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Attorneys for Plaintiff

The Pinkfong Company, Inc.

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

CO..

LTD..

THE PINKFONG COMPANY, INC.,

Plaintiff

v.

ADAPIN, ALIU, DUOGO, FEWLIGHT, FICOOTOP-DIRECT. HEFEIHEYUKUNSHANGMAOYOUXIANGONGSI. HIPI STORE, HIRSEYY, HOMINN-US, HOYINGG, **HUXING** SHANGMAO, JILIMU-US, JUNGUOSHANGMAODIAN. KUNMINGSUOLIANYUANSHANGMAOYOUXIANG ONGSI. LIANGBAOYING2707, LIUXIANZHI, PARTYREAL, QULUYAODE, SHENJINGSHUODEDIAN. HAO SUN PENG. WXUANX. YUNCHENGSHIYANHUQUZIXINGSHANGMAOYOU XIANGONGSI, ZHANGXUELIANG1997 and 昆明五华 莞严胜商贸有限公司 a/k/a **KUNMING** WUHUA

TRADING

Defendants

WANYANSHENG

CIVIL ACTION No.

DECLARATION OF GABRIELA N. NASTASI AND ACCOMPANYING EXHIBITS IN SUPPORT OF PLAINTIFF'S EX **PARTE APPLICATION FOR: 1)** TEMPORARY RESTRAINING **ORDER: 2) AN ORDER** RESTRAINING MERCHANT STOREFRONTS AND **DEFENDANTS' ASSETS WITH** THE FINANCIAL **INSTITUTIONS; 3) AN ORDER** TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION **SHOULD NOT ISSUE; 4) ORDER AUTHORIZING BIFURCATED** AND ALTERNATIVE SERVICE AND 5) ORDER AUTHORIZING EXPEDITED DISCOVERY

FILED UNDER SEAL

CONFIDENTIAL/FILED UNDER SEAL NOT TO BE OPENED EXCEPT BY ORDER OF THE COURT

DECLARATION OF GABRIELA N. NASTASI¹

- I, Gabriela N. Nastasi, hereby declare as follows:
 - 1. I am an attorney with the law firm of Epstein Drangel LLP, located at 60 East 42nd Street, Suite 1250, New York, New York 10165 and represent Plaintiff The Pinkfong Company, Inc. ("Pinkfong") in the above-referenced action. I make and submit this declaration in connection with Plaintiff's *ex parte* application for the following: 1) a temporary restraining order; 2) an order restraining Merchant Storefronts and Defendants' Assets with the Financial Institutions; 3) an order to show cause why a preliminary injunction should not issue; 4) an order authorizing bifurcated and alternative service and 5) an order authorizing expedited discovery against the above-named Defendants in light of Defendants' intentional and willful offerings for sale and/or sales of Counterfeit Products.
 - 2. Epstein Drangel represents Plaintiff in intellectual property matters and has been trained by Plaintiff on how to identify Counterfeit Products.
 - 3. Based on my research, Amazon is a Seattle, Washington-based global online marketplace and e-commerce platform owned by Amazon.com, Inc., a Delaware corporation,² that allows manufacturers and other third-party merchants, like Defendants, to advertise, distribute, offer for sale, sell and ship their retail products, which, upon information and belief, primarily originate from China, directly to consumers worldwide and specifically to consumers residing in the U.S., including New York.

¹ Where a defined term is referenced herein but not defined, it should be understood as it is defined in the Glossary in the Complaint or Memorandum of Law.

² FAQs, Amazon.com, Inc., https://ir.aboutamazon.com/corporate-governance/documents-and-charters/certificate-of-incorporation/default.aspx (last visited Apr. 23. 2024).

- 4. Amazon is recognized as one of the leaders of the worldwide e-commerce and digital retail market and the company's net sales were \$169.9 billion in the fourth quarter of 2023.³ Sales to the U.S. make up a significant percentage of the business done on Amazon.⁴ As of September 27, 2023, Amazon had a market capital of \$1.84 trillion, making it the fourth most valuable company in the U.S.⁵
- 5. Many of the third-party merchants that have User Accounts with and operate Merchant Storefronts on Amazon, like Defendants, are located in China, who recently accounted for nearly half of all businesses on Amazon.⁶
- 6. In Q4 of 2023, third party merchants, like Defendants, generated \$43.56 billion, accounting for 61% of Amazon's sales.⁷
- 7. Amazon aggressively uses the Internet and television, to market itself and the products offered for sale and/or sold by its third-party merchant users to potential consumers, particularly in the U.S. In 2023 alone, Amazon spent \$44.4 billion on marketing, up from \$42.3 billion the previous year.⁸
- 8. As reflected in the federal lawsuits filed against third-party merchants offering for sale and

³ Amazon's Record Earnings in 2023 Propelled by Strong Fourth-Quarter Results, MSN (Mar. 8, 2024), www.msn.com/en-us/money/companies/amazon-s-record-earnings-in-2023-propelled-by-strong-fourth-quarter-results/ar-BB1ijMBv

⁴ See Amazon.com, Inc., Quarterly Results Q4 Earnings (Form 10-K) (Feb. 1, 2024).

⁵ STOCK ANALYSIS (last visited Mar. 8, 2024), https://stockanalysis.com/stocks/amzn/market-cap/.

⁶ John Herrman, *The Junkification of Amazon Why does it feel like the company is making itself worse?*, NEW YORK MAGAZINE (Jan. 30, 2023), https://nymag.com/intelligencer/2023/01/why-does-it-feel-like-amazon-is-making-itself-worse.html.

⁷Daniela Coppola, *Quarterly value of Amazon third-party seller services 2017-2023*, STATISTA (Feb. 8, 2024), https://www.statista.com/statistics/1240236/amazon-third-party-seller-services-

value/#:~:text=Amazon%27s%20net%20sales%20generated%20through%20its%20third-

party%20seller,fees%20and%20other%20services%20related%20to%20third-party%20sellers, Daniela Coppola, Share of paid units sold by third-party sellers on Amazon platform from 2nd quarter 2007 to 4th quarter 2023, STATISTA (Feb. 8, 2024), https://www.statista.com/statistics/259782/third-party-seller-share-of-amazon-platform/.

**Daniela Coppola, Worldwide Amazon marketing expenditure 2010-2023, STATISTA (Feb. 8, 2024), https://www.statista.com/statistics/506535/amazon-marketing-

 $spending/\#:\sim: text=In\%20 the\%20 fiscal\%20 year\%202023\%2 C\%20 Amazon\%E2\%80\%99 s\%20 marketing\%20 spending,42.3\%20 billion\%20 U.S.\%20 dollars\%20 in\%20 the\%20 previous\%20 year.$

selling infringing and/or counterfeit products on Amazon,⁹ and as recently addressed in news reports, an astronomical number of counterfeit and infringing products are offered for sale and sold on Amazon at a rampant rate.¹⁰

- 9. Despite the fact that the Amazon has a system in place to report intellectual property infringement, 11 sellers of counterfeit and/or infringing products frequently re-post their listings for such products on their respective Merchant Storefronts on Amazon once taken down or open new User Accounts and/or Merchant Storefronts on Amazon under different seller names and post the same and/or similar listings for counterfeit and/or infringing products.
- 10. Given our experience in policing against counterfeiters on Amazon and other similarly-situated online marketplaces, sellers operating User Accounts and Merchant Storefronts, like Defendants, often use evasive tactics, such as aliases, false addresses and other incomplete identification information to conceal their identities and avoid detection. These tactics commonly are used to attempt to circumvent restraining orders and other remedies issued with prior notice, by disappearing or claiming ignorance of their responsibilities while simultaneously destroying any evidence of their counterfeiting actions and draining their financial accounts.
- 11. Further, based upon my research, and upon information and belief, Defendants rarely, if

⁹ See, e.g., Apple Inc. v. Mobile Star LLC, No. C17-1120 RAJ (W.D. Cal. Aug. 4, 2017) and Diamler AG v. Amazon.com, Inc., 16-cv-00518-RSM (W.D. Wash. Mar. 11, 2019).

¹⁰ Brittney Myers, *Some Shoppers Are Fleeing Amazon Because of Counterfeit Goods*, THE ASCENT (Jan. 17, 2023), https://www.fool.com/the-ascent/personal-finance/articles/some-shoppers-are-fleeing-amazon-because-of-counterfeit-goods/; *see* Brendan Case, *Amazon, Third-Party Sellers Spur Fake Goods, Group Says*, BLOOMBERG (Oct. 13, 2021), https://www.bloomberg.com/news/articles/2021-10-13/amazon-third-party-sellers-spur-counterfeit-boomgroup-says#xj4y7vzkg.

¹¹ See Amazon.com, Inc., Counterfeit Crimes Unit, (last visited Apr. 23, 2024), https://brandservices.amazon.com/counterfeitcrimesunit#:~:text=Amazon%20Counterfeit%20Crimes%20Unit%20(CCU,actors%20and%20hold%20them%20accountable.

ever, provide registered business names or trade names, contact names, complete addresses or any other contact information on their Merchant Storefronts. As a result, Defendants' correspondence is limited to messaging through their respective User Accounts and communications otherwise transmitted over the Internet.

- 12. The aforementioned elusive tactics, as well as disappearing, destroying evidence of counterfeiting activities and draining of financial accounts, are commonly used by sellers to attempt to circumvent, among other remedies, restraining orders issued with prior notice.
- 13. It is my experience that discovery will reveal that certain Defendants are related insofar as they engage in coordinated operations involving the manufacturing, distributing, offering for sale and sale of Counterfeit Products. Additionally, Defendants' Merchant Storefronts share unique identifiers, such as design elements along with similarities in price, description of the goods offered and of the Counterfeit Products themselves offered for sale.
- 14. Epstein Drangel investigated and researched manufacturers, wholesalers and/or third-party merchants offering for sale Counterfeit Products through their respective Merchant Storefronts and User Accounts on Amazon. True and correct copies of Defendants' Infringing Listings are included in **Exhibit A** attached hereto and incorporated herein by reference.
- 15. Through visual inspection of Defendants' Infringing Listings, Epstein Drangel confirmed that the products that each Defendant offered for sale using virtually identical copies of the Baby Shark Marks and/or Baby Shark Works are, in fact, Counterfeit Products.

4

¹² For example, in a similar case involving the sale of counterfeit toys on a similar online marketplace platform, preliminary discovery and a subsequent initial investigation connected thirty of the defendants as related entities. *See WowWee Group Limited, et al. v. HAOQIN, et al.*, No. 17-cv-9893 (WHP) (S.D.N.Y Jan. 9, 2018).

