

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

NBA PROPERTIES, INC., MLB ADVANCED)
MEDIA, L.P., MAJOR LEAGUE BASEBALL)
PROPERTIES, INC., NHL ENTERPRISES,)
L.P., COLLEGIATE LICENSING COMPANY,)
LLC, THE BOARD OF TRUSTEES OF THE)
UNIVERSITY OF ALABAMA, for and on)
behalf of The University of Alabama, and)
BOARD OF REGENTS OF THE UNIVERSITY)
OF OKLAHOMA,)

Plaintiffs,)

v.)

THE PARTNERSHIPS and)
UNINCORPORATED ASSOCIATIONS)
IDENTIFIED ON SCHEDULE "A,")

Defendants.)

Case No. 13-cv-7181

Judge Rebecca R. Pallmeyer

Magistrate Judge Susan E. Cox

**MEMORANDUM IN SUPPORT OF PLAINTIFFS' *EX PARTE* MOTION FOR ENTRY
OF A (1) TEMPORARY RESTRAINING ORDER, (2) DOMAIN NAME TRANSFER
ORDER, (3) ASSET RESTRAINING ORDER, (4) EXPEDITED DISCOVERY ORDER,
AND (5) SERVICE OF PROCESS BY E-MAIL
AND ELECTRONIC PUBLICATION ORDER**

Plaintiffs NBA Properties, Inc. ("NBAP"), MLB Advanced Media, L.P. ("MLBAM"), Major League Baseball Properties, Inc. ("MLBP"), NHL Enterprises, L.P. ("NHLE"), Collegiate Licensing Company, LLC ("CLC"), The Board of Trustees of the University of Alabama, for and on behalf of the University of Alabama ("UA Board of Trustees"), and Board of Regents of the University of Oklahoma ("OU Board of Regents"), collectively "Plaintiffs," submit this Memorandum in support of their *Ex Parte* Motion for Entry of a Temporary Restraining Order, Domain Name Transfer Order, Asset Restraining Order, Expedited Discovery Order, and Service of Process by E-mail and Electronic Publication Order (the "*Ex Parte* Motion").

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MEMORANDUM OF LAW

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Plaintiffs MLB Advanced Media, L.P. ("MLBAM"), Major League Baseball Properties, Inc. ("MLBP"), NBA Properties, Inc. ("NBAP"), NHL Enterprises, L.P. ("NHLE"), Board of Trustees of the University of Alabama ("UA Board of Trustees"), Board of Regents of the University of Oklahoma ("OU Board of Regents"), and The Collegiate Licensing Company ("CLC"), collectively "Plaintiffs," bring this action against the Partnerships and Unincorporated Associations identified on Schedule "A" to the Complaint (collectively, the "Defendants") for federal trademark infringement and counterfeiting (Count I), false designation of origin (Count II), cyberpiracy (Count III), and violation of the Illinois Uniform Deceptive Trade Practices Act (Count IV). Plaintiffs own and/or license famous and distinctive trademarks, names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with the Plaintiffs and/or their respective teams or institutions, including the trademarks identified in the complaint that are the subject of valid and enforceable United States Federal Registrations (such registered trademarks collectively referred to as the "Plaintiffs' Trademarks"). As alleged in Plaintiffs' Complaint, Defendants are promoting, advertising, marketing, distributing, offering for sale, and selling products bearing counterfeit and infringing trademarks that are exact copies of one or more of Plaintiffs' Trademarks (the "Counterfeit Products"), through various fully interactive commercial Internet websites operating under at least the Defendant Domain Names and Marketplace Accounts listed in Schedule A to the Complaint (collectively, the "Defendant Internet Stores"). In short, Defendants run a sophisticated counterfeiting operation with reckless disregard for anything except generating profits.

Defendants create the Defendant Internet Stores by the thousands and intentionally design them to appear to be selling licensed products featuring one or more of the trademarks owned and/or licensed by Plaintiffs, while, upon information and belief, actually selling low-quality, unlicensed Counterfeit Products to unknowing consumers who make purchases from Defendant Internet Stores. Many of the Defendant Internet Stores share unique identifiers, such as website design and similarities of the counterfeit products offered for sale, suggesting that Defendants' counterfeiting operation arises out of the same transaction, occurrence, or series of transactions or occurrences. Defendants attempt to avoid liability by going to great lengths to conceal both their identities and the full scope and interworking of their counterfeiting operations. Plaintiffs are forced to file these actions to combat Defendants' unlawful counterfeiting of Plaintiffs' Trademarks, as well as to protect unknowing consumers from purchasing low-quality Counterfeit Products over the Internet.

This Court has personal jurisdiction over Defendants because each Defendant targets Illinois residents and has offered to sell Counterfeit Products to consumers within the State of Illinois. Defendants directly target unlawful business activities toward consumers in Illinois, causing harm to Plaintiffs' businesses within this Judicial District, and have caused and will continue to cause irreparable injury to Plaintiffs. Defendants deceive the public, by trading upon Plaintiffs' respective reputations and the goodwill of Plaintiffs by using interactive websites to sell and/or offer for sale unlicensed Counterfeit Products featuring Plaintiffs' Trademarks.

Defendants should not be permitted to continue their unlawful activities, and Plaintiffs respectfully request that this Court issue *ex parte*: (1) a temporary restraining order against Defendants, temporarily enjoining the manufacture, importation, distribution, offer for sale, and sale of Counterfeit Products; (2) an order temporarily transferring Defendants' Domain Names to

Plaintiffs so they can be disabled; (3) an order temporarily restricting transfer of Defendants' assets to preserve Plaintiffs' rights to an equitable accounting; (4) an order for expedited discovery allowing Plaintiffs to inspect and copy Defendants' records relating to the manufacture, distribution, offer for sale, and sale of Counterfeit Products and Defendants' financial accounts; and (5) an order allowing service by electronic mail and electronic publication at the Defendant Domain Names.

In light of the covert nature of offshore counterfeiting activities and the vital need to establish an economic disincentive for trademark counterfeiting, courts -- including this Court -- now regularly issue such orders. *See, e.g., Oakley, Inc. v. Does 1-100*; No. 12-cv-9864 (N.D. Ill. Dec. 14, 2012) (unpublished) (Granting *ex parte* Temporary Restraining Order); *True Religion Apparel, Inc. v. Does 1-100*; No. 12-cv-9894 (N.D. Ill. Dec. 20, 2012) (unpublished) (same); *Tory Burch LLC v. Zhong Feng, et al.*, No. 1:12-cv-09066 (N.D. Ill. Nov. 15, 2012) (unpublished) (same); *Coach, Inc., et al. v. Does 1-100*, No. 1:12-cv-8963 (N.D. Ill. Nov. 15, 2012) (unpublished) (same). *See also Abercrombie & Fitch Trading Co. v. 4cheapbags.com*, No. 1:12-cv-21088 (S. D. Fla. June 6, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (same); *True Religion Apparel, Inc. v. Xiaokang Lee*, no. 1:11-cv-08242-HB (S.D.N.Y. Nov. 18, 2011) (unpublished) (same); *The Nat'l Football League v. Chen*, No. 1:11-cv-00344-WHP (S.D.N.Y. Jan. 31, 2011) (unpublished) (same); *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) (same); *Farouk Sys., Inc. v. Eyou Int'l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished) (same); *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).

Plaintiffs' well-pleaded factual allegations, which must be accepted as true, and evidence submitted through declarations establishes that issuing a temporary restraining order against Defendants is necessary and proper. More specifically, Plaintiffs can demonstrate a strong likelihood of success on the merits, as further explained herein. Plaintiffs' Trademarks are the subject of numerous federal trademark registrations, state trademark registrations and/or common law protection, and Defendants' use of Plaintiffs' Trademarks to sell Counterfeit Products is causing both point-of-sale and post-sale consumer confusion. In addition, Defendants have irreparably harmed and continue to irreparably harm Plaintiffs through diminished goodwill and damage to Plaintiffs' respective reputations, and there is no amount of money that can compensate Plaintiffs for these damages. Issuance of an injunction is also in the public interest because it will prevent confusion among the public and prevent unknowing consumers from being deceived into purchasing Counterfeit Products.

In addition, an order authorizing the transfer of the Defendant Domain Names to Plaintiffs' control so that they can be disabled is warranted pursuant to 15 U.S.C. § 1116(a) which authorizes this Court "to grant injunctions ... to prevent the violation of any right of the registrant of a mark...." Moreover, under Federal Rule of Civil Procedure 65(d)(2)(C), this Court has the power to bind any third parties in active concert with the Defendants, such as domain name registries, that are given notice of the order. Similarly, a prejudgment asset freeze is also proper since Plaintiffs seek an equitable remedy in the accounting of Defendants' profits, pursuant to 15 U.S.C. § 1117(a). Finally, an order authorizing service of process by email and electronic publication is proper since Defendants operate their businesses online and go to great

lengths to conceal their identities. In fact, serving Defendants electronically is the best method for notifying them of this action and providing them the opportunity to defend and present their objections.


II. STATEMENT OF FACTS

A. Plaintiffs' Trademarks and Products

i. NBA Properties, Inc.

The National Basketball Association (“NBA”) is an unincorporated association and professional basketball league, comprised of thirty (30) member teams (“NBA Teams”), including the Chicago Bulls, that provide professional basketball entertainment services and that collectively own NBAP. *See* Declaration of Ayala Deutsch (the “Deutsch Declaration”) at ¶ 3. NBAP manages trademark affairs, including licensing and enforcement, for the NBA and NBA Teams. *Id.*

NBAP is the owner and/or the exclusive licensee of the famous and distinctive trademarks of the NBA and the NBA Teams, and is authorized to enforce the rights in those trademarks. *Id.* at ¶ 4. NBAP commercially exploits, protects and enforces rights in the famous and distinctive trademarks, names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with the NBA and the NBA Teams (collectively, the “NBA Trademarks”), including, but not limited to, those that are the subject of valid and subsisting trademark registrations on the Principal Register of the United States Patent and Trademark Office and those that NBAP and the NBA teams have adopted and used in commerce throughout the United States, including Illinois. *Id.* NBAP owns more than one hundred fifty (150) United States Federal Trademark Registrations in a variety of classes and for a variety of different goods and services, including, without limitation, many for apparel, such as

jerseys, shirts, caps, and other products in international class 25. *Id.* Among the NBA Trademarks owned by NBAP and registered before the United States Patent and Trademark Office are the word mark “NBA” (reg. no. 1,833,902) and the NBA Player Silhouette Logo:  (reg. no. 1,966,924). *Id.*

The NBA brand of professional basketball and NBA Trademarks are widely known to and enormously popular with both sports fans and the general public. *Id.* at ¶ 5. NBAP has promoted and advertised the NBA, the NBA Teams and NBA Trademarks extensively for many years. *Id.* NBA Trademarks are among the most renowned and immediately recognizable marks in professional sports today. *Id.* As a result of substantial advertising, promotion and media attention, and NBAP’s extensive licensing and sponsorship program for a wide variety of goods and services, NBA Trademarks have acquired secondary meaning and represent significant goodwill of great value to NBAP, the NBA and the NBA Teams. *Id.*

Hundreds of millions of fans have attended NBA games and related events, enjoyed television and radio broadcasts of NBA games and related events, and purchased merchandise bearing NBA Trademarks to identify with their favorite NBA Teams. *Id.* at ¶ 6. Millions visit <NBA.com>, the official NBA website, as well as the official websites of the individual NBA Teams, which prominently display, and in many cases are accessed by domain names containing, NBA Trademarks. *Id.*

