

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

OMEGA SA,

Plaintiff,

v.

XIE ZHENMIN, *et al.*,

Defendants.

Civil Action No.: 12-cv-9338 (SAS)

Judge: Scheindlin

PLAINTIFF, OMEGA SA'S MEMORANDUM OF LAW IN SUPPORT OF
ITS *EX PARTE* MOTION FOR A TEMPORARY RESTRAINING ORDER
AND PRELIMINARY INJUNCTION

Plaintiff, Omega SA respectfully submits this memorandum of law in support of its *ex-parte* motion for a temporary restraining order, preliminary injunction and order authorizing expedited discovery and alternative service. This motion is filed against Defendants Xie Zhenmin and Zhenmin Xie (Watches-vogue.com), Shenzhen Lai Wode Technology Co., Ltd (Watchdear.com), John Doe 1 (Queenofwatches.com), is Shaped Design Co., Ltd. and Wang Junxi (Replicaup.com), Shanghai Jing Hao Machinery Co., Ltd. and Jinglei Wang (Watchmimic.com), Guangren Wang (Watchkind.com), John Doe 2 (Myfavomega.com), John Doe 3 (Omegaonlineoutlet.com), Qi Tang (Omegaonlineoutlet.biz), Bony Huny (Omegaonlineoutlet.net), John Doe 4 (Qualityreplica.biz), Meng Luo (Qualityreplica.info), Menge Luony (Qualityreplica.us), Paul Fiore (Bestreplicawatchesok.com), Mingqin Liu (Swisskiss.net), Zhu Yong (Sinohorloge.com), Xie Jun (Saleswiss.com), Fan (Watchesyes.net), John Doe 5 (Replicavip.org), Li Guangping (Watchc.com), Guangzhou Shouai Trading Co., Ltd and Zhang Shungliang (Watchespay.net), Optical Automation Instrument Co., Ltd. and Zhan Lixiong (Replicabuy.net), Lai Shuang (Watch7750.com), Xiaojie Ma

(Swissale.net), Li Yuanming (Replicafind.net), Weichengwang (Salesreplicas.com), Baoling Yang (Replicwalker.com), Intellectual Property Agency Ltd. and Jie Xu (Replicaprice.com), Zhi Technology Co., Ltd. and Yukun Cui (Watchesfull.com) and John Does 6-34 (“Defendants”).

I. Preliminary Statement

Counterfeiters misappropriate the hard work, investment and goodwill of companies who have respected and sought-after brands. The Lanham Act classifies counterfeit goods as illegal, and provides additional remedies enabling trademark owners to minimize the harm from counterfeit goods. As in the present case, these manifestly illegal operations are typically conducted in a covert manner, with the defendants employing every effort to evade prosecution. Omega’s action against the Defendants follows an established line of actions brought by trademark holders to curb the sale of online counterfeit luxury goods.

Like many things, the world of counterfeiting was forever changed by the Internet. The virtually impenetrable shield of online anonymity has created an environment where counterfeiters publicly and brazenly advertise, with impunity, that their products are indeed counterfeit. Although some online counterfeiters have coined their counterfeit watches as mere “replicas” of the brand owner’s original watches, courts have easily dispelled this charade, finding no difference between a counterfeit and a replica product.¹ Brand owners are faced with counterfeit websites that number in the thousands and change on a daily, and in some instances hourly, basis. Because a counterfeiter can quickly re-direct a counterfeit website and conceal funds, ex-parte and immediate relief is necessary. Accordingly, Omega moves this Court for an Order immediately seizing the counterfeit websites and freezing the financial accounts associated with such unlawful sites.

¹ See, Jenny T. Slocum and Jess M. Collen, The Evolving Threat And Enforcement of Replica Goods, 33 W. New Eng. L. Rev. 697, 789 (2011) (citing, *Hermes Int’l v. Lederer de Paris Fifth Ave., Inc.* 219 F.3d 104, 106 (2d Cir. 2000); *Gucci Am., Inc. v. Frontline Processing Corp.*, 721 F.Supp2d 228, 248 n.7 (S.D.N.Y. 2010)).




II. Omega and its Brands

Plaintiff, Omega SA (“Omega”), manufactures watches which it sells in the U.S. and worldwide. Omega's registered trademarks have been advertised and promoted and otherwise used in commerce throughout the United States, including this District, since at least as early as 1894. *See*, Decl. of Colleen Hurley at ¶ 5. Omega has become widely known as the source of exclusive, fashionable, high quality precision watches. Omega has invested millions of dollars in advertising and promoting its OMEGA watches making its OMEGA mark one of the world’s most recognized brands. *Id.*

Omega has achieved worldwide recognition for its OMEGA SPEEDMASTER watch, which is the only watch that has been “NASA Flight Certified” and the only watch ever worn on the moon. The legacy of the SPEEDMASTER watch was forever sealed when the astronauts of the Apollo 13 spacecraft relied on their SPEEDMASTER watches to time the engine thrusts of their damaged spacecraft so they could safely return to earth. Likewise, for almost 60 years, Omega’s SEAMASTER watch has shared in some of the most exciting moments in the conquest of the sea. The advent of the OMEGA SEAMASTER watch itself in 1948 was soon followed by the watch's first record, when diver Gordon McLean reached a depth of 62.5 meters in 1955. Omega’s SEAMASTER watch is also the watch famously worn by the James Bond character in such films as “GoldenEye,” “Tomorrow Never Dies” and most recently “Skyfall.”

