

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

Mori Lee, LLC	)	
	)	
v.	)	Case No. 1:19-cv-7555
	)	
THE PARTNERSHIPS and	)	Judge: Matthew F. Kennelly
UNINCORPORATED ASSOCIATIONS	)	
IDENTIFIED ON SCHEDULE "A,"	)	Magistrate: Young B. Kim
	)	
	)	
	)	
_____	)	

**MEMORANDUM IN SUPPORT OF PLAINTIFF'S *EX PARTE* MOTION FOR ENTRY OF A (1) TEMPORARY RESTRAINING ORDER, (2) AN ORDER TO TEMPORARILY TRANSFER THE INFRINGING WEBSITES; (3) ASSET RESTRAINING ORDER, (4) EXPEDITED DISCOVERY ORDER, AND (5) SERVICE OF PROCESS BY EMAIL AND ELECTRONIC PUBLICATION ORDER**

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**MEMORANDUM OF LAW**

## **I. Introduction**

Plaintiff Mori Lee, LLC (“Mori Lee”) brings this action against Defendant Does, as identified on Schedule A of the Complaint (collectively, the "Defendants") for federal trademark infringement and counterfeiting (Count I), unfair competition and false designation of origin (Count II), copyright infringement (Count III) and violation of the Illinois Uniform Deceptive Trade Practices Act (Count IV). As alleged in the Complaint, the Defendants are promoting, advertising, marketing, distributing, offering for sale and selling counterfeit products, bearing counterfeit versions of Mori Lee's Mori Lee Marks, through various websites designed to mislead consumers that the products sold are genuine Mori Lee products, including using actual photos from Mori Lee websites and catalogs in violation of Mori Lee copyrights.

The Defendants create web stores and product listings for Mori Lee goods, all the while actually selling low-quality, unlicensed counterfeits to unknowing consumers. Defendants attempt to avoid liability by going to great lengths to conceal both their identities and the full scope of their criminal counterfeiting operation. Mori Lee is forced to file these actions to combat Defendants’ illegal counterfeiting of the Mori Lee goods and the registered Mori Lee Marks, as well as to protect unknowing consumers from purchasing low-quality counterfeits over the Internet.

Defendants directly target unlawful business activities toward consumers in Illinois and cause harm to Mori Lee's business within the Northern District of Illinois and have caused and will continue to cause irreparable injury to Mori Lee. Defendants deceive the public by trading upon Mori Lee's reputation and goodwill by using websites to sell and/or offer for sale unlicensed and counterfeit products featuring Mori Lee's trademark. Defendants should not be

permitted to continue their unlawful activities, and Mori Lee respectfully requests that this Court issue *ex parte*: (1) a temporary restraining order against Defendants enjoining the manufacture, importation, distribution, offer for sale and sale of counterfeit Mori Lee products; (2) an order temporarily disabling the Infringing Websites pending the issuance of a final judgment in this matter; (3) an order temporarily restricting transfer of Defendants' assets to preserve Mori Lee's rights to an equitable accounting; (4) an order for expedited discovery allowing Mori Lee to inspect and copy Defendants' records relating to the manufacture, distribution, offer for sale and sale of counterfeit Mori Lee products and Defendants' financial accounts; and (5) an order allowing service by electronic mail and electronic publication.

## **II. Statement of Facts**

### **A. Mori Lee Trademark and Products**

For nearly 70 years, Plaintiff has manufactured and sold high quality bridal gowns and formalwear ("Mori Lee Products") throughout the world. *See* Declaration of Marco Montenegro ("Montenegro Declaration") at ¶ 4. Since the early 1950s, the company has grown to be one of the largest manufacturers and wholesalers of wedding dresses and formalwear in the United States. *Id.* at ¶ 5. Today, Mori Lee Products are sold in approximately 5500 retail stores throughout the world. *Id.* Through its creative design team, Mori Lee has developed an extensive catalog of unique and original wedding and social occasion dress patterns. *Id.*

Each year, Mori Lee invests millions of dollars in advertising its original unique dress designs. *Id.* at ¶ 5. These dresses are not only commercially available for sale throughout the country, but they are pictured in catalogs distributed throughout the country and overseas to

retailers and others. *Id.* Mori Lee has several trademarks registered with the United States Patent and Trademark Office, including the MORI LEE (U.S. Reg. No. 1869685), MORI LEE BY MADELINE GARDNER (U.S. Reg. No. 3824031), MADELINE GARDNER NEW YORK (U.S. Reg. No. 3827188), DAMAS DE VIZCAYA (U.S. Reg. No. 5217713), VALENCIA MORI LEE BY MADELINE GARDNER (U.S. Reg. No. 5210101), RONALD JOYCE (U.S. Reg. No. 5663438), JULIETTA (U.S. Reg. No. 3942663), STICKS AND STONES (U.S. Reg. No. 3770814), VOYÁGE (U.S. Reg. No. 3888607), VIZCAYA (U.S. Reg. No. 3770810), ANGELINA FACCENDA (U.S. Reg. No. 3844447), and BLU (U.S. Reg. No. 3824025) (collectively, “the Mori Lee Marks”); moreover, these trademarks have become synonymous with luxurious and elegant formalwear. *Id.* at ¶ 6. The Mori Lee brand is now highly successful and well known throughout the United States. *Id.*

Because Mori Lee is a manufacturer of unique bridal gowns and formalwear, it employs its own team of dress designers, and invests significant sums of money in the development of designs that fit its own branding strategies. *Id.* at ¶ 7. Among Mori Lee’s most important assets is the intellectual property associated with its brand. *Id.* Specifically, the Mori Lee Marks, as well as other marks used to identify genuine Mori Lee products that it markets and sells. *Id.* at ¶ 9.