A significant aspect of NBAP’s business and resulting revenues has been for many years, and continues to be, the merchandising and licensing of NBA Trademarks. *Id.* at ¶ 7. NBAP has entered into numerous licensing agreements in the United States and around the world, authorizing use of NBA Trademarks on a wide variety of products, including apparel, caps,

jewelry, toys, furniture, pennants, and bags, among others (collectively, “NBA Products”). *Id.* Retail sales of NBA Products exceeded \$1 billion in 2012. *Id.*

NBAP, directly and through authorized licensees, has established and maintained high standards of quality for NBA Products, and continues to maintain stringent quality control over licensees and other authorized users of NBA Trademarks. *Id.* at ¶ 8. In supervising licensees, NBAP provides licensees and licensed product manufacturers with specifications setting forth extensive details with respect to use of NBA Trademarks, including typeface and typography, color renderings, official uniform scripts, graphic designs, materials, workmanship, and quality. *Id.* at ¶ 9. All NBA Products are reviewed under these strict quality control procedures. *Id.*

As a result of the extensive use of NBA Trademarks, not only in connection with the NBA’s well-known basketball games and related events, but also in connection with a wide variety of licensed merchandise promoted, sold and/or rendered in the United States and abroad, as well as widespread use in connection with a broad array of sponsorship activities spanning diverse industries, such trademarks have for many decades, and long prior to any use made by Defendants, functioned as unique identifiers and synonyms in the public mind for NBAP and its affiliated and related NBA Teams. *Id.* at ¶ 10. As a result, NBA Trademarks are famous and possess significant goodwill of great value to NBAP and its affiliated and related NBA Teams. *Id.* To protect NBA Trademarks from infringement, dilution, disparagement, and misappropriation, NBAP, in collaboration with the Coalition to Advance the Protection of Sport logos (“CAPS”), has established a comprehensive program of trademark protection, including regularly investigating suspicious websites identified in proactive Internet sweeps and reported by consumers. *Id.* at ¶ 11.

ii. MLB Advanced Media, L.P. and Major League Baseball Properties, Inc.

MLBAM is the Internet and interactive media activities company of Major League Baseball. *See* Declaration of Ethan Orlinsky (the “Orlinsky Declaration”) at ¶ 4. MLBAM was established following a unanimous vote by the owners of the 30 Major League Baseball clubs (the “MLB Clubs”) to centralize the Internet and interactive media operations of Major League Baseball. *Id.* MLBAM manages and operates the official Major League Baseball site, <MLB.com>, and each of the official MLB Club sites (e.g., <cubs.com> and <whitesox.com>) to create the most comprehensive Major League Baseball resource on the Internet. *Id.*

MLBP is indirectly owned by the MLB Clubs, and is a licensee of, and acts as agent for, the MLB Clubs, the Office of the Commissioner of Baseball and their affiliates and related entities (collectively, with MLBAM and MLBP, the “MLB Entities”) with respect to a variety of matters including the licensing and protection of the MLB Clubs’ trademarks (including those of the Chicago Cubs and Chicago White Sox) throughout the world. *Id.* at ¶ 6. Pursuant to agreements among the MLB Entities, MLBAM and MLBP (collectively, “MLB”) are the owners and/or the exclusive licensees of the famous and distinctive trademarks of the MLB Entities, and are authorized to enforce the rights in those trademarks. *Id.* at ¶ 7.

MLB commercially exploits, protects and enforces rights in the famous and distinctive trademarks, names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with the MLB Entities (collectively, the “MLB Trademarks”), including, but not limited to, those that are the subject of valid and subsisting trademark registrations on the Principal Register of the United States Patent and Trademark Office and those that the MLB Entities have adopted and used in commerce throughout the United States, including Illinois. *Id.* at ¶ 8. The MLB Entities own more than one hundred fifty

(150) United States Federal trademark registrations in a variety of classes and for a variety of different goods and services, including, without limitation, many for apparel, such as jerseys, shirts, caps, and other products in international class 25. *Id.* Among MLB Trademarks are the word mark “MAJOR LEAGUE BASEBALL” (reg. no. 1,620,020) and the MLB silhouette logo:



(reg. no. 1,617,698). *Id.*

The MLB Trademarks are widely known to and enormously popular with both sports fans and the general public. *Id.* at ¶ 9. MLB has promoted and advertised the MLB Clubs, games between the MLB Clubs, related events, and MLB Trademarks extensively for many years. *Id.* MLB Trademarks are among the most renowned and immediately recognizable marks in professional sports today. *Id.* As a result of substantial advertising, promotion and media attention, and MLB’s extensive licensing and sponsorship program for a wide variety of goods and services, MLB Trademarks have acquired secondary meaning and represent significant goodwill of great value to the MLB Entities. *Id.*

Hundreds of millions of customers have attended games between the MLB Clubs and related events, enjoyed television and radio broadcasts of games between the MLB Clubs and related events, and purchased merchandise bearing MLB Trademarks to identify with their favorite MLB Clubs. *Id.* at ¶ 10. Millions visit <MLB.com>, the official MLB website, as well as the official websites of the individual MLB Clubs, which prominently display, and in many cases are accessed by domain names containing, MLB Trademarks. *Id.*

A significant aspect of MLB’s business and resulting revenues has been for many years, and continues to be, the merchandising and licensing of MLB Trademarks. *Id.* at ¶ 11. MLB has entered into numerous licensing agreements in the United States and around the world, authorizing use of MLB Trademarks on a wide variety of products, including apparel, caps,

jewelry, toys, furniture, pennants, and bags, among others (collectively, “MLB Products”). *Id.* Retail sales of MLB Products exceeded \$1 billion in 2012. *Id.*

MLB, directly and through authorized licensees, has established and maintained high standards of quality for MLB Products, and continues to maintain stringent quality control over licensees and other authorized users of MLB Trademarks. *Id.* at ¶ 12. In supervising licensees, MLB provides licensees and licensed product manufacturers with specifications setting forth extensive details with respect to use of MLB Trademarks, including typeface and typography, color renderings, official uniform scripts, graphic designs, materials, workmanship, and quality. *Id.* at ¶ 13. All MLB Products are reviewed under these strict quality control procedures. *Id.*

As a result of the extensive use of MLB Trademarks, not only in connection with well-known baseball games between the MLB Clubs and related events, but also in connection with a wide variety of licensed merchandise promoted, sold and/or rendered in the United States and abroad, as well as widespread use in connection with a broad array of sponsorship activities spanning diverse industries, such trademarks have for many decades, and long prior to any use made by Defendants, functioned as unique identifiers and synonyms in the public mind for MLB and its affiliated and related MLB Clubs. *Id.* at ¶ 14. As a result, MLB Trademarks are famous and possess significant goodwill of great value to MLB and its affiliated and related MLB Clubs. *Id.* To protect MLB Trademarks from infringement, dilution, disparagement, and misappropriation, MLB, in collaboration with CAPS, has established a comprehensive program of trademark protection, including regularly investigating suspicious websites identified in proactive Internet sweeps and reported by consumers. *Id.* at ¶ 15. MLBP and MLBAM manage these activities on behalf of MLB. *Id.*

iii. NHL Enterprises L.P.

The National Hockey League (“NHL”) is an unincorporated association, not for profit, organized as a joint venture to operate a professional ice hockey league consisting of thirty (30) member clubs (the “NHL Teams”), including the 2013 Stanley Cup Champion Chicago Blackhawks. *See* Declaration of Thomas H. Prochnow (the “Prochnow Declaration”) at ¶ 3. The NHL has existed since 1917 and has consistently attracted a large public following, both in the United States and worldwide. *Id.*

Plaintiff NHLE is the exclusive national United States licensee of the famous and distinctive trademarks of the NHL (including names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with the NHL) (“NHL League Trademarks”) and is authorized by the NHL to enforce the rights in the NHL League Trademarks. *Id.* at ¶ 4. In addition, NHLE is the exclusive national United States licensee of the famous and distinctive trademarks of the NHL Teams collectively (including names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with the NHL Teams) (“NHL Team Trademarks,” and, together with the “NHL League Trademarks,” the “NHL Trademarks”). NHLE is authorized by the NHL Teams to enforce the rights in the NHL Team Trademarks. The NHL Trademarks include, but are not limited to, those that are the subject of valid and subsisting trademark registrations on the Principal Register of the United States Patent and Trademark Office and those that the NHL and the NHL Teams have adopted and used in commerce throughout the United States, including Illinois. *Id.* In particular, NHLE is the exclusive United States licensee of and is authorized to enforce over one hundred (100) United States Federal Trademark Registrations for NHL League Trademarks in a variety of classes and for a variety of different goods and services, including,

without limitation, for apparel such as jerseys, shirts, caps, and other products in international class 25. *Id.* Among the NHL League Trademarks are the word mark “NHL” (reg. no.

1,962,135) and the NHL Logo:  (reg. no. 3,248,499). *Id.*

The NHL brand of professional hockey and NHL Trademarks are widely known to and enormously popular with both sports fans and the general public. *Id.* at ¶ 5. NHLE has promoted and advertised the NHL, the NHL Teams and NHL Trademarks extensively for many years. *Id.* NHL Trademarks are among the most renowned and immediately recognizable marks in professional sports today. *Id.* As a result of substantial advertising, promotion and media attention, and NHLE’s extensive licensing and sponsorship program for a wide variety of goods and services, NHL Trademarks have acquired secondary meaning and represent significant goodwill of great value to the NHL, NHLE and the NHL Teams. *Id.*

Millions of fans have attended NHL games and related events, enjoyed television and radio broadcasts of NHL games and related events, and purchased merchandise bearing NHL Trademarks to identify with their favorite NHL Teams. *Id.* at ¶ 6. Millions visit <NHL.com>, the official NHL website, as well as the official websites of the individual NHL Teams, which prominently display, and in many cases are accessed by domain names containing, NHL Trademarks. *Id.*

A significant aspect of NHLE’s business and resulting revenues has been for many years, and continues to be, the merchandising and licensing of NHL Trademarks. *Id.* at ¶ 7. NHLE has entered into numerous licensing agreements in the United States, authorizing use of NHL Trademarks on a wide variety of products, including apparel, caps, jewelry, toys, furniture, pennants, and bags, among others (collectively, “NHL Products”). *Id.* Retail sales revenue in 2012 of NHL Products was in the hundreds of millions of dollars. *Id.*

NHLE, directly and through authorized licensees, has established and maintained high standards of quality for NHL Products, and continues to maintain stringent quality control over licensees and other authorized users of NHL Trademarks. *Id.* at ¶ 8. In supervising licensees, NHLE provides licensees and licensed product manufacturers with specifications setting forth extensive details with respect to use of NHL Trademarks, including typeface and typography, color renderings, official uniform scripts, graphic designs, materials, workmanship, and quality. *Id.* at ¶ 9. All NHL Products are reviewed under these strict quality control procedures. *Id.*

As a result of the extensive use of the NHL Trademarks, not only in connection with the NHL's well-known hockey games and related events, but also in connection with a wide variety of licensed merchandise sold and/or rendered in the United States and abroad, as well as widespread use in connection with a broad array of sponsorship activities spanning diverse industries, such trademarks have for many decades, and long prior to any use made by Defendants, functioned as unique identifiers and synonyms in the public mind for NHLE, the NHL, and the NHL Teams. *Id.* at ¶ 10. As a result, NHL Trademarks are famous and possess significant goodwill of great value to the NHL, the NHL Teams and NHLE. *Id.* To protect NHL Trademarks from infringement, dilution, disparagement, and misappropriation, NHLE, in collaboration with CAPS, has established a comprehensive program of trademark protection, including regularly investigating suspicious websites identified in proactive Internet sweeps and reported by consumers. *Id.* at ¶ 11.

