* restraining orders "with respect to a violation [of the Act] that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods." 15 U.S.C. § 1116(d)(1)(a). Congress' purpose for enacting such *ex parte* remedies was to ensure that courts were able to effectively exercise their jurisdiction in counterfeiting cases and to prevent counterfeiters given prior notice from disappearing or quickly

disposing of infringing inventory or records relating to their counterfeiting and illegal actions. *See* Senate-House Joint Explanatory Statement on trademark Counterfeiting Legislation, 130 Cong. Rec. H12076, at 12080 (Oct. 10, 1984).

Once a violation of the Lanham Act is demonstrated, the issuance of an *ex parte* order is appropriate upon showing that: (i) the plaintiff will provide adequate security; (ii) any order other than an *ex parte* order is not adequate to achieve the purposes of 15 U.S.C. § 1114; (iii) the plaintiff has not publicized the requested *ex parte* order; (iv) the plaintiff is likely to succeed on showing that defendants are using counterfeit marks; (v) an immediate and irreparable injury will occur if such *ex parte* order is not granted; (vi) the materials to be seized will be located at the place identified in the application; (vii) the harm to the plaintiff in denying the application outweighs the harm to defendants in granting the order and (viii) if prior notice was given, defendants would destroy, move, hide or otherwise make such matter inaccessible to the court. *See* 15 U.S.C. § 1116(d)(4)(B). As discussed in this Application, Plaintiff meets each of the relevant criteria for the issuance of an *ex parte* temporary restraining order under the Lanham Act.[6] *See Taylor Dec.* and *Malkin Dec.*

"Courts in this Circuit have not hesitated to exercise [their] authority [to grant an *ex parte* order] in infringement cases in which there is a danger the defendants will destroy, conceal, or transfer counterfeit goods." *Moose Toys Pty, Ltd. v. Thriftway Hylan Blvd. Drug Corp.,* No. 15-cv-4483-DLI/MDG, 2015 U.S. Dist. LEXIS 105912, at *8 (E.D.N.Y. Aug. 6, 2015). Moreover, federal courts have long recognized that civil actions against counterfeiters - whose very business is built around the deliberate misappropriation of rights and property belonging to

[6] Plaintiff has expressed its willingness to provide security in conjunction with the *ex parte* relief it seeks. *See* [Proposed] Order, filed herewith. Plaintiff has certified that it has not publicized this Application. *See Taylor Dec.,* ¶ 38., and *Malkin Dec*., ¶ 38. Also, since Defendants' location and the location of the Counterfeit Products are unclear, Plaintiff is not requesting a seizure order in this Application. *See* [Proposed] Order.

others - present special challenges that justify proceeding on an *ex parte* basis. *See Time Warner Entertainment Co., L.P.* v. *Does*, 876 F. Supp. 407, 410-11 (E.D.N.Y. 1994).

An *ex parte* temporary restraining order is particularly warranted in cases, such as the instant one, involving counterfeiters who conceal their identities and engaging in unlawful and harmful counterfeiting activities over the Internet to avoid revealing their actual locations and identities. *See Malkin Dec.,* ¶¶ 36-37. The Store Front Defendants, who, upon information and belief, operate their businesses exclusively over the Internet, knowingly and willfully offer for sale and/or sell Counterfeit Products through their User Accounts and on their Merchant Storefronts on Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com. *See Malkin Dec.,* ¶ 2 and ¶ 11; *Tyler Dec.,* ¶ 2 and ¶ 22, *Ference Dec.,* ¶ 9-11, *Exs.* 2,3 and 4. Given the propensity for third-party merchants on Alibaba.com, AliExpress.com, Amazon.com, DHgate.com, eBay.com, Walmart.com, and/or Wish.com, as well as other as yet undiscovered online marketplace platforms, to use aliases, false addresses and other incomplete identification information to avoid detection, if Defendants are put on notice of the filing of this Application, it is likely that Defendants will attempt to circumvent the temporary restraining order, by disappearing, destroying any evidence of their counterfeiting activities and draining their financial accounts. *See Malkin Dec.,* ¶¶ 36 and ¶ 37.

In addition to the fact that Defendants are likely to attempt to hide evidence of their counterfeiting and infringing activities, if Defendants are given notice of this Application prior to providing the Financial Institutions (as defined *infra*) and Third Party Service Providers (as defined *infra*) with the time necessary to freeze Defendants' Assets and/or Defendants' Financial Accounts (as defined *infra*), it is highly likely that Defendants will move and/or deplete Defendants' Assets and/or Defendants Financial Accounts before the Financial Institutions and

Third Party Service Providers can comply with the temporary restraining order. *See id*. Further, if provided with prior notice of this Application, Defendants are also likely to simply open new User Accounts or Merchant Storefronts on eBay, as well as any and all yet undiscovered online marketplace platforms, under new or different names and continue to offer for sale and sell Counterfeit Products with little to no consequence. *See id*. In light of the covert nature of Defendants and their unlawful, infringing and counterfeiting activities, an order other than an *ex parte* temporary restraining order would be an exercise in futility. The immediate and irreparable harm to Plaintiff's business and reputation -- as well as to the goodwill associated with Plaintiff's Marks -- in denying its Application for an *ex parte* temporary restraining order, greatly outweighs the harm to Defendants' interests in continuing to offer for sale and sell Counterfeit Products. *See Tyler Dec.,* ¶ 19, ¶¶ 26-29. Many courts have granted an ex parte temporary restraining order in situations where the harm to plaintiffs far outweighed the harm to defendants.[7]

It is the well settled law of this Circuit that, "[t]o obtain a preliminary injunction, a plaintiff must establish: '(1) the likelihood of irreparable injury in the absence of such an injunction, and (2) either (a) likelihood of success on the merits or (b) sufficiently serious questions going to the merits to make them a fair ground for litigation plus a balance of hardships tipping decidedly' in its favor.'" *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.,* 426 F.3d 532, 537 (2d Cir. 2005) (quoting *Federal Express Corp. v. Federal Espresso, Inc.,* 201 F.3d 168, 173 (2d Cir. 2000)). The "standards which govern consideration of an application for a temporary restraining order are the same standards as those which govern a preliminary injunction." *Local 1814, Int'l Longshoremen's Ass'n v. N.Y. Shipping Ass'n, Inc.,* 965

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[7] *See, supra* fn. 2 (collecting cases granted *ex parte* temporary restraining order in situations where harm to plaintiffs far outweighed harm to defendants.).

F.2d 1224, 1228 (2d Cir. 1992). As detailed below, Plaintiff has met the standard for a preliminary injunction, and accordingly, a temporary restraining order should also issue against Defendants.

