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## Domain Names

### **Mass Defendant Suits for Mark Infringement: New Strategy Against Online Counterfeiters?**

**R**egistrars and registries for domain names through which site operators sell non-genuine Chanel products must transfer control of the domains to a GoDaddy.com-administered trust account, through which visitors to those websites will be redirected to copies of court documents, pursuant to the terms of a preliminary injunction issued by the U.S. District Court for the District of Nevada Oct. 11 (*Chanel Inc. v. Eukuk.com*, D. Nev., No. 11-1508, 10/11/11).

The injunction, issued by Judge Kent J. Dawson, is identical in substance to a temporary restraining order issued Sept. 27 by a different judge in the same district in a lawsuit filed by Tiffany (NJ) Inc. (16 ECLR 1665, 10/5/11). Both companies were represented by the same attorneys.

This “sue and redirect traffic” approach has come up in series of cases filed by luxury goods retailers against multiple defendants in several districts over the past year. Typically, the only connection that the defendants have with each other is that they all allegedly infringed the plaintiff’s marks by selling unauthorized and/or counterfeit goods online.

Stephen M. Gaffigan, Stephen M. Gaffigan PA, in Ft. Lauderdale, Fla., who has represented the trademark owner plaintiffs in these cases, told BNA that the holding of the domains in trust, and redirection of website traffic to court documents, provides an added mechanism to notify defendants in these lawsuits, who are often located offshore.

Proceeding this way, instead of under the UDRP, can enable brand owners to get broader and more effective relief than that available under the UDRP, Gaffigan added.

Robert R. Cross and Constance J. Yu, partners with Sideman & Bancroft LLP, in San Francisco, predicted in a recent BNA interview that this approach to trademark enforcement is likely catch on and grow in popularity.

“A common theme of the cases is an ex parte TRO request followed by a motion for preliminary injunction requiring that the disputed domain names be blocked, transferred to control of a new registrar in a holding account, and set to automatically redirect to a website containing a notice of the litigation and links to all pleadings,” Cross noted.

The process also appears to have some benefits over other alternatives, including filing a complaint under the Uniform Domain Name Dispute Resolution Policy.

“The technique has the great advantage over UDRP proceedings of joining dozens or even hundreds of domains in a single action and achieving (at least so far) early and very robust relief,” Yu observed. A lawsuit filing fee is also less than that required under the UDRP, Yu added.

**Broad Injunctive Relief.** Chanel alleged that each of the defendants advertised, offered for sale, and/or sold products it determined to be counterfeits, infringements, reproductions, and/or colorable imitations of its marks. It sued the site operators directly, alleging trademark infringement and cybersquatting.

The court concluded that Chanel has a very strong probability of proving that consumers are likely to be confused by the defendants’ advertisement and sale of infringing products. It also held that Chanel was likely to incur irreparable harm absent an injunction.

Upon that showing, the court issued an injunction that incorporated quite broad relief for Chanel. It prohibits the defendants from making, importing, advertising, and selling any products bearing the Chanel marks or confusingly similar marks.

It also requires the defendants to stop using the marks in connection with any websites, including the subject domain names, including in: domain name extensions, meta tags or other source code markers, webpage titles, advertising links, search engine databases or cache memory, and any other form of use that is visible to a computer user or serves to direct computer searches to their websites.

The injunction requires registrars to take action, too. The court ordered them to change the registrar or record for each domain name to GoDaddy.com, and transfer control of the domains to a holding account with GoDaddy.

GoDaddy must update or modify its domain name system data to cause the domain names to resolve to a website where a copy of the complaint, summonses, orders, and all other court documents in this action are displayed.

Alternatively, GoDaddy may redirect any visitor to the websites to <http://servingnotice.com/sdv/index.html>, where copies of those documents are displayed.

**Alternative to Proceeding In Rem Under ACPA.** Rather than alleging in rem jurisdiction over the domains themselves under the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d), the plaintiffs in these cases typically alleged that all of the defendants are subject to personal jurisdiction by offering and selling their counterfeit goods in the host district, Cross noted.

## A Novel Approach

Over the past year, a growing number of courts have approved this type of preliminary relief.