iv. The Collegiate Licensing Company

Plaintiff CLC is a trademark licensing and enforcement agent that represents more than 190 colleges, universities, bowl games, and collegiate athletic conferences, including UA and OU. *See* Declaration of James Aronowitz (the "Aronowitz Declaration") at ¶ 3. In addition to

UA and OU, CLC is the trademark licensing agent for numerous other collegiate institutions including, without limitation, Louisiana State University, the University of Georgia, Oklahoma State University, the University of California Los Angeles, the University of Nebraska, the University of Notre Dame, Clemson University, West Virginia University, Auburn University, the University of Wisconsin, the University of Florida, Duke University, and the University of South Carolina (collectively, “Additional CLC University Clients”) whose trademarks (the “Additional CLC Protected Trademarks”) are used on Counterfeit Products without authorization and sold by one or more Defendants. *Id.* at ¶ 4. Although not named as Plaintiffs herein, the Additional CLC University Clients have been and continue to be damaged by the unauthorized trademark use of the Defendants, and CLC suffers harm and damages as a result of these actions. *Id.*

A significant aspect of CLC’s business has been for many years, and continues to be, the licensing of famous collegiate trademarks including, but not limited to, the UA Trademarks and the OU Trademarks, which are owned by Plaintiffs UA Board of Trustees and OU Board of Regents, respectively, as well as the Additional CLC Protected Trademarks (collectively, the “Collegiate Trademarks”). *Id.* at ¶ 5. Indeed, the efforts of CLC together with the enormous popularity of the Collegiate Trademarks create valuable licensing royalties that support a myriad of programs and operations of UA, OU, and the Additional CLC University Clients. *Id.* CLC, on behalf of UA, OU and the Additional CLC University Clients, has entered into numerous trademark licensing agreements in the United States and around the world, authorizing use of famous Collegiate Trademarks on a wide variety of products, including jerseys, caps, other apparel, and many other products. *Id.* As CLC generates revenues based upon the sale of

licensed products, CLC is damaged by the sale of Counterfeit Products, which decreases sales of licensed Genuine Products and thus causes CLC significant financial and irreparable harm. *Id.*

v. Board of Trustees of the University of Alabama, for and on behalf of The University of Alabama

Plaintiff UA Board of Trustees, for and on behalf of the University of Alabama (“UA”) is a public corporation and instrumentality of the State of Alabama organized and existing under the constitution and laws of the State of Alabama. The campus of UA has its principal place of business in Tuscaloosa, Alabama 35487. *See* Declaration of Finus P. Gaston (the “Gaston Declaration”) at ¶ 3. The governing body of UA is the UA Board of Trustees. *Id.* The UA Board of Trustees oversees management of UA, including management of its trademark affairs. UA, Alabama’s flagship educational institution, was founded in 1831, and is the oldest public university in the state of Alabama. *Id.* at ¶ 4. UA offers a wide range of undergraduate, graduate and professional programs for its more than 30,000 students, and is consistently ranked as one of the top 50 public universities in the nation. *Id.* In addition, UA’s graduates include 15 Rhodes Scholars, 15 Goldwater Scholars, 9 Truman Scholars and one Portz Scholar. *Id.*

UA also has a long tradition of athletic excellence. *Id.* at ¶ 5. UA’s football team began playing at the intercollegiate level in 1892 and has won fifteen national championships, most recently in the 2012-13 season. *Id.* UA’s football, basketball and baseball teams have won a combined forty-one Southeastern Conference championships. *Id.* UA’s most famous athletic celebrity, Paul W. “Bear” Bryant, served as head football coach at UA from 1958 through 1982. *Id.* During that reign, Coach Bryant coached six national championship teams, was named national coach of the year three times, and was named Southeastern Conference coach of the year eight times. *Id.* On November 28, 1981, Coach Bryant became the then winningest football coach in the history of college football, and retired after having won 323 games. *Id.*

The UA Board of Trustees, for the benefit of UA, is the owner of the famous and distinctive trademarks of UA, and is responsible for protecting those trademarks. *Id.* at ¶ 6. The UA Board of Trustees commercially exploits, protects and enforces rights in the famous and distinctive trademarks, names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with UA (collectively, the “UA Trademarks”), including, but not limited to, those that are the subject of valid and subsisting trademark registrations on the Principal Register of the United States Patent and Trademark Office and those that the UA Board of Trustees has adopted and used in commerce throughout the United States, including Illinois. *Id.* The UA Board of Trustees owns more than ten United States Federal Trademark Registrations in a variety of classes and for a variety of different goods and services, including, without limitation, many for apparel such as jerseys, shirts, caps, and other products in international class 25. *Id.* Among the UA Trademarks are the word mark “ROLL

TIDE” (reg. no. 1,335,032) and the University of Alabama Logo:



(reg. no. 4,156,102).

UA’s intercollegiate football, basketball and other athletic teams (collectively, the “UA Teams”) and the UA Trademarks are widely known to and enormously popular with both sports fans and the general public. *Id.* at ¶ 7. The UA Board of Trustees has promoted and advertised UA, the UA Teams and the UA Trademarks extensively for many years. *Id.* The UA Trademarks are among the most renowned and immediately recognizable marks in college sports today. *Id.* As a result of substantial advertising, promotion and media attention, and the UA Board of Trustees’ extensive licensing and sponsorship program for a wide variety of goods and services, the UA Trademarks have acquired secondary meaning and represent significant goodwill of great value to UA, the UA Board of Trustees, and the UA Teams. *Id.*

Millions of fans have attended UA sports games and related events, enjoyed television and radio broadcasts of UA games and related events, and purchased merchandise bearing UA Trademarks to identify with their favorite UA Team. *Id.* at ¶ 8. Thousands more visit <rolltide.com>, the official UA athletics website, which prominently displays the UA Trademarks. *Id.*

A significant aspect of the UA Board of Trustees' business and resulting revenues has been for many years, and continues to be, the merchandising and licensing of the UA Trademarks. *Id.* at ¶ 9. The UA Board of Trustees, in conjunction with its licensing agent CLC, has entered into numerous licensing agreements in the United States and around the world, authorizing use of the UA Trademarks on a wide variety of products, including apparel, caps, jewelry, toys, furniture, pennants, and bags, among others (collectively, "UA Products"). *Id.* Retail sales revenue in 2012 of UA Products was in the tens of millions of dollars. *Id.*

The UA Board of Trustees, directly and through authorized licensees, has established and maintained high standards of quality for UA Products, and continues to maintain stringent quality control over licensees and other authorized users of the UA Trademarks. *Id.* at ¶ 10. In supervising licensees, the UA Board of Trustees provides licensees and licensed product manufacturers with specifications setting forth extensive details with respect to use of the UA Trademarks, including typeface and typography, color renderings, official uniform scripts, graphic designs, materials, workmanship, and quality. *Id.* at ¶ 11. All UA Products and designs appearing thereon are reviewed under these strict quality control procedures. *Id.*

As a result of the extensive use of the UA Trademarks, not only in connection with UA's well-known sports games, exhibitions and services, but also in connection with a wide variety of licensed merchandise promoted, sold and/or rendered in the United States and abroad, as well as

widespread use in connection with a broad array of sponsorship activities spanning various diverse industries, such trademarks have for many decades, and long prior to any use made by Defendants, functioned as unique identifiers and synonyms in the public mind for UA and the affiliated and related UA Teams. *Id.* at ¶ 12. As a result, the UA Trademarks are famous and possess significant goodwill of great value to UA, its affiliated and related UA Teams, and the UA Board of Trustees. *Id.*

vi. The Board of Regents of the University of Oklahoma

Plaintiff OU Board of Regents is a constitutional state entity of the State of Oklahoma and created according to the Oklahoma state constitution, having its principal place of business at 660 Parrington Oval, Room 321, Norman, Oklahoma 73019-0390. *See* Declaration of Renata Hays (the “Hays Declaration”) at ¶ 3. The OU Board of Regents oversees many aspects of the management of the University of Oklahoma (“OU”), including management of trademark affairs. OU, Oklahoma’s flagship educational institution, was founded in 1890, and is one of the oldest public universities in the state of Oklahoma. *Id.* at ¶ 4. OU offers a wide range of undergraduate, graduate and professional programs for its more than 30,000 students, and is consistently ranked as one of the top 50 public universities in the nation. *Id.* OU is home to one of the most storied intercollegiate athletics programs in the nation. *Id.* at ¶ 5. The OU Sooners (“Sooners”) boast 27 national championships in men’s and women’s sports, including 7 national football championships, 258 team conference championships and more than 800 All-Americans. *Id.*

The OU Board of Regents is the owner of the famous and distinctive trademarks of OU, and is responsible for protecting those trademarks. *Id.* at ¶ 6. The OU Board of Regents commercially exploits, protects and enforces rights in the famous and distinctive trademarks,

names, logos, symbols, emblems, uniform designs, uniform trade dress colors, and other identifying indicia associated with OU (collectively, the “OU Trademarks”), including, but not limited to, those that are the subject of valid and subsisting trademark registrations on the Principal Register of the United States Patent and Trademark Office and those that the OU Board of Regents has adopted and used in commerce throughout the United States, including Illinois.

Id. The OU Board of Regents owns more than eighty (80) United States Federal Trademark Registrations in a variety of classes and for a variety of different goods and services, including, without limitation, many for apparel such as jerseys, shirts, caps, and other products in international class 25. *Id.* Among the OU Trademarks are the word mark “SOONERS” (reg. no.

3,041,006) and the Interlocking OU Logo:  (reg. no. 3,035,551).