1. <u>Plaintiff Will Suffer Irreparable Harm in the Absence of an Injunction Leaving it with No Adequate Remedy at Law</u>

Defendants' infringing activities must be stopped immediately in order to prevent any further harm to Plaintiff. Not only does Plaintiff stand to suffer lost profits as a result of Defendants' competing substandard Counterfeit Products, but it destroys the inherent value of Plaintiff's Marks, it impairs Plaintiff's reputation for providing quality products, it dilutes Plaintiff's brand and goodwill and it negatively affects Plaintiff's relationships with its current customers and its ability to attract new customers. *See Tyler Dec.,* ¶ 26-29. While courts may no longer presume irreparable harm upon a finding of infringement, *Salinger v. Colting,* 607 F.3d 68, 82 (2d Cir. 2010), "[i]rreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . because loss of control over one's reputation is neither 'calculable nor precisely compensable.'" *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.,* 800 F.Supp.2d 515, 540 (S.D.N.Y. 2011); *see also NYPHoldings v. New York Post Pub. Inc.,* 63 F. Supp. 3d 328, 341 (S.D.N.Y. 2014) ("[A]lthough irreparable harm may not be presumed upon a showing of a likelihood of success, irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . Thus, it will often be the case that a party's demonstration of a likelihood of success on a trademark claim will also show a threat of irreparable harm." (citing *eBay, Inc. v. MercExchange, LLC,* 547 U.S. 388, 393 (2006); *Salinger,* 607 F.3d at 80)). Further, a plaintiff may still demonstrate that "on the facts of the case, the failure to issue an injunction would actually cause irreparable harm." *Salinger,* 607 F.3d at 82 (citing *eBay,* 547 U.S. at 393).

Further, this Circuit has recognized that irreparable harm sufficient to warrant a preliminary injunction exists where defendant injected counterfeit versions of a plaintiffs' products into the market. *See CJProds. LLC v. Snuggly Plushez LLC,* 809 F. Supp. 2d 127, 145 (E.D.N.Y. 2011). Here, Plaintiff has invested considerable time, money and effort to develop goodwill among customers and to create instantly recognizable products that have become popular worldwide, and Defendants have sold substandard Counterfeit Products that look remarkably similar, if not identical, to Plaintiff's NEGG® product and which embody, bear and/or incorporate Plaintiff's Marks and/or identical or confusingly presentation, packaging, photographs trade dress, and similar marks, thereby resulting in lost sales and impairing Plaintiff's reputation that it has achieved through the expenditure of considerable time and effort.[8] *See Tyler Dec.,* ¶19, ¶¶ 26-29 and *Malkin Dec.*

Moreover, Defendants' counterfeiting and infringing activities deny Plaintiff its fundamental right to control the quality of the goods sold under its marks. *See Zino Davidoff SA v. CVS Corp.,* 571 F.3d 238, 243 (2d Cir. 2009) (affirming district court's grant of preliminary injunction) (quoting *El Greco Leather Products Co. v. Shoe World, Inc.,* 806 F.2d 392, 395 (2d Cir. 1986), *cert. denied,* 484 U.S. 817 (1987)) ("[o]ne of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder's trademark."). Defendants are offering their substandard Counterfeit Products, often in wholesale quantities, at significantly below market prices with which Plaintiff cannot compete given the high-quality materials and construction necessary to manufacture the NEGG® egg peeler. *See Tyler Dec.,* ¶1 9-25; *Malkin Dec.,* ¶¶ 19, 8-19 and *Zino Davidoff SA,* 71 F.3d 244 (holding that irreparable harm is caused to a trademark

[8] *See Mitchell Grp. USA LLC v. Udeh,* 2015 U.S. Dist. LEXIS 18801, at *8 (E.D.N.Y. 2015) (internal citations omitted).

owner who cannot control the quality of their products because "a higher incidence of substantial sales of counterfeit goods, which are invariably non-conforming and inferior" would "harm [Plaintiffs'] reputation and diminish the value of its trademark."); *see also Mint, Inc. v. Iddi Amad*, No. 10-cv-9395-SAS, 2011 U.S. Dist. LEXIS 49813, at *9 n.23 (S.D.N.Y. May 9, 2011) ("the loss of pricing power resulting from the sale of inexpensive 'knock-offs' is, by its very nature, irreparable) (citing *Abbott Labs. v. Sandoz, Inc.,* 544 F.3d 1341, 1362 (Fed. Cir. 2008) (citing *Purdue Pharma L.P. v. Boehringer Ingelheim GmbH,* 237 F.3d 1359, 1368 (Fed. Cir. 2001) (likelihood of price erosion and loss of market position are evidence of irreparable harm); *Polymer Techs., Inc. v. Bridwell,* 103 F.3d 970, 975-76 (Fed. Cir. 1996) (loss of market opportunities cannot be quantified or adequately compensated and is evidence of irreparable harm)).

Also, because Defendants' substandard counterfeit or infringing products are virtually indistinguishable from Plaintiff's NEGG® product, not only could any injury to consumers that results from such consumers' use of Defendants' substandard Counterfeit Products be attributed to Plaintiff, thereby causing irreparable harm to Plaintiff in the form of unquantifiable lost sales, loss of goodwill and loss of control of its reputation with authorized licensees, retailers and consumers, but Plaintiff potentially could be exposed to legal liability for any such injury to consumers, which is of particular importance given the nature of the NEGG® product. *See Tyler Dec.*, ¶¶ 26-29 and *Malkin Dec.*. Thus, this factor weighs heavily in Plaintiff's favor.

2. <u>Plaintiff is Likely to Prevail on the Merits of its Lanham Act Claims</u>

In order to establish a likelihood of success on trademark counterfeiting and infringement claims, a plaintiff must show: (1) that its marks are valid and entitled to protection, and (2) that

defendants' use of plaintiff's marks is likely to cause confusion. *See Tiffany (NJ) Inc. v. eBay, Inc.,* 600 F.3d 93 (2d Cir. 2010).

As a preliminary matter, the U.S. Trademark Registration certificate submitted in conjunction with this application provide *prima facie* evidence of both the validity of Plaintiff's NEGG® mark, as well as Plaintiff's ownership of the same. *See Tyler Dec.,* ¶9, *Ex.* 2; *see also* 15 U.S.C. § 1057(b).

Generally, a proper likelihood of confusion inquiry involves an analysis of the factors set forth in *Polaroid Corp. v. Polarad Elecs. Corp.:* (1) the strength of the plaintiff's mark; (2) the similarity between the two marks; (3) the competitive proximity of the parties' products in the marketplace; (4) the likelihood that the senior user will bridge the gap, if any, between the products; (5) evidence of actual confusion; (6) the defendant's bad faith; (7) the quality of the defendant's product and (8) the sophistication of the relevant consumer group. 287 F.2d 492, 495 (2d Cir. 1961). Yet, "where counterfeit marks are involved, it is not necessary to conduct the step-by-step examination of each *Polaroid* factor because counterfeit marks are inherently confusing." *Fendi Adele S.R.L. v. Filene'sBasement, Inc.,* 696 F. Supp. 2d 368, 383 (S.D.N.Y. 2010) (quoting *Burberry Ltd. v. Euro Moda, Inc.,* No. 08-cv-5781-CM, 2009 U.S. Dist. LEXIS 53250, at *5 (S.D.N.Y. June 10, 2009) (internal citations omitted)); *see also Gucci Am., Inc. v. Duty Free Apparel, Ltd.,* 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003). Instead, "[t]he court need only determine the more fundamental question of whether there are items to be confused in the first place – that is, whether the items at issue . . . are, in fact, counterfeit and whether [d]efendants sold those items, or offered those items for sale." *Fendi Adele S.R.L.,* 696 F. Supp. 2d at 383 (internal citations omitted). "Sellers bear strict liability for violations of the Lanham

Act." *Id.* Regardless, even if a *Polaroid* analysis were necessary, a straightforward application of the test clearly demonstrates that a likelihood of confusion exists in this case.

