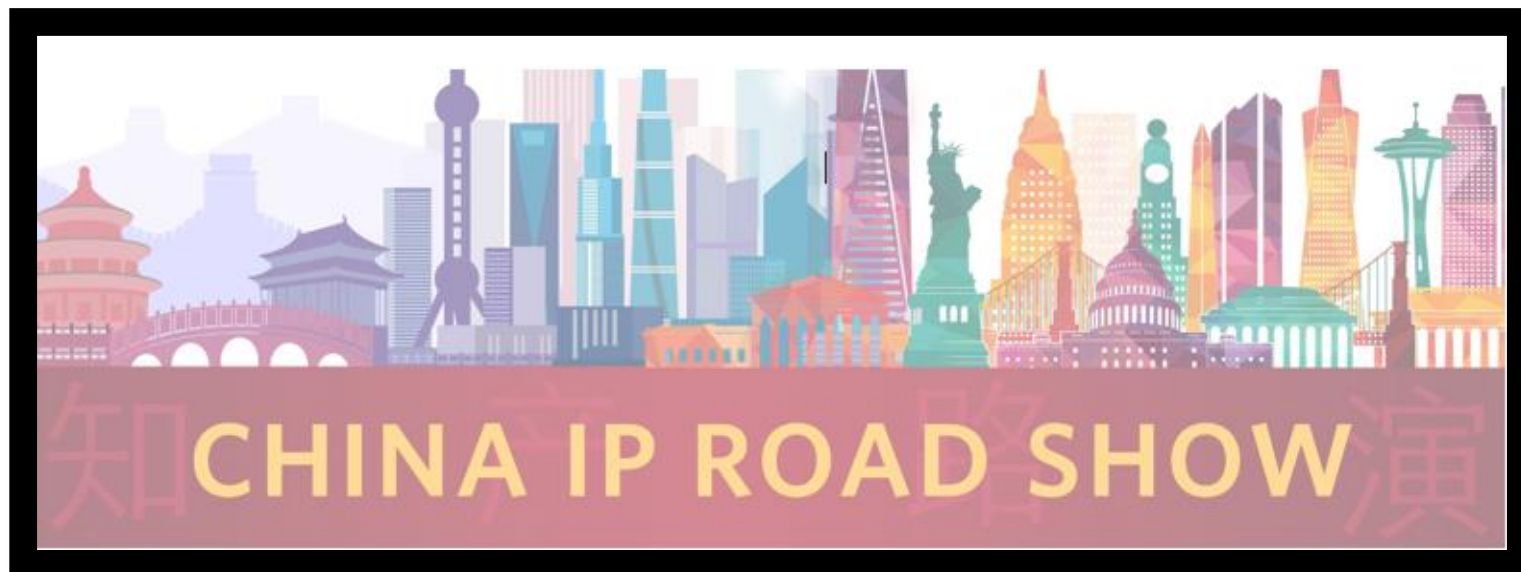


FEDERAL CIVIL LITIGATION STRATEGY TO STOP FOREIGN WEBSITES FROM TRAFFICKING COUNTERFEIT GOODS AND PIRATED WORKS TO U.S.

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ILLICIT WEBSITES DEPEND ON MULTIPLE INTERMEDIARIES

- ▶ Internet Service Providers (access)
- ▶ Web Hosting Providers
- ▶ Content Delivery Networks
- ▶ Domain Name Registrars
- ▶ Domain Name Registries
- ▶ Search Engines
- ▶ Social Media
- ▶ Payment Processors
- ▶ Advertising Providers



SEEKING TO HOLD INTERMEDIARIES LIABLE ON BASIS OF TRADEMARK OR COPYRIGHT INFRINGEMENT – DIFFICULT PATH

- ▶ Digital Millennium Copyright Act (“DMCA”) Title 17 Section 512 provides expansive safe harbors to some intermediaries with respect to copyright
- ▶ Tiffany Inc. v. eBay Inc. 600 F.3d 93 (2nd Cir. 2010)
eBay neither directly or contributorily liable for trademark infringement from sale of counterfeit goods on its platform



FEDERAL RULE OF CIVIL PROCEDURE 65

Rule 65. Injunctions and Restraining Orders

(1) CONTENTS AND SCOPE OF EVERY INJUNCTION AND RESTRAINING ORDER.