OU’s intercollegiate sports teams (collectively, the “OU Teams”) and the OU Trademarks are widely known to and enormously popular with both sports fans and the general public. *Id.* at ¶ 7. The OU Board of Regents has promoted and advertised OU, the OU Teams and the OU Trademarks extensively for many years. *Id.* The OU Trademarks are among the most renowned and immediately recognizable marks in college sports today. *Id.* As a result of substantial advertising, promotion and media attention, and the OU Board of Regents’ extensive licensing and sponsorship program for a wide variety of goods and services, the OU Trademarks have acquired secondary meaning and represent significant goodwill of great value to OU and the OU Board of Regents. *Id.* Millions of fans have attended OU sports games and related events, enjoyed television and radio broadcasts of OU games and related events, and purchased merchandise bearing OU Trademarks to identify with their favorite OU Team. *Id.* at ¶ 8. Thousands more visit <soonersports.com>, the official OU athletics website, which prominently displays the OU Trademarks. *Id.*

A significant aspect of the OU Board of Regents' business and resulting revenues has been for many years, and continues to be, the merchandising and licensing of the OU Trademarks. *Id.* at ¶ 9. The OU Board of Regents, in conjunction with its licensing agent CLC, has entered into numerous licensing agreements in the United States and around the world, authorizing use of the OU Trademarks on a wide variety of products, including apparel, caps, jewelry, toys, furniture, pennants, and bags, among others (collectively, "OU Products"). *Id.* Retail sales revenue in 2012 of OU Products was in the tens of millions of dollars. *Id.* The OU Board of Regents, directly and through authorized licensees, has established and maintained high standards of quality for OU Products, and continues to maintain stringent quality control over licensees and other authorized users of the OU Trademarks. *Id.* at ¶ 10. In supervising licensees, the OU Board of Regents provides licensees and licensed product manufacturers with specifications setting forth extensive details with respect to use of the OU Trademarks, including typeface and typography, color renderings, official uniform scripts, graphic designs, materials, workmanship, and quality. *Id.* at ¶ 11. All OU Products and designs appearing thereon are reviewed under these strict quality control procedures. *Id.*

As a result of the extensive use of the OU Trademarks, not only in connection with OU's well-known sports games, exhibitions and services, but also in connection with a wide variety of licensed merchandise promoted, sold and/or rendered in the United States and abroad, as well as widespread use in connection with a broad array of sponsorship activities spanning various diverse industries, such trademarks have for many decades, and long prior to any use made by Defendants, functioned as unique identifiers and synonyms in the public mind for OU and the affiliated and related OU Teams. *Id.* at ¶ 12. As a result, the OU Trademarks are famous and

possess significant goodwill of great value to OU, its affiliated and related OU Teams, and the OU Board of Regents. *Id.*

B. Defendants' Unlawful Conduct

The fame of Plaintiffs' Trademarks and the success of Plaintiffs' respective athletic brands and affiliated variety of products, including apparel, caps, jewelry, toys, furniture, pennants, and bags, among others (collectively, "Plaintiffs' Genuine Products"), has resulted in significant counterfeiting of the trademarks owned by these entities. *See* Declaration of Lisa Uriguen Armstrong (the "Armstrong Declaration") at ¶ 6. TM Management Inc. ("TMMI"), administers CAPS, on behalf of its members MLBP, NHLE, NBAP, CLC, and NFL Properties, LLC ("NFLP") to jointly address counterfeiting and other trademark infringement matters. *Id.* at ¶ 2. CAPS has created an extensive anti-counterfeiting program, which includes regularly investigating suspicious websites identified in proactive Internet sweeps and reported by a variety of informants, in response to the significant counterfeiting of Plaintiffs' Trademarks. *Id.* at 6. Despite Plaintiffs' and CAPS' collective enforcement efforts, Defendants have persisted in creating the Defendant Internet Stores that Defendants use to promote, advertise, distribute, sell and/or offer for sale Counterfeit Products in order to generate massive profits for the Defendants. *Id.*

Internet websites like the Defendant Internet Stores are estimated to receive tens of millions of visits per year and to generate over \$135 billion in annual online sales of counterfeit goods. Declaration of Justin Gaudio, the "Gaudio Declaration," at ¶ 2. In 2012, the U.S. government seized counterfeit goods worth more than \$1.26 billion, up from \$1.11 billion in 2011. *Id.* at ¶ 3. Internet websites like the Defendant Internet Stores are also estimated to contribute to tens of thousands of lost jobs for legitimate businesses and broader economic damages, such as lost tax revenue, every year. *Id.* at ¶ 4.

Defendants facilitate sales of Counterfeit Products by intentionally designing the Defendant Internet Stores so that they appear to unknowing consumers to be legitimate online retailers, outlet stores, or wholesalers selling products bearing the Plaintiffs' Trademarks under the premise that they are licensed by or on behalf of Plaintiffs. Armstrong Declaration at ¶ 8. Many of the Defendant Internet Stores sell Counterfeit Products purporting to emanate from multiple Plaintiffs. *Id.* Plaintiffs' Genuine Products are very often sold in stores (both on the ground and on the Internet) that carry products from all of the Plaintiffs, and many of the Defendant Internet Stores attempt to exploit this by offering Counterfeit Products of multiple Plaintiffs. *Id.* The Defendant Internet Stores look sophisticated and accept payment in U.S. dollars, even though they are based offshore. *Id.* Numerous Defendant Domain Names also incorporate one or more of Plaintiffs' Trademarks into the domain name to make it very difficult for consumers to distinguish the counterfeit Defendant Internet Stores from a legitimate retailer selling Plaintiffs' Genuine Products. *Id.* Upon information and belief, none of the Plaintiffs have licensed or authorized Defendants to use any of Plaintiffs' Trademarks, and, upon information and belief, none of the Defendants are legitimate resellers of any of Plaintiffs' Genuine Products. *Id.* at ¶ 8.

The Defendant Internet Stores accept payment via Western Union, credit card and/or PayPal and ship the Counterfeit Products to U.S. consumers in small quantities via the U.S. Postal Service or express consignment to minimize detection by U.S. Customs and Border Protection. *Id.* at ¶ 9. A 2012 U.S. Customs and Border Protection report on seizure statistics indicated that the Internet has fueled "explosive growth" in the number of small packages of counterfeit goods shipped through the mail and express carriers. Gaudio Declaration at ¶ 3. Defendants further perpetuate the illusion of legitimacy on the Defendant Internet Stores by

falsely alleging to offer “live 24/7” customer service and making unauthorized use of indicia of authenticity and security that U.S. consumers have come to associate with legitimate retailers, including the McAfee® Security and VeriSign® trademarks. Armstrong Declaration at ¶ 9.

Upon information and belief, Defendants also deceive unknowing consumers by using one or more of Plaintiffs’ Trademarks without authorization within the content, text, and/or meta-tags of their websites in order to attract various search engines crawling the Internet looking for websites relevant to consumer searches for one or more of Plaintiffs’ Genuine Products. *Id.* at ¶ 10. Additionally, Defendants use other unauthorized search engine optimization (SEO) tactics to increase website rank. *Id.* As a result, links to Defendant Internet Stores show up at or near the top of popular search results when consumers use one or more of Plaintiffs’ Trademarks to search for goods online and thereby deceive and misdirect consumers searching for one or more of Plaintiffs’ Genuine Products. *Id.*

Defendants go to great lengths to conceal their identities and often use multiple fictitious names and addresses to register and operate their massive network of Defendant Internet Stores. *Id.* at ¶ 11. Many of Defendants’ names and addresses used to register the Defendant Domain Names are incomplete, contain randomly typed letters, or fail to include cities or states. *Id.* Other Defendant Domain Names use a privacy service that conceals the owner’s identity and contact information. *Id.* On information and belief, Defendants constantly register new Defendant Domain Names using the identities listed in Schedule A to the Complaint, as well as other unknown fictitious names and addresses. *Id.* Such Defendant Domain Name registration patterns are one of many tactics used by the Defendants to conceal both their identities and the full scope and interworking of Defendants’ massive counterfeiting operations. *Id.*

Even though Defendants operate under multiple fictitious names, many similarities between the Defendant Internet Stores lead Plaintiffs to believe that there is a coordinated effort to sell Counterfeit Products. *Id.* at ¶ 12. For example, many of the Defendant Internet Stores have virtually identical layouts, even though different fake aliases were used to register the respective domain names. *Id.* Many of the Defendant Internet Stores sell counterfeit versions of products purporting to emanate from all of, or nearly all of, the Plaintiffs. *Id.* In addition, the Counterfeit Products for sale in many of the Defendant Internet Stores bear the same or similar irregularities and/or indicia that identifies them as being counterfeit, suggesting that the Counterfeit Products were manufactured by and/or obtained from a common source and that Defendants are interrelated. *Id.* The Defendant Internet Stores also include other notable common features, including use of the same domain name registration patterns, unique shopping cart platforms, accepted payment methods, check-out methods, meta data, domain redirection, lack of contact information, identically or similarly priced items and volume sales discounts, the same incorrect grammar and misspellings, and similar hosting services. *Id.*

Plaintiffs' well-pleaded allegations regarding patterns and similarities between the Defendant Internet Stores establish that, on information and belief, Defendants are an interrelated group of counterfeiters. On information and belief, Defendants are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell unauthorized Counterfeit Products bearing the Plaintiffs' Trademarks in the same transaction, occurrence, or series of transactions or occurrences. As indicated above, tactics used by Defendants to conceal their identities and the full scope of their counterfeiting operation make it virtually impossible for Plaintiffs to learn Defendants' true identities and the exact interworking of their massive counterfeit network. In the event that Defendants and/or third party service providers provide

additional credible information regarding the identities of Defendants, Plaintiffs will take appropriate steps to amend the Complaint.

III. ARGUMENT

Defendants' purposeful, intentional, and unlawful conduct is causing and will continue to cause irreparable harm to Plaintiffs' respective reputations and the goodwill symbolized by their federally registered trademarks. To stop Defendants' sale of Counterfeit Products, Plaintiffs respectfully request that this Court issue a temporary restraining order ordering, among other things, the transfer of the Defendant Domain Names to Plaintiffs to redirect to a website providing notice of these proceedings and the freezing of Defendants' assets. Without the relief requested by Plaintiffs' instant Motion, Defendants' unlawful activity will continue unabated, and Plaintiffs and consumers will suffer enormous irreparable harm.

Rule 65(b) of the Federal Rules of Civil Procedure provides that the Court may issue an *ex parte* temporary restraining order where 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). Defendants here fraudulently promote, advertise, offer to sell, and sell goods bearing counterfeits of one or more of Plaintiffs' Trademarks via the Defendant Internet Stores. Defendants are creating a false association in the minds of consumers between Defendants and Plaintiffs by deceiving consumers into believing that the Counterfeit Products for sale on the Defendant Internet Stores are sponsored or endorsed by Plaintiffs. The entry of a temporary restraining order is appropriate because it would immediately stop Defendants from benefiting from their wrongful use of Plaintiffs' Trademarks and preserve the status quo until such time as a hearing can be held.

In the absence of a temporary restraining order without notice, the Defendants can and likely will modify registration data and content, change hosts, redirect traffic to other websites in their control, and move any assets they currently hold in U.S.-based bank accounts, including PayPal accounts. In addition, courts have recognized that civil actions against counterfeiters present special challenges that justify proceeding on an *ex parte* basis. See *Columbia Pictures Indus., Inc. v. Jasso*, 927 F. Supp. 1075, 1077 (N.D. Ill. 1996) (observing that “proceedings against those who deliberately traffic in infringing merchandise are often useless if notice is given to the infringers”). As such, Plaintiffs respectfully request that this Court issue the requested *ex parte* temporary restraining order.

This Court has original subject matter jurisdiction over the claims in this action pursuant to the provisions of the Lanham Act, 15 U.S.C. § 1051 et seq., 28 U.S.C. §§ 1338(a)-(b), and 28 U.S.C. § 1331. This Court has jurisdiction over the claims in this action that arise under the laws of the State of Illinois pursuant to 28 U.S.C. § 1367(a), because the state law claims are so related to the federal claims that they form part of the same case or controversy and derive from a common nucleus of operative facts. Venue is proper in this Court pursuant to 28 U.S.C. § 1391.

This Court may properly exercise personal jurisdiction over Defendants since Defendants directly target business activities toward consumers in Illinois and cause harm to Plaintiffs’ business within this judicial district. Each Defendant targets Illinois residents and has offered to sell Counterfeit Products to consumers within the State of Illinois. See Complaint at ¶¶ 2, 63, and 71-72. Without the benefit of an evidentiary hearing, the plaintiff bears only the burden of making a *prima facie* case for personal jurisdiction; all of plaintiff’s asserted facts should be accepted as true and any factual determinations should be resolved in its favor. See *uBID, Inc. v.*

GoDaddy Group, Inc. 623 F.3d 421, 423 (7th Cir. 2010); *see also, Purdue Research Found. v. Sanofi-Synthelabo, S.A.*, 338 F.3d 773, 782 (7th Cir. 2003) (“When determining whether a plaintiff has met his burden, jurisdictional allegations pleaded in the complaint are accepted as true unless proved otherwise by defendants' affidavits or exhibits.”).