- 16. A representative sample of true and correct images of the Counterfeit Products taken from Defendants' Infringing Listings in comparison to true and correct images of Plaintiff's authentic Baby Shark Products are attached hereto as **Exhibit B** and incorporated herein by reference.
- 17. Through visual inspection of the Infringing Listings, we also confirmed that each of Defendants' Infringing Listings accept payment in U.S. dollars.
- 18. Additionally, our visual inspection of the Infringing Listings revealed that Defendants offer the Counterfeit Products through Amazon at below-market prices.
- 19. We are able to confirm with certainty that the Counterfeit Products offered for sale by each Defendant in the Infringing Listings are, in fact, counterfeit, through the visual inspection of the Infringing Listings and the low prices at which Defendants are offering the Counterfeit Products.
- 20. Through our visual inspection of the Infringing Listings, we verified that Defendants offer shipping to the U.S.
- 21. We specified a shipping address to the New York Address and verified that each Defendant provides shipping to the New York Address. True and correct copies of the checkout pages for the Counterfeit Products being offered for sale by Defendants showing the New York Address as the shipping addresses are included in **Exhibit A**.
- 22. In light of the multiple Defendants involved in this action, most of whom are shipping the same from China with significant lead times (potentially causing an unnecessary and unreasonable delay in the filing of this action), since we are able to confirm with certainty that the Counterfeit Products offered for sale by each Defendant in the Infringing Listings are, in fact, counterfeit, through the visual inspection of the Infringing Listings, the low

prices at which Defendants are offering the Counterfeit Products, Epstein Drangel did not complete purchases for Counterfeit Products from each and every Defendant. Epstein Drangel did, however, make purchases of Counterfeit Products from a representative sampling of Defendants. True and correct copies of the Order Confirmations are included in **Exhibit A**.

- 23. We also reviewed each of Defendants' User Accounts and Merchant Storefronts and confirmed that many Defendants use unidentifiable seller names unassociated with a registered business, manufacturing company or trading company.
- 24. During Epstein Drangel's investigation, it compiled a list of Defendants' addresses as displayed on Defendants' Merchant Storefronts.
- 25. Epstein Drangel sent the list of Defendants' addresses to Epstein Drangel's Beijing office for further investigation and it performed the steps set forth below to attempt to confirm the accuracy of the addresses displayed on Defendants' Merchant Storefronts.
- 26. First, Epstein Drangel's Beijing office used baidu.com, which is one of the most popular search engines in China to attempt to locate and/or confirm the accuracy of Defendants' addresses.
- 27. Next, Epstein Drangel's Beijing office conducted a search with Defendants' Merchant Storefront names on a Chinese company registration website QiChaCha, i.e. qcc.com. Epstein Drangel's Beijing office confirmed that this website is reliable as all of the information displayed on this website is sourced from official websites such as the National Enterprise Credit Information Publicity System, China Copyright Protection Center, China National Intellectual Property Administration, China Judicial Documents Website and other official websites.

- 28. Finally, Epstein Drangel's Beijing office conducted a further search on the National Enterprise Credit Information Publicity System (https://www.gsxt.gov.cn/index.html), which is the most reliable source for providing company registration information. The organizer of this website is the China National Market Supervision and Administration.
- 29. Epstein Drangel's Beijing office also attempted to retrieve phone numbers connected to the addresses by calling the public service hotline 114, which provides company telephone number searching services to users for free.
- 30. Epstein Drangel's Beijing office attempted to gather as much information as is necessary to attempt to test the addresses displayed on Defendants' Merchant Storefronts by sending Defendants' a test mailing sent via Yunda Express.
- 31. Yunda Express is a courier service in China (similar to FedEx or UPS in the U.S.), which allows a sender to track the shipping status of a package and provides the sender with confirmation when a package has been received by the recipient and/or details about whether the recipient was located at the address.
- 32. For any Defendants which Epstein Drangel's Beijing office determined it had potentially accurate addresses for, Epstein Drangel's Beijing office mailed test documents via Yunda Express ("Test Mailings") to the respective Defendants, as discussed below.
- 33. After completing its investigation, Epstein Drangel's Beijing office made the following findings:
 - a. Four (4) Defendants¹³ display addresses that cannot be connected to the respective Defendants in any way, and Epstein Drangel's Beijing office was unable to independently locate any additional addresses for these Defendants;

¹³ liangbaoying2707, Partyreal, quluyaode, and 昆明五华莞严胜商贸有限公司 aka Kunming Wuhua Wanyansheng Trading Co., Ltd

- b. Thirteen (13)¹⁴ Defendants display addresses that appear to be accurate, but ultimately do not have enough identifying information to send Test Mailings to the addresses; and
- c. Seven (7) Defendants¹⁵ display addresses that appear to be accurate and had enough additional identifying information to send Test Mailings to the addresses (i.e., a phone number connected to the addresses), all of which were successfully delivered.
- 34. Epstein Drangel's Beijing office noted, however, that receiving a delivery confirmation from a Test Mailing does not guarantee with any certainty that the person and/or entity who received the package is the intended Defendant. This is especially so given the motivation and propensity for counterfeiters, like Defendants, to conceal their true identities and whereabouts. Accordingly, because Epstein Drangel was unable to successfully test the majority of Defendants' addresses, if Plaintiff attempts service via the Hague, it will likely be unsuccessful.
- 35. Epstein Drangel's Beijing office recently called the Chinese Ministry of Justice to inquire about the current processing time for service under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters ("Hague") and were informed that currently, the average service time is approximately six (6) months. However, based on Epstein Drangel's experience (as detailed below), time to complete service via the Hague has taken longer than six (6) months.
- 36. Further, between February and May of 2023, Epstein Drangel began the process of serving

¹⁴ Aliu, hefeiheyukunshangmaoyouxiangongsi, Hipi Store, HIRSEYY, Huxing shangmao, junguoshangmaodian, KunMingSuoLianYuanShangMaoYouXianGongSi, liuxianzhi, shenjingshuodedian, sun hao peng, WXUANX, yunchengshiyanhuquzixingshangmaoyouxiangongsi and ZhangXueLiang1997 ADAPIN, DuoGo, Fewlight, Ficootop-Direct, hominn-us, Hoyingg, and JiLiMu-US

- a total of ninety-three (93) defendants across four (4) different cases through the Hague.
- 37. As of the date of this declaration, service by the Chinese Central Authority has only been attempted on thirty-one (31) defendants across only two (2) of the four (4) cases, and only six (6) of those thirty-one (31) defendants were successfully served.
- 38. Epstein Drangel was told that the service failed for various reasons, including but not limited to that the addresses, which Epstein Drangel's Beijing office, through its diligence, confirmed as connected to the respective defendants, were in fact not occupied by or connected to the defendants, but rather, other unrelated persons or entities.¹⁶
- 39. Epstein Drangel's inability to successfully serve defendants via the Hague at addresses which it was confident were accurate and connected to defendants' respective merchant storefronts underscores that if Epstein Drangel continues to rely on counterfeiters' merchant storefront addresses, Hague service across cases similar to the present action will likely be largely unsuccessful.
- 40. For this reason and the reasons discussed earlier, the true identities, locations and contact information of Defendants, as well as the locations of the Counterfeit Products that Defendants are offering for sale and/or selling, are unclear and virtually impossible for Plaintiff to obtain independently.
- 41. Given the uncertainty that remains as to the accuracy of the Defendants' addresses, in our experience, service by email is the most effective way to notify the Defendants of the lawsuit. This is especially the case as Defendants herein are merchants on an online e-commerce platform and must have good and accurate email accounts in order to operate

¹⁶ By way of example, for one address, the individuals who reside at the address told the judges who were sent to effectuate service that they had no relationship with defendant's company, do not know any person from the company and further stated that they do not rent space to the defendant company.

- their businesses. Plainly, it would be virtually impossible for Defendants to operate Merchant Storefronts on Amazon and not check and utilize their email accounts frequently.
- 42. It is further worth mentioning that despite Covid-19 restrictions being lifted in China, Epstein Drangel's Beijing office advised that many businesses are still unable to accept physical documents sent by mail or otherwise due to Covid-19. Thus, given that Defendants are located in China, the continuation of interruption to life and businesses renders service by email the most practicable way to serve Defendants.
- 43. On February 8, 2023, Epstein Drangel filed a similar case in this Court against a different set of Amazon defendants, *Telebrands Corp. v. Adward runbaifan*, et al., Case No. 23-cv-1063 ("*Telebrands*"). In that case, Epstein Drangel performed the exact same due diligence efforts as described in detail above. Despite successfully delivering test documents to some of the defendants in that case, on February 23, 2023, Judge Gregory H. Woods ordered alternative service as to each and every defendant. *See Telebrands*, Dkts. 5, 18.
- 44. As part of Plaintiff's Application, Plaintiff seeks alternative service, and upon entry of an order by the Court granting Plaintiff's requested relief, Plaintiff will serve such order on Amazon. It is my understanding and expectation that Amazon will provide Plaintiff's counsel with true and accurate e-mail addresses for each and every Defendant.
- 45. It is my understanding that the e-mail addresses to be provided by Amazon will be true and accurate as, based on my experience and understanding, Amazon provides Plaintiff's counsel with the e-mail addresses Defendants use to log in to their User Accounts on Amazon, to operate their Merchant Storefronts, communicate with customers, complete transactions and receive funds.
- 46. Epstein Drangel has used RMail's online services and confirm that its services include

- verifying valid proof of authorship, content and delivery of an email as well as the official time and date an email was sent and received.
- 47. Epstein Drangel's Beijing office translated copies of (1) Article 87 of Civil Procedure Law of the People's Republic of China; (2) the Online Litigation Rules of the People's Court, adopted at the 1838th meeting of the judicial committee of the Supreme People's Court on May 18, 2021 and effective as of August 1, 2021; and (3) an article entitled "The Supreme People's Court judge: how to understand the rules of electronic service in online litigation? From the People's Justice Issue 19 of 2021.¹⁷
- 48. It is our experience that sellers of counterfeit and/or infringing products, such as Defendants, are in constant communication with each other and regularly participate in online chatroom discussions involving pending litigation and potential new lawsuits.
- 49. Moreover, the Chinese Ministry of Commerce published an article regarding Epstein Drangel's involvement in litigation regarding the sale of Chinese counterfeits on e-commerce platforms.¹⁸
- 50. In our experience, a small group of attorneys represent defendants in anti-counterfeiting lawsuits similar to the case at hand, and we have been informed by said defense counsel that they closely monitor the PACER docket, looking for potential new cases and clients.
- 51. Likewise, we recently discovered our law firm was impersonated by various defendants in similar lawsuits who falsified court orders as a way to get their respective frozen accounts released by the platform.
- 52. A true and correct copy of the transcript from the July 14, 2022 Telephone Conference in

¹⁷ Certified translated copies of the aforementioned documents can be provided to the Court upon request.