(1) *Contents.* Every order granting an injunction and every restraining order must:

(A) state the reasons why it issued;

(B) state its terms specifically; and

(C) describe in reasonable detail—and not by referring to the complaint or other document—the act or acts restrained or required.

(2) *Persons Bound.* The order binds only the following who receive actual notice of it by personal service or otherwise:

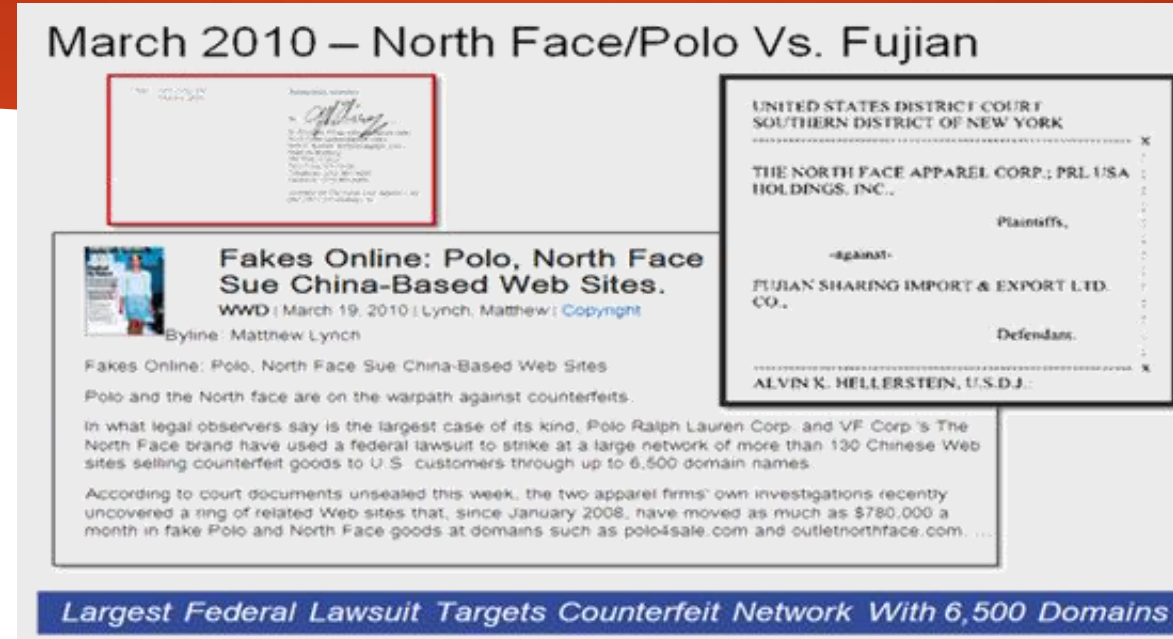
(A) the parties;

(B) the parties' officers, agents, servants, employees, and attorneys; and

(C) **other persons who are in active concert or participation** with anyone described in Rule 65(d)(2)(A) or (B).

“NORTH FACE” STRATEGY

March 2010 – North Face/Polo Vs. Fujian



The image shows a screenshot of a legal document and a news article snippet. The legal document is from the United States District Court, Southern District of New York, filed in March 2010. It is a lawsuit filed by The North Face Apparel Corp. and PRL USA Holdings, Inc. against Fujian Sharing Import & Export Ltd. Co. The judge is Alvin K. Hellerstein, U.S.D.J. The news article is from WWD, dated March 19, 2010, by Matthew Lynch. The headline is "Fakes Online: Polo, North Face Sue China-Based Web Sites." The article discusses the largest federal lawsuit targeting a counterfeit network with 6,500 domains.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE NORTH FACE APPAREL CORP.; PRL USA HOLDINGS, INC.,
Plaintiffs,
-against-
FUJIAN SHARING IMPORT & EXPORT LTD. CO.,
Defendant.