Furthermore, Illinois courts regularly exercise personal jurisdiction over websites using registered trademarks without authorization in connection with the offering for sale and selling of infringing and counterfeit merchandise to Illinois residents over the Internet. 735 ILCS 5/2-209(a)(2). *See, e.g., Dental Arts Lab., Inc. v. Studio 360 The Dental Lab, LLC*, 2010 WL 4877708, 4 (N.D. Ill. 2010) (“To sell an infringing article to a buyer in Illinois is to commit a tort in Illinois sufficient to confer jurisdiction under the tort provision of the long-arm statute. Intellectual property infringement takes place in the state of the infringing sales ... for purposes of tort provisions of the Illinois long arm-statute.”); *Illinois v. Hemi Group LLC*, 622 F.3d 754, 758 (7th Cir. 2010) (defendants stood ready and willing to do business with Illinois residents, and in fact, knowingly did do business with Illinois residents by selling products to Illinois residents); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (personal jurisdiction properly asserted against defendants who offered to sell and sold counterfeit products to Illinois residents through an Internet website). Furthermore, Defendants’ use of Plaintiffs’ Trademarks on the Defendant Internet Stores to sell Counterfeit Products is sufficient to establish liability under the Lanham Act even if the goods were not shipped to Illinois. *Euromarket Designs, Inc. v. Crate & Barrel Ltd.*, 96 F. Supp. 2d 824, 830 (N.D. Ill. 2000); *accord Levi Strauss v. Shilon*, 121 F.3d 1309, 1312 (9th Cir. 1997).

Through at least the fully interactive commercial Internet websites operating under the Defendant Domain Names and the marketplace listings operated using the Marketplace

Accounts, each of the Defendants has targeted sales to Illinois residents by offering shipping of Counterfeit Products to Illinois. Accordingly, each of the Defendants is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused Plaintiffs substantial injury in the State of Illinois.

A. Standard for Temporary Restraining Order and Preliminary Injunction

District Courts within this Circuit hold that the standard for granting a temporary restraining order and the standard for granting a preliminary injunction are identical. *See, e.g. Charter Nat'l Bank & Trust v. Charter One Fin., Inc.*, No. 1:01-cv-00905, 2001 WL 527404, *1 (N.D. Ill. May 15, 2001) (citation omitted). A party seeking to obtain a preliminary injunction must demonstrate: (1) that its case has some likelihood of success on the merits; (2) that no adequate remedy at law exists; and (3) that it will suffer irreparable harm if the injunction is not granted. *See TY, Inc. v. The Jones Group, Inc.*, 237 F.3d 891, 895 (7th Cir. 2001).

If the Court is satisfied that these three conditions have been met, then it must consider the irreparable harm that the nonmoving party will suffer if preliminary relief is granted, balancing such harm against the irreparable harm the moving party will suffer if relief is denied. *Id.* Finally, the Court must consider the potential effect on the public interest (non-parties) in denying or granting the injunction. *Id.* The Court then weighs all of these factors, “sitting as would a chancellor in equity,” when it decides whether to grant the injunction. *Id.* (quoting *Abbott Labs. v. Mead Johnson & Co.*, 971 F.2d 6, 11 (7th Cir. 1992)). This process involves engaging in what the Court has deemed “the sliding scale approach” – the more likely the plaintiff will succeed on the merits, the less the balance of irreparable harms need favor the plaintiff's position. *Id.* The sliding scale approach is not mathematical in nature, rather “it is more properly characterized as subjective and intuitive, one which permits district courts to weigh the competing considerations and mold appropriate relief.” *Id.* at 895–896. The greater

the movant's likelihood of succeeding on the merits, the less the balance of harms needs be in his favor. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 461 (7th Cir. 2000).

B. Plaintiffs Will Likely Succeed on the Merits

i. Plaintiffs Will Likely Succeed on Their Trademark Infringement and Counterfeiting Claim.

A defendant is liable for trademark infringement and counterfeiting under the Lanham Act if it, “without the consent of the registrant, use[s] in commerce any reproduction, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods ... which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1). To prove a *prima facie* case of infringement, Plaintiffs must show (1) Plaintiffs’ Trademarks are distinctive enough to be worthy of protection, (2) Defendants are not authorized to use Plaintiffs’ Trademarks, and (3) Defendants’ use of Plaintiffs’ Trademarks causes a likelihood of confusion as to the origin or sponsorship of Defendants’ products. *See Neopost Industrie B.V. v. PFE Int’l Inc.*, 403 F. Supp. 2d 669, 684 (N.D. Ill. 2005) (citation omitted). Plaintiffs satisfy all three of these requirements.

Plaintiffs meet the first two elements of their trademark infringement claim because Plaintiffs’ Trademarks are registered with the United States Patent and Trademark Office, *see* Orlinsky Declaration at ¶ 8; Deutsch Declaration at ¶ 4; Prochnow Declaration at ¶ 4; Gaston Declaration at ¶ 6; and Hays Declaration at ¶ 6, and because none of the Plaintiffs have licensed or authorized Defendants to use any of Plaintiffs’ Trademarks and none of the Defendants are legitimate resellers of any of Plaintiffs’ Genuine Products. *See* Armstrong Declaration at ¶ 8.

Plaintiffs satisfy the third likelihood of confusion factor, as well. Some courts do not undertake a factor-by-factor analysis under *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961), because counterfeits, by their very nature, cause confusion. *See*

Topps Co., Inc. v. Gerrit J. Verburg Co., 41 U.S.P.Q. 2d 1412, 1417 (S.D.N.Y. 1996) ("Where the marks are identical, and the goods are also identical and directly competitive, the decision can be made directly without a more formal and complete discussion of all of the Polaroid factors."); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987) ("Where, as here, one produces counterfeit goods in an apparent attempt to capitalize upon the popularity of, and demand for, another's product, there is a presumption of a likelihood of confusion.").

The Seventh Circuit, however, has enumerated seven factors to determine whether there is a likelihood of confusion: (1) similarity between the marks in appearance and suggestion; (2) similarity of the products; (3) area and manner of concurrent use; (4) degree of care likely to be exercised by consumers; (5) strength of complainant's mark; (6) actual confusion; and (7) intent of the defendants to palm off their products as that of another. *Eli Lilly*, 233 F.3d at 461–462 (citation omitted). These factors are not a mechanical checklist, and “[t]he proper weight given to each of [the] factors will vary from case to case.” *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 381 (7th Cir. 1996). At the same time, although no one factor is decisive, the similarity of the marks, the intent of the defendant, and evidence of actual confusion are the most important considerations. *G. Heileman Brewing Co., Inc. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 999 (7th Cir. 1989).

In this case, Plaintiffs plainly satisfy the likelihood of confusion test. The Defendants are selling low-quality Counterfeit Products that look similar to Plaintiffs’ Genuine Products and use counterfeit marks identical to Plaintiffs’ Trademarks. As such, the first and second factors weigh heavily in favor of Plaintiffs.

Plaintiffs also satisfy the third factor, namely, the area and manner of concurrent use. When considering the third factor, a court looks at “whether there is a relationship in use,

promotion, distribution, or sales between the goods or services of the parties.” *CAE, Inc. v. Clean Air Eng’g Inc.*, 267 F.3d 660, 681 (7th Cir. 2001). A court also looks to whether the parties used the same channels of commerce, targeted the same general audience, and/or used similar marketing procedures. *Id.* Here, both Plaintiffs and Defendants advertise and sell their products to consumers via the Internet. Both parties use the same means and the same channels of commerce to target the same Internet consumers looking for Genuine Products. The Defendant Internet Stores advertise and sell Counterfeit Products online, just as Plaintiffs advertise and sell their Genuine Products at each of their respective websites. Thus, because Defendants target the same Internet consumers by the same means as Plaintiffs, this factor also weighs heavily in favor of Plaintiffs.

Regarding the fourth factor, degree of consumer care, consumers purchasing Plaintiffs’ Genuine Products are not a certain or specialized group of people. Rather, the consumer base is a diverse group of people, including children, adults, men, and women. “[W]hen a buyer class is mixed, the standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the least sophisticated consumer in the class.” *Trans Union*, 142 F. Supp. 2d at 1043 (citation omitted). The Counterfeit Products offered for sale on the Defendant Internet Stores are often priced slightly below standard retail prices for select Genuine Products of the Plaintiffs, making it very difficult for consumers to determine that the products are counterfeit. Taking into account the diverse group of sports apparel consumers and the closely related pricing schemes between the Counterfeit Products and the Genuine Products, consumers of Plaintiffs’ Genuine Products are very likely to be confused, so this factor favors Plaintiffs.

For the fifth factor, strength of the mark, Plaintiffs’ Trademarks have been used for many years and have become famous and associated with Plaintiffs’ respective Teams and Genuine

Products. They are distinctive when applied to Plaintiffs' Genuine Products and signify to consumers that the products come from Plaintiffs and are manufactured to the highest quality standards. Consumers have come to recognize the Plaintiffs' respective brands as sources of premium sportswear and apparel. Thus, the fifth factor, the strength of the mark, also weighs heavily in favor of Plaintiffs.

As for the sixth factor, Plaintiffs do not need to prove likelihood of confusion with evidence of actual confusion; instead, they merely need to show *some* evidence of potential confusion. *See Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1363 (7th Cir.1995); *see also Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 960 (7th Cir. 1992) (the Seventh Circuit has consistently found that "plaintiff need not show actual confusion in order to establish likelihood of confusion.") In this case, actual confusion can be inferred because Defendants are selling counterfeit versions of Plaintiffs' Genuine Products that use counterfeit versions of one or more of Plaintiffs' Trademarks. Because the goods look nearly identical, consumers will be confused and think that Defendants' Counterfeit Products are actually Plaintiffs' Genuine Products or are sponsored or endorsed by Plaintiffs. *See Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d at 495; *Topps Co., Inc. v. Gerrit J. Verburg Co.*, 41 U.S.P.Q. 2d at 1417. This factor weighs in favor of Plaintiffs.

In addition to point-of-sale confusion about the source of products sold on the Defendant Internet Stores, the Seventh Circuit has recognized that the Lanham Act's protections also extend to post-sale confusion of potential customers. *CAE, Inc. v. Clean Air Eng'g, Inc.*, 267 F.3d 660, 683 (7th Cir. 2001). Post-sale confusion refers to a situation in which, for example, a potential customer sees a product bearing the infringing label and mistakenly attributes the products to the

brand owner, thereby influencing his buying decision, either positively or negatively. *Id.* That association also constitutes infringement of Plaintiffs' Trademarks. *Id.*

Regarding the seventh and final factor, Defendants are intentionally using Plaintiffs' Trademarks to confuse and deceive the consuming public into thinking that Defendants' Counterfeit Products are sponsored by, affiliated with, endorsed by or otherwise emanate from Plaintiffs. Defendants are purposefully attempting to benefit and trade off of Plaintiffs' respective reputations and the goodwill of Plaintiffs and their respective Trademarks. Therefore, the final factor regarding Defendants' intent also weighs heavily in Plaintiffs' favor.