Omega authorizes sale and distribution of its OMEGA watches exclusively through authorized dealers properly trained in the apparatus and which promote an image consistent with the company's enormous investment in extensive marketing of a luxury goods product of its kind. *See*, Decl. of Colleen Hurley at ¶ 6. Omega and its dealers do not sell OMEGA watches on the Internet. *Id.* at ¶¶ 6 and 13.

Omega is the owner of the entire right, title, and interest in Federal trademark registrations for goods and services including, among others, the following famous, valid, subsisting, and un-cancelled US trademark registrations, most of which are incontestable (“OMEGA Marks”):

Trademark	Registration No.	Registration Date	Class(es)/Goods
 OMEGA	25,036	May 23, 1894	IC 014: Watch movements and watch cases
OMEGA	566,370	November 4, 1952	IC 014: Watches and parts thereof
	734,891	July 14, 1962	IC 014: Timepieces and parts thereof
	3,757,932	March 9, 2010	IC 014: jewelry and precious stones; horological and chronometric instruments.
SEAMASTER	556,602	March 25, 1952	IC 014: Watches, watch parts and watch movements
SPEEDMASTER	672,487	January 13, 1959	IC 014: Watches and clocks
CONSTELLATION	1,223,349	January 11, 1983	IC 014: Watches and parts thereof
DE VILLE	1,309,929	December 18, 1984	IC 014: Watches, Wrist Watches, Portfolio Watches, Pendant Watches, and Miniature Clocks; and Parts Thereof
HOUR VISION	3,681,927	September 15, 2009	IC 014: Horological and chronometric instruments
PLANET OCEAN	3,085,659	April 25, 2006	IC 014: Watches and watch parts
BROAD ARROW	3,418,186	April 29, 2008	IC 014: Watches, watch straps, watch bracelets and parts thereof; chronometers, chronographs, watches made of precious metals, watches partly or entirely set with precious stones

True and correct copies of US Federal Registrations for the above-referenced marks are attached to the Complaint as Ex. A.

III. Defendants' Counterfeit Acts

Without Omega's authorization, the Defendants are manufacturing, distributing, importing, offering to sell and selling over the Internet counterfeit versions of Omega's watches. The Defendants are selling the counterfeit OMEGA watches at the following websites:

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| (1) http://www.watches-vogue.com | (16) http://www.sinohorloge.com |
| (2) http://www.watchdear.com | (17) http://www.salesswiss.com |
| (3) http://www.queenofwatches.com | (18) http://watchesyes.net |
| (4) http://www.replicaup.com | (19) http://replicavip.org |
| (5) http://www.watchmimic.com | (20) http://www.watchc.com |
| (6) http://www.watchkind.com | (21) http://www.watchespay.net |
| (7) http://www.myfavomega.com | (22) http://www.replicabuy.net |
| (8) http://www.omegaonlineoutlet.com | (23) http://www.watch7750.com |
| (9) http://www.omegaonlineoutlet.biz | (24) http://www.swissale.net |
| (10) http://www.omegaonlineoutlet.net | (25) http://www.replicafind.net |
| (11) http://www.qualityreplica.biz | (26) http://www.salesreplicas.com |
| (12) http://www.qualityreplica.info | (27) http://www.replicawalker.com |
| (13) http://www.qualityreplica.us | (28) http://replicaprice.com |
| (14) http://www.bestreplicawatchesok.com | (29) http://www.watchesfull.com |
| (15) http://www.swisskiss.net | |

See, Decl. of L. Kennedy.

Even a cursory review of the Defendants' websites reveal the obvious counterfeit nature of the goods sold by the Defendants. *See, Id.*, Exhibits 1-29. Hiding behind the virtual anonymity of the Internet, these counterfeiters brazenly admit that the products they are selling are indeed counterfeit. For example, one site proudly claims:

Omega is the first and only one which is adorned in the moon. Omega presented the Marine in 1932, the world's first watch designed for divers. If you want to choose a luxury and reasonable watch, this is the best website for you. All these fake Omega watches were inspected and tested carefully by professional QC staff to ensure each of them is reliable.

Id. at Exhibits 2, 6, 18 and 29 (Watchdear.com, Watchkind.com, Watchesyes.net and Watchesfull.com)

Other sites' boasts about their sale of replica Omega products include:

Omega replicas have achieved great success for its practical quality, steady performance and complicated functions that they have been perceived as the perfect alternatives of authentic Omega watches for the much lower money a replica be charged than a genuine one. Replica Omega watches has expanded to include all kinds of styles to meet different occasions

Id. at Exhibit 4 (Replicaup.com)

Here we are able to offer you a massive selection of replica Omega watches, at a fraction of the cost of an original. And knowing that you're saving a ton of money can feel pretty good.

Id. at Exhibits 8-10 (Omegaonlineoutlet.com, Omegaonlineoutlet.biz, Omegaonlineoutlet.net)

no doubts replica omega watches are one of the best luxury accessories in the world. but nowadays more and more people choose replica omega watches - they are much cheaper and affordable than originals.

Id. at Exhibit 21 (Watchespay.net)

Each of the 29 websites contains an admission, much like the examples above, that the goods offered for sale are counterfeit. The counterfeit nature of the Defendants' products is further supported by the attached declaration of the Omega Sales Operations Manager of The Swatch Group (U.S.) Inc., Colleen Hurley. Each of the 29 websites was inspected by Ms. Hurley, and determined to be offering for sale counterfeit OMEGA watches. *See*, Decl. of Colleen Hurley at ¶ 13.