ALVIN K. HELLERSTEIN, U.S.D.J.

Fakes Online: Polo, North Face Sue China-Based Web Sites.
WWD | March 19, 2010 | Lynch, Matthew | Copyright
Byline: Matthew Lynch

Fakes Online: Polo, North Face Sue China-Based Web Sites
Polo and the North face are on the warpath against counterfeits.
In what legal observers say is the largest case of its kind, Polo Ralph Lauren Corp. and VF Corp.'s The North Face brand have used a federal lawsuit to strike at a large network of more than 130 Chinese Web sites selling counterfeit goods to U.S. customers through up to 6,500 domain names.
According to court documents unsealed this week, the two apparel firms' own investigations recently uncovered a ring of related Web sites that, since January 2008, have moved as much as \$780,000 a month in fake Polo and North Face goods at domains such as polo4sale.com and outletnorthface.com.

Largest Federal Lawsuit Targets Counterfeit Network With 6,500 Domains

Strategy used for the first time in 2010 in *The North Face Apparel Corp. and PRL USA Holdings, Inc. v. Fujian Sharing Import & Export Ltd. Co.*, a case filed in the Southern District of New York. The North Face and Polo Ralph Lauren companies brought an action against a ring of counterfeiters in China selling counterfeit apparel products through a group of rogue websites and drop-shipping the products directly to consumers in the U.S.

APPLICATION TO COPYRIGHT

- Action by Lions Gate Films against operators of BitTorrent protocol sites (limetorrents, billionuploads, etc.) that leaked online an advance, stolen copy of “The Expendables 3” motion picture, whose release was scheduled for August 15, 2014.
- TRO obtained on August 4th; enjoins defendants and restrains monies in payment processing and bank accounts; directs Lions Gate to send order “to any person or entity it believes is acting in active concert or participation with... including hosting services.”
- Preliminary injunction hearing 4 days later; defendants defaulted. Court enjoins defendants and all persons/entities “in active concert or participation,” including third party service providers from hosting, linking to, distributing, reproducing, performing, selling...”



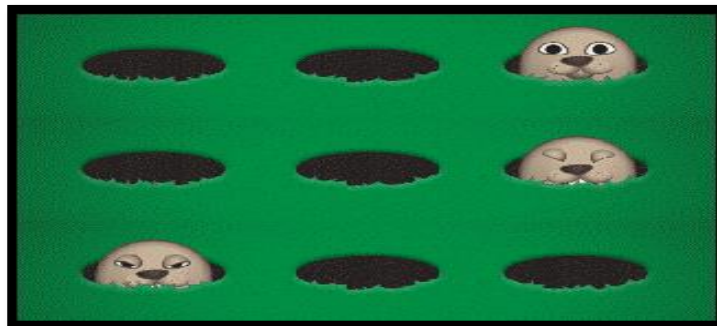
CHALLENGE BY INTERMEDIARIES

- ▶ **Arista Records v. Tkach**, 122 F. Supp. 3d 32 (SDNY June 2015)
- ▶ CloudFlare, an intermediary, challenged “active concert and participation” order of court on grounds that its service was merely passive and that the order was futile because the pirate website would simply switch services.
- ▶ Court soundly rejected both arguments and upheld order against CloudFlare and found that it was in active concert and participation with the defendant pirate music streaming sites.



ADDRESSING “WHACK-A-MOLE”

- ▶ Always a challenge in online environment
- ▶ In trademark context, can often join many websites in a single “North Face” action by indicating common ownership or administration
- ▶ Courts often permit cases to remain open so that orders may be amended



USEFUL STRATEGY

- ▶ Disabling websites selling counterfeit goods of all kinds
- ▶ Disabling websites selling pirate DVDs
- ▶ Disabling websites streaming pirate movies, music and television
- ▶ Disabling websites trafficking in DRM circumvention devices



Grooveshark