Mori Lee products have become enormously popular and even iconic, driven by their arduous quality standards and innovative design. *Id.* at ¶ 6. Among the purchasing public, genuine Mori Lee Products are instantly recognizable as such. *Id.* In the United States and around the world, the Mori Lee brand has come to symbolize high quality, and Mori Lee Products are among the most recognizable formalwear dresses in the world. *Id.*

Mori Lee Products are marketed, distributed and sold to consumers through boutiques owned and operated by Mori Lee, authorized retailers throughout the United States, and online.

*Id.* at 8. Mori Lee has registered its trademarks with the United States Patent and Trademark Office. *Id.* Plaintiff uses its trademarks in connection with the advertising and marketing of its Mori Lee Products. *Id.*

A genuine and authentic copy of the U.S. registration certificate for the Mori Lee Marks is attached to the Complaint as Exhibit 1. The Mori Lee Marks is valid, subsisting, in full force and effect, and incontestable pursuant to 15 U.S.C. § 1065. Montenegro Decl. at ¶ 10. The Mori Lee Marks have been used exclusively and continuously by Mori Lee, and has never been abandoned. *Id.* The Mori Lee Marks are exclusive to Plaintiff, and is displayed extensively on Mori Lee Products and in Mori Lee's marketing and promotional materials. *Id.* at ¶ 11.

The Mori Lee Marks have achieved tremendous fame and recognition which has only added to the inherent distinctiveness of the mark. *Id.* As such, the goodwill associated with the Mori Lee Marks are of incalculable value to Plaintiff. *Id.* at ¶ 12. Mori Lee has received extensive editorial coverage and unsolicited press in various magazines and other publications throughout the world. *Id.* at ¶ 13. Mori Lee Products have been featured in numerous publications and magazines throughout the world. *Id.*

In addition to the Mori Lee Marks, Mori Lee also owns federal copyright rights to hundreds of original photographs and images ("Mori Lee Copyright") that it uses to advertise genuine Mori Lee Products. *Id.* at ¶ 14. Genuine and authentic copies of United States Copyright Registrations are attached to the Complaint as Exhibit 2.

Mori Lee's copyrights are for original, copyrightable works of Mori Lee. Mori Lee has complied with all statutory formalities and requirements in obtaining the copyrights. *Id.* at ¶ 16. Mori Lee extensively uses photographs and images protected by copyright in connection with the marketing of its Mori Lee Products on its Website. *Id.*

Genuine Mori Lee Products are widely legitimately advertised, and promoted on the Website primarily with original images owned by Mori Lee and protected by the registered copyrights. *Id.* at ¶ 8,16.

Mori Lee spends significant sums of money on Internet marketing and consumer education regarding its products, including search engine optimization (“SEO”) strategies that allow Mori Lee and others to fairly and legitimately educate consumers about the value associated with the Mori Lee Marks, brand and the goods sold thereunder and the problems associated with counterfeiting and the unauthorized use of the Mori Lee Trademarks and Copyright. *Id.* at ¶ 17. Defendants, through their operation of the Infringing Websites, engage in so-called “black hat” SEO strategies that involve the unlawful use of Mori Lee’s name and trademark within the content, anchor text, and/or meta tags of the Infringing Websites in order to attract the automated eye of various search engines crawling the Internet looking for websites relevant to consumer searches for genuine Mori Lee Products. *Id.* at ¶ 18. Such illegal use results in unfair competition for Mori Lee when competing for visibility on the Internet and deceives consumers into falsely believing they are buying legitimate Mori Lee Products from these sites. *Id.*

In recent years, the bridal dress and formalwear industry in the United States has been plagued by the onset of individuals and entities that unlawfully use the trademarks and goodwill built by Mori Lee and other manufacturers in this industry to sell cheap counterfeits of Mori Lee dresses. *Id.* at ¶ 19. Due to the proliferation of websites selling counterfeit dresses, Mori Lee retained the services of Counterfeit.Technology, a company that provides online policy enforcement technology focused on identifying websites selling Counterfeit Products. *Id.* Counterfeit.Technology uses a large web crawler coupled with sophisticated algorithms and

detection models to identify counterfeit products offered for sale across the Internet. *Id.* at ¶ 20. Counterfeit Technology collects content from websites and the software program's algorithms identify which of the websites are likely counterfeiters, using a combination of information supplied by the brand owners and inspecting characteristics on the Infringing Websites consistent with counterfeiting. *Id.*

### **B. Defendants' Illegal Activities**

The primary way in which Defendants advertise the sale of Counterfeit Products on the infringing websites is by displaying the Mori Lee Marks and stealing Mori Lee's original images – many of which are protected by registered copyright – that Mori Lee uses to market genuine Mori Lee Products. Montenegro Decl. at ¶¶ 23-24. In many instances, the images that Defendants steal from Mori Lee's Website and display on the Infringing Websites are identical to those protected by the Mori Lee's Copyright registrations. *Id.* at ¶ 23. After reviewing the Counterfeit Products advertised for sale on the Infringing Websites, Mori Lee confirmed that imitation knockoffs were being offered for sale to residents of the United States and the State of Illinois. *Id.* at ¶ 24. Plaintiff also concluded that the Infringing Websites are selling Counterfeit Product based on a visual inspection of the products as they appear on the Infringing Websites, the price at which the Counterfeit Products are being offered for sale, and because Defendants and the Infringing Websites do not conduct business with Mori Lee and do not have the right or authority to use the Mori Lee Marks or Copyrights for any reason. *Id.* Defendants facilitate sales of Counterfeit Products by designing the Infringing Websites so that they appear to unknowing consumers to be authorized online retailers, outlet stores or wholesalers selling genuine Mori Lee Products and accept payment in U.S. Dollars. *Id.* at ¶ 24.