IV. DISCUSSION

A. Temporary Restraining Order and Preliminary Injunction

The Second Circuit holds that in order to obtain preliminary injunctive relief, a movant must establish: (1) irreparable harm; and (2) either (a) probable success on the merits or (b)

sufficiently serious questions going to the merits to make them a fair ground for litigation with the balance of hardships tipping decidedly in favor of the party requesting preliminary relief.

Fisher-Price, Inc. v. Well-Made Toy Mfg. Corp., 25 F.3d 119, 122 (2d Cir. 1994); *Dallas Cowboys Cheerleaders v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206-07 (2d Cir. 1979) (applying standard to trademark infringement). Once a violation of the Trademark Act of 1946, 15 U.S.C. § 1051, et seq., as amended (the “Lanham Act”) is demonstrated, injunctive relief will readily issue. See, e.g., *Dallas Cowboys Cheerleaders*, 604 F.2d at 205; *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 78 (2d Cir. 1981); *Zino Davidoff SA v. CVS Corp.*, 571 F.3d 238, 246 (2d Cir. 2009).

Courts in the Second Circuit grant preliminary injunctive relief when a party’s trademark rights are threatened by the sale of counterfeit versions of its products based on a trademark holder’s inability “to control the quality of the goods manufactured and sold under the holder’s trademark.” *Zino Davidoff*, 571 F.3d at 243 (citing, *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986)).

As shown below, Omega readily meets the criteria for obtaining a temporary restraining order and preliminary injunction.

1. Defendants’ Sale of Counterfeit Products Irreparably Harms Omega’s Marks, Goodwill and Business

Omega is suffering irreparable harm from Defendants’ offer and sale of counterfeit watches. The Second Circuit has held that damage resulting from trademark counterfeiting in the form of diminished goodwill, loss of control over reputation and quality control of its products is irreparable, and has found the sale of counterfeits sufficient to establish a presumption of irreparable harm. *Paco Rabanne Parfums, S.A. v. Norco Enterps.*, 680 F.2d 891, 894 (2d Cir.

1982); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 73 (2d Cir. 1988). “Irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark because . . . loss of control over one's reputation is neither calculable nor precisely compensable.” *United States Polo Ass'n v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515 (S.D.N.Y. 2011); *see also, New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F.Supp.2d 305, 343 (S.D.N.Y. 2010) (citing *Power Test Petroleum Distribs., Inc. v. Calcu Gas, Inc.*, 724 F. 2d 91, 95 (2d Cir. 1985)).

Omega has demonstrated it is suffering irreparable harm. *See*, Decl. of Colleen Hurley at ¶ 14. Omega has demonstrated the substantial goodwill it has amassed from its OMEGA Marks as well as the irreparable injury it is suffering from Defendants’ operation of counterfeit websites that are selling watches designed to appear identical to genuine Omega watches. Defendants’ actions are causing Omega irreparable injury by deceiving consumers, and harming Omega’s goodwill in its OMEGA Marks and ultimately depriving it of sales. Omega has demonstrated that remedies at law, such as money damages, are inadequate to compensate for Omega’s injury from Defendants’ counterfeiting and that the balance of hardships tips in its favor.

2. Omega Is Likely to Prevail on Its Trademark Counterfeiting Claim

To prevail on its trademark counterfeiting claim, Omega must prove: (1) the OMEGA Marks are entitled to protection; and (2) there is a likelihood of confusion between Defendants’ Counterfeit Products and genuine Omega Products bearing the OMEGA Marks. *See, e.g., Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 270 (2d Cir. 1999); *Banff, Ltd. v. Federated Dept. Stores Inc.*, 841 F.2d 486, 489-90 (2d Cir. 1988); *see also Lorillard Tobacco Co. v. Jamelis Grocery, Inc.*, 378 F. Supp. 2d 448, 454 (S.D.N.Y. 2005).

a. The OMEGA Marks Are Valid and Protectable

Through its pleadings, Omega has established that it is the owner of all right, title and interest in and to its OMEGA Marks in connection with the same type of goods and services being counterfeited by Defendants, namely watches. Omega has demonstrated that its marks are the subject of multiple federal trademark registrations. *See*, Complaint at Ex. A (Omega's federal trademark registrations). These registrations are prima facie evidence of the validity of the OMEGA Marks, as well as Omega's exclusive right to use its marks in commerce and in connection with the goods or services specified in the registrations. *See*, 15 U.S.C. § 1057(b). *See, Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735 (S.D.N.Y. 1985). The OMEGA marks are inherently strong as they are arbitrary marks for watches. In addition to their inherent strength, the OMEGA Marks have also acquired secondary meaning, through over a century of use in US commerce, substantial sales, advertising and promotion. The OMEGA Marks enjoy widespread recognition. Indeed because of their fame they have become the victim of counterfeiting, including the counterfeits in this action.

b. Consumers Are Likely to Be Confused as to the Source of Defendants' Counterfeit Products

In the Second Circuit, likelihood of confusion is assessed by the factors enunciated in *Polaroid Corp. v. Polarad Elecs. Corp.* 287 F.2d 492, 495-96 (2d Cir. 1961), cert. denied, 368 U.S. 820 (1961); see also *Banff, Ltd.*, 841 F.2d at 489-90. Here, each of the eight, non-exhaustive Polaroid factors used to analyze whether there is likelihood of confusion favor Omega: (1) the strength of the OMEGA Marks; (2) the degree of similarity between the OMEGA Marks and Defendants' marks; (3) the proximity of the products; (4) the likelihood that the prior owner will

bridge the gap; (5) the sophistication of the buyers; (6) the quality of the Defendants' products; (7) actual confusion; and (8) the Defendants' intent in using the trademarks in question. *See Polaroid Corp.*, 287 F.2d at 495.