Finally, because Plaintiff has shown that it is likely to prevail on its trademark counterfeiting and trademark infringement claims, Plaintiff has also shown that it will likely prevail on its claims for false designation of origin, passing off and unfair competition. *See Richemont N. Am., Inc. v. Linda Lin Huang,* No. 12-cv-4443-KBF, 2013 U.S. Dist. LEXIS 136790, at *14-16 n.15 (S.D.N.Y. Sep. 24, 2013) (quoting *New West Corp. v. NYM Co. of California, Inc.,* 595 F.2d 1194, 1201 (9th Cir. 1979)); *Le Book Publ'g, Inc. v. Black Book Photography, Inc.,* 418 F. Supp. 2d 305, 312 (S.D.N.Y. 2005) (quoting *New West Corp. v. NYM Co. of California, Inc.,* 595 F.2d 1194, 1201 (9th Cir. 1979)) ("'[W]hether we call the violation infringement, unfair competition or false designation or origin, the test is identical.'").

a) ***Plaintiff's Marks are Strong and Distinctive***

In determining the strength of a mark, courts look to: "(1) inherent strength, resulting from the mark's degree of inherent distinctiveness, usually measured on the ladder ranging from unprotectable generic marks to arbitrary, fanciful marks that enjoy the broadest protection, and (2) acquired strength, reflecting the degree of consumer recognition the mark has achieved." *Tcpip Holding Co. v. Haar Communs. Inc.,* 244 F.3d 88, 100 (2d Cir. 2001). The Plaintiff's Marks are suggestive as applied to the goods with which they are associated, and have acquired distinctiveness from being prominently used in connection with Plaintiff's NEGG® product, which has achieved recognition and fame. *See Tyler Dec.,* ¶¶ 10-14. Additionally, Plaintiff's federal trademark registrations for its NEGG® mark further demonstrates the strength of the same. *See id.; see also Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.,* 799 F.2d 867, 871 (2d Cir. 1986) ("[R]egistered trademarks are presumed to be distinctive and should be afforded

the utmost protection”). Likewise, the Plaintiff’s Marks are suggestive as applied to the goods with which it is associated, as each “requires imagination, thought and perception to reach a conclusion as to the nature of the goods,” and thus, the Plaintiff’s Marks are inherently distinctive and is thereby entitled to trademark protection “without proof of secondary meaning.” *Stix Prods., Inc. v. United Merchants &Mfrs., Inc.,* 295 F. Supp. 479, 488 (S.D.N.Y. 1968); *see also Thompson Medical Co., v. Pfizer Inc.,* 753 F.2d 208, 216 (2d Cir. 1985); *Bernard v. Commerce Drug Co.,* 774 F. Supp. 103 (E.D.N.Y. 1991) (applying the aforementioned standards in the context of an unregistered trademark). Thus, this factor weighs in Plaintiff’s favor.

b) ***Defendants ’ Counterfeit Products and Marks are Virtually Identical to Plaintiff’s NEGG® Product and Plaintiff’s Marks***

Defendants have applied identical copies of the Plaintiff’s Marks to their substandard, Counterfeit Products and/or used identical copies of the Plaintiff’s Marks in marketing and promoting their substandard, Counterfeit Products at Defendants’ User Accounts and Merchant Storefronts; as such, this factor weighs in favor of Plaintiff. *See Malkin Dec.,* ¶¶ 10-15, *Ex.* 1; *Tyler Dec.,* ¶¶ 18-27 and *Ference Dec.,* ¶¶ 9-11, *Ex. 2-4*. Defendants’ Counterfeit Products are clearly designed to look as much like the Plaintiff’s Products as possible, without the quality and workmanship of the Plaintiff’s Products. *See id.*; *see also Rado Watch Co.* v. *ABC, Co.,* 92-cv-3657-PKL, 1992 U.S. Dist. LEXIS 8356, at *11 (S.D.N.Y. June 8, 1992) (finding that the similarity of the marks weighed heavily in plaintiff’s favor where it is “exceedingly difficult” to distinguish between authentic and infringing goods, “even in a side- by-side comparison”). Only minor differences exist between the Counterfeit Products and the Plaintiff’s Products, which have no bearing on a finding of likelihood of confusion. *See id.*; *see also Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.,* 111 F.3d 993, 1004-1005 (2d Cir. 1997) (holding that the test for confusion is “whether they create the same general overall impression such that a consumer who

has seen" the authentic product would, when seeing the infringing product, be confused). Further, courts do "not look with much favor on the businessman who, out of the wealth of words available, chooses as a trademark one which comes as close as he dares to a well-known mark on the identical product." *A. T. Cross Co. v. Jonathan Bradley Pens, Inc.,* 470 F.2d 689, 692 (2d Cir. 1972).

c) *Defendants ' Counterfeit Products Directly Compete with the Plaintiff's NEGG® Product and There is No Gap to Bridge*

In considering the proximity of the products in the market, the concern is "competitive proximity," meaning "whether and to what extent the two products compete with each other." *Cadbury Beverages Inc. v. Cott Corp.,* 73 F.3d 474, 480 (2d Cir. 1996). In assessing the proximity of the parties' products, courts "look to the nature of the products themselves and the structure of the relevant market. Among the considerations germane to the structure of the market are the class of customers to whom the goods are sold, the manner in which the products are advertised, and the channels through which the goods are sold." *Id.* (citations and internal quotations omitted). "[T]he closer the secondary user's goods are to those the consumer has seen marketed under the prior user's band, the more likely that the consumer will mistakenly assume a common source."*Virgin Enterprises v. Nawab,* 335 F.3d 141, 150 (2d Cir. 2003). In this case, the class of customers for both the Counterfeit Products and the Plaintiff's Products are the same retail consumers, so this factor weighs in favor of Plaintiff.

Further, where, as here, Defendants are offering for sale and selling products that are virtually identical in kind, but not in quality to the Plaintiff's Products, bearing counterfeit and/or infringing marks in the same class of goods under which Plaintiff sells its products, they are already in competitive proximity and there is no "gap" to bridge. *See Malkin Dec.,* ¶¶ 10-11, *Ex.*

1; *Tyler Dec.,* ¶ 20-25; *Ference Dec.,* ¶¶ 9-11, *Exs*. 2-4; *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.,* 588 F.3d 97, 115 (2d Cir. 2009) (This factor "is irrelevant . . . where . . . the two products are in direct competition with each other."); *see also Star Indus. v. Bacardi & Co.,* 412 F.3d 373, 387 (2d Cir. 2005) (concluding that "[b]ecause . . . [the] products are already in competitive proximity, there is really no gap to bridge, and this factor is irrelevant to the *Polaroid* analysis") and *Pfizer, Inc. v. Y2K Shipping & Trading, Inc.,* 00-cv-5304-SJ, 2004 U.S. Dist. LEXIS 10426, at *15-16 (E.D.N.Y. March 26, 2004) (citations omitted) ("Where the products are competitive, there is no gap to bridge and the likelihood of confusion is greater.").

d) *Actual Confusion Can Be Inferred Between Defendants' Counterfeit Products and the Plaintiff's NEGG® Product*