¹⁸ See Ministry of Commerce of the People's Republic of China, Tips for avoiding the risk of PayPal accounts that are blocked as a result of infringement (Nov. 2017), available at http://shangwutousu.mofcom.gov.cn/article/resume/af/201711/20171102664964.shtml.

FoxMind Canada Enterprises Ltd. v. Abctec, et al., 21-cv-5146 (KPF) (S.D.N.Y. July 14, 2022) is attached hereto as **Exhibit C**.

53. Neither I, nor anyone else at Pinkfong, to the best of my knowledge, have publicized this Application or Plaintiff's intent to seek entry of a temporary restraining order against the Defendants to any third party.

I declare under the penalty of perjury under the laws of the United States of America that to the best of my knowledge the foregoing is true and correct.

Gabriera N. Nastasi

Executed on this 26th day of April 2024 in New York, New York.

By:

12

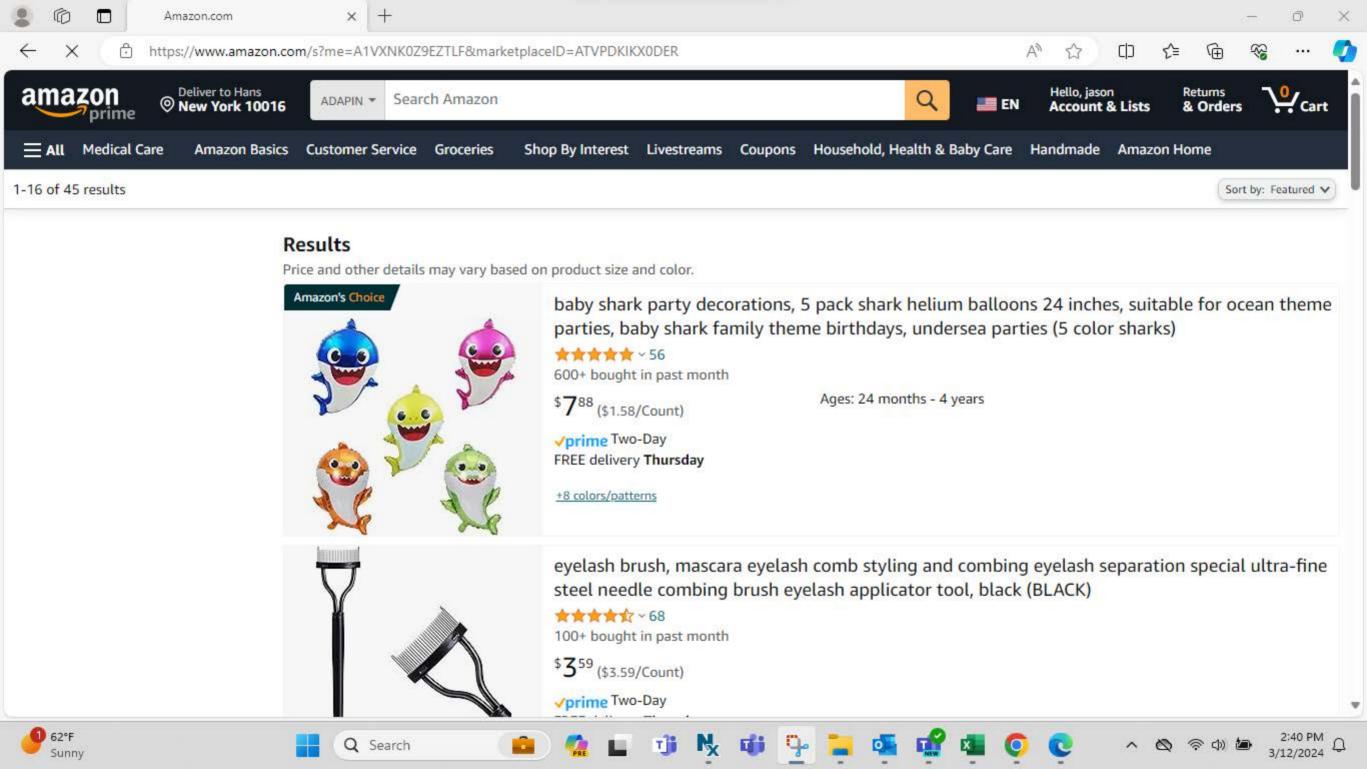
EXHIBIT A

DEFENDANT ADAPIN

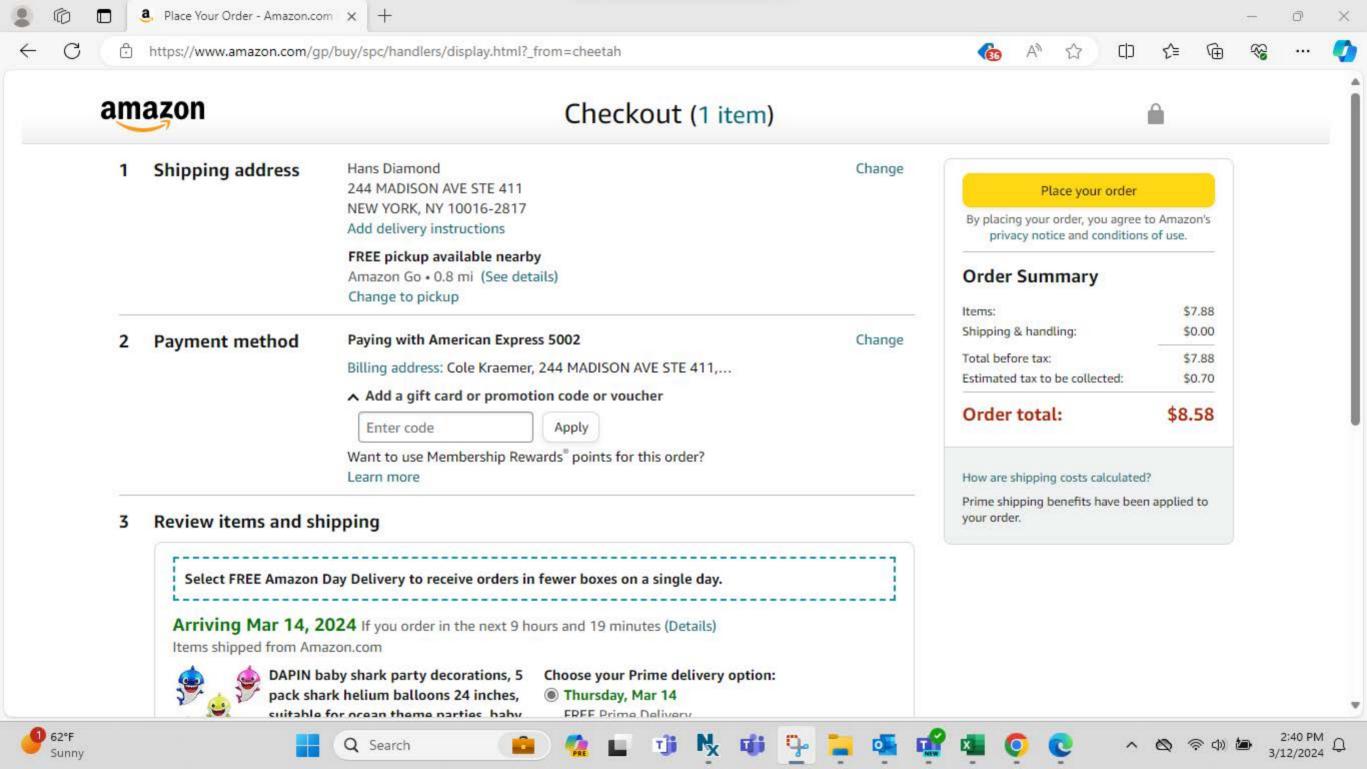
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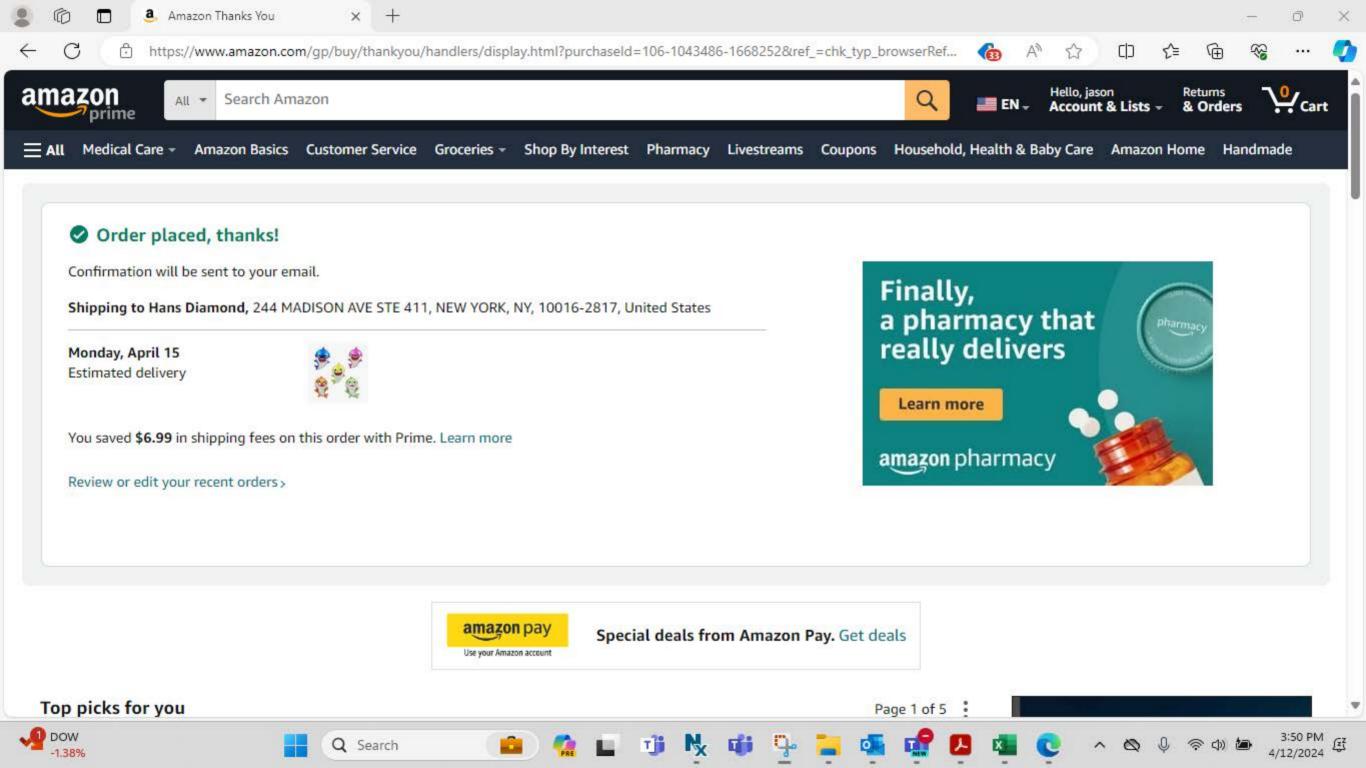
Defendant's Merchant Storefront