This Court has held that, "where counterfeit marks are involved, it is not necessary to perform the step-by-step examination of each Polaroid factor because counterfeit marks are inherently confusing." *Lorillard Tobacco*, 378 F. Supp. 2d at 455; *see also Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003). A counterfeit mark is defined in the Lanham Act as a "spurious mark which is identical with, or substantially indistinguishable from, a registered mark" on the Principal Register of the United States Patent and Trademark Office, used by an unauthorized producer. See 15 U.S.C. §§ 1116(d) and 1127.

Omega has established that: (1) the marks used by Defendants on the counterfeit watches are identical to or substantially indistinguishable from the strong, incontestable OMEGA Marks which Omega is using in commerce on its genuine Omega watches (Decl. of L. Kennedy, Exhibits 1-29 and Decl. of C. Hurley at ¶ 10); and (2) Defendants' use of the OMEGA Marks on the counterfeit watches is not authorized by Omega. (Decl. of Colleen Hurley at ¶ 10). As the counterfeit watches are designed to look identical to the genuine Omega watches, confusion is inevitable. As such, Omega has demonstrated that consumers are likely to be confused as to the source of Defendants' counterfeit watches.

3. The Balance of Hardships Tips Decidedly in Omega's Favor

Omega has also raised serious questions going to the merits of its claims, and that the balance of hardships tips decidedly in Omega's favor. For the same reasons that Omega is likely to prevail on its claims, Omega has raised serious questions for which there is a fair ground for litigation. This Court must then balance Omega's harm from the wrongful denial of a Temporary

Restraining Order and Preliminary Injunction against any harm Defendants may suffer from granting an injunction that would not be cured by prevailing on the merits and recovering on the injunction bond that Omega is required to post in conjunction with its request for injunctive relief. As set forth above, the harm to Omega is irreparable. The continued unauthorized use by Defendants of the OMEGA Marks on Counterfeit Products further threatens Omega's reputation, its ability to control the quality and appearance of products bearing its marks, and the value of its Marks as a designation of source.

On the other hand, there is no harm to the Defendants, because they have no legitimate interest in selling counterfeit Omega products or otherwise using the OMEGA Marks without Omega's permission. Given "the probable outcome of this action, this is a loss which [Defendants] may justifiably be called upon to bear." *Corning Glass Works v. Jeanette Glass Co.*, 308 F. Supp. 1321, 1328 (S.D.N.Y. 1970), *aff'd*, 432 F.2d 784 (2d Cir. 1970).

B. THIS COURT HAS THE AUTHORITY TO ISSUE AN *EX PARTE* ORDER

Omega requests this relief *ex parte* because experience in other cases has shown that, if given notice, defendants will simply shift financial accounts and ISPs, adopt new false identities and proceed with their counterfeiting unimpeded. *See, Chanel, Inc. v. The Partnerships and Unincorporated Associations Identified on Schedule A*, Case No. 2:11-cv-01508-KJD (D. Nev. Sept. 26, 2011), D.E. 10 at 7; *Chanel, Inc. v. Does 1-172*, Case No. 2:10-cv-02684-dkv (W.D. Tenn. Nov. 4, 2010), D.E. 16 at 5; *see also*, Decl. of J. Lindenbaum at ¶¶ 4-9. The need for *ex parte* relief is especially great in today's global economy where counterfeiters have all of the power and advantages of anonymity provided by the Internet. Without the requested relief, neither this Court nor Omega will be able to prevent the disappearance or destruction of crucial evidence that would enable Omega to track the sources of these counterfeit watches. Omega is

currently unaware of the true identities and locations of the Defendants, the location of other counterfeit websites that may be operated by Defendants, or the location of the counterfeit watches that are being readied for distribution. *See*, Decl. of J. Lindenbaum at ¶ 10. It is vital that Omega immediately obtain information concerning Defendants' sources, distribution network, and flow of profits to minimize future irreparable harm.

This Court's authority to issue the *ex parte* Restraining Order requested is specifically mandated by § 34 of the Lanham Act, 15 U.S.C. § 1116. Congress's purpose in adopting the Trademark Counterfeiting Act in 1984 to provide for *ex parte* remedies was to ensure that courts were able to effectively exercise their jurisdiction in counterfeiting cases and to prevent counterfeiters given prior notice of an action from disappearing or quickly disposing of existing inventory of counterfeit items and the records relating to their manufacture and distribution. *Time Warner Entertainment Co., L.P. v. Does*, 876 F. Supp. 407, 411 (E.D.N.Y. 1994) (citing Senate-House Joint Explanatory Statement on Trademark Counterfeiting Legislation, 130 Cong. Rec. H12076, at 12080 (Oct. 10, 1984)). This risk of counterfeiters disappearing or changing their operations if given prior notice is obviously greater today given that counterfeiters are operating exclusively on the Internet and using false identities.