Seeing as Defendants are offering for sale and/or selling counterfeit versions of the Plaintiff's NEGG® Product under the Plaintiff's Marks, or a confusingly similar mark, actual confusion can be inferred. *See Malkin Dec.,* ¶¶ 10-11, *Ex.* 1; *Tyler Dec.,* ¶¶ 20-25; *Ference Dec.,* ¶¶ 9-11, *Exs*. 2-4. Moreover, actual confusion exists in this case. *See Tyler Dec.* ¶ 25. Notwithstanding, Plaintiff does not need to prove actual confusion, only a likelihood of confusion to obtain equitable relief. *See Prot. One Alarm Monitoring, Inc. v. Exec. Prot. One Sec. Serv., LLC,* 553 F. Supp. 2d 201, 206 (E.D.N.Y. 2008) (quoting *Warner Bros., Inc. v. Gay Toys, Inc.,* 658 F.2d 76, 79 (2d Cir. 1981)) ("To obtain an injunction in a trademark case the plaintiff need show 'only a likelihood of confusion or deception ... in order to obtain equitable relief.'").

e) Defendants Acted in Bad Faith

Given that Defendants' choice of marks, which are virtually identical to the Plaintiff's Marks and used in connection with the offering for sale and/or sale of virtually identical

products, it can be presumed that Defendants intended to trade off the goodwill and reputation of Plaintiff, its NEGG® Product and its Marks. *See Malkin Dec.,* ¶¶10-11, *Ex.* 1; *Tyler Dec.,* ¶¶20-25 and *Ference Dec.,* ¶¶9-11, *Exs.* 2-4; *see also Kraft Gen. Foods, Inc. v. Allied Old English, Inc.,* 831 F. Supp. 123, 132 (S.D.N.Y. 1993) ("When a company appropriates an identical mark that is well known and has acquired a secondary meaning, an inference can be drawn that the company intends to capitalize on the goodwill and reputation of the mark as well as any confusion that might result concerning the common origin of that mark and the senior user's product.").[9] If Defendants' counterfeiting and infringing actions are found to be willful, "likelihood of confusion will be presumed as a matter of law." *N.Y. State Soc'y of CPA's v. Eric Louis Assocs.,* 79 F. Supp. 2d 331, 340 (S.D.N.Y. 1999).

f) *Defendants ' Counterfeit Products Are of Inferior Quality*

The Plaintiff's NEGG® egg peeler is manufactured with high quality materials. *See Tyler Dec.* ¶ 15. Plaintiff has neither authorized Defendants' use of the Plaintiff's Marks or confusingly similar marks in connection with the Counterfeit Products nor approved or tested Defendants' Counterfeit Products being offered for sale and/or sold under or in connection with the Off-White Marks and/or confusingly similar marks. *See Tyler Dec.* ¶ 24. Hence, Defendants have encroached on Plaintiff's right to control the quality of the goods manufactured and sold under its NEGG® Marks. *See Polymer Technology Corp. v. Mimran,* 975 F.2d 58, 62 (2d Cir.

[9] *See also Toys "R" Us, Inc..,* 559 F. Supp. 1189, 1199 (E.D.N.Y. 1983) (citing *E.I. duPont de Nemours & Co. v. Yoshida International, Inc.,* 393 F. Supp. 502, 514 (E.D.N.Y. 1975)) ("On the assumption that a businessman will ordinarily act to his commercial advantage, and that the attraction of an established business' good will to the newcomer's product is such an advantage, the inference to be drawn from imitation is the imitator's own expectation of confusion as to the source of origin of his product. Where, as here, there is little to distinguish the marks themselves and the prior mark is a long-established one of which the newcomer was aware, doubts about intent are resolved against the newcomer, and a reasonable explanation of its choice is essential to establish lack of intent to deceive.") and *Gucci America, Inc. v. Action Activewear, Inc.,* 759 F. Supp. 1060, 1065 (S.D.N.Y. 1991) ("Where the evidence "shows or requires the inference that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built up, then the inference of likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit.") (internal citation omitted).

1992) (quoting *El Greco Leather Products Co.,* 806 F.2d at 395) ("'One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder's trademark . . . the actual quality of the goods is irrelevant; it is the control of quality that a trademark holder is entitled to maintain'"). In light of the above, this factor further supports a finding of likelihood of confusion.

g) ***The Sophistication of Purchasers***

"Where the purchasers of a products are highly trained professionals, they know the market and are less likely than untrained consumers to be misled or confused by the similarity of different marks." *Virgin Enters. Ltd. v. Nawab,* 335 F.3d 141, 151 (2d Cir. 2003). In contrast, ordinary "retail customers," (i.e., the consumers of Plaintiff's and Defendants' products), "are not expected to exercise the same degree of care as professional buyers, who are expected to have greater powers of discrimination." *Pretty Girl, Inc. v. Pretty Girl Fashions, Inc.,* 778 F. Supp. 2d 261, 268-269 (E.D.N.Y. 2011) (citing *Virgin Enterprises,* 335 F.3d at 151) (quoting district court). Thus, this factor favors Plaintiff's likelihood of success on the merits.

3. <u>Plaintiff is Likely to Prevail on its Patent Infringement Claim</u>

Plaintiff has established a likelihood of success on its cause of action for patent infringement. "Section 271(a) of the Patent Act defines direct infringement as 'whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.' 35 U.S.C. § 271(a)." *Grecia v. McDonald's Corp.*, 2018 U.S. App. LEXIS 5903, at *7-8 (Fed. Cir. Mar. 6, 2018).

Plaintiff owns a United States patent for its unique NEGG® product, U.S. Patent No. 9,968,211 ("the '211 patent"). *Tyler Dec.*, ¶ 8. "Each issued patent carries with it a presumption of validity under 35 U.S.C. § 282." *Tinnus Enters., LLC v. Telebrands Corp.*, 846 F.3d 1190, 1205 (Fed. Cir. 2017). "This presumption is sufficient to establish a likelihood of success on the validity issue, absent a challenge by the accused infringer." *Id.*

To show infringement, Plaintiff submits a detailed infringement claim chart for Plaintiff's '211 patent that set forth the text of the patent claim to compare with annotated images of the infringing products. *Ference Dec*., Ex.4. Thus, Plaintiff has shown it is likely to prevail on its patent infringement claims.

4. Plaintiff is Likely to Prevail on its State Law Claims

Because Plaintiff has shown a likelihood of success on its Lanham Act claims, Plaintiff respectfully submits that it has also shown a likelihood of success on its deceptive trade practices, false advertising, unfair competition and unjust enrichment claims under New York State law. *See N. Am. Olive Oil Ass'n v. Kangadis Food Inc.,* 962 F. Supp. 2d 514, 521 (S.D.N.Y. 2013) ("The analysis of the merits of plaintiff's state law claims [including false advertising] is not materially different"); *Johnson & Johnson Vision Care, Inc. v. Ciba Vision Corp.,* 348 F. Supp. 2d 165, 177178, n. 6 (S.D.N.Y. 2004) ("the standards for analysis for plaintiff's New York state law claims [for false advertising and false marketing] are the same as those for analysis of the Lanham Act claims in all relevant respects") and *GTFM, Inc. v. Solid Clothing, Inc.,* 215 F. Supp. 2d 273 (S.D.N.Y. 2002) (likelihood of success on federal infringement claims supports likelihood of success on New York state unfair competition and deceptive business practices).