Due to nature of Defendants' illegal counterfeiting activities that involve stealing Mori Lee's original images of genuine Mori Lee Products to advertise cheap knockoffs in violation of the Mori Lee trademark and Copyright, monetary damages cannot adequately compensate Mori Lee for ongoing infringement because monetary damages fail to address the loss of control and damage to Mori Lee's reputation and goodwill. *Id.* at ¶¶ 25=26. Furthermore, monetary damages are difficult, if not impossible, to ascertain due to the inability to calculate measurable damage in dollars and cents caused to Mori Lee's reputation and goodwill by acts of infringement. *Id.* Mori Lee's goodwill and reputation are irreparably damaged when the Mori Lee Marks is used on goods not authorized, produced or manufactured by Mori Lee. *Id.* at ¶ 26. This leads to brand confidence being damaged, resulting in loss of future sales and market share. *Id.* The extent of harm to Mori Lee's reputation and goodwill and the possible diversion of customers due to loss in brand confidence are largely unquantifiable. *Id.* Defendants' illegal use of the Mori Lee Marks and Copyrights further irreparably harms Mori Lee because counterfeiters like the Defendants take away Mori Lee's ability to control the nature and quality of Counterfeit Products. *Id.* at ¶ 26-27. Loss of quality control over goods bearing the Mori Lee Marks and, in turn, loss of control over Mori Lee's reputation, is neither calculable nor precisely compensable. *Id.*

In an effort to further deceive consumers into purchasing Counterfeit Products, the Infringing Websites accept payment via Western Union, credit card and/or PayPal and ship the Counterfeit Products in small quantities via international mail to minimize detection by U.S. Customs and Border Protection. *See* Declaration of Suren Ter Saakov (the "Ter Saakov Declaration") at ¶ 6. Defendants further perpetuate the illusion of legitimacy by offering "live 24/7" customer service and using indicia of authenticity and security that consumers have come to associate with authorized retailers, including the McAfee® Security, VeriSign®, Visa®,

MasterCard®, and PayPal® logos. *Id.* Defendants also deceive unknowing consumers by using the Mori Lee Marks 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 Mori Lee Products. *Id.* at ¶ 7. Additionally, upon information and belief, Defendants use other unauthorized search engine optimization (SEO) tactics to increase website rank and spend several thousand dollars each month on pay-per-click advertising and other SEO optimization methods. *Id.* As a result, links to Defendants' websites show up at or near the top of popular search results and misdirect consumers searching for genuine Mori Lee Products. *Id.* The extent to which Defendants have engaged in these tactics and the resultant instances of trademark and copyright infringement to promote the sale of Counterfeit Products is substantial, as the total value of Defendants' collective traffic to the Infringing Websites (both organic traffic and paid traffic through pay-per-click advertising) is approximately \$436,000.00, which generates approximately 2,426,000 visitors to the Infringing Websites and an estimated \$1,692,000.00 in sales. *Id.* at ¶ 8. Through their illegal operation of the Infringing Websites, Defendants have infringed upon the Mori Lee Mark and Copyrights approximately 9,200 times. *Id.*

Defendants go to great lengths to conceal their identities and often use multiple fictitious names and addresses to register and operate the Infringing Websites. *Id.* at ¶ 9. Many of Defendants' names and addresses used to register the Infringing Websites are incomplete, contain randomly typed letters, or fail to include cities or states. *Id.* Other Infringing Websites use privacy services that conceal the owners' identity and contact information. *Id.* On information and belief, Defendants constantly register new websites using the identities listed in Schedule "A" to the Complaint, as well as other unknown fictitious names and addresses. *Id.* The

registration patterns of these websites are one of many tactics used by the Defendants to conceal both their identities and the full scope and interworking of Defendants' massive counterfeiting operation. *Id.* Another tactic commonly used by Defendants to thwart enforcement efforts is to constantly change the location to which the Infringing Websites redirect. *Id.* As such, Mori Lee also seeks an *ex parte* order to temporarily disable the Infringing Websites owned by Defendants that are the means by which the Defendants could continue to sell Counterfeit Products.

Even though Defendants operate under multiple fictitious names, many similarities between the Infringing Websites indicate a coordinated effort to sell Counterfeit Products. *Id.* at ¶ 10. For example, many of the Infringing Websites have virtually identical layouts, even though different aliases were used to register the respective domain names. *Id.* In addition, Counterfeit Products for sale in the Infringing Websites bear similar irregularities and indicia of being counterfeit to one another, suggesting that the Counterfeit Products were manufactured by and come from a common source and that Defendants are interrelated. *Id.*

Mori Lee's well-pleaded allegations in the Complaint and supporting declarations regarding patterns and similarities among the Infringing Websites establishes a logical relationship between the Defendants and 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 Counterfeit Products 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 Mori Lee to learn Defendants' true identities and the exact interworking of their massive counterfeit network. Based on previous cases of domains that unlawfully use a brand owner's trademarks and copyrighted images to sell

counterfeit products, when any advance notice of a lawsuit or request for injunctive relief is given to the owner or registrant of a website involved in counterfeiting, the requested relief is rendered ineffective and meaningless, because counterfeiters operate as a proverbial “moving target,” beyond the effective reach of rights owners, seeking to enforce their rights. *Id.* at ¶¶ 11–13.

### **III. Argument**

Defendants purposeful, intentional, and unlawful conduct is causing and will continue to cause irreparable harm to Mori Lee’s reputation and the goodwill symbolized by the Mori Lee Marks. The Defendants further have willfully violated the Mori Lee copyrights in a deliberate attempt to defraud consumers into believing the sales of counterfeit products are authorized and/or genuine. To stop Defendants’ sale of counterfeit Mori Lee products, Mori Lee respectfully requests that this Court issue a temporary restraining order ordering, among other things, the freezing of Defendants’ assets and temporary transfer of the Defendants’ domain names. Without the relief requested by Mori Lee’s instant Motion, Defendants’ illegal activities will continue unabated, and Mori Lee and consumers will suffer irreparable harm.