Once a violation of the Lanham Act is demonstrated, the issuance of an *ex parte* Order is appropriate upon a showing that: (i) the applicant trademark owner obtaining the order will provide adequate security; (ii) an order other than an *ex parte* Order is not adequate to achieve the purposes of 15 U.S.C. § 1114; (iii) the applicant has not publicized the requested seizure; (iv) the applicant trademark owner is likely to succeed in showing the defendants are using counterfeit marks; (v) an immediate and irreparable injury will occur if such seizure is not ordered; (vi) the materials to be seized will be located at the place identified in the application;

(vii) the harm to the applicant in denying the application outweighs the harm to the legitimate interests of the persons against whom seizure would be ordered; and (viii) if the applicant were to proceed on notice to the defendants, the defendants or persons acting in concert with defendant would destroy, move, hide, or otherwise make such materials inaccessible to the Court. See 15 U.S.C. § 1116(d)(4)(A)-(B).

Given that this case involves anonymous counterfeiters doing business only over the Internet, this lawsuit would be an exercise in futility, without the requested ex parte relief. Courts, including this one, comprehending the unfortunate reality of this situation, the covert nature of counterfeiting activities, and the vital need to establish an economic disincentive for trademark counterfeiting, now regularly issue ex parte Orders such as the one requested against Internet counterfeiters. *Levi Strauss & Co. v. Ding Shijun d/b/a LevisOnline.com*, No. 11 Civ. 7495 (S.D.N.Y. Oct. 24, 2011); *Bose Corp. v. Feng Chen d/b/a SellBose.com*, No. 11-10563-GAO (D. Mass. Apr. 11, 2011); *Nat'l Football League v. Chen Cheng.*, No. 11-Civ-00344 (S.D.N.Y. Jan. 19, 2011); *Tory Burch LLC v. Yong Sheng Int'l Trade Co., Ltd.*, No. 10-Civ-9336 (S.D.N.Y. Dec. 17, 2010); *PRL USA Holdings, Inc. v. Tan Boon Kiat, et al.*, No. 10-Civ-6456 (PGG) (S.D.N.Y. Sept. 1, 2010); *Farouk Systems, Inc. v. EYOU Int'l Trading Company, Ltd.*, No. 4:10-Civ-2672 (KMH) (S.D.Tex. Aug. 2, 2010); *The North Face Apparel Corp. v. Jun Song*, No. 10-Civ-5604 (LTS) (S.D.N.Y. July 23, 2010); *The North Face Apparel Corp. and PRL USA Holdings, Inc. v. Fujian Sharing, et al.*, No. 10-Civ-1630 (AKH) (S.D.N.Y. Mar. 2, 2010). Attached as Exhibit A to the Declaration of Jeffrey A. Lindenbaum is a sample of similar Orders issued in these types of actions.

Omega meets each of the criteria for issuance of the requested Order required by 15

U.S.C. 1116(d). In addition to the facts already discussed above, Omega has not publicized that it is seeking the relief requested in the Order. Omega also offers to provide adequate security.

C. The Equitable Relief Sought is Appropriate

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

1. A Temporary Restraining Order Enjoining Use of OMEGA Marks is Appropriate

Omega requests an order requiring the Defendants to immediately cease all use of Omega’s Marks, including on or in connection with all Internet Websites. Such relief is necessary to stop the ongoing harm to Omega’s Marks and goodwill and to prevent the Defendants from continuing to benefit from the increased traffic to their websites. This Court has repeatedly authorized immediate injunctive relief in cases involving the unauthorized use of trademarks. *See, e.g., Gucci Am., Inc. v. Weixing Li*, 2011 U.S. Dist. LEXIS 97814 (S.D.N.Y. Aug. 23, 2011); *Coach, Inc. v. McMeins*, 2012 U.S. Dist. LEXIS 47153 (S.D.N.Y. Mar. 9, 2012); *Tiffany (NJ) LLC v. Forbse*, 2012 U.S. Dist. LEXIS 72148 (S.D.N.Y. May 23, 2012).

2. An Order Redirecting and Prohibiting Transfer of the Infringing Websites is Appropriate

In counterfeit website cases, an interim order redirecting, transferring, disabling or canceling the offending domain names often may be the only means of affording plaintiff interim relief that avoids irreparable harm.

Omega requests that the Court order the Registrars for each of the infringing websites to prohibit transfer of the subject domain names, and to automatically redirect the domains to a website created by Omega's counsel appearing at the Uniform Resource Locator ("URL") <http://www.notice-lawsuit.com>, whereon a copy of the summons, pleadings, orders and other documents filed and issued in this lawsuit will be uploaded and displayed by Omega's counsel.² Upon such redirection and uploading of the files, a copy of the summons, all pleadings, orders and other documents filed and issued in this lawsuit will be immediately visible to the Domain Defendants the moment they visit their own websites. Omega's requested relief will: (1) preclude the redirected websites from continuing to display and traffic in the counterfeit goods; and (2) provide further notice to the Defendants of the pendency of this action; and (3) provide notice to any third parties that may have an interest in the redirected website so they too may have an opportunity to present any objections.