Checkout Page for Counterfeit Products from Defendant

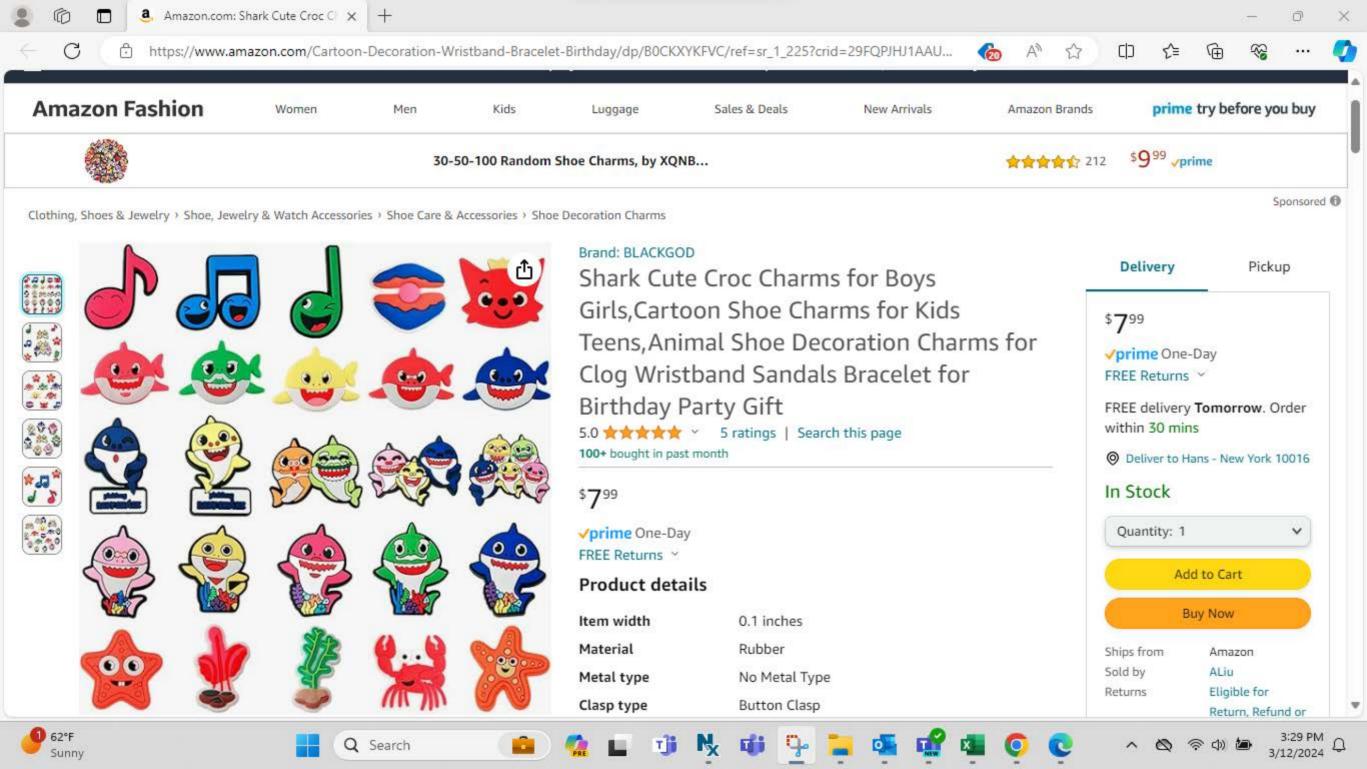


Order Confirmation for Counterfeit Products from Defendant

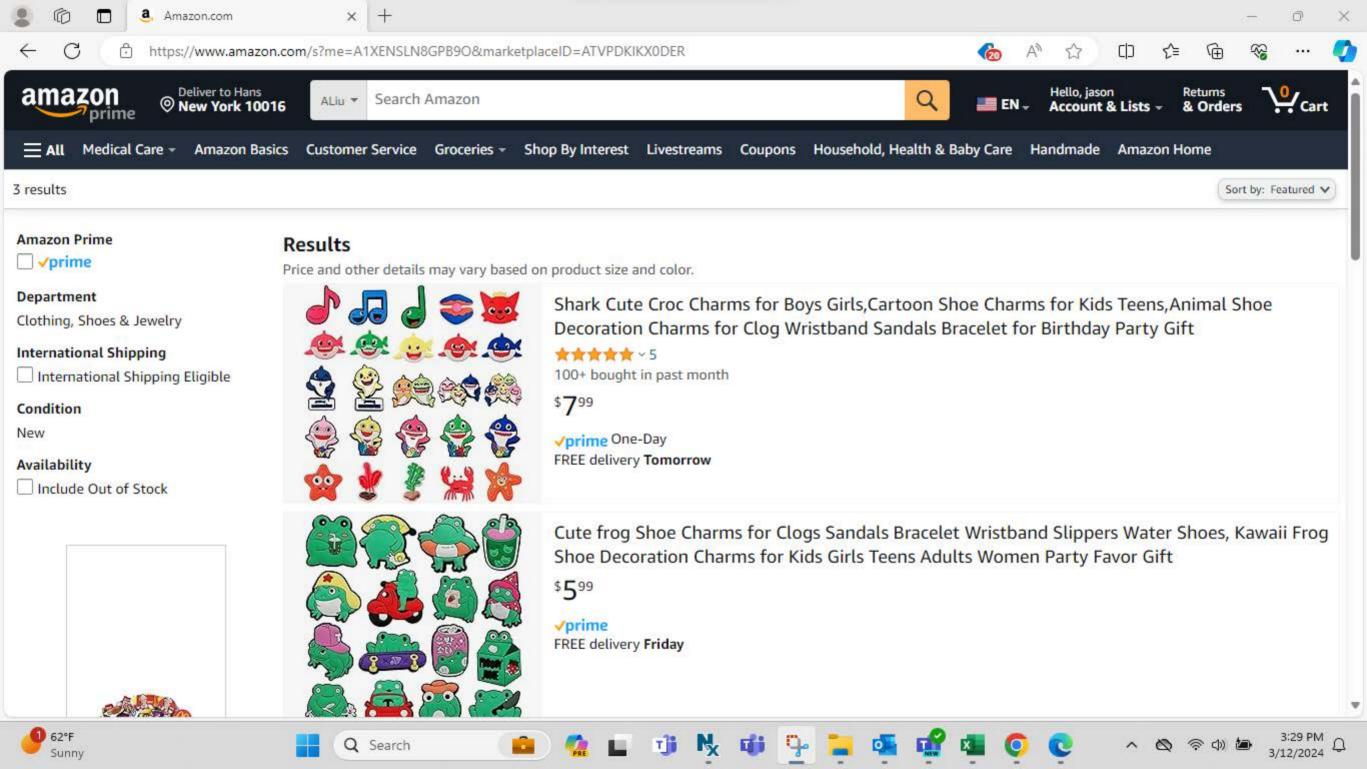