In sum, it is manifestly clear that each of the seven likelihood of confusion factors weigh heavily in favor of Plaintiffs, and, therefore, Plaintiffs have proved that they have a reasonable likelihood of success on the merits for their trademark infringement and counterfeiting claim.

ii. Plaintiffs Are Likely to Succeed on Their False Designation of Origin Claim

A plaintiff bringing a false designation of origin claim under 15 U.S.C. § 1125(a) must show that: (1) the plaintiff has a protectable trademark; and (2) a likelihood of confusion will exist as to the origin of plaintiff's products. *All Star Championship Racing, Inc. v. O'Reilly Auto. Stores, Inc.*, 2013 WL 1701871, *10 (C.D. Ill. Apr. 18, 2013) (citing *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F. 3d 427, 436 (7th Cir. 1999)).

This is the same test that is used for determining whether trademark infringement has occurred under the Lanham Act. *See Neopost*, 403 F. Supp. 2d at 684–685. Because many of Plaintiffs' Trademarks are registered marks, and Plaintiffs have established a likelihood of success on the merits of their trademark infringement and counterfeiting claims against Defendants (*supra*), a likelihood of success on the merits for Plaintiffs' false designation of origin claim is also established.

iii. Plaintiffs Are Likely to Succeed on Their Cyberpiracy Claim

Plaintiffs are also likely to succeed on their cyberpiracy claim against the Defendant Domain Names that incorporate one or more of Plaintiffs' Trademarks. Pursuant to the Anticybersquatting Consumer Protection Act of 1996 (ACPA), a person alleged to be a cybersquatter is liable to the owner of a protected mark if that person: (i) has a bad faith intent to profit from the mark and (ii) registers, traffics in, or uses a domain name that ... is identical or confusingly similar to or dilutive of a mark that is "distinctive" or "famous." 15 U.S.C. § 1125(d)(1)(A). In such cases, in addition to other damages, "a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark." 15 U.S.C. § 1125(d)(1)(C).

Courts have often noted that one focus of the ACPA is to address counterfeit sellers who "register well-known marks to prey on consumer confusion by misusing the domain name to divert customers from the mark owner's site to the cybersquatter's own site ... [and] target distinctive marks to defraud consumers." *Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806, 809 (6th Cir. 2004).

1. *Plaintiffs' Trademarks Are Distinctive and Famous*

Plaintiffs' Trademarks are inherently distinctive and famous with consumers worldwide, particularly with sports team apparel consumers. As noted above, Plaintiffs have invested many millions of dollars in protecting, advertising and promoting Plaintiffs' Trademarks in the United States and throughout the world. Consumers identify Plaintiffs' Trademarks with Plaintiffs' high quality products. In view of this, and the fact that Plaintiffs' Trademarks are registered with the United States Patent and Trademark Office on the Principal Register, Plaintiffs are likely to succeed in showing that their Trademarks are distinctive and/or famous.

2. Defendants Have a Bad Faith Intent to Profit from Plaintiffs' Trademarks

Pursuant to the ACPA, a court may consider a myriad of factors when determining whether a person has a bad faith intent to profit from a mark, including the following nine enumerated factors: (1) the trademark or other intellectual property rights of the person, if any, in the domain name; (2) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person; (3) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; (4) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name; (5) the person's intent to divert consumers from the mark owner's online location to a site...that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark; (6) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used...the domain name in the bona fide offering of any goods or services; (7) the person's provision of material and misleading false contact information when applying for the registration of the domain name; (8) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to the marks of others; and (9) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous. 15 U.S.C. § 1125(d)(1)(B)(i).

A court is not limited, however, to considering the nine enumerated factors when determining the presence or absence of bad faith. 15 U.S.C. § 1125(d)(1)(B)(i). Indeed, the factors are "expressly described as indicia that 'may' be considered along with other facts." *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 269 (4th Cir. 2001) (citation omitted). The ACPA allows a court to view the totality of the circumstances in making a bad

faith determination. *Id.* at 270. Federal courts recognize that “there is no simple formula for evaluating and weighing these factors.” *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 234 (4th Cir. 2002). However, courts have held that the registration of a domain name incorporating a trademark owner’s mark and being used to sell counterfeit versions of the trademark owner’s goods is a particularly egregious form of bad faith. *See, e.g. Louis Vuitton Malletier & Oakley, Inc. v. Veit*, 211 F. Supp. 2d 567, 584-85 (E.D. Pa. 2002).

In the instant case, it is manifestly clear that the Defendants have acted with bad faith intent to profit from Plaintiffs’ famous Trademarks. Many of the Defendant Domain Names incorporate one or more of Plaintiffs’ Trademarks in their entirety in the Defendant Domain Names, and the corresponding websites use Plaintiffs’ Trademarks without authorization to sell Counterfeit Products. This is a clear violation of United States law, including Section 1125 of the Trademark Act (15 U.S.C. § 1125) (§ 43 of the Lanham Act).

3. The Domain Names Are Identical or Confusingly Similar to or Dilutive of Plaintiffs’ Trademarks

When dealing with domain names, a court must evaluate an allegedly infringing domain name in conjunction with the content of the website identified by the domain name. *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005). Here, there can be no question that many of the Defendant Domain Names are identical or confusingly similar to Plaintiffs’ Trademarks. One or more of Plaintiffs’ Trademarks appear without alteration in many of the Defendant Domain Names. Moreover, as noted above, Defendants intentionally design their websites so that they look like legitimate online retailers or outlet stores selling Plaintiffs’ Genuine Products.

In addition, courts have found that the addition of generic or geographic terms, such as “shop,” “online” and “store” are not sufficient to distinguish the domain name from a protected mark incorporated therein. *See, e.g., Harrods*, 302 F.3d at 247. As such, the Defendant Domain

Names that incorporate Plaintiffs' Trademarks are identical and/or confusingly similar to Plaintiffs' Trademarks.

iv. Plaintiffs are Likely to Succeed on Their Illinois Uniform Deceptive Trade Practices Act Claim

In Illinois, courts resolve unfair competition and deceptive trade practice claims “according to the principles set forth under the Lanham Act.” *Spex, Inc. v. Joy of Spex, Inc.*, 847 F. Supp. 567, 579 (N.D. Ill. 1994). Illinois courts look to federal case law and apply the same analysis to state infringement claims. *Id.* at 579 (citation omitted). The determination as to whether there is a likelihood of confusion is similar under both the Lanham Act and the Illinois Uniform Deceptive Trade Practices Act. *Am. Broad. Co. v. Maljack Prods., Inc.*, 34 F. Supp. 2d 665, 680–681 (N.D. Ill. 1998). Because Plaintiffs have established a likelihood of success on the merits of their trademark infringement and counterfeiting claim against Defendants (*supra*), and the standard is the same under Illinois law, Plaintiffs have established a likelihood of success on the merits for their Illinois Uniform Deceptive Trade Practices Act claim.

C. There Is No Adequate Remedy at Law and Plaintiffs are Likely to Suffer Irreparable Harm in the Absence of Preliminary Relief

The Seventh Circuit has “clearly and repeatedly held that damage to a trademark holder's goodwill can constitute irreparable injury for which the trademark owner has no adequate legal remedy.” *Re/Max N. Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001) (citing *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000); *Meridian Mut. Ins. Co. v. Meridian Ins. Group, Inc.*, 128 F.3d 1111, 1114 (7th Cir. 1997); *Wesley-Jessen Division of Schering Corp. v. Bausch & Lomb Inc.*, 698 F.2d 862, 867 (7th Cir. 1983). Irreparable injury “almost inevitably follows” when there is a high probability of confusion because such injury “may not be fully compensable in damages.” *Helene Curtis Industries, Inc. v. Church & Dwight Co., Inc.*, 560 F.2d 1325, 1332 (7th Cir. 1977) (citation omitted). “The most corrosive and

irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendants' goods." *Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1092 (7th Cir. 1988); *see also 4 Callmann on Unfair Competition, Trademarks and Monopolies* § 88.3(b) at 205 (3d ed. 1970). As such, monetary damages are likely to be inadequate compensation for such harm. *Ideal Indus., Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1026 (7th Cir. 1979).

Defendants' unauthorized use of one or more of Plaintiffs' Trademarks has irreparably harmed and continues to irreparably harm Plaintiffs through diminished goodwill and brand confidence, damage to Plaintiffs' respective reputations, loss of exclusivity, and loss of future sales. *See* Orlinsky Declaration at ¶¶ 16-20; Deutsch Declaration at ¶¶ 12-16; Prochnow Declaration at ¶¶ 12-16; Gaston Declaration at ¶¶ 13-17; and Hays Declaration at ¶ 13-17. The extent of the harm to Plaintiffs' respective reputations and goodwill and the possible diversion of customers due to loss in brand confidence are both irreparable and incalculable, thus warranting an immediate halt to Defendants' infringing activities through injunctive relief. *See Promatek Industries, Ltd. v. Equitrac Corp.*, 300 F.3d 808, 813 (7th Cir. 2002) (Finding that damage to plaintiff's goodwill was irreparable harm for which plaintiff had no adequate remedy at law); *Gateway Eastern Railway Co. v. Terminal Railroad Assoc. of St. Louis*, 35 F.3d 1134, 1140 (7th Cir. 1994) ("[S]howing injury to goodwill can constitute irreparable harm that is not compensable by an award of money damages.") As such, Plaintiffs should be granted preliminary relief.

D. The Balancing of Harms Tips in Plaintiffs' Favor

As noted above, if the Court is satisfied that Plaintiffs have demonstrated (1) a likelihood of success on the merits, (2) no adequate remedy at law, and (3) the threat of irreparable harm if preliminary relief is not granted, then it must next consider the irreparable harm that Defendants

will suffer if preliminary relief is granted, balancing such harm against the irreparable harm Plaintiffs will suffer if relief is denied. *TY, Inc.*, 237 F.3d at 895. As willful infringers, Defendants are entitled to little equitable consideration. “When considering the balance of hardships between the parties in infringement cases, courts generally favor the trademark owner.” *Krause Int’l Inc. v. Reed Elsevier, Inc.*, 866 F. Supp. 585, 587-88 (D.D.C. 1994). This is because “[o]ne who adopts the mark of another for similar goods acts at his own peril since he has no claim to the profits or advantages thereby derived.” *Burger King Corp. v. Majeed*, 805 F. Supp. 994, 1006 (S.D. Fla. 1992) (internal quotation marks omitted). Therefore, the balance of harms “cannot favor a defendant whose injury results from the knowing infringement of the plaintiff’s trademark.” *Malarkey-Taylor Assocs., Inc. v. Cellular Telecomms. Indus. Ass’n*, 929 F. Supp. 473, 478 (D.D.C. 1996).

As Plaintiffs have demonstrated, Defendants have been profiting from the sale of Counterfeit Products. Thus, the balance of equities tips decisively in Plaintiffs’ favor, and, accordingly, equity requires that Defendants be ordered to cease their unlawful conduct.

E. Issuance of the Injunction Is in the Public Interest

An injunction in these circumstances is in the public interest because it will prevent consumer confusion and stop Defendants from violating federal trademark law. The public is currently under the false impression that Defendants are operating the Defendant Internet Stores with the approval or endorsement of one or more Plaintiffs. An injunction serves the public interest in this case “because enforcement of the trademark laws prevents consumer confusion.” *Eli Lilly*, 233 F.3d at 469.