5. <u>The Balance of Hardships Favors Plaintiff</u>

The balance of hardships unquestionably and overwhelmingly favors Plaintiff in this case. Here, as described above, Plaintiff has suffered, and will continue to suffer, irreparable harm to its business, the value, goodwill and reputation built up in and associated with the Plaintiff's Marks and to its reputation as a result of Defendants' willful and knowing sales of substandard imitations of the Plaintiff's NEGG® Product. *See Tyler Dec,* ¶¶ 26-29. In contrast, any harm to Defendants would only be the loss of Defendants' ability to continue to offer their Counterfeit Products for sale, or, in other words, the loss of the benefit of being allowed to continue to unfairly profit from their illegal and infringing activities. "Indeed, to the extent defendants 'elect[] to build a business on products found to infringe[,] [they] cannot be heard to complain if an injunction against continuing infringement destroys the business so elected." *Broad. Music, Inc. v. Prana Hosp.,* Inc., 158 F. Supp. 3d 184, 196 (S.D.N.Y. 2016) (quoting *Mint, Inc. v. Amad,* 2011 U.S. Dist. LEXIS 49813, at *3 (S.D.N.Y. 2011) (internal quotation marks and citation omitted)); *see also Mitchell Group USA LLC*, No. 14-cv-5745-DLI/JO, 2014 U.S. Dist. LEXIS 143001, at *6-7 (E.D.N.Y Feb. 17, 2014) (citing *Philip Morris USA Inc. v. 5 Bros. Grocery Corp.,* No. 13-cv-2451- DLI/SMG, 2014 U.S. Dist. LEXIS 112274 (E.D.N.Y. Aug. 5, 2014) ("Absent an injunction, there will be further erosion of plaintiff's goodwill and reputation. Defendants, on the other hand, will be called upon to do no more than refrain from what they have no right to do in the first place.")).

6. <u>Enjoining Defendants from Using the NEGG® Mark Will Serve the Public Interest</u>

The public interest will be served by the issuance of a temporary restraining order and preliminary injunction, as "the public has an interest in not being deceived—in being assured

that the mark it associates with a product is not attached to goods of unknown origin and quality." *N.Y.C. Triathlon, LLC v. NYC Triathlon Club, Inc.,* 704 F. Supp. 2d 305, 344 (S.D.N.Y. 2010); *see also CJ Prods. LLC,* 809 F. Supp. 2d at 149 ("the public interest is served by preventing customer confusion or deception"). Here, the public has an interest in being able to rely on the high quality of the Plaintiff's Products bearing and/or sold in connection with the NEGG® Marks. Since Defendants have willfully and knowingly inserted substandard Counterfeit Products into the marketplace, the public would benefit from a temporary restraining order and preliminary injunction halting any further sale and distribution of Defendants' Counterfeit Products. *See Malkin Dec*., ¶¶ 11-12, *Ex.* 1.

C. PLAINTIFF IS ENTITLED TO AN ORDER PREVENTING 1) THE FRAUDULENT TRANSFER OF ASSETS AND 2) FREEZING OF DEFENDANTS' MERCHANT STOREFRONTS

1. Defendants' Assets Must be Frozen

Considering the nature of Defendants' counterfeiting businesses and Plaintiff showing that it has a high likelihood of succeeding on the merits of all of its claims, Plaintiff will be entitled to an equitable accounting of Defendants' profits from their sales of Counterfeit Products. Accordingly, Plaintiff's request for an asset freeze order granting Plaintiff information regarding the location of all money, securities or other property or assets of Defendants (whether said assets are located in the U.S. or abroad) ("Defendants' Assets"), the attachment of Defendants' Assets and an injunction preventing the transfer from or to financial accounts associated with or utilized by any Defendants or any Defendants' User Accounts or Merchant Storefront(s) (whether said account is located in the U.S. or abroad) ("Defendants' Financial Accounts") by any banks, financial institutions, credit card companies and payment processing agencies, such as eBay, PayPal Inc. ("PayPal"), Payoneer Inc. ("Payoneer"), the Alibaba Group

d/b/a Alibaba.com and Aliexpress.com ("Alibaba") payment services (e.g., Alipay.com Co., Ltd., Ant Financial Services Group), PingPong Global Solutions, Inc. ("PingPong"), and other companies or agencies that engage in the processing or transfer of money and/or real or personal property of Defendants (collectively, "Financial Institutions") and online marketplace platforms, including, without limitation, those owned and operated, directly or indirectly by eBay, as well as any and all as yet undiscovered online marketplace platforms and/or entities through which Defendants, their respective officers, employees, agents, servants and all persons in active concert or participation with any of them manufacture, import, export, advertise, market, promote, distribute, offer for sale, sell and/or otherwise deal in Counterfeit Products which are hereinafter identified as a result of any order entered in this action, or otherwise ("Third Party Service Providers") is both necessary and appropriate, and is within this court's discretion to preserve Plaintiff's right to the relief sought in the Complaint. *See* 15 U.S.C. § 1117(a); *see also, e.g., Balenciaga Am., Inc. v. Dollinger,* No. 10-cv-2912-LTS, 2010 U.S. Dist. LEXIS 107733, at *22 (S.D.N.Y. Oct. 8, 2010) (citing *Wishnatzki &Nathel, Inc. v. H.P. Island-Wide, Inc.,* No. 00-cv-8051-JSM, 2000 U.S. Dist. LEXIS 15664, at *4 (S.D.N.Y. 2000) ("[W]here plaintiffs seek both equitable and legal relief in relation to specific funds, a court retains it equitable power to freeze assets."); *Int'l Star Class Yacht Racing Ass'n v. Tommy Hilfiger U.S.A., Inc.,* 146 F.3d 66, 71-72 (2d Cir. 1998) ("A district court faced with a Lanham Act violation possesses some degree of discretion in shaping [the] relief according to the principles of equity and the individual circumstances of each case" within the parameters of allowing an accounting for profits); *George Basch Co., Inc. v. Blue Coral, Inc.,* 968 F.2d 1532, 1537 (2d Cir. 1992); *Tiffany (NJ) LLC* v. *Forbse,* No. 11-cv-4976-NRB, 2012 U.S. Dist. LEXIS 72148, at *34 (S.D.N.Y. May 23, 2012)

and *Warner Bros. Entm't Inc. v. Doe,* No. 14-cv-3492- KPF, 2014 U.S. Dist. LEXIS 190098 (S.D.N.Y. May 29, 2014).