DEFENDANT Aliu

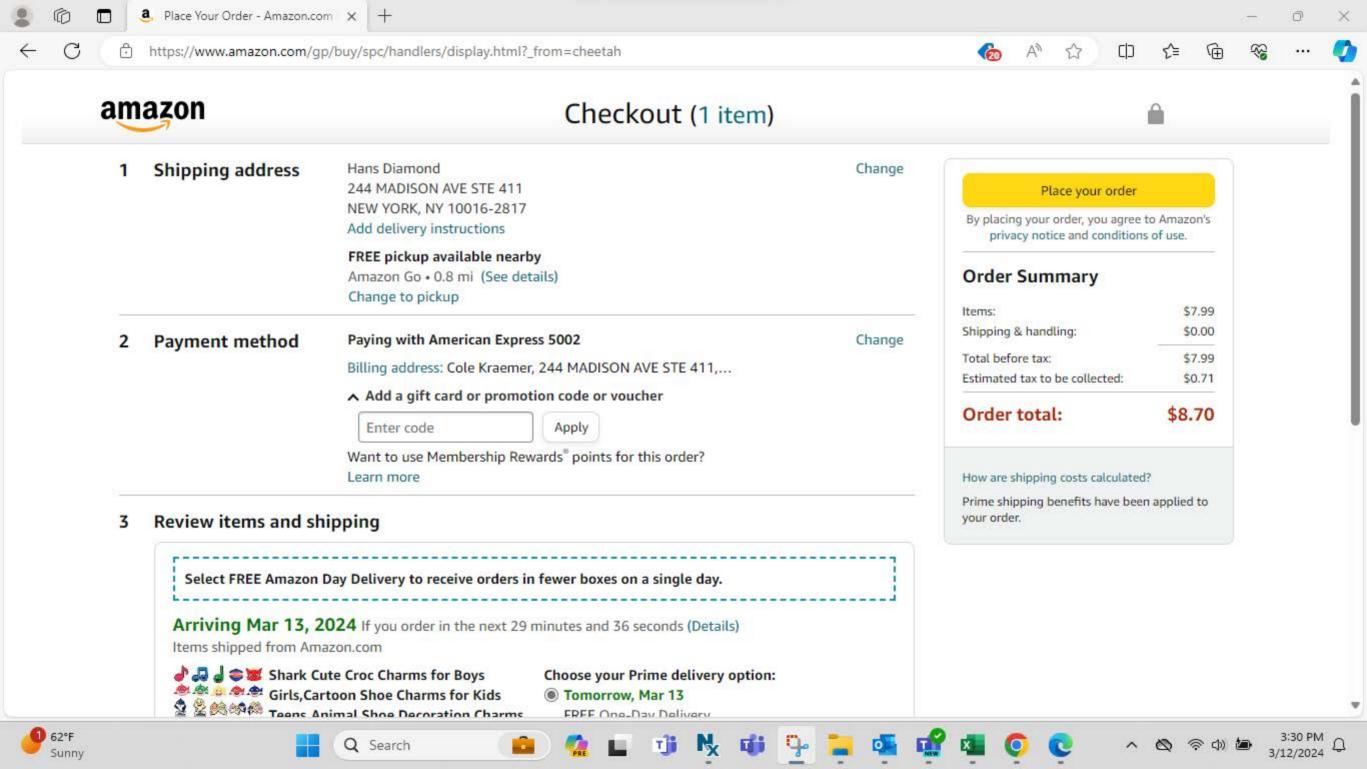
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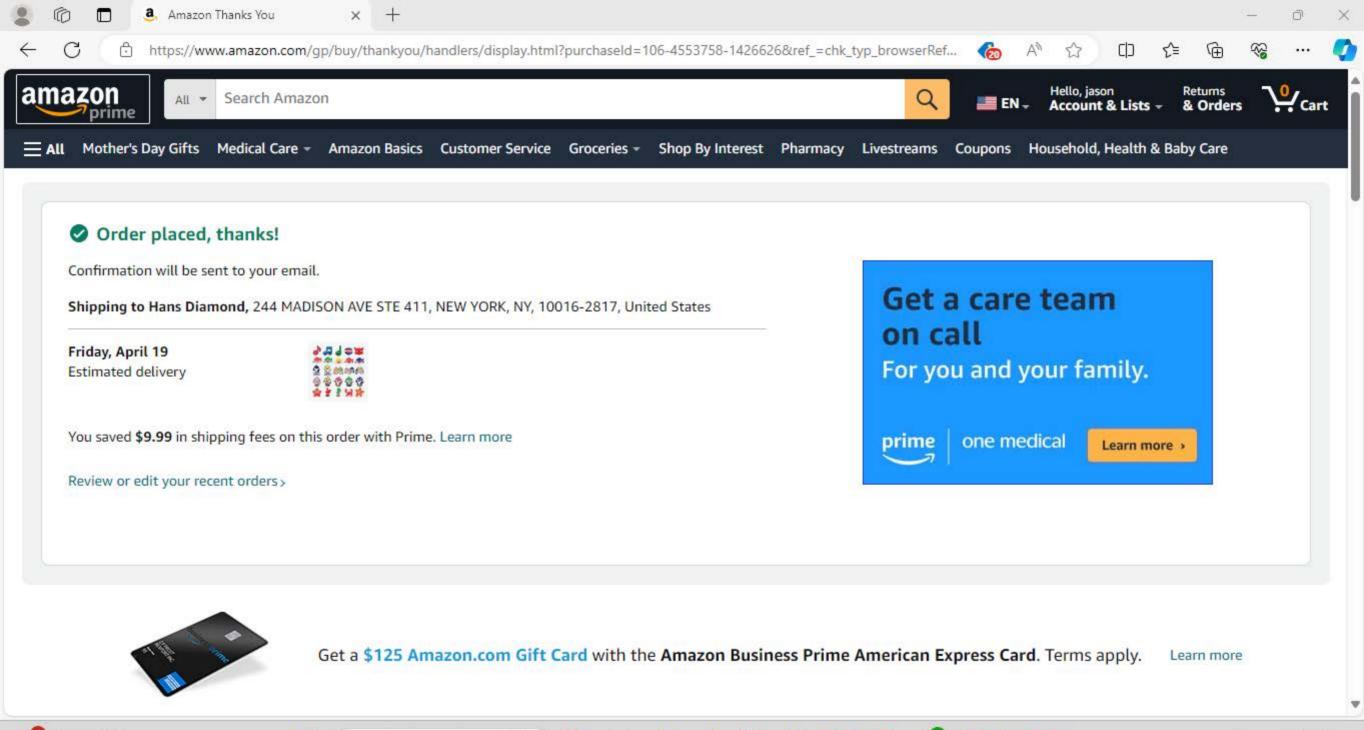
Defendant's Merchant Storefront