In light of the covert nature of offshore counterfeiting activities and the vital need to establish an economic disincentive for trademark counterfeiting, courts 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); *Coach, Inc., et al. v. Does 1-100*, No. 1:12-cv-8963 (N.D. Ill. Nov. 15, 2012) (unpublished) *Tory Burch LLC v. Zhong Feng, et al.*, No. 1:12-cv-09066 (N.D. Ill. Nov. 15, 2012); *Tory Burch LLC v. Does 1-100*, No. 1:12-cv-07163 (N.D. Ill. Sept. 14, 2012); *Deckers Outdoor Corp. v. Does 1-100*, No. 1:12-cv-5523

(N.D. Ill. Jul. 24, 2012) (unpublished); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished); *Deckers Outdoor Corp. v. Does 1-101*, No. 1:11-cv-07970 (N.D. Ill. Nov. 15, 2011) (unpublished); *Deckers Outdoor Corp. v. Does 1-55*, No. 1:11-cv-00010 (N.D. Ill. Feb. 3, 2011) (unpublished); *Tory Burch, LLC v. Yong Sheng Int'l Trade Co., Ltd.*, No. 1:10-cv-09336-DAB (S.D.N.Y. January 4, 2011) (unpublished); *The Nat'l Football League v. Chen*, No. 1:11-cv-00344-WHP (S.D.N.Y. Jan. 31, 2011)(unpublished); *Adidas AG, et al. v. 2012jerseyssale.com, et al.* No. 1:12-cv-22263 (S.D. Fla. June 29, 2012); *Burberry Limited v. John Doe 1, et al.*, No. 1:12-cv-0479 (S.D.N.Y. Jan. 23, 2012); *Tiffany, (NJ), LLC v. 925sterlingstore.com, et al.*, 12-cv-211160 (S.D. Fla. April 4, 2012); *Farouk Sys., Inc. v. Eyou Int'l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 1:10-cv-01630-AKH (S.D.N.Y. Mar. 16, 2010) (unpublished); *see also, Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d 463 (E.D. Mich. 2000); *Trans Union LLC v. Credit Research, Inc.*, 142 F. Supp. 2d 1029 (N.D. Ill. 2001); and *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).

Rule 65(b) of the Federal Rules of Civil Procedure provides that 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). The Defendants here fraudulently promote, advertise, offer to sell and sell goods bearing counterfeits of the Mori Lee Marks, utilizing Mori Lee copyrighted images via various websites. Defendants are creating a false association in the minds of consumers between the Defendants and Mori Lee by deceiving consumers into believing that the goods for

sale on Defendants' websites are sponsored or endorsed by Mori Lee, or that the website are authorized distributors of genuine Mori Lee products. The entry of a temporary restraining order is appropriate because it will immediately stop the Defendants from benefiting from their wrongful use of the Mori Lee trademarks and images 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 content, change hosts, and move any assets from U.S.-based bank accounts, including Western Union, PayPal, and other Internet banking and payment system 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, Mori Lee respectfully requests 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 28 U.S.C. § 1391. Furthermore, this Court may properly exercise personal jurisdiction over Defendants since Defendants directly target business activities toward consumers in Illinois and cause harm to Mori Lee's business within the Northern District of Illinois.

This Court may properly exercise personal jurisdiction over Defendants since Defendants directly target business activities toward consumers in Illinois and cause harm to Mori Lee's business within this the Northern District of Illinois. Each Defendant targets Illinois residents and has offered to sell, and on information and belief, has sold and continues to sell his/her products to consumers within the State of Illinois. Without the benefit of an evidentiary hearing, 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-Syhelabo, 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 offering for sale and selling 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 1-55, et al.*, No. 1:11-cv-00010, (N.D. Ill. Oct. 14, 2011) (personal jurisdiction properly asserted against defendants who offered to sell and sold counterfeit products to Illinois residents through an Internet website).

Through at least the fully interactive commercial Internet websites operated by each Defendant, each of the Defendants has targeted and solicited sales from Illinois residents by offering shipping to Illinois and, on information and belief, have sold counterfeit Mori Lee products to residents of Illinois. Each of the Defendants is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused Mori Lee 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. *Right Field Rooftops, LLC v. Chicago Baseball Holdings, LLC*, 87 F.Supp.3d 874, 877 (N.D. Ill. 2015) (citing *Long v. Board of Educ., Dist. 128*, 167 F.Supp.2d 988 (N.D. Ill. 2001)) *See also 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 896.

## **B. Mori Lee Will Likely Succeed on the Merits**

### **i. Mori Lee Will Likely Succeed on Its Trademark Infringement and Counterfeiting Claim**

The greater the movant’s likelihood of succeeding on the merits, the less the balance of harms need be in his favor. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 461 (7th Cir. 2000). A defendant is liable for trademark infringement and counterfeiting under the Lanham Act if it, “without the consent of the registrant, uses 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, Mori Lee must show that: (1) its mark is distinctive enough to be worthy of protection; (2) Defendants are not authorized to use the Mori Lee Trademarks; and (3) Defendants’ use of the Mori Lee 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). Mori Lee satisfies all three requirements of the Lanham Act to successfully bring a trademark infringement and counterfeiting claim.

Regarding the first two elements, Mori Lee’s Mori Lee Marks are inherently distinctive and registered with the United States Patent and Trademark Office on the Principal Register. The Mori Lee Marks have been used exclusively and continuously by Mori Lee since the early 2000s.

Furthermore, Mori Lee has never licensed or given Defendants the right to use any of the Mori Lee Trademarks. Montenegro Declaration at ¶ 15.

Mori Lee satisfies the third 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, namely: (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 defendants to palm off their products as that of another. *Eli Lilly*, 233 F.3d at 461 (citation omitted). These factors are not a mechanical checklist, and “[t]he proper weight given to each ... 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, Mori Lee plainly satisfies the likelihood of confusion test. The Defendants are selling low-quality counterfeit versions of products that are similar to Mori Lee’s products and use

counterfeit marks identical to the Mori Lee Marks. As such, the first and second likelihood of confusion factors weigh heavily in favor of Mori Lee.