Plaintiff may obtain an order restraining Defendants' Assets by demonstrating a "likelihood of dissipation of the claimed assets, or other inability to recover money damages, if relief is not granted." *DatatechEnters. LLC v. FFMagnatLtd.,* No. 12-cv-04500-CRB, 2012 U.S. Dist. LEXIS 131711, at *12 (N.D. Cal. Sept. 14, 2012) (citing *Johnson v. Couturier,* 572 F.3d 1067, 1085 (9th Cir. 2009)). District courts have the "authority to freeze those assets which could [be] used to satisfy an equitable award of profits." *North Face Apparel Corp. v. TC Fashions, Inc.,* No. 05-cv-9083-RMB, 2006 U.S. Dist LEXIS 14226, at *10 (S.D.N.Y. Mar. 30, 2006) (internal citation omitted). In doing so, a court "may exempt any particular assets from the freeze on the ground that they [are] not linked to the profits of allegedly illegal activity." *Id.* at *11. Yet, the onus is on "the party seeking relief [from any such asset freeze] to 'present documentary proof'" that its profits do not stem from such illegal activity. *Id.*

Under 15 U.S.C. § 1117(a), a plaintiff in an action arising thereunder is entitled to recover a defendant's profits derived from the counterfeiting and/or infringement and/or plaintiff's damages. The Supreme Court specifically held that a trademark "infringer is required *in equity to account* for and yield up his gains to the true owner," and "profits are then allowed as an *equitable* measure of compensation." *Gucci Am. v. Bank of China,* 768 F.3d 122, 131-132 (2d Cir. 2014) (quoting *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.,* 240 U.S. 251, 259 (1916) (emphasis added) and *Sheldon v. Metro-Goldwyn Pictures Corp*., 309 U.S. 390, 399 (1940)). Specifically, with respect to claims involving infringement arising under the Lanham Act, it has been established in this Circuit, as well as sister circuits, that district courts have the authority to issue a prejudgment asset restraint injunction in favor of plaintiffs seeking an accounting and/or

another equitable remedy against allegedly infringing defendants. *See, e.g., Warner Bros. Entm't Inc. v. Doe,* 2014 U.S. Dist. LEXIS 190098 (S.D.N.Y. May 29, 2014); *Microsoft Corp. v. Jun Yan,* 2010 U.S. Dist. LEXIS 14934 (Dist. Conn. Feb. 18, 2010); *Levi Strauss & Co. v. Sunrise Int'l Trading, Inc.,* 51 F.3d 982 (11th Cir. 1995) (finding that the district court had the authority to freeze assets that could have been used to satisfy an equitable award of profits pursuant to 15 U.S.C. § 1117) and *ReebokInt'l, Ltd. v. Marnatech Enters., Inc.,* 970 F.2d 552, 560 (9th Cir. 1992) ("Because the Lanham Act authorizes the district court to grant Reebok an accounting of Betech's profits as a form of final equitable relief, the district court had the inherent power to freeze Betech's assets in order to ensure the availability of that final relief.").

An asset freeze in the instant matter is unquestionably warranted because Defendants, who appear to be unknown foreign individuals, that are manufacturing, importing, exporting, advertising, marketing, promoting, distributing, displaying, offering for sale and/or selling Counterfeit Products to U.S. consumers solely via the Internet, and accepting payment for such Counterfeit Products in U.S. Dollars through Financial Institutions, thereby causing irreparable harm to Airigan in the form of lost sales, loss of goodwill and loss of control of its reputation with licensees, retailers and consumers, and can, and most certainly have the incentive to, transfer and hide their ill-gotten funds if their assets are not frozen. *See Malkin Dec.,* ¶¶ 36 – 37; *Dama S.P.A.* v. *Doe,* 2015 U.S. Dist. LEXIS 178076, at *4-6 (S.D.N.Y. June 12, 2015) (agreeing that, "Plaintiff's concerns regarding the likelihood of dissipating assets merit the extraordinary remedy of *ex parte* relief and that there is a strong likelihood that advance notice of the motion would cause Defendants to drain their PayPal accounts, thereby depriving Plaintiff of the remedy it seeks") and *SEC v. Caledonian Bank Ltd.,* 317 F.R.D. 358 (S.D.N.Y. 2016) (granting plaintiff's request for an *ex parte* asset freeze based on plaintiff's assertion that Defendants were

foreign entities, and therefore could easily move assets out of bank or brokerage accounts at a moment's notice).[10] Therefore, Plaintiff respectfully submits that this Court should exercise its inherent equitable power and freeze Defendants' Assets and Defendants' Financial Accounts for the purpose of preserving Defendants' funds and ensuring that a meaningful accounting of their profits can be made. Upon the entering of an asset freeze, Plaintiff also requests that the Court order Defendants and/or the Financial Institutions and/or the Third Party Service Providers to immediately identify Defendants' Assets and Defendants' Financial Accounts and the respective current account or fund balances of the same.

2. Defendants' User Accounts and Merchant Storefronts Must be Frozen

A temporary restraining order which, in part, restrains and enjoins Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com, as well as any and all as yet undiscovered online marketplace platforms, from providing services to Defendants' User Accounts and Merchant Storefronts is warranted and necessary because the continued offering for sale and/or sale of the Counterfeit Products by Defendants on their Merchant Storefronts through their User Accounts will result in immediate and irreparable injury to Plaintiff, as described above. *See Gucci Am., Inc. v. Weixing Li,* 768 F.3d 122, 126 (2d Cir. 2014) (Hon. Richard J. Sullivan entered a temporary restraining order, which, in part, enjoined the sale of counterfeit goods on the Internet) and *AW Licensing, LLC v. Bao,* No. 15-cv-1373, 2015 U.S. Dist. LEXIS 177101, at *3 (S.D.N.Y. Apr. 1, 2015) (Hon. Katherine B. Forrest entered a temporary restraining order which was subsequently converted

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[10] See also *supra fn. 2*

into a preliminary injunction, which, in part, disabled the defendants' websites, which were their means of distributing, offering for sale and selling counterfeit products.).[11]

D. PLAINTIFF IS ENTITLED TO AN ORDER AUTHORIZING ALTERNATIVE SERVICE OF PROCESS BY ELECTRONIC MEANS

Plaintiff also respectfully requests that this Court issue an order granting it permission to serve each respective Defendant via the following electronic methods: 1) registered electronic mail or 2) website publication. While Defendants operate sophisticated commercial businesses offering for sale and/or selling Counterfeit Products to consumers in the U.S. - specifically including those in New York - such operations are limited to correspondence by email and communications otherwise transmitted over the Internet. *See Malkin Dec.*, ¶¶20-23, *Exs..1 and* 3. Therefore, Plaintiff respectfully submits that service through electronic methods is appropriate and necessary in the instant matter.

Airigan also may serve international defendants pursuant to Fed. R. Civ. P. 4(f)(3), which enables a court to grant an alternative method of service so long as it: "(1) is not prohibited by international agreement; and (2) comports with constitutional notions of due process." *SEC v. Anticevic,* 2009 U.S. Dist. LEXIS 11480, at *7 (S.D.N.Y. Feb. 8, 2009). Notably, "[s]ervice under subsection [4(f)] (3) is neither a last resort nor extraordinary relief. It is merely one means among several which enables service of process on an international defendant." *Sulzer Mixpac AG,* 312 F.R.D. 329, 330 (quoting *Advanced Aerofoil Techs., AG v. Todaro,* 2012 U.S. Dist. LEXIS 12383, at *1 (S.D.N.Y. Jan. 31, 2012) (internal citations omitted)). Since third-party merchants on Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com, like Defendants, have been known to use aliases, false

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[11] See also *supra fn. 2*

addresses and other incomplete identification information to shield their true identities and there are, in fact, no physical addresses whatsoever associated with the majority of Defendants' User Accounts, this is exactly the circumstance where the courts should exercise, as they previously have exercised, the authority to grant alternative methods of service. *See id.* (quoting *Madu, Edozie & Madu, P.C. v. SocketWorks Ltd. Nigeria,* 265 F.R.D. 106, 115 (S.D.N.Y. 2010) ("The decision whether to allow alternative methods of serving process under Rule 4(f)(3) is committed to the sound discretion of the district court.") (internal quotation marks omitted)); *see also Malkin Dec.,* ¶¶ 20 - 23.