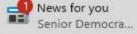


Checkout Page for Counterfeit Products from Defendant



Order Confirmation for Counterfeit Products from Defendant



































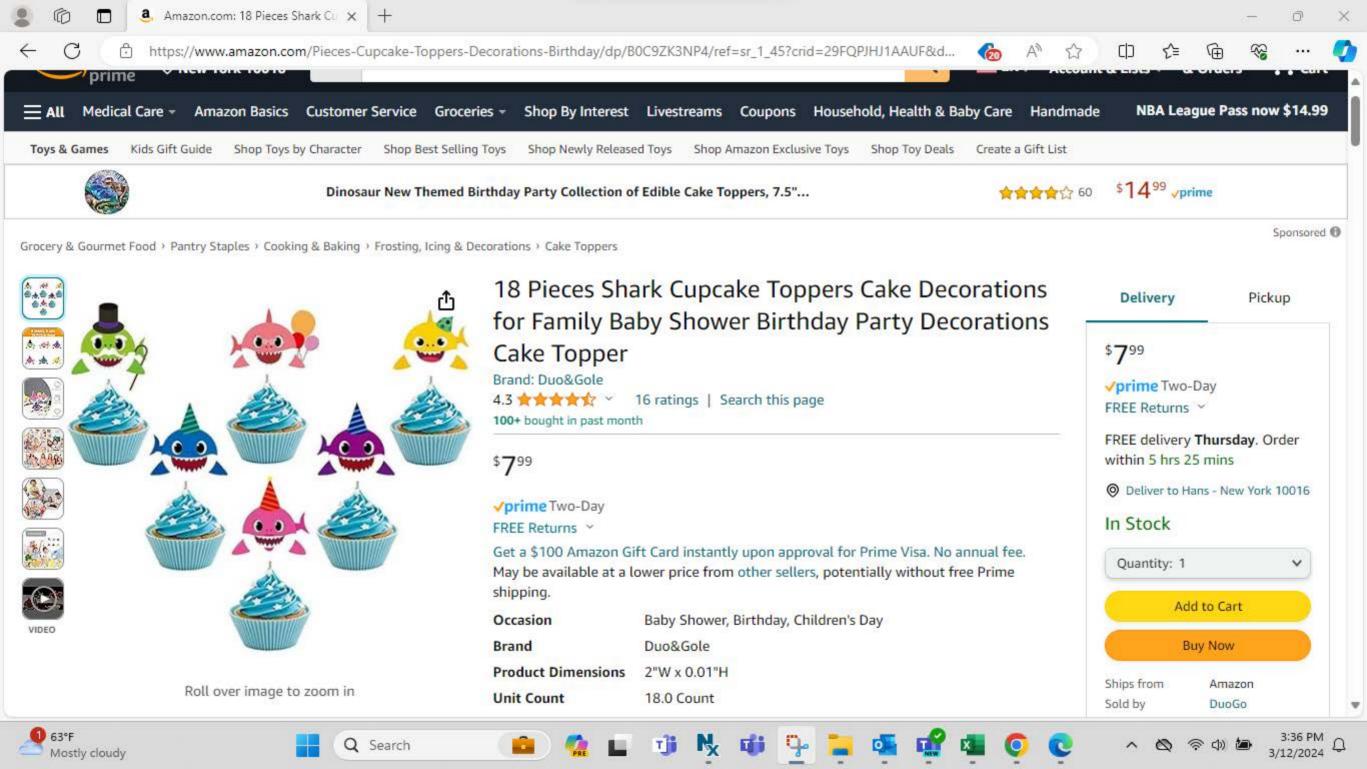




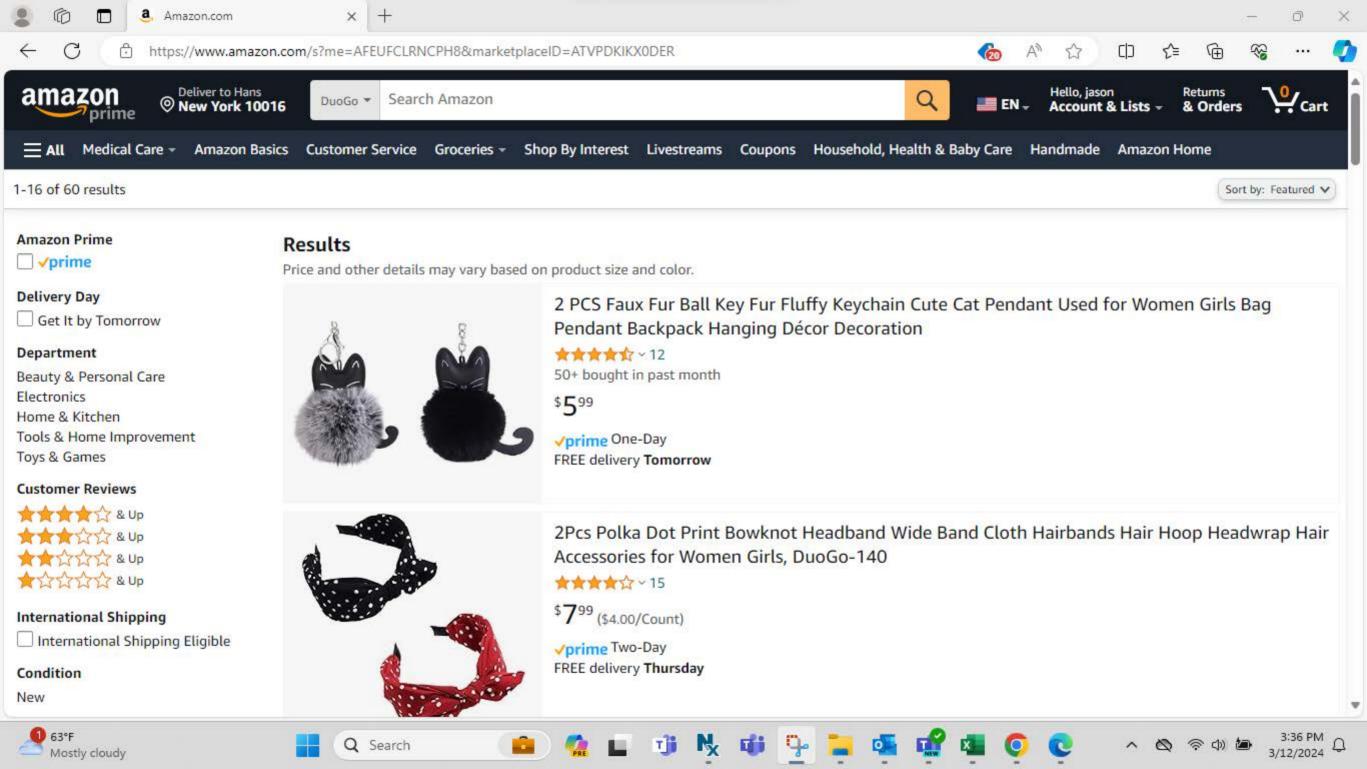


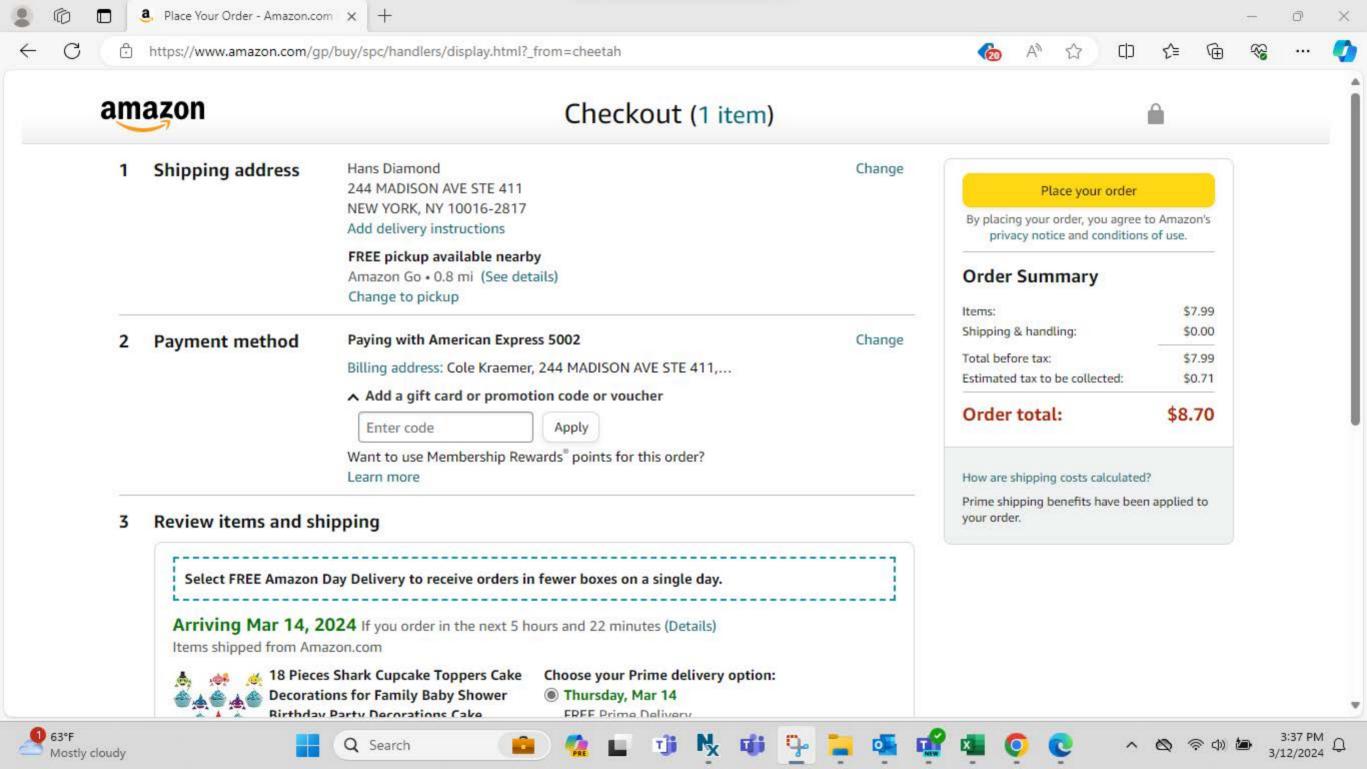