Federal courts have long held that “the trademark laws ... are concerned not alone with the protection of a property right existing in an individual, but also with the protection of the public from fraud and deceit.” *Stahly, Inc. v. M.H. Jacobs Co.*, 183 F.2d 914, 917 (7th Cir.

1950) (citations omitted). The public interest is further served by protecting “the synonymous right of a trademark owner to control his product’s reputation.” *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976); *see also Shashi, Inc. v. Ramada Worldwide, Inc.*, No. 7:05-cv-00016-JGW-mfu, 2005 WL 552593, *4 (W.D. Va. Mar. 1, 2005) (“It is in the best interest of the public for the court to defend the integrity of the intellectual property system and to prevent consumer confusion”).

In this case, the injury to the public is significant, and the injunctive relief that Plaintiffs seek is specifically intended to remedy that injury by dispelling the public confusion created by Defendants’ actions. The public has the right not to be confused and defrauded as to the source of the goods and services offered by Defendants, or as to the identity of the owner of trademarks and service marks used in connection with those goods and services. Unless Defendants’ unauthorized use of one or more of Plaintiffs’ Trademarks is enjoined, the public will continue to be confused and misled by Defendants’ conduct.

For all of these reasons, it is respectfully submitted that granting Plaintiffs’ Motion for Entry of Temporary Restraining Order is in the public interest.

IV. THE EQUITABLE RELIEF SOUGHT IS APPROPRIATE

In addition to this Court’s inherent authority to issue injunctive relief, the Lanham Act authorizes courts to issue injunctive relief “according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark....” 15 U.S.C. § 1116(a). Furthermore, Rule 65(b) of the Federal Rules of Civil Procedure provides that a court may issue a temporary restraining order without notice where facts show that the movant will suffer immediate and irreparable injury, loss, or damage before the adverse party can be heard in opposition. Moreover, under Federal Rule of Civil Procedure

65(d)(2)(C), this Court has the power to bind any third parties who are in active concert with the Defendants that are given notice of the order. Fed. R. Civ. P. 65. The facts in this case warrant such relief.

A. A Temporary Restraining Order Immediately Enjoining Defendants' Unauthorized and Unlawful Use of Plaintiffs' Trademarks Is Appropriate

Plaintiffs request an order requiring Defendants to immediately cease all use of Plaintiffs' Trademarks, or substantially similar marks, on or in connection with all Defendant Internet Stores. Such relief is necessary to stop the ongoing harm to Plaintiffs' Trademarks and goodwill, as well as harm to consumers, and to prevent the Defendants from continuing to benefit from their unlawful use of Plaintiffs' Trademarks. The need for *ex parte* relief is magnified in today's global economy where counterfeiters can operate over the Internet in an anonymous fashion. Plaintiffs are currently unaware of both the true identities and locations of the Defendants, as well as other Defendant Internet Stores used to distribute Counterfeit Products.

Many courts, including this Court, have authorized immediate injunctive relief in similar cases involving the unauthorized use of trademarks and counterfeiting. *See, e.g. Oakley, Inc. v. Does 1-100*; No. 12-cv-9864 (N.D. Ill. Dec. 14, 2012) (unpublished) (Order granting *Ex Parte* Application for Temporary Restraining Order); *True Religion Apparel, Inc. v. Does 1-100*; No. 12-cv-9894 (N.D. Ill. Dec. 20, 2012) (unpublished) (same); *Tory Burch LLC v. Zhong Feng, et al.*, No. 1:12-cv-09066 (N.D. Ill. Nov. 15, 2012) (unpublished) (same); *Coach, Inc., et al. v. Does 1-100*, No. 1:12-cv-8963 (N.D. Ill. Nov. 15, 2012) (unpublished) (same) *Abercrombie & Fitch Trading Co. v. 4cheapbags.com*, No. 1:12-cv-21088 (S. D. Fla. June 6, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (same); *True Religion Apparel, Inc. v. Xiaokang Lee*, no. 1:11-cv-

08242-HB (S.D.N.Y. Nov. 18, 2011) (unpublished) (same); *The Nat'l Football League v. Chen*, No. 1:11-cv-00344-WHP (S.D.N.Y. Jan. 31, 2011) (unpublished) (same); *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) (same); *Farouk Sys., Inc. v. Eyou Int'l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished) (same); (hereinafter collectively referred to as the “*Counterfeit Website Cases*”); *see also*, *Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d at 463 (enjoining Defendant from “using in any way the Internet domain name ‘fordrecalls.com’”); *Kraft Food Holdings, Inc. v. Helm*, 205 F. Supp. 2d 942, 956 (N.D. Ill. 2002) (granting preliminary injunction requiring defendant to “immediately” remove all references to version of plaintiff’s mark, including removing all references “from metatags, metanames or any other keywords on his websites”).

B. An Order Transferring the Defendant Domain Names to Plaintiffs’ Control Is Appropriate

Plaintiffs also seek an order transferring the Defendant Domain Names to Plaintiffs’ control in order to disable the counterfeit websites and electronically publish notice of this case to Defendants. Defendants involved in domain name litigation easily can, and often will, change the ownership of a domain name or continue operating the website while the case is pending. Accordingly, to preserve the status quo and ensure the possibility of eventual effective relief, courts in trademark cases involving domain names regularly grant the relief requested herein. *See, e.g., the Counterfeit Website Cases, supra* at p. 41; *see also Bd. of Dirs. of Sapphire Bay Condos. W. v. Simpson*, 129 F. App’x 711 (3d Cir. 2005) (affirming District Court’s granting of the preliminary injunction ordering defendant to “cancel his registration of the domain name and refrain from using the name, or any derivative thereof, for any Web site under his ownership or substantial control”); *Chanel, Inc. v. Paley*, No. 3:09-cv-04979-MHP (N.D. Cal. Nov. 13, 2009)

(unpublished) (granting temporary restraining order and disabling domain names at issue); *Philip Morris U.S.A., Inc. v. Otamedia Ltd.*, 331 F. Supp. 2d 228, 246 (S.D.N.Y. 2004) (granting order transferring ownership of Defendant's Internet domain names to Plaintiff); *Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d at 467 (granting Plaintiff's preliminary injunction because, among other things, "Defendant's misappropriation of the goodwill [Plaintiff] has developed in the mark by registering the [infringing] Internet domain name ... significantly tarnishes [Plaintiff's] reputation").

As such, Plaintiffs respectfully request that an order requiring the relevant registries and/or registrars for the Defendant Domain Names to transfer the domain names to Plaintiffs during the pendency of this case be granted.

C. An Order Preventing the Fraudulent Transfer of Assets Is Appropriate

Plaintiffs request an *ex parte* order restraining Defendants' assets so that Plaintiffs' right to an equitable accounting of Defendants' profits from sales of Counterfeit Products is not impaired¹. Issuing an *ex parte* order will ensure Defendants' compliance. If such an order is not issued in this case, Defendants may disregard their responsibilities and fraudulently transfer financial assets to overseas accounts before an order is issued. Specifically, upon information and belief, the Defendants in this case hold most of their assets in China, making it easy to hide or dispose of assets, which will render an accounting by Plaintiffs meaningless.

Courts have the inherent authority to issue a prejudgment asset restraint when a plaintiff's complaint seeks relief in equity. *Animale Grp. Inc. v. Sunny's Perfume Inc.*, 256 F. App'x 707, 709 (5th Cir. 2007); *Levi Strauss & Co. v. Sunrise Int'l Trading Inc.*, 51 F.3d 982, 987 (11th Cir. 1995); *Reebok Int'l Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 559 (9th Cir. 1992). In

¹ Plaintiffs have concurrently filed a Motion for Leave to File Under Seal certain documents for this same reason.

addition, Plaintiffs have shown a strong likelihood of succeeding on the merits of their trademark infringement and counterfeiting claim, so according to the Lanham Act 15 U.S.C. § 1117(a)(1), Plaintiffs are entitled, “subject to the principles of equity, to recover ... defendant’s profits.” 15 U.S.C. § 1117(a)(1). Plaintiffs’ Complaint seeks, among other relief, that Defendants account for and pay to Plaintiffs all profits realized by Defendants by reason of Defendants’ unlawful acts. Therefore, this Court has the inherent equitable authority to grant Plaintiffs’ request for a prejudgment asset freeze to preserve relief sought by Plaintiffs.

The Northern District of Illinois in *Lorillard Tobacco Co. v. Montrose Wholesale Candies* entered an asset restraining order in a trademark infringement case brought by a tobacco company against owners of a store selling counterfeit cigarettes. *Lorillard*, 2005 WL 3115892, at *13 (N.D. Ill. Nov. 8, 2005). The Court, citing *Grupo Mexicano de Desarrollo, S.A. v. Alliance Bond Fund*, 527 U.S. 308 (1999), recognized that it was explicitly allowed to issue a restraint on assets for lawsuits seeking equitable relief. *Id.* (citing *Grupo Mexicano*, 527 U.S. at 325 (citing *Deckert v. Independence Shares Corp.*, 311 U.S. 282 (1940))). Because the tobacco company sought a disgorgement of the storeowner’s profits, an equitable remedy, the Court found that it had the authority to freeze the storeowner’s assets. *Id.*; see also *Animale Grp. Inc.* 256 F. App’x at 709; *Levi Strauss & Co.*, 51 F.3d at 987; *Reebok Int’l Ltd. v.* 970 F.2d at 559; *CSC Holdings, Inc. v. Redisi*, 309 F.3d 988 (7th Cir. 2002) (“since the assets in question ... were the profits of the [defendants] made by unlawfully stealing [the plaintiffs’] services, the freeze was appropriate and may remain in place pending final disposition of this case.”); accord 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:40 (4th ed. 2013). In addition, courts in this district and across the country regularly issue asset restraining orders for entire financial

accounts in cases involving the sale of counterfeit products. *See, e.g., the Counterfeit Website Cases, supra* at p. 41.

Plaintiffs have shown a likelihood of success on the merits, an immediate and irreparable harm suffered as a result of Defendants' activities and that, unless Defendants' assets are frozen, Defendants will likely hide or move their ill-gotten funds to offshore bank accounts. Accordingly, the granting of an injunction preventing the transfer of Defendants' assets is proper.

D. Plaintiffs are Entitled to Expedited Discovery

The United States Supreme Court has held that "federal courts have the power to order, at their discretion, the discovery of facts necessary to ascertain their competency to entertain the merits." *Vance v. Rumsfeld*, No. 1:06-cv-06964, 2007 WL 4557812, *6 (N.D. Ill. Dec. 21, 2007) (quoting *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 351, 98 S. Ct. 2380 (1978)). A district court has wide latitude in determining whether to grant a party's request for discovery. *Id.* (citation omitted). Furthermore, courts have broad power over discovery and may permit discovery in order to aid in the identification of unknown defendants. *See* Fed. R. Civ. P. 26(b)(2); *Gillespie v. Civiletti*, 629 F.2d 637, 642 (9th Cir. 1980).

As described above, Defendants are using third-party payment processors such as Visa, PayPal, and Western Union, which helps to increase their anonymity by interposing a third party between Defendants and U.S. consumers. Without being able to discover Defendants' bank and payment system accounts, any asset restraint would be of limited value because Plaintiffs would not know the entities upon whom to serve the order. Plaintiffs respectfully request an *ex parte* Order allowing expedited discovery to discover bank and payment system accounts Defendants use for their counterfeit sales operations. The discovery requested on an expedited basis in Plaintiffs' Proposed Temporary Restraining Order has been limited to include only what is

essential to prevent further irreparable harm. Discovery of these financial accounts so that they can be frozen is necessary to ensure that these activities will be contained. *See, e.g., the Counterfeit Website Cases, supra* at 41.