Those cases, each litigated by Stephen M. Gaffigan, one of the attorneys representing Chanel Inc. in this case, and local counsel, include:

- *Chanel Inc. v. Qi*, No. 11-362 (N.D. Cal. Jan. 27, 2011);
- *Louis Vuitton Malletier S.A. v. Li*, No. 11-60611 (S.D. Fla. March 28, 2011);
- *Abercrombie & Fitch Trading Co. v. Wu*, No. 11-42 (E.D. Va. Jan. 21, 2011);
- *Tiffany (NJ) LLC v. Wang*, No. 10-624 (E.D. Va. Jan. 4, 2011);
- *Gucci America Inc. v. Ling*, No. 10-591 (E.D. Va. Dec. 23, 2010);
- *Chanel Inc. v. Ling*, No. 10-489 (E.D. Va. Oct. 7, 2010);
- *Chanel Inc. v. Does 1-172*, No. 10-2684 (W.D. Tenn. Nov. 1, 2010);
- *Louis Vuitton Malletier S.A. v. 1854louisvuitton.com*, No. 11-738 (D. Nev. May 13, 2011);
- *Tiffany (NJ) LLC v. 925ly.com*, No. 11-590 (D. Nev. Sept. 27, 2011) (16 ECLR 1665, 10/5/11);
- *Bottega Veneta International S.A.R.L. v. Pan*, No. 10-62334 (S.D. Fla. Dec. 9, 2010).

In this case, Chanel alleged that at least 81 of the domain names at issue are identical or confusingly similar to its marks, and were registered with a bad faith intent to profit in violation of the ACPA. In addition, the defendants infringe Chanel marks through each of the 399 subject domain names, Chanel alleged.

The ACPA permits trademark owners to proceed in rem in the jurisdiction where the registrar or registry is located if they are unable to locate or establish personal jurisdiction over domain name registrants.

Instead of pursuing that option, like in the other cases, Chanel alleged that the website operators—many who are located offshore—purposefully direct their ac-

tivities toward Nevada, and are thus subject to personal jurisdiction there.

The defendants utilize interactive websites to advertise, offer to sell, sell, and ship counterfeit goods into Nevada, Chanel alleged.

**Benefits Over UDRP Proceedings.** In these cases, the plaintiffs could have proceeded against the domain names in proceedings under the UDRP.

However, proceeding in this manner appears to have some potential advantages for brand owners, Yu said.

“The technique has the great advantage over UDRP proceedings of joining dozens or even hundreds of domains in a single action and achieving (at least so far) early and very robust relief,” Yu said.

It also could be easier to proceed against multiple domain name registrants in court than under the UDRP. “While UDRP rules provide for multi-respondent actions, the complainant has to persuade the arbitrator that consolidation is justified, which could be a problem where the domains are registered to apparently unrelated parties,” Yu said.

In addition, there is a variable filing fee depending on the number of disputed domain names, but there is at least a \$1,300 filing fee for each UDRP complaint, which covers up to two disputed domain names. By contrast, there is a \$350 flat fee to file a federal complaint irrespective of the number of named defendants, Yu noted.

However, if a defendant does elect to litigate, that tactical decision on the plaintiff’s part could prove to be far more costly, Yu cautioned.

Trademark owners must weigh the benefits and risks and make a strategic decision. To that end, brand owners should consider whether “it is worth it to give up having a highly specialized tribunal with the historical perspective and cumulative knowledge in domain name disputes on a global level adjudicate a dispute that will render a decision that is internationally recognized, for the efficiency of an expeditious, cost effective U.S. court proceeding, assuming that the defendants never appear in the action,” Yu added.

Chanel Inc. was represented by David S. Kahn, J. Scott Burris, Juan P. Rodriguez, of Wilson Elser Moskowitz Edelman & Dicker LLP, in Las Vegas; and Stephen M. Gaffigan, Stephen M. Gaffigan PA, in Ft. Lauderdale, Fla.

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Full text at [http://pub.bna.com/eclr/11cv1508\\_101111.pdf](http://pub.bna.com/eclr/11cv1508_101111.pdf).