DEFENDANT DuoGo

Defendant's Infringing Listing

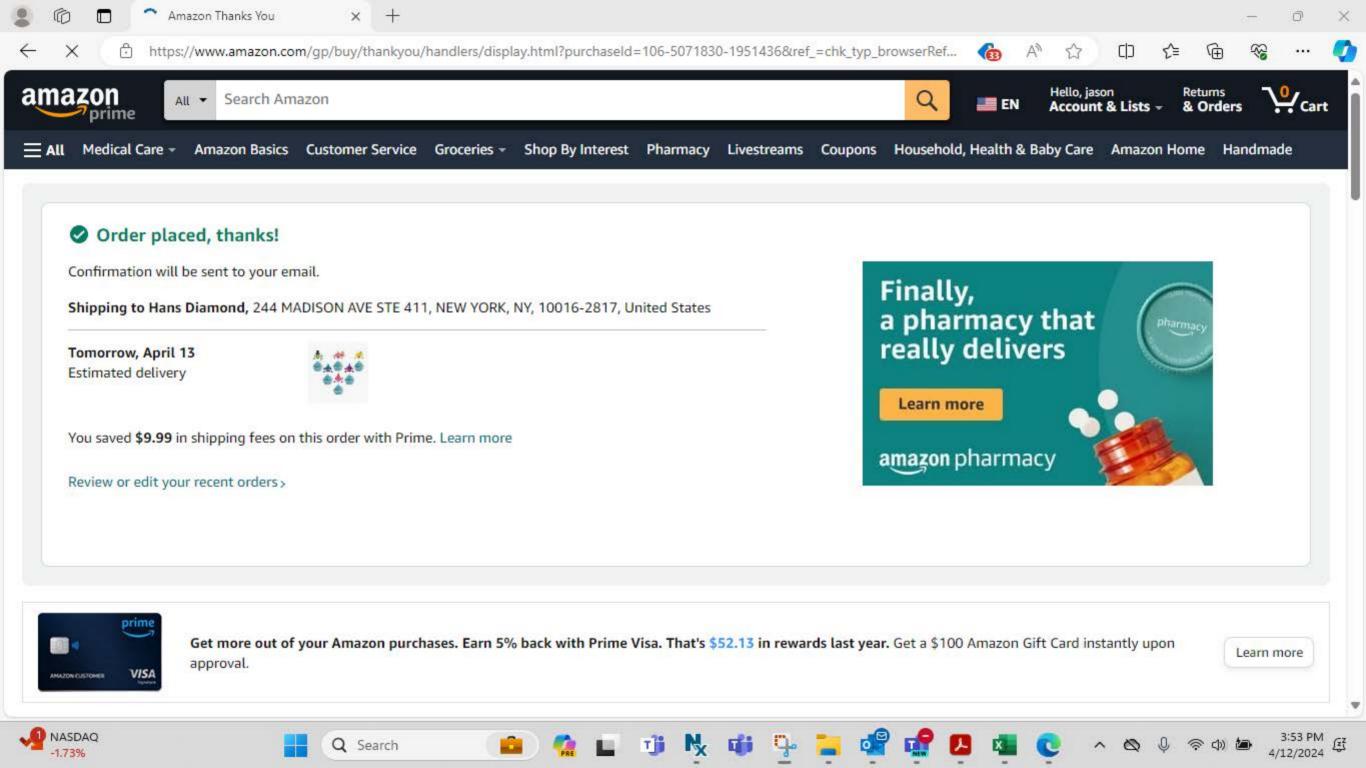


Defendant's Merchant Storefront

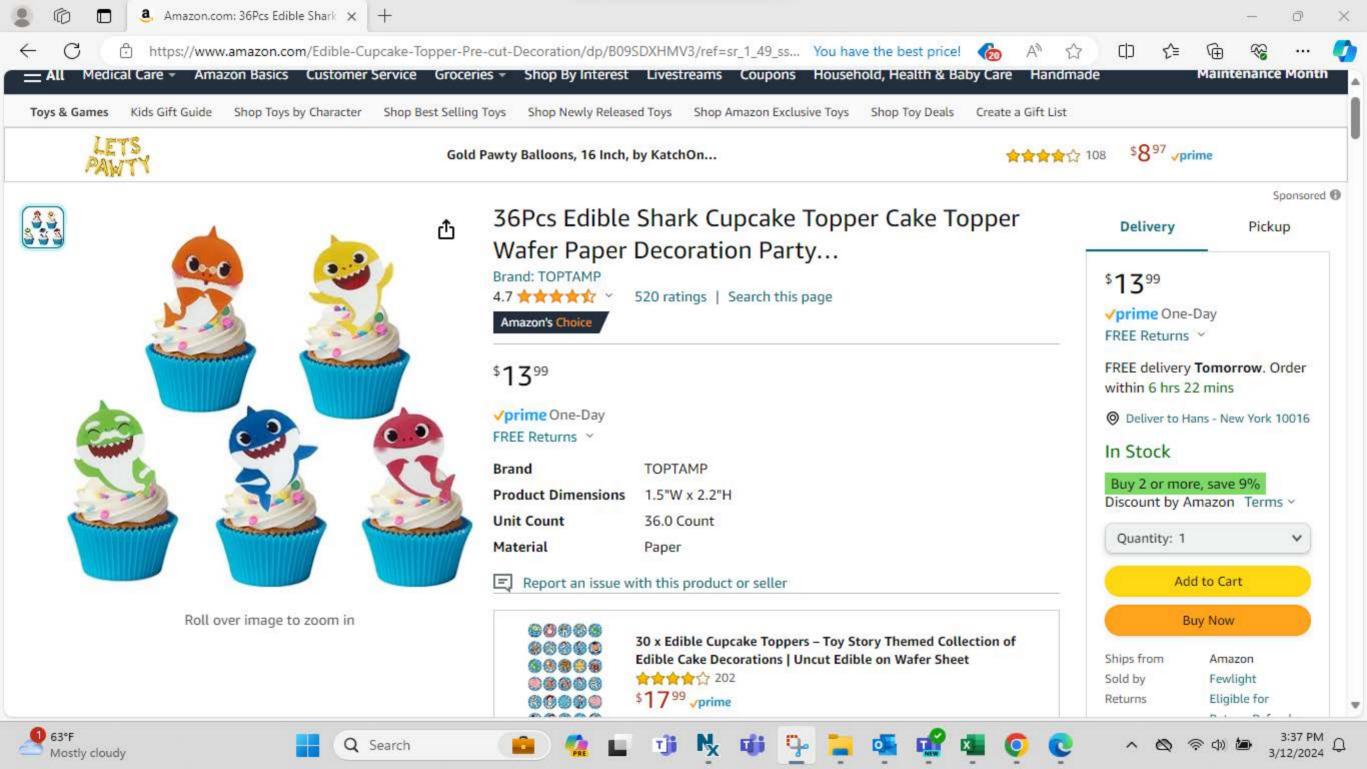


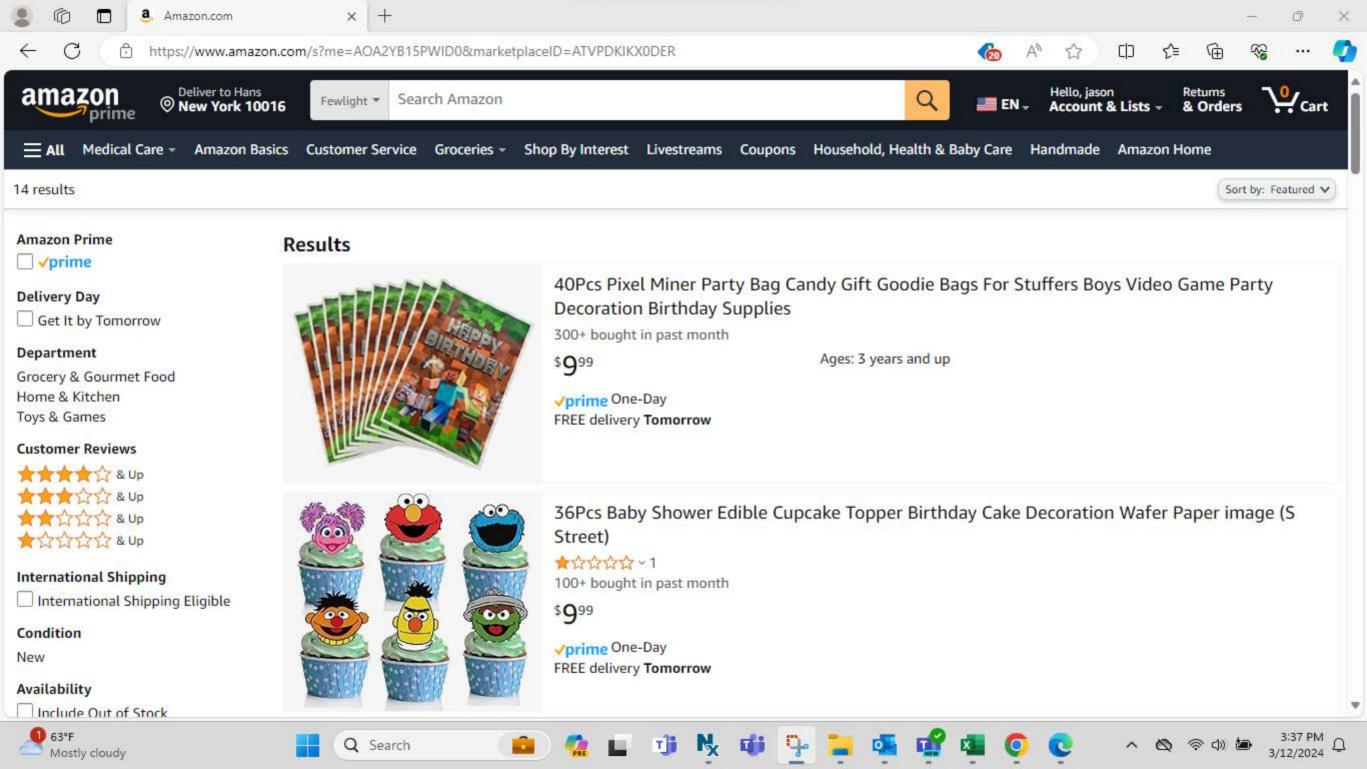


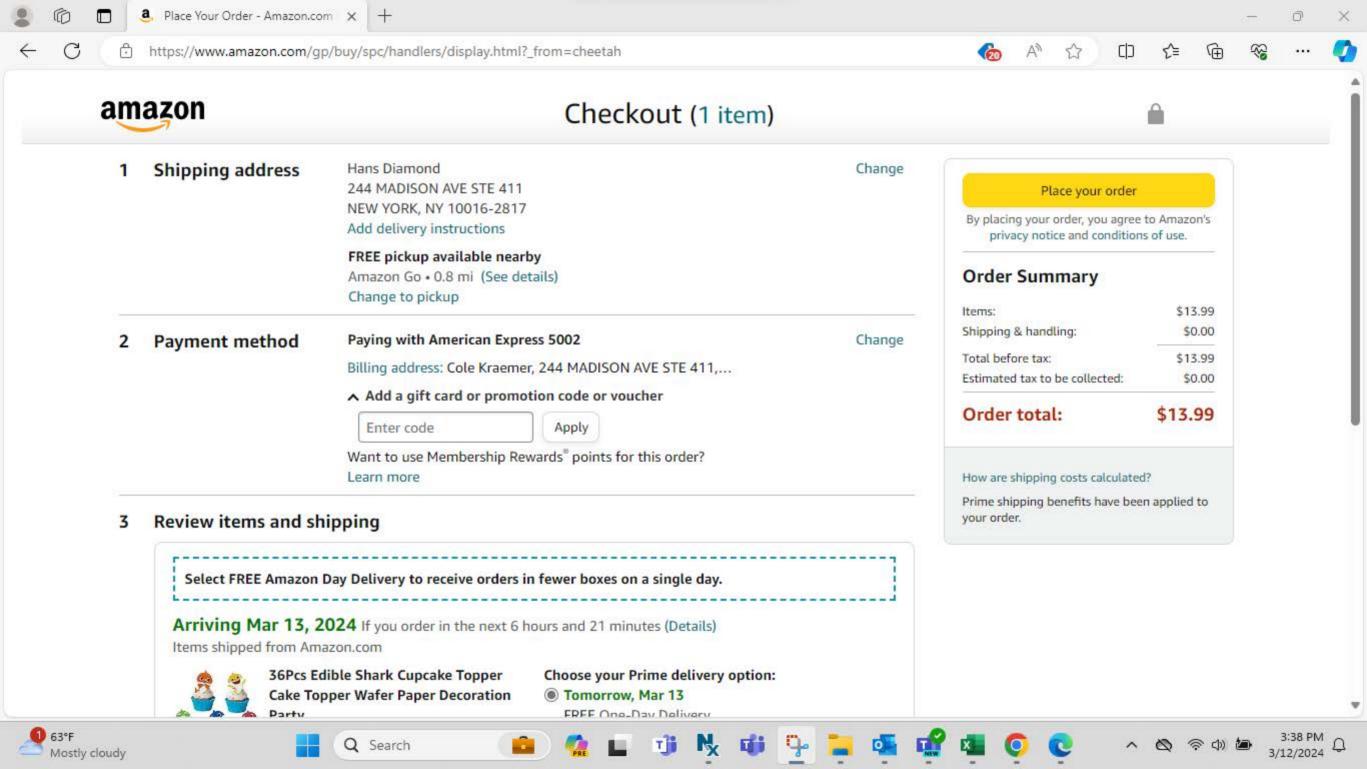
Order Confirmation for Counterfeit Products from Defendant