This relief has become a well-accepted remedy for addressing counterfeit websites, and has been granted by numerous courts under the same or similar circumstances. *See, Chanel, Inc. v. Does 1-172*, 2:10-cv-2684-STA-dkv (W.D. Tenn. November 1, 2010); *Chanel, Inc. v. The Partnerships and Unincorporated Assoc. Identified on Sch. A*, 2:11-cv-1508-KJD-PAL (D. Nev. September 6, 2011); *Tiffany v. Does*, 2:11-cv-590-LDG-CWH (D. Nev. May 11, 2011); *Philip Morris v. Jiang*, 1:11-cv-24049-KMM (S.D. Fla. December 12, 2011); *Chanel, Inc. v. Ling*, Case No. 3:11-cv-00362-CRB (N.D. Cal. Jan. 27, 2011); *Gucci America, Inc. v. Ling*, Case No. 2:10-cv-00591-MSD-DEM (E.D. Va. Dec. 23, 2010); *see also True Religion Apparel, Inc. v. Lei*, 1:11-cv-8242-HB (S.D.N.Y.) (directing registrar to disable website); *see also Ex. A to Decl. of J. Lindenbaum* (Orders issued from other courts granting this relief).

² Examples of similar sites permitted by courts to be used in other matters can be found at: <http://www.servingnotice.com/ofn/index.html>; <http://www.servingnotice.com/off/index.html>; <http://servingnotice.com/pan/index.html>; <http://servingnotice.com/qi/index.html>; <http://servingnotice.com/wu/index.html>.

3. An Order Preventing The Transfer Of Defendants' Assets is Appropriate

In addition, Omega requests an order restraining Defendants' assets so that Omega's right to an equitable accounting of Defendants' profits from sales of the Counterfeit Products is not impaired. Restraint can be granted pursuant to Federal Rules of Civil Procedure 64 and 65, under §§ 34 and 35 of the Lanham Act (15 USC §§1116 and 1117), and under the Court's inherent equitable power to issue provisional remedies ancillary to their authority to provide final equitable relief. *Levi Strauss & Co. v. Sunrise Int'l Trading Inc.*, 51 F.3d 982, 986-987 (11th Cir. 1995); *Reebok Int'l Ltd. v. Marnatech Enter.*, 737 F. Supp. 1521 (S.D. Cal. 1989), *aff'd*, 970 F.2d 552 (9th Cir. 1992). In the seminal case of *Reebok v. Marnatech*, the Southern District of California granted the plaintiff a limited restraint of the defendants' assets for the purpose of preserving them, thus ensuring the availability of a meaningful accounting after trial. The Ninth Circuit affirmed the District Court's decision stating, "[b]ecause the Lanham Act authorizes the District Court to grant [plaintiff] an accounting of [defendants'] profits as a form of final equitable relief, the District Court has the inherent power to freeze [defendants'] assets in order to ensure the availability of that final relief." *Reebok Int'l v. Marnatech Enters.*, 970 F.2d 552, 559 (9th Cir. 1992).

In the years since *Marnatech*, federal courts, including this Court, have routinely granted the temporary restraint of counterfeiter's assets in cases similar to this one, including recently in actions against operators of 'rogue' websites selling counterfeit products, to ensure the availability of an equitable accounting. See, e.g., *The North Face Apparel Corp. and PRL USA Holdings, Inc. v. Fujian Sharing, et al.*, Civil Action No. 10-Civ-1630. (AKH) (S.D.N.Y. March 2, 2010); *National Football League v. Chen Cheng, et al.*, No. 11-Civ-00344 (S.D.N.Y. January

19, 2011); *Tory Burch LLC v. Yong Sheng Int'l Trade Co., Ltd.*, No. 10-Civ-9336 (S.D.N.Y. December 17, 2010).

In determining whether to issue an order restraining a defendant's assets, a plaintiff must show (1) a likelihood of success on the merits; (2) immediate and irreparable harm as a result of defendants' counterfeiting activities; and (3) that defendants might hide their illegal ill-gotten funds if their assets were not frozen. *Reebok*, 737 F. Supp. at 1524. Omega has shown a strong likelihood of succeeding on the merits of its trademark counterfeiting claims and the irreparable harm it is suffering. Experience shows that defendants in these types of cases will otherwise ignore orders restraining assets that are issued with prior notice. *See*, Decl. of J. Lindenbaum at ¶ 7. Defendants are purposefully operating anonymously on the Internet, utilizing multiple false identities, precisely to conceal themselves and their assets from detection (*Id.* at ¶ 10). In this case, given the ease with which anonymous Defendants will be able to hide their assets if given advance notice, it is particularly important that the Court order an ex parte freeze of all Defendants' assets from their counterfeiting operations in order to preserve Omega's right to an equitable accounting of profits from Defendants' sales of Counterfeit Products under 15 U.S.C. § 1117.

In particular, Plaintiff requests that the TRO require financial institutions and payment processors, such as PayPal, Inc., The Bank of China, Wells Fargo, MasterCard, Visa, Discover and Western Union to freeze any assets held in connection with the Counterfeit websites or the individuals operating such sites, until such time as the Court schedules a hearing to convert the TRO into a preliminary injunction.

4. An Order Directing Expedited Discovery is Appropriate

District courts have broad power to require early document production and to permit expedited discovery. See Fed. R. Civ. P. 30(a), 34(b). Expedited discovery may be granted when the party seeking it demonstrates: (1) irreparable injury; (2) some likelihood of success on the merits; (3) some connection between expedited discovery and the avoidance of irreparable injury; and (4) some evidence that the injury which will result without expedited discovery looms greater than the injury that defendant will suffer if expedited discovery is granted. *See, e.g., Advanced Portfolio Technologies, Inc. v. Advanced Portfolio Technologies Ltd.*, 1994 U.S. Dist. LEXIS 18457, at *7 (S.D.N.Y. 1994).