Mori Lee also satisfies the third factor, namely, area and manner of concurrent use. When considering the third factor, a court looks at “whether there is a relationship between the 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 use the same channels of commerce, target the same general audience, and/or use similar marketing procedures. *Id.* Here, both Mori Lee and Defendants advertise and sell their products to consumers via the Internet and webstores. Both parties use the same means and channels of commerce to target the same Internet consumers looking for genuine Mori Lee products. The Defendant’s websites advertise and sell counterfeit Mori Lee products online, just as Mori Lee advertises and sells its genuine Mori Lee products online at [justinalexander.com](http://justinalexander.com). Thus, because Defendants target the same Internet consumers by the same means as Mori Lee, this factor also weighs heavily in favor of Mori Lee.

Regarding the fourth factor, degree of consumer care, consumers purchasing Mori Lee products are not a certain, specialized group of people. Rather, the consumer base is a diverse group of people. “[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). Mori Lee consumers are very likely to be confused by the use of the identical mark and the use of Mori Lee’s copyrighted photos to advertise products, so this factor favors Mori Lee.

The Mori Lee Marks are unique and arbitrary. Thus, the fifth factor, the strength of the marks, also weighs heavily in favor of Mori Lee.

As for the sixth factor, Mori Lee does not need to prove likelihood of confusion with evidence of actual confusion; instead, it merely needs to show *some* evidence of potential confusion. *See Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1363 (7th Cir.1995). In this case, actual confusion can be inferred because Defendants are selling counterfeit versions of Mori Lee products that use the same Mori Lee Marks. Because the goods as advertised look identical, indeed, they are as the Defendants utilize stolen images from the Mori Lee website, consumers will be confused and think that Defendants' products are genuine Mori Lee products or are sponsored or endorsed by Mori Lee. This factor weighs in favor of Mori Lee.

Regarding the seventh and final factor, Defendants are intentionally using the Mori Lee Trademarks to confuse and deceive the consuming public into thinking that Defendants' counterfeit products are manufactured by or emanate from Mori Lee. Defendants are purposefully attempting to benefit and trade off of Mori Lee's goodwill and reputation. Therefore, the final factor regarding Defendants' intent also weighs heavily in Mori Lee's favor.

In sum, it is clear that each of the seven likelihood of confusion factors weighs heavily in favor of Mori Lee, and, therefore, Mori Lee has proved it has a reasonable likelihood of success on the merits for its trademark infringement and counterfeiting claim.

## **ii. Mori Lee Is Likely to Succeed on Its 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) defendant used a false designation of origin in connection with products; (2) defendant's use of the products was in interstate commerce; and (3) there is a likelihood that consumers will be confused by defendant's false designation of origin. *Web Printing Controls Co., Inc. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204 (7th Cir. 1990). The test to be used in determining

whether a violation has occurred is whether “the evidence indicates a likelihood of confusion, deception or mistake on the part of the consuming public.” *Id.* at 1205 (citation omitted). 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. Because the Mori Lee Mori Lee Marks are registered, and Mori Lee has established a likelihood of success on the merits of its trademark infringement and counterfeiting claim against Defendants (*supra*), a likelihood of success on the merits for Mori Lee’s false designation of origin claim is also established.

### **iii. Mori Lee Is Likely to Succeed on Its Copyright Infringement Claim**

Section 501(a) of Title 17 of the United States Code provides, in part, that “[a]nyone who violates... the exclusive rights of the copyright owner... is an infringer of the copyright.”

Plaintiffs are generally entitled to various remedies for infringement, including injunctions, monetary damages, costs and attorney’s fees. 17 U.S.C. §§ 502, 504, 505.

To establish a *prima facie* basis of copyright infringement, a plaintiff must prove two essential elements: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original. *Pickett v. Prince*, 52 F.Supp.2d 893, 900–01 (N.D. Ill. 1999) (citing *Feist Publications, Inc. v. Rural Tel. Serv.*, 499 U.S. 340, 361, 111 S.Ct. 1282 (1991)); see also *Atari, Inc. v. North Am. Phillips Consumer Elecs. Corp.*, 672 F.2d 607, 614 (7th Cir. 1982). The registration of a copyright creates a *prima facie* presumption of validity of a copyright. *See* 17 U.S.C. § 410(c).

Similar to claims for trademark infringement and counterfeiting, the moving party may obtain injunctive relief for copyright infringement upon demonstrating: (1) some likelihood of success on the merits; and (2) absence of an adequate remedy at law; and (3) that it will suffer irreparable harm absent injunctive relief. *JCW Investments, Inc. v. Novelty, Inc.*, 222 F.Supp.2d

1030, 1033 (N.D. Ill. 2002) (citing *Publications International, Ltd. v. Meredith Corp.*, 88 F.3d 473, 478 (7th Cir. 1996)). Furthermore, where copyright infringement has been established, there is a presumption that such infringement constitutes irreparable injury. *White v. Marshall*, 771 F.Supp.2d 952, 958 (E.D. Wis. 2011) (citing *Atari* at 607).

Mori Lee has shown it is the exclusive owner of the original, copyrighted materials Defendants are infringing and has complied with all statutory formalities and requirements in obtaining copyright Certificates. Complaint, Exhibit 2; Montenegro Decl. at ¶ 14. Mori Lee extensively uses the photographs protected by the Certified Copyrights in connection with the marketing of Mori Lee products on its Website; moreover, it has not authorized the Defendants to reproduce or otherwise display these images in any form whatsoever. *Id.* at ¶ 18. In this case, Defendants are liable to Plaintiff for copyright infringement as a result of Defendants stealing Mori Lee's original photographs protected by copyright and republishing them on the infringing website. See Ter Saakov Decl. at ¶ 8; When comparing the original photographs protected by the Mori Lee Copyright against the stolen images on Defendants' infringing websites, there is no doubt that Plaintiff has established a *prima facie* case of copyright infringement against Defendants. Indeed, the overwhelming majority of the images are the identical photographs protected by Mori Lee's copyrights. Thus, Plaintiff is likely to succeed on its claim for copyright infringement and has no adequate remedy at law and is entitled to injunctive relief.