Under Federal Rule of Civil Procedure 65(d)(2)(C), this Court has the power to bind any third party who is in active concert with the Defendants that is given notice of the order to provide expedited discovery in this action. Fed. R. Civ. P. 65. Plaintiffs' attorneys have worked with the same third parties in previous lawsuits and are not aware of any reason that Defendants or third parties cannot comply with these expedited discovery requests without undue burden. Indeed, all relevant third parties have in fact complied with identical requests in previous similar cases. *See* Gaudio Declaration at ¶ 5. More importantly, as Defendants have engaged in many deceptive practices in hiding their identities and accounts, Plaintiffs' seizure and asset restraint Order may have little meaningful effect without the requested relief. Accordingly, Plaintiffs respectfully request that expedited discovery be granted.

E. Service of Process by E-mail and Electronic Publication Is Warranted in this Case

Pursuant to Federal Rule of Civil Procedure 4(f)(3), Plaintiffs request an order allowing service of process by electronically publishing a link to the Complaint, this Order, and other relevant documents on a website to which the Defendant Domain Names that are transferred to Plaintiffs' control will redirect, and by sending an e-mail to the e-mail addresses identified in Schedule A to Plaintiffs' Complaint that includes a link to said website. Plaintiffs submit that the combination of providing notice via electronic publication and e-mail, along with any notice that Defendants receive from domain name registrars and payment processors, is reasonably calculated under all circumstances to apprise Defendants of the pendency of the action and afford them the opportunity to present their objections.

Electronic service is appropriate and necessary in this case because the Defendants, on information and belief: (1) have provided false names and physical address information in their registrations for the Defendant Domain Names in order to conceal their locations and avoid liability for their unlawful conduct; and (2) rely primarily on electronic communications to communicate with their registrars and customers, demonstrating the reliability of this method of communication by which the registrants of the Defendant Domain Names may be apprised of the pendency of this action. An order allowing service of process solely via e-mail and electronic publication will benefit all parties and the Court by ensuring that Defendants receive prompt notice of this action, thus allowing this action to move forward expeditiously. Absent the ability to serve the Defendants in this manner, Plaintiffs will almost certainly be left without the ability to pursue a final judgment.

According to Section 3.7.7.1 of the Registrar Accreditation Agreement established by the Internet Corporation for Assigned Names and Numbers (“ICANN”), an individual or entity that registers a domain name is required to provide “accurate and reliable contact details and promptly correct and update them during the term of the ... registration, including ... postal address.” *See* Gaudio Declaration at ¶ 6. An investigation of the WhoIs information for each of the respective Defendant Domain Names reveals Defendants have ignored the applicable ICANN regulations and provided false physical address information to the domain name registrars in order to avoid full liability. *Id.* at ¶ 7. For example, many of Defendants’ names and addresses used to register the Defendant Domain Names are incomplete, contain randomly typed letters, fail to include cities or states, or use a privacy service that conceals this information. *Id.* Identical contact information among multiple domain names also suggests that

many of the aliases used to register the Defendant Domain Names are used by the same individual or entity. *Id.*

Despite providing false physical addresses, the registrants of the Defendant Domain Names must generally provide an accurate e-mail address so that their registrars may communicate with them regarding issues related to the purchase, transfer, and maintenance of the various accounts. Moreover, it is necessary for merchants, such as the registrants of the Defendant Domain Names, who operate entirely online, to visit their Internet Store to ensure it is functioning and to communicate with customers electronically. As such, it is far more likely that Defendants can be served electronically than through traditional service of process methods.

Federal Rule of Civil Procedure 4(f)(3) allows this Court to authorize service of process by any means not prohibited by international agreement as the Court directs. *Rio Props., Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1014 (9th Cir. 2002). The Ninth Circuit in *Rio Properties* held, “without hesitation,” that e-mail service of an online business defendant “was constitutionally acceptable.” *Id.* at 1017. The Court reached this conclusion, in part, because the defendant conducted its business over the Internet, used e-mail regularly in its business, and encouraged parties to contact it via e-mail. *Id.*

Similarly, a number of courts, including the Northern District of Illinois, have held that alternate forms of service pursuant to Rule 4(f)(3), including e-mail service, are appropriate and may be the only means of effecting service of process “when faced with an international e-business scofflaw.” *Id.* at 1018; *see also, e.g., the Counterfeit Website Cases, supra* at 41; *see also, MacLean-Fogg Co. v. Ningbo Fastlink Equip. Co., Ltd.*, No. 1:08-cv-02593, 2008 WL 5100414, *2 (N.D. Ill. Dec. 1, 2008) (holding e-mail and facsimile service appropriate); *Popular Enters., LLC v. Webcom Media Group, Inc.*, 225 F.R.D. 560, 563 (E.D. Tenn. 2004) (quoting

Rio, 284 F.3d at 1018) (allowing e-mail service); *see also Juniper Networks, Inc. v. Bahattab*, No. 1:07-cv-01771-PLF-AK, 2008 WL 250584, *1-2, (D.D.C. Jan. 30, 2008) (citing *Rio*, 284 F.3d at 1017-1018; other citations omitted) (holding that “in certain circumstances ... service of process via electronic mail ... is appropriate and may be authorized by the Court under Rule 4(f)(3) of the Federal Rules of Civil Procedure”). Plaintiffs submit that allowing service solely by e-mail and electronic publication in the present case is appropriate and comports with constitutional notions of due process, particularly given the decision by the registrants of the Defendant Domain Names to conduct their unlawful Internet-based counterfeiting activities anonymously.

Furthermore, Rule 4 does not require that a party attempt service of process by other methods enumerated in Rule 4(f) before petitioning the court for alternative relief under Rule 4(f)(3). *Rio Props. v. Rio Intern. Interlink*, 284 F.3d 1007, 1014-15 (9th Cir. 2002). As the *Rio Properties* Court explained, Rule 4(f) does not create a hierarchy of preferred methods of service of process. *Id.* at 1014. To the contrary, the plain language of the Rule requires only that service be directed by the court and not be prohibited by international agreement. There are no other limitations or requirements. *Id.* Alternative service under Rule 4(f)(3) is neither a “last resort” nor “extraordinary relief,” but is rather one means among several by which an international defendant may be served. *Id.* As such, this Court may allow Plaintiffs to serve the defendants via electronic publication and e-mail.

Additionally, Plaintiffs are unable to determine the exact physical whereabouts or identities of the registrants of the Defendant Domain Names due to their provision of false and incomplete street addresses. Plaintiffs, however, have good cause to suspect the registrants of the respective Defendant Domain Names are all residents of China. The United States and the

People's Republic of China are both signatories to the Hague Convention on the Service Abroad of Judicial and Extra-Judicial Documents in Civil and Commercial Matters (the "Hague Convention"). Gaudio Declaration at ¶ 8. The Hague Convention does not preclude service by email, and the declarations to the Hague Convention filed by China do not appear to expressly prohibit email service. *Id.* Additionally, according to Article 1 of the Hague Convention, the "convention shall not apply where the address of the person to be served with the document is not known." *Id.* As such, United States District Courts, including in this District, routinely permit alternative service of process notwithstanding the applicability of the Hague Convention. *See e.g., In re Potash Antitrust Litig.*, 667 F. Supp. 2d 907, 930 (N.D. Ill. 2009) ("plaintiffs are not required to first attempt service through the Hague Convention."); *see also In re LDK Solar Secs. Litig.*, 2008 WL 2415186,*2 (N.D. Cal. Jun. 12, 2008) (authorizing alternative means of service on Chinese defendants without first attempting "potentially fruitless" service through the Hague Convention's Chinese Central Authority); *Nanya Tech. Corp. v. Fujitsu Ltd.*, No. 1:06-cv-00025, 2007 WL 269087, *6 (D. Guam Jan. 26, 2007) (Hague Convention, to which Japan is a signatory, did not prohibit e-mail service upon Japanese defendant); *Popular Enters., LLC v. Webcom Media Group, Inc.*, 225 F.R.D. 560, 562 (E.D. Tenn. 2004) (recognizing that, while "communication via e-mail and over the internet is comparatively new, such communication has been zealously embraced within the business community"). In addition, the law of the People's Republic of China does not appear to prohibit electronic service of process. Gaudio Declaration at ¶ 9. As such, Plaintiffs respectfully request this Court's permission to serve Defendants via e-mail and electronic publication.

V. A BOND SHOULD SECURE THE INJUNCTIVE RELIEF

The posting of security upon issuance of a temporary or permanent injunction is vested in the Court's sound discretion. *Rathmann Grp. v. Tanenbaum*, 889 F.2d 787, 789 (8th Cir. 1989); *Hoechst Diafoil Co. v. Nan Ya Plastics Corp.*, 174 F.3d 411, 421 (4th Cir. 1999); Fed. R. Civ. P. 65(c).

Because of the strong and unequivocal nature of Plaintiffs' evidence of counterfeiting, infringement, and unfair competition, Plaintiffs respectfully request that this Court require Plaintiffs to post a bond of no more than Ten Thousand U.S. Dollars (\$10,000.00). *See, e.g., Oakley, Inc. v. Does 1-100*; No. 12-cv-9864 (N.D. Ill. Dec. 14, 2012) (unpublished) (\$10,000 bond); *True Religion Apparel, Inc. v. Does 1-100*; No. 12-cv-9894 (N.D. Ill. Dec. 20, 2012) (unpublished) (\$10,000 bond); *Tory Burch LLC v. Zhong Feng, et al.*, No. 1:12-cv-09066 (N.D. Ill. Nov. 15, 2012) (unpublished) (\$10,000 bond); *Coach, Inc., et al. v. Does 1-100*, No. 1:12-cv-8963 (N.D. Ill. Nov. 15, 2012) (unpublished) (\$10,000 bond); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (\$10,000 bond); *Abercrombie & Fitch Trading Co. v. 4cheapbags.com*, No. 1:12-cv-21088 (S. D. Fla. June 6, 2012) (unpublished) (\$10,000 bond); *True Religion Apparel, Inc., v. Xiaokang Lee*, No. 1:11-cv-08242-HB (S.D.N.Y. Nov. 18, 2011) (unpublished) (\$10,000 bond); *The Nat'l Football League v. Chen*, No. 1:11-cv-00344-WHP (S.D.N.Y. Jan. 31, 2011) (\$10,000 bond); *Farouk Sys., Inc. v. Eyou Int'l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished) (\$10,000 bond).

VI. CONCLUSION

Defendants' counterfeiting operations are irreparably harming Plaintiffs' businesses, their famous brands, and consumers. Without entry of the requested relief, Defendants' sale of the

Counterfeit Products will continue to lead prospective purchasers and others to believe that Defendants' Counterfeit Products have been manufactured by or emanated from Plaintiffs, when in fact, they have not. Therefore, entry of an *ex parte* order is necessary to protect Plaintiffs' rights in the Plaintiffs' Trademarks, to prevent further harm to Plaintiffs and the consuming public, and to preserve the status quo. In view of the foregoing and consistent with previous similar cases, Plaintiffs respectfully request that this Court enter a temporary restraining order in the form submitted herewith and set a status hearing before the expiration of the temporary restraining order at which hearing Plaintiffs intend to present a motion for preliminary injunction.

Dated this 7th day of October 2013.

Respectfully submitted,

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