Courts in this Circuit have routinely authorized service by electronic mail in a number of similar cases to the instant one, "where a defendant was . . . alleged to be an online China-based counterfeiting network linked to a functioning email address but which otherwise remained anonymous." *Dama S.P.A.,* 2015 U.S. Dist. LEXIS 178076, at *6-7; see *also AW Licensing, LLC,* 2015 U.S. Dist. LEXIS 177101, at *18-19 (by demonstrating that service by registered electronic mail would provide adequate notice to defendants, the Court ordered that the plaintiff may continue to serve process on defendants by email). Similarly, courts have also authorized alternative methods of electronic service, such as service by Facebook messaging.[12]

In the instant matter, Plaintiff proposes sending emails to those few defendants that have publicly posted email addresses for communication or have revealed their addresses during correspondence with Plaintiff or Plaintiff's legal counsel. In the instant matter, Airigan proposes using RPost (www.rpost.com), an online service that confirms valid proof of authorship, content, and delivery of an email, as well as the official time and date that the email was sent and

[12] *See, e.g. FTC v. PCCare247 Inc.,* 2013 U.S. Dist. LEXIS 31969, at *20 (S.D.N.Y. Mar. 7, 2013) (ordering service by Facebook messaging); *Lipenga v. Kambalame,* 2015 U.S. Dist. LEXIS 172778, at *9 (D. Md. Dec. 28, 2015) (finding service via Facebook and email appropriate under Rule 4(f)(3)).

received. *See Malkin Dec.,* ¶ 39. Other plaintiffs have used RPost in similar actions before this Court, which has allowed these plaintiffs to provide confirmation of delivery and receipt of service process on defendants by email. [13]Thus, service by electronic means would serve the interests of justice and principles of fairness.

Along with service via email, Airigan respectfully requests that the Court, in its discretion, permit service via website publication.[14] Publication on a website has been deemed appropriate service under Fed. R. Civ. P (4)(3) "so long as the proposed publication is 'reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.'" *National Association for Stock Car Auto Racing, Inc. v. Does,* 584 F. Supp. 2d 824, 826 (W.D.N.C. 2008) (quoting *Mullane v. Cent. Hanover Bank & Trust Co.,* 339 U.S. 306, 315-16 (1950)). Here, Defendants have structured their businesses so that the sole means for customers to purchase Defendants' Counterfeit Products is by placing an order over the Internet. *See Malkin Dec.,* ¶¶ 2, 10-13, *Ex.* 1-8 and *Ference Dec.,* ¶¶ 9-11, *Exs*. 2-4. The fact that Defendants' businesses are entirely Internet-based thereby demonstrates the reliability of website publication as an additional means of service.

Ultimately, service on Defendants by various electronic means — namely email by way of RPost with a link to a secure website, such as Dropbox.com, NutStore.com and a large mail link created through RPost.com or via website publication through a specific page dedicated to this Lawsuit accessible through ferencelaw.com — comports with due process, as it is

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[13] *See, e.g., The National Football League v. Mono Lee d/b/a nflnfl.us*, No. 11-cv-8911-PKC (S.D.N.Y. Dec. 7, 2011); and *The National Football League v. Chen Cheng d/b/a nfljerseydiscount.com*, No. 11-cv-09944-WHP (S.D.N.Y. Jan. 19, 2011).

[14] The Ference firm is prepared to provide notice via website publication if permitted by the Court. Through the email service, Ference would provide the named Defendants with a link to a web page accessible at www.ferencelaw.com that includes all of the relevant pleadings to the lawsuit. *See Malkin Dec.*, ¶ 40.

"reasonably calculated, under all circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *Mullane,* 339 U.S. at 309. With the exception the Chinese Manufacturers, only a very few Defendants have disclosed their mailing addresses. *See Malkin Dec.* ¶ 40. Due to Defendants' purposeful anonymity, service by email and website publication is most likely to provide Defendants with proper notice of this action and Off-White's claims. *See Dama S.P.A.,* 2015 U.S. Dist. LEXIS 178076, at *7 (finding where service by email or other electronic means will provide adequate notice under Rule 4(f), such service is warranted and should be granted).[15] Therefore, Plaintiff respectfully submits that an order allowing service of process via email and website publication will benefit all parties and the Court by ensuring that Defendants receive immediate notice of the pendency of this action and allowing this action to move forward expeditiously.

Plaintiff also respectfully submits that the Court issue an order authorizing Plaintiff to serve the Financial Institutions and/or Third Party Service Providers with notice of the Court's order of the Application via electronic means prior to serving Defendants and with enough time for the Financial Institutions and/or Third Party Service Providers to comply with the Court's order.

E. PLAINTIFF IS ENTITLED TO AN ORDER AUTHORIZING EXPEDITED DISCOVERY

Additionally, Plaintiff respectfully requests that the Court order expedited discovery from Defendants, Financial Institutions and Third Party Service Providers regarding the scope and extent of Defendants' counterfeiting and infringing activities, as well as Defendants' account details and other information relating to Defendants' Financial Accounts, Assets and/or any and

[15] *See supra* fn. 2.

all User Accounts and or Financial Accounts with the Third Party Service Providers, including, without limitation any and all websites, any and all accounts with online marketplace platforms such as Alibaba.com, AliExpress.com, Amazon.com, bonanza.com, DHgate.com, eBay.com, Walmart.com, and Wish.com, as well as any and all as yet undiscovered accounts with additional online marketplace platforms held by or associated with Defendants, their respective officers, employees, agents, servants and all other persons in active concert with any of them ("User Accounts"), and any and all User Accounts through which Defendants, their respective officers, employees, agents, servants and all persons in active concert or participation with any of them operate storefronts to manufacture, import, export, advertise, market, promote, distribute, display, offer for sale, sell and/or otherwise deal in products, including Counterfeit Products, which are held by or associated with Defendants, their respective officers, employees, agents, servants and all persons in active concert or participation with any of them ("Merchant Storefront(s)") including, without limitation, those owned and operated, directly or indirectly, by the Third Party Service Providers and the Financial Institutions.

Generally, a party may not seek discovery prior to a Rule 26(f) conference unless authorized by a court order. *See* Fed. R. Civ. P. 26(d)(1). While in the past, Courts in this District have often applied a four-factor test to determine when expedited discovery may be granted,[16] they now apply a more flexible "good cause" test to examine "the discovery request . . . on the entirety of the record to date and the *reasonableness* of the request in light of all the surrounding circumstances." *Ayyash v. Bank Al-Madina,* 233 F.R.D. 325, 326 (S.D.N.Y. 2005) (quoting *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. O'Connor,* 194 F.R.D. 618, 624 (N.D. 1ll.

[16] ". . . the plaintiff must demonstrate (1) irreparable injury, (2) some probability of success on the merits, (3) some connection between the expedited discovery and the avoidance of the irreparable injury, and (4) some evidence that the injury that will result without expedited discovery looms greater than the injury that the defendant will suffer if the expedited relief is granted." *Advanced Portfolio Techs., Inc. v. Advanced Portfolio Techs., Ltd.,* 1994 U.S. Dist. LEXIS 18457, at *7 (S.D.N.Y. Dec. 28, 1994).