#### **iv. Mori Lee Is Likely to Succeed on Its Illinois Uniform Deceptive Trade Practice Act Claim**

In Illinois, courts resolve unfair competition and deceptive trade practice claims "according to the principles set forth in 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 Practice Act. *Am. Broad. Co. v. Maljack Prods., Inc.*, 34 F. Supp. 2d 665, 681 (N.D. Ill. 1998).

This case also involves the Defendants' false advertising of Mori Lee products on the infringing website through their unlawful use of the Mori Lee Marks and copyrighted images. However, Defendants' illegal scheme to hijack Plaintiff's brand and deceive unknowing consumers has many more layers than what is visible to those duped into purchasing Counterfeit Products. Defendants unfairly and deceitfully compete with Plaintiff through search engine optimization ("SEO") using counterfeits of the Mori Lee Marks. *See* Montenegro Decl. at ¶ 17. In recent years, Mori Lee has spent significant amounts of money on its marketing strategy and consumer education efforts with the goal of increasing visibility on the Internet through search engines such as Google, Yahoo!, and Bing. *Id.* at ¶ 17. Mori Lee's SEO strategy attempts to fairly and legitimately educate consumers about the Mori Lee brand so that consumers understand the value of Mori Lee products and highlight counterfeiting of the Mori Lee Marks. *Id.* Defendants have not only hijacked Plaintiff's brand by stealing the Mori Lee Marks and copyrighted images to sell Counterfeit Products, but they have compounded their illegal activities by engaging in "black hat" SEO strategies based upon their illegal use of the Mori Lee Trademarks and by creating a counterfeit marketplace in parallel to Plaintiff's legitimate online marketplace. *Id.* at ¶ 18. Defendants use unauthorized knockoffs of the Mori Lee name and its trademarks within the content, anchor text, and/or meta tags of the Infringing Websites in order to attract the automated eye of various search engines crawling the Internet looking for websites relevant to consumer searches for Mori Lee Products. *Id.*; see also Ter Saakov Decl. at ¶ 7. Such illegal use results in unfair competition for Mori Lee when competing for visibility on the Internet and deceives

consumers into falsely believing they are buying legitimate Mori Lee products from these sites. Montenegro Decl. at ¶ 18.

Because Mori Lee has established a likelihood of success on the merits of likelihood of confusion in its trademark infringement and counterfeiting claim against Defendants (supra), and the standard is the same under Illinois law, Mori Lee has established a likelihood of success on the merits for its Illinois Uniform Deceptive Trade Practices Act claim.

**C. There Is No Adequate Remedy at Law and Mori Lee Is 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). “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 the Mori Lee Marks have and continues to irreparably

harm Mori Lee through diminished goodwill and brand confidence, damage to Mori Lee's reputation, loss of exclusivity, and loss of future sales. Montenegro Declaration at ¶¶ 24-29. The extent of the harm to Mori Lee's reputation 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, Mori Lee should be granted preliminary relief.

#### **D. The Balancing of Harms Tips in Mori Lee's Favor**

As noted above, if the Court is satisfied that Mori Lee has 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 that Mori Lee 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 marks of another for similar goods acts at his own peril since he has no claim to the profits or advantages derived thereby." *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 Mori Lee has demonstrated, Defendants have been profiting from the sale of counterfeit Mori Lee products using the Mori Lee Marks. Thus, the balance of equities tips decisively in Mori Lee's favor. As such, 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 and copyright law. The public is currently under the false impression that defendants are operating their websites with Mori Lee's approval and endorsement. 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 patent, and the injunctive relief which Mori Lee seeks 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 or 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' continuing unauthorized use of the Mori Lee 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 Mori Lee's Motion for Entry of Temporary Restraining Order is in the public interest.

#### **IV. 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). 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. Finally, under Fed. R. Civ. P. 65(d)(2)(C), this Court has the power to bind any third parties, such as domain name registries and financial institutions, who are in active concert with the Defendants or who aid and abet Defendants and are given actual notice of the order. The facts in this case warrant such relief.

##### **A. A Temporary Restraining Order Immediately Enjoining Defendants' Unauthorized and Illegal Use of Mori Lee's Marks and Copyrighted Images Is Appropriate**

Mori Lee requests an order requiring the Defendants to immediately cease all use of the Mori Lee Marks or substantially similar marks on or in connection with all Defendant websites. Such relief is necessary to stop the ongoing harm to the Mori Lee Marks and goodwill, as well as

harm to consumers, and to prevent the Defendants from continuing to benefit from their illegal use of the Mori Lee Marks. The need for *ex parte* relief is magnified in today's global economy where counterfeiters can operate over the Internet in an anonymous fashion. Mori Lee is currently unaware of both the true identities and locations of the Defendants, as well as other Defendant websites used to distribute counterfeit products.

Many courts 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) (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); *Tory Burch LLC v. Does 1-100*, No. 1:12-cv-07163 (N.D. Ill. Sept. 14, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-100*, No. 1:12-cv-5523 (N.D. Ill. Jul. 24, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-101*, No. 1:11-cv-07970 (N.D. Ill. Nov. 15, 2011) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-55*, No. 1:11-cv-00010 (N.D. Ill. Feb. 3, 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); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 1:10-cv-01630-AKH (S.D.N.Y. Mar. 16, 2010) (unpublished) (same); *Chanel, Inc. v. Does 1-172*, No. 2:10-cv-02684-STA-dkv (W.D. Tenn. Nov. 4, 2010) (unpublished) (same); *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”).