As demonstrated above, Omega is being irreparably harmed by the manufacture, importation, offering for sale, distribution, and sale of counterfeit products by Defendants. While Omega has learned some aspects of Defendants' counterfeiting activities, Omega does not yet know the following with any certainty: the true identities of Defendants, the scope of Defendants' activities, the source or location of the Counterfeit Products, or where the proceeds from Defendants' counterfeiting activities have gone. Omega, therefore, needs to ascertain this information without delay. Only armed with this information can Omega seek to amend the Complaint and Temporary Restraining Order and/or Preliminary Injunction to include other individuals and entities involved in this counterfeiting operation and begin to stem the irreparable harm Omega is suffering.

The discovery requested on an expedited basis in the proposed Order has been precisely defined and carefully limited to include only what is essential to prevent further irreparable harm, namely information relating to Defendants' true identities and identification of various

websites, third party providers and financial accounts, used in conjunction with the sale of Counterfeit Products. Discovery of these financial accounts in addition to Defendants' identities and information related to Defendants' Infringing Websites and other operations will permit Omega to gain a full and accurate picture of Defendants' counterfeiting activities and ensure that these activities will be contained. Omega is unaware of any reason that Defendants or third parties cannot comply with these expedited discovery requests without undue burden. Expedited discovery in similar situations is routinely granted by this Court. *See, e.g., True Religion Apparel, Inc. v. Lei*, No. 1:11-cv-08242-HB (S.D.N.Y. November 18, 2011).

5. An Order Sealing the File Until Websites are Redirected and Assets Frozen is Appropriate

Under similar factual circumstances involving the seizure of goods, the Anti-Counterfeiting Act, 15 U.S.C. § 1116(d)(8), provides for the temporary sealing of the Court file. The element of surprise is of utmost importance if a temporary restraining order is to be effective in this case, because without it, the Defendants can re-direct traffic away from the infringing website.

Sealing the file will also ensure that assets held in third party accounts may be frozen in advance of the Defendants intentionally removing such funds to circumvent this Order. Omega requests that the case file remain sealed only until the domain names are re-directed and locked, and the financial accounts are frozen.

D. SERVICE OF PROCESS BY EMAIL IS WARRANTED IN THIS CASE

Finally, Omega requests the Court's permission to serve Defendants by electronic mail. While Defendants are operating a business to sell counterfeit products to consumers in the US,

including in this Judicial District, they are conducting business only by email and over the Internet and concealing their true identities and addresses in each of the different facets of their businesses. Decl. of J. Lindenbaum at ¶ 10. Given the purposeful anonymity of Defendants' operations, Omega has been unable to discover Defendants' actual identities and physical addresses. It would be virtually impossible to serve Defendants unless the Court grants Omega permission to serve by electronic mail.

Federal Rule of Civil Procedure 4 provides flexibility in the procedures for giving defendants notice of commencement of an action in order to eliminate unnecessary technicalities in the service of process. 4 C. Wright & A. Miller, *Federal Practice and Procedure* § 1061, at 216 (2d ed. 1987). Assuming Defendants are located outside of the US and in China, Plaintiffs must serve Defendants pursuant to Fed. R. Civ. P. 4(f). Rule 4(f)(3) allows this Court to authorize service of process on an individual in a foreign country by any means not prohibited by international agreement. *See Rio Properties, Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1014 (9th Cir. 2002); *cited by Phillip Morris USA Inc.*, 2007 U.S. Dist. LEXIS 19780, at *8 (“By design, Rule 4(f)(3), was ‘adopted in order to provide flexibility and discretion to the federal courts in dealing with questions of alternative methods of service of process in foreign countries.’”).

Both China and the United States are signatories to the Hague Convention on the Service Abroad of Judicial and Extra-Judicial Documents in Civil and Commercial Matters which states “[t]his Convention **shall not apply** where the address of the person to be served with the document is not known.” Hague Convention on the Service Abroad of Judicial and Extra-Judicial Documents in Civil and Commercial Matters, November 15, 1969, Article 1 (emphasis added). In similar cases, Courts have allowed service on defendants in China by email. *See, e.g.*,

Chanel, Inc. v. Zhixian, No. 10 CV 60585, 2010 U.S. Dist. LEXIS 50745 (S.D. Fla. Apr. 29, 2010); *Chanel, Inc. v. Lin et al.*, No. C-09-04996-JCS, 2010 U.S. Dist LEXIS 61295, at *11-12 (N.D.C.A. May 7, 2010). Additionally, Fed. Civ. R. P. 4 does not require that a party attempt service of process by those methods enumerated in Fed. Civ. R. P. 4(f)(2), including by diplomatic channels, before petitioning the Court for alternative relief under Fed. Civ. R. P. 4(f)(3). *Rio Properties*, 284 F.3d at 1015 (holding that Rule 4(f)(3) is “an equal means of effecting service of process under the Federal Rules of Civil Procedure” and that plaintiffs need not attempt other methods of service before seeking the court’s approval of alternative service under Rule 4(f)(3)).