2000)).[17] Regardless of which test is applied, Plaintiff has established that it is entitled to the expedited discovery requested. Plaintiff has established that it is entitled to the expedited discovery requested. Plaintiff has demonstrated both irreparable injury and its probability of success on the merits above, and taking into account the covert nature of Defendants, their business operations and the fact that they appear to be foreign individuals or companies who have both the incentive and the capability to hide or destroy relevant business records and other discoverable information and documentation upon hearing of this action, Plaintiff respectfully submits that there is good cause for this Court to grant Plaintiff the expedited discovery requested herein because it will prevent further injury to Plaintiff and assist Plaintiff in pursuing its claims against Defendants and in recovering the damages to which it is entitled. *See Ayyash,* 233 F.R.D., at 327; *see also Tyler Dec.,* ¶¶ 20, 22-31 and *Malkin Dec.,* ¶¶ 36 - 38.

Despite the likelihood of success of Plaintiff's claims and the injury it has and continues to endure, if this Court were to deny expedited discovery, Plaintiff may lose the opportunity to effectively pursue its claims against Defendants because there are several aspects of Defendants' counterfeiting and infringing activities that Plaintiff is not yet able to confirm, including: 1) the true identities of Defendants, 2) the full scope of Defendants' counterfeiting and infringing activities, 3) the source or location of Defendants' inventory of Counterfeit Products and/or 4) where the proceeds from Defendants' counterfeiting and infringing activities have gone. *See Malkin Dec.,* ¶ 18; *see also Admarketplace, Inc. v. Tee Support, Inc.,* No. 13-cv-5635- LGS, 2013 U.S. Dist. LEXIS 129749, at *5 (S.D.N.Y. Sep. 11, 2013) (finding that a plaintiff "who has

[17] See, *e.g., Malibu Media, LLC v. Doe*, 2016 U.S. Dist. LEXIS 64656, at *4 (S.D.N.Y. May 16, 2016); *Malibu Media, LLC v. Doe,* 2015 U.S. Dist. LEXIS 87751, at *2-3 (S.D.N.Y. July 6, 2015); *Milk Studios, LLC v. Samsung Elecs. Co.,* 2015 U.S. Dist. LEXIS 38710, at *4-5 (S.D.N.Y. Mar. 25, 2015); *Admarketplace, Inc. v. Tee Support, Inc.,* No., 2013 U.S. Dist. LEXIS 129749, at *3-4 (S.D.N.Y. Sept. 11, 2013); *Dig. Sin, Inc. v. Does 1-176,* 279 F.R.D. 239, 241 (S.D.N.Y. 2012); and *Stern v. Cosby,* 246 F.R.D. 453, 457 (S.D.N.Y. 2007) (agreeing with the *Ayyash* Court that the more flexible approach is the better approach.).

a potentially meritorious claim and no ability to enforce it absent expedited discovery, has demonstrated good cause for expedited discovery"). Therefore, only through an order from the Court allowing expedited discovery will Plaintiff be able to fully ascertain the extent of Defendants' counterfeiting and infringing activities.

Plaintiff respectfully requests an *ex parte* Order allowing expedited discovery in order to permit it to discover certain identifying information, including information concerning all of Defendants' Financial Accounts, Assets and User Accounts and their sales of Counterfeit Products. The discovery requested on an expedited basis in Plaintiff's [Proposed] Order has been limited to include only that which is essential to prevent further irreparable harm. Under Fed. R. Civ. P. 65(d)(2)(C), this Court has the power to bind any third parties who are in active concert with Defendants that are given notice of the Order to provide expedited discovery. Moreover, Financial Institutions and Third Party Service Providers have complied with similar requests for expedited discovery in like actions before this Court. *See supra* note 6. Off-White respectfully submits that its request should be granted.

F. PLAINTIFF'S REQUEST FOR A SECURITY BOND IN THE AMOUNT OF $5,000 IS ADEQUATE

Plaintiff respectfully submits that in connection with the Court's order pursuant to its inherent equitable power requiring that the Defendants' Assets and Defendants Financial Accounts be frozen by the Financial Institutions and/or Third Party Service Providers, Plaintiff's provision of security in the amount of $5,000 ("Security Bond") is more than sufficient. This Security Bond is equal to an amount that similar plaintiffs have posted in related cases before the Court. *See Wow-Virtual Reality, Inc. v. 740452063 et al.*, No. 18-cv-3618, Dkt. 18 (S.D.N.Y. April 25, 2018); *Rovio Entertainment Ltd. and Rovio Animation OY v. Best Baby and Kid Store,*

et al., No. 17-cv- 4884-KPF, Dkt. 6 (S.D.N.Y. June 28, 2017); *Rovio Entertainment Ltd. and Rovio Animation OY v. Angel Baby Factory d/b/a Angelbaby_factory et al.,* No. 17-cv-1840-KPF, Dkt. 11 (S.D.N.Y. March 27, 2017). Moreover, this Court has gone as far as to hold that no security bond is necessary in similar circumstances. *See, e.g., Ontel Products Corp. v. Airbrushpainting Makeup Store a/k/a Airbrushespainting, et al.,* No. 17-cv-871-KBF, Dkt. 20 (S.D.N.Y. Feb. 6, 2017).

The Second Circuit has held that "[d]istrict courts ... are vested with wide discretion in determining the amount of the bond that the moving party must post." *Doctor's Assocs., Inc. v. Stuart*, 85 F.3d 975, 985 (2d Cir. 1996). Typically, "the amount of the bond posted is the limit that a wrongfully restrained party may recover," but the Court must also balance this against a likelihood of harm the non-movant would be able to show. *Interlink Int'l Fin. Servs,, Inc*. v. *Block*, 145 F. Supp. 2d 312, 314 (S.D.N.Y. 2001); *see also Doctor's Assocs.,* 85 F.3d at 985. Plaintiff believes that Defendants would be unable to show a strong likelihood of harm, and even if Defendants were to experience a likelihood of harm, such harm is outweighed by the harm to Plaintiff, as detailed above. For these reasons, Plaintiff respectfully requests that the Court, in accordance with Fed. R. Civ. P. 65(a), enter the Security Bond in the amount of $5,000.

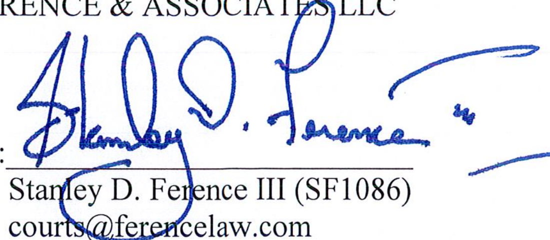
IV. <u>CONCLUSION</u>

For the reasons set forth above, Plaintiff respectfully requests that its Application be granted *ex parte* and that the Court enter: 1) a temporary restraining order; 2) an order restraining assets and Merchant Storefronts; 3) an order to show cause why a preliminary injunction should not issue; 4) an order authorizing alternative service and 5) an order authorizing expedited discovery against Defendants, Third Party Service Providers and Financial Institutions in the

form of the [Proposed] Order accompanying this Application, and such other relief to which Airigan may show it is legally entitled.

Respectfully submitted,

FERENCE & ASSOCIATES LLC



Dated: July 6, 2018

By:______________________________

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