In this case, Defendants’ primary method of driving consumer traffic to the Infringing Websites and maximizing sales of the Counterfeit Products is through the unlawful use of the Mori Lee Marks and displaying stolen images protected by the Mori Lee’s copyright. Through their unlawful actions, Defendants have infringed upon the Mori Lee Marks and copyrighted images approximately 9,200 times, generating estimated sales of \$1,692,000. Ter Saakov Decl. at ¶ 8. Moreover, Defendants will not be harmed if they are enjoined from using Mori Lee’s images and mark because minimal effort and cost would be involved in transferring Defendant’s domain names to Mori Lee’s control. If immediate injunctive relief is granted, any inconvenience or confusion experienced by users trying to locate Mori Lee’s website will be minimized, a primary goal of the Lanham Act. In balancing the harms to the parties, any likelihood of harm to Defendants is significantly outweighed by the likelihood of harm to Mori Lee if immediate injunctive relief is not issued.

### **B. An Order Temporarily Transferring Infringing Websites to Plaintiff’s Control is Appropriate**

Mori Lee requests an *ex parte* order temporarily disabling the Defendant’s infringing websites and electronically publishing notice of this case to Defendants. Defendants involved in domain name litigation easily can and often will immediately set up a redirect for their website which essentially informs a search engine that the website being crawled has permanently moved to another domain and instructs the search engine to divert traffic to the other website. Ter

Saakov Declaration at ¶ 11. 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 Deckers Outdoor Corp. v. P'sips and Unincorporated Assoc.*, No. 13 C 2167, 2013 WL 1337616, at \*9 (N.D. Ill. Mar. 27, 2013) (“Absent a transfer of domain names to the Plaintiff, the Defendants in this case may be able to evade the Court’s restraining order by changing ownership of the domain name and continuing to operate their online marketplaces while this case is pending.”).

In this case, it is highly likely if not altogether certain that Defendants will quickly and easily transfer ownership of the infringing websites upon receiving notice of this action unless they are enjoined from doing so. Indeed, Mori Lee has submitted evidence of common tactics used by online counterfeiters like the Defendants to evade detection and accountability for their illegal acts. *See Ter Saakov Decl.* at ¶¶ 11–13. Thus, Mori Lee respectfully requests that an order requiring the relevant registries and/or registrars for the infringing websites to temporarily transfer ownership of the websites to Mori Lee’s control and place the websites on registry lock and hold status be granted.

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

Mori Lee requests an *ex parte* order restraining Defendants’ assets so that Mori Lee’s right to an equitable accounting of Defendants’ profits from sales of counterfeit Mori Lee products is not impaired. Issuing an *ex parte* order will ensure Defendants’ compliance. If such an order is not issued in this case, Defendants are likely to 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 Mori Lee meaningless.

Mori Lee has shown a strong likelihood of succeeding on the merits of its trademark infringement and counterfeiting claim, so according to the Lanham Act 15 U.S.C. § 1117, Mori Lee is entitled to an accounting and recovery of profits, damages, and costs from Defendants' infringing actions and sales of counterfeit Mori Lee products.

In *Reebok Int'l Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 559 (9th Cir. 1992), the Ninth Circuit affirmed the district court's ruling limiting the transfer of assets and explicitly stated that "because the Lanham Act authorizes the district court to grant [plaintiff] an accounting of [defendant's] profits as a form of final equitable relief, the district court had the inherent power to freeze [defendant's] assets in order to ensure the availability of that final relief." *See also Levi Strauss & Co. v. Sunrise Int'l Trading Inc.*, 51 F.3d 982, 987 (11th Cir. 1995) ("A request for equitable relief invokes the district court's inherent equitable powers to order preliminary relief, including an asset freeze, in order to assure the availability of permanent relief."); *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.")

Following *Reebok* and *Levi Strauss & Co.*, 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.*

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., 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 including the freezing of Defendants' financial accounts); *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); *Tory Burch LLC v. Does 1-100*, No. 1:12-cv-07163 (N.D. Ill. Sept. 14, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-100*, No. 1:12-cv-5523 (N.D. Ill. Jul. 24, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-101*, No. 1:11-cv-07970 (N.D. Ill. Nov. 15, 2011) (unpublished) (same); *Deckers Outdoor Corp. v. Does 1-55*, No. 1:11-cv-00010 (N.D. Ill. Feb. 3, 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); *Farouk Sys., Inc. v. Eyou Int'l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 1:10-cv-01630-AKH (S.D.N.Y. Mar. 16, 2010) (unpublished).

Furthermore, Federal Rules of Civil Procedure 64 and 65 provide authority for preliminary injunctions and the freezing of assets, and the Lanham Act provides for an accounting and recovery of profits, costs, and damages. Fed. R. Civ. P. 64-65; 15 U.S.C. § 1117. Since Mori Lee seeks recovery of Defendants' profits, an order freezing the Defendants' assets is within the Court's authority and should be granted. *Lorillard*, 2005 WL 3115892 at \*13. 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 to freeze assets of the Defendants. Fed. R. Civ. P. 65.

Mori Lee has 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. Mori Lee Is 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 demonstrated above, Mori Lee is being irreparably harmed by the manufacture, importation, offering for sale, distribution, and sale of counterfeit Mori Lee products. Defendants have gone to great lengths to conceal their true identities and/or move outside of this Court's reach by, among other things, excluding any identifiable information from Defendants' websites. Defendants are using third party payment processors such as PayPal or Western Union which helps increase their anonymity by interposing a third party between the consumer and Defendants. Without being able to discover Defendants' bank and payment system accounts, any asset restraint

would be of limited value because Mori Lee would not know the entities upon whom to serve the order.