The regulations established by the Internet Corporation for Assigned Names and Numbers (“ICANN”), require any entity which registers a domain to provide complete and accurate registration information for the domain name. *See*, www.icann.org. As shown in the chart at Ex. B to Decl. of J. Lindenbaum, the Defendants have violated these regulations and have provided false contact information, undoubtedly in an effort to maintain anonymity and avoid liability for their conduct. As reflected in this chart, the addresses provided by the Defendants are obviously false. Many addresses do not include a street or building number, others include postal codes that do not exist. Some go so far as combining locations from different regions of the world, such as “Mount Sinai, North Carolina, Beijing, China.” *Id.*

In addition to complying with the Federal Rules of Civil Procedure, the method of service of process must comport with due process. *Rio Properties*, 284 F.3d at 1016-17; *Phillip Morris USA Inc.*, 2007 U.S. Dist. LEXIS 19780, at *5. Due process requires that any service of notice be “reasonably calculated, under all circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.” *Mullane v. Central*

Hanover Bank & Trust Co., 339 U.S. 306, 314 (1950). In similar cases, Courts have found that service by email is “constitutionally acceptable” to satisfy due process. See, e.g., *Rio Properties*, 284 F.3d at 1017; *Phillip Morris USA Inc.*, 2007 U.S. Dist. LEXIS 19780, at *8-9.

This Court and others have often permitted service of process by email to online businesses, especially in situations such as the case at hand where defendants are conducting illicit operations and corresponding with customers solely via the Internet and email while concealing their true physical addresses and identities. See, e. g., *Phillip Morris USA Inc.*, 2007 U.S. Dist. LEXIS 19780; *Prediction Co. LLC v. Rajgarhia*, Slip Copy, No. 09 Civ. 7459 (SAS), 2010 U.S. Dist. LEXIS 26536 (S.D.N.Y. 2010); *Tishman v. The Associated Press*, 2006 U.S. Dist. LEXIS 4622 (S.D.N.Y. 2006); *Bank of Credit & Commerce Int’l (Overseas) Ltd. v. Tamraz*, No. 97 Civ. 4759 (SHS), 2006 U.S. Dist. LEXIS 39256 (S.D.N.Y. 2006).

This Court has allowed for service of process by email in similar cases, where anonymous defendants operating a large network of websites selling counterfeit apparel, conducted business only by email and utilized fake contact information to avoid detection. See, e.g., *The North Face Apparel Corp. and PRL USA Holdings, Inc. v. Fujian Sharing, et al.*, Civil Action No. 10-Civ-1630. (AKH) (S.D.N.Y. March 2, 2010); *Na’l Football League v. Chen Cheng*, No. 11-Civ-00344 (S.D.N.Y. Jan. 19, 2011); *Tory Burch LLC v. Yong Sheng Int’l Trade Co., Ltd.*, No. 10-Civ-9336 (S.D.N.Y. Dec. 17, 2010); *True Religion Apparel, Inc. v. Lei*, No. 1:11-cv-08242-HB (S.D.N.Y. November 18, 2011).

Email service is also the most reliable way of putting Defendants on notice of this action. The *Rio Properties* Court found “not only that service of process by e-mail was proper—that is reasonably calculated to apprise [defendant] of the pendency of the action and afford it an

opportunity to respond—but in this case, it was the method of service most likely to reach [defendant].” *Rio Properties*, 284 F.3d at 1017.

In addition to the emails provided by Defendants through registration of their domains, Omega has also discovered several other email addresses used by Defendants to conduct their infringing activities. These emails can be found on the Defendants’ websites or are used in connection with their processing of payments through third parties, such as PayPal. Attached as Ex. C to the Decl. of J. Lindenbaum is a chart reflecting the different email addresses used by the Defendants. Given that these email addresses are the ones in which Defendants conduct their illicit businesses, Omega has every reason to believe that these email addresses are correct and that they are regularly monitored. Omega proposes to send service via email to each of the email addresses identified in the chart at Ex. C, giving Defendants actual notice of this action through multiple channels.

As discussed above, Omega will also provide notice to the Defendants by publication, by posting copies of all pleadings and other filings in this action on the website www.notice-lawsuit.com. Once the TRO is executed, Defendants, by visiting their own websites, will automatically be redirected to www.notice-lawsuit.com, where they will have access to the case filings.

E. REASONABLE BOND

The Posting of security upon issuance of a temporary restraining order is vested in the Court’s sound discretion. Omega maintains that bond of no more than ten thousand dollars (\$10,000) is appropriate in this case in light of the clear and unequivocal evidence demonstrating the enjoined websites are supplying counterfeit products. In this case Omega seeks a temporary

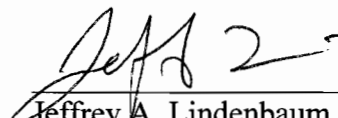
restraining order with respect to the 29 counterfeit websites. This Court Ordered a bond in the amount of \$10,000 in a similar case, *True Religion Apparel, Inc. v. Lei*, 1:11-cv-8242-HB (S.D.N.Y. November 18, 2011) (attached as Ex. A to the Decl. of J. Lindenbaum); *See also, Hermès International, et al. v. The Partnerships, et al.*, 0:12-cv-60635 (S.D. Fla. April 10, 2012). The *True Religion* Order enjoined 86 counterfeit websites (far more than the 29 at issue in this case). *True Religion Apparel*, 1:11-cv-8242; *see also, Hermès*, 12-cv-060635 (enjoining 97 websites with a bond of \$10,000). Accordingly, Omega maintains that a bond in the amount of \$10,000 is appropriate.

V. CONCLUSION

Omega respectfully requests that this Court enter a temporary restraining order in the form submitted herewith and set a hearing for a preliminary injunction before the expiration of the temporary restraining order.

Respectfully submitted
for Plaintiff,

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