Mori Lee respectfully requests 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 Mori Lee's Proposed Temporary Restraining Order has been limited to include only that which 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.

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 to provide expedited discovery in this action. Fed. R. Civ. P. 65. Mori Lee has worked with the same third parties in previous lawsuits and is not aware of any reason that Defendants or third parties can not comply with these expedited discovery requests without undue burden. More importantly, as Defendants have engaged in many deceptive practices in an effort to hide their identities and accounts, Mori Lee's seizure and asset restraint Order may have little meaningful effect without the requested relief. Accordingly, Mori Lee respectfully requests that the expedited discovery be granted.

#### **E. Service of Process by Email and Electronic Publication Is Warranted in This Case**

Pursuant to Federal Rule of Civil Procedure 4(f)(3), Mori Lee requests an order allowing service of process by electronically sending the Complaint, this Order, and other relevant documents via Defendant's website registration email, any known or discovered e-mail related to the website listed in the Complaint. Mori Lee submits that the combination of providing notice via e-mail and electronic publication 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 addresses in the public contact information to their respective domain name registries; and (2) rely primarily on electronic communications to communicate with customers, demonstrating the reliability of this method of communication by which the Defendant may be apprised of the pendency of this action. Mori Lee respectfully submits that an order allowing service of process via e-mail and/or electronic publication in this case will benefit all parties and the Court by ensuring that the Defendants receive immediate notice of the pendency of this action, thus allowing this action to move forward expeditiously. Absent the ability to serve the Defendants in this manner, Mori Lee will almost certainly be left without the ability to pursue a remedy.

Despite not providing reliable physical contact information directly to consumers, the Defendants must generally utilize email so that they may communicate with consumers regarding issues related to the purchase and shipment of products. Moreover, it is necessary for merchants who operate entirely online to visit their websites to ensure they are 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., 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 including service of process by electronic publication and electronic mail); *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); *Coach, Inc., et al. v. Does 1-100*, No. 1:12-cv-8963 (N.D. Ill. Nov. 15, 2012) (unpublished); *Tory Burch LLC, et al. v. Does 1-100*, No. 1:12-cv-07163 (N.D. Ill. Sept. 14, 2012) (unpublished); *Deckers Outdoor Corp. v. Does 1-100*, No. 1:12-cv-5523 (N.D. Ill. Jul. 24, 2012) (unpublished); *Deckers Outdoor Corp. v. Does 1-1,281*, No. 1:12-cv-01973 (N.D. Ill. Apr. 4, 2012) (unpublished); *Deckers Outdoor Corp. v. Does 1-101*, No. 1:11-cv-07970 (N.D. Ill. Nov. 15, 2011) (unpublished); *Deckers Outdoor Corp. v. Does 1-55*, No. 1:11-cv-00010 (N.D. Ill. Feb. 3, 2011) (unpublished); *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); *Farouk Sys., Inc. v. Eyou Int’l Trading Co., Ltd.*, No. 4:10-cv-02672 (S.D. Tex. Aug. 2, 2010) (unpublished); *The North Face Apparel Corp., et al. v. Fujian Sharing Import & Export Ltd. Co., et al.*, No. 1:10-cv-01630-AKH (S.D.N.Y. Mar. 16, 2010) (unpublished); *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”). Mori Lee submits that allowing service e-mail or electronic publication in the present case is appropriate and comports with constitutional notions of due process, particularly given the decision by the Defendants to conduct their illegal Internet-based 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 Mori Lee to serve the Defendants via email or electronic publication.

Additionally, Mori Lee is unable to determine the exact physical whereabouts or identities of the Defendants due to their lack of contact information on their websites and the false information provided to domain name registries. Mori Lee, however, has good cause to suspect the Defendants are 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 “Convention”). Nevertheless, United States District Courts, including in this District, have routinely permitted 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. As such, Mori Lee respectfully requests this Court’s permission to serve Defendants via email or electronic publication.

#### **V. A Bond Should Secure the Injunctive Relief**

The posting of security upon issuance of a temporary restraining order 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 (4th Cir. 1999).

Because of the strong and unequivocal nature of Mori Lee’s evidence of counterfeiting, infringement and unfair competition, Mori Lee respectfully requests that this Court require Mori Lee 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); *Tory Burch LLC v. Does 1-100*, No. 1:12-cv-07163 (N.D. Ill. Sept. 14, 2012) (unpublished) (\$10,000 bond); *Deckers Outdoor Corp. v. Does 1-100*, No. 1:12-cv-5523 (N.D. Ill. Jul. 24, 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); *Builder's World, Inc. v. Marvin Lumber & Cedar, Inc.*, 482 F. Supp. 2d 1065, 1078 (E.D. Wis. 2007) (\$1,000 bond); *Habitat Educ. Ctr. v. U.S. Forest Serv.*, 607 F.3d 453, 456 (7th Cir. 2010) (\$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); *Chanel, Inc. v. Zhixian*, No. 0:10-cv-60585-JIC (S.D. Fla. Apr. 21, 2010) (unpublished) (\$10,000 bond); *Chanel, Inc. v. Paley*, No. 3:09-cv-04979-MHP (N.D. Cal. Nov. 13, 2009) (unpublished) (\$10,000 bond); *Gucci Am., Inc. v. Curveal Fashion*, No. 1:09-cv-08458-RJS-THK (S.D.N.Y. Oct. 9, 2009) (unpublished) (\$10,000 bond).

## VI. Conclusion

Defendants' counterfeiting operations, trademark and copyright infringements are irreparably harming Mori Lee's business, its Mori Lee Marks, Mori Lee Copyrights, 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 emanate from Mori Lee, when in fact, they have not. Therefore, entry of an *ex parte* order is necessary to protect Mori Lee's trademark rights, copyrights, and to prevent further irreparable harm to Mori Lee and the consuming public, and to preserve the status quo. In view of