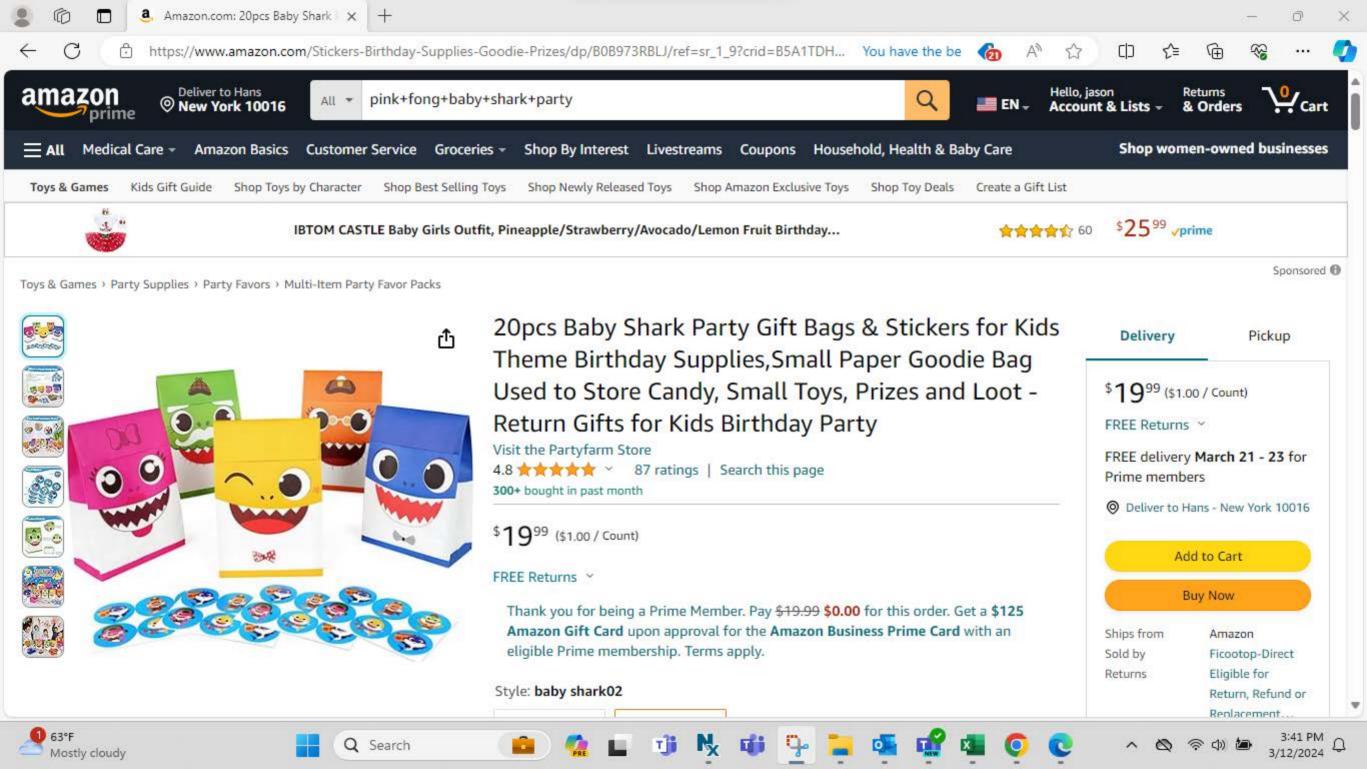
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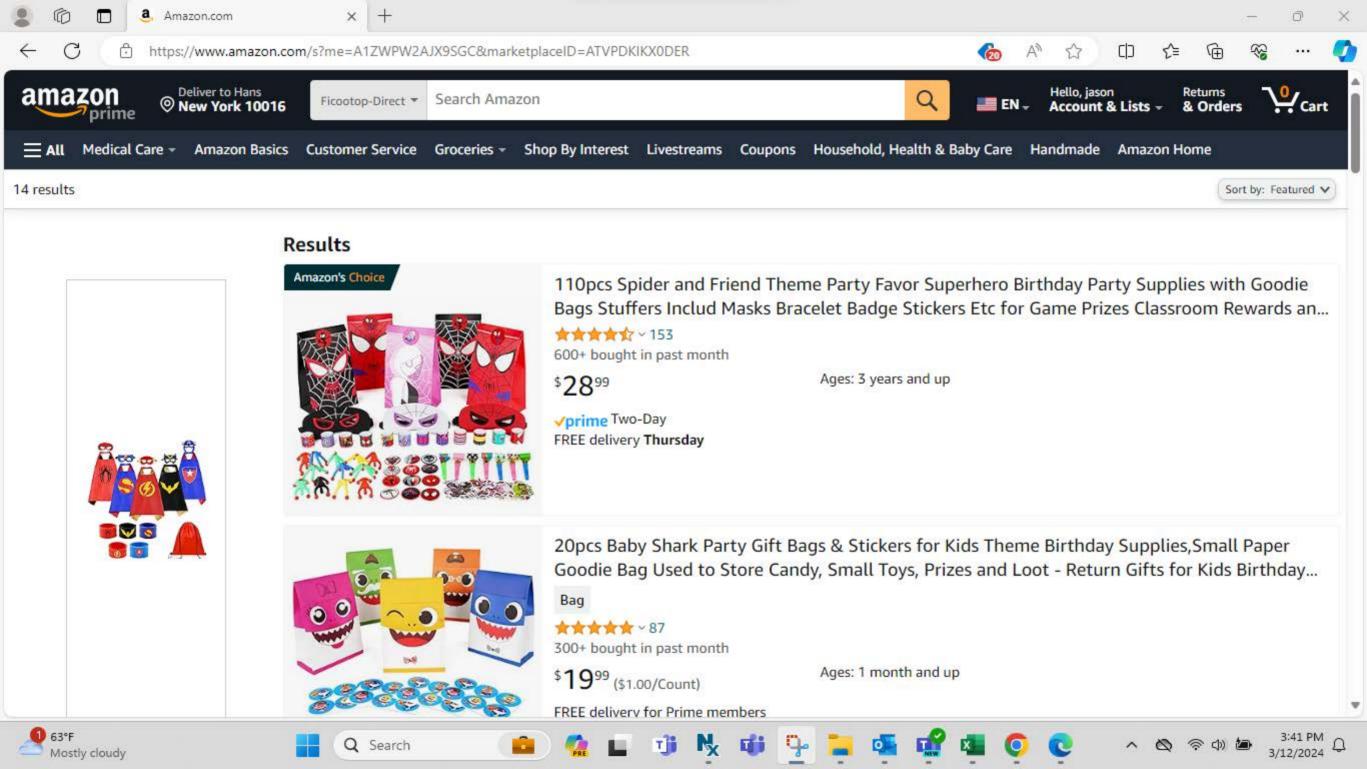


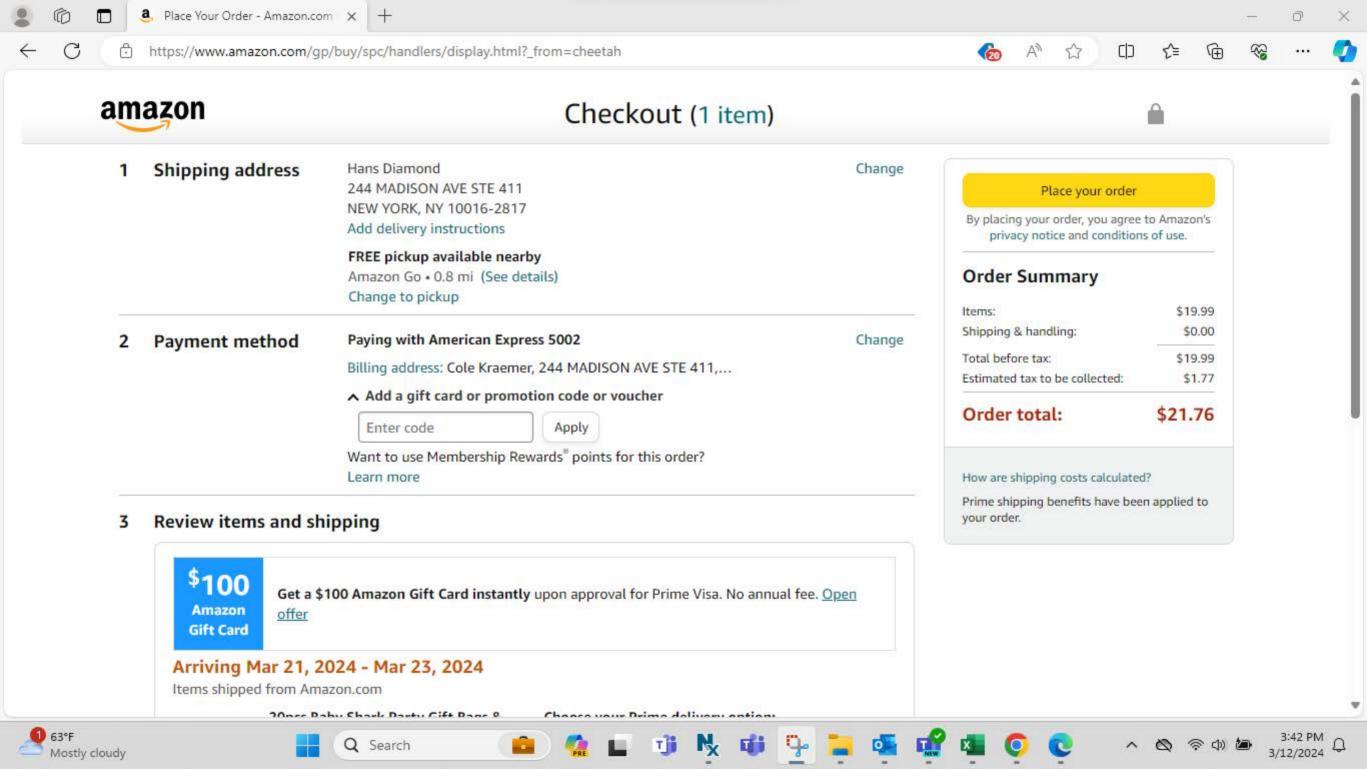




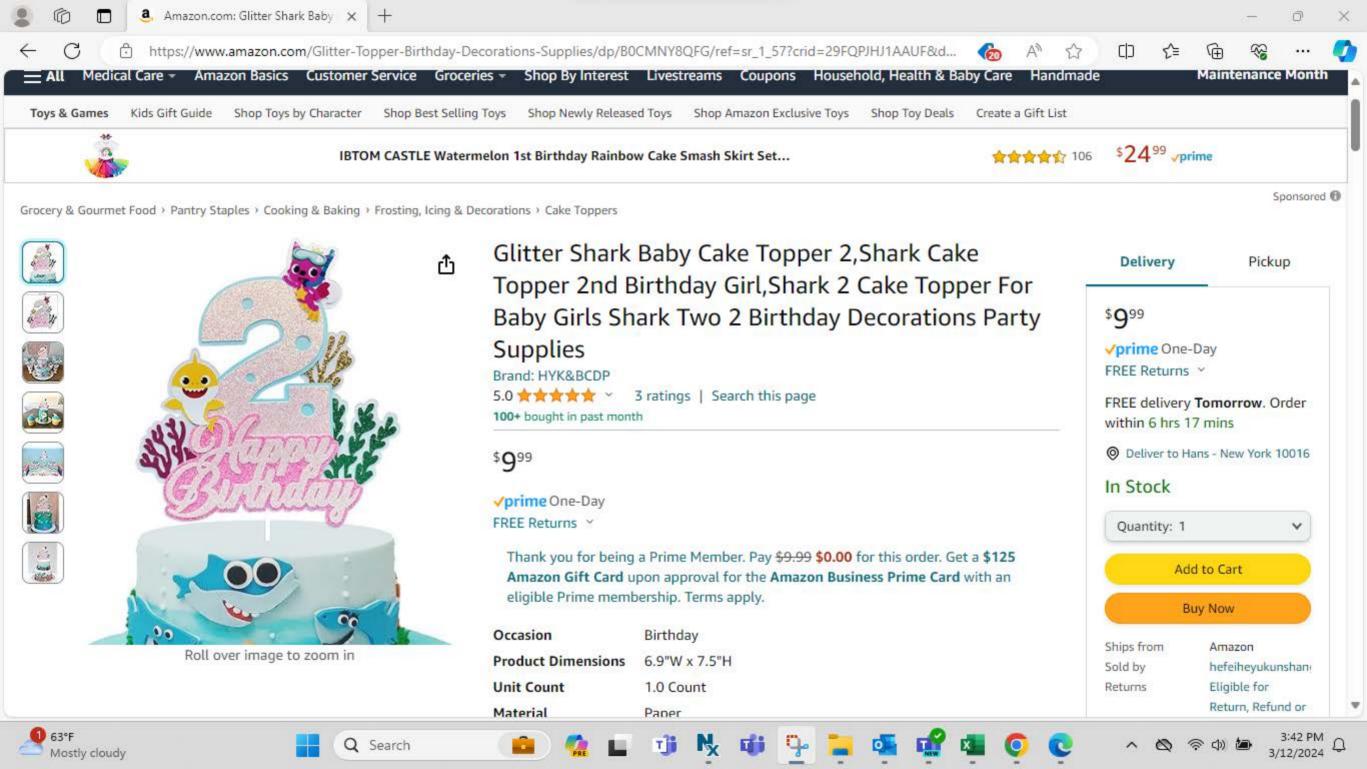
DEFENDANT Ficootop-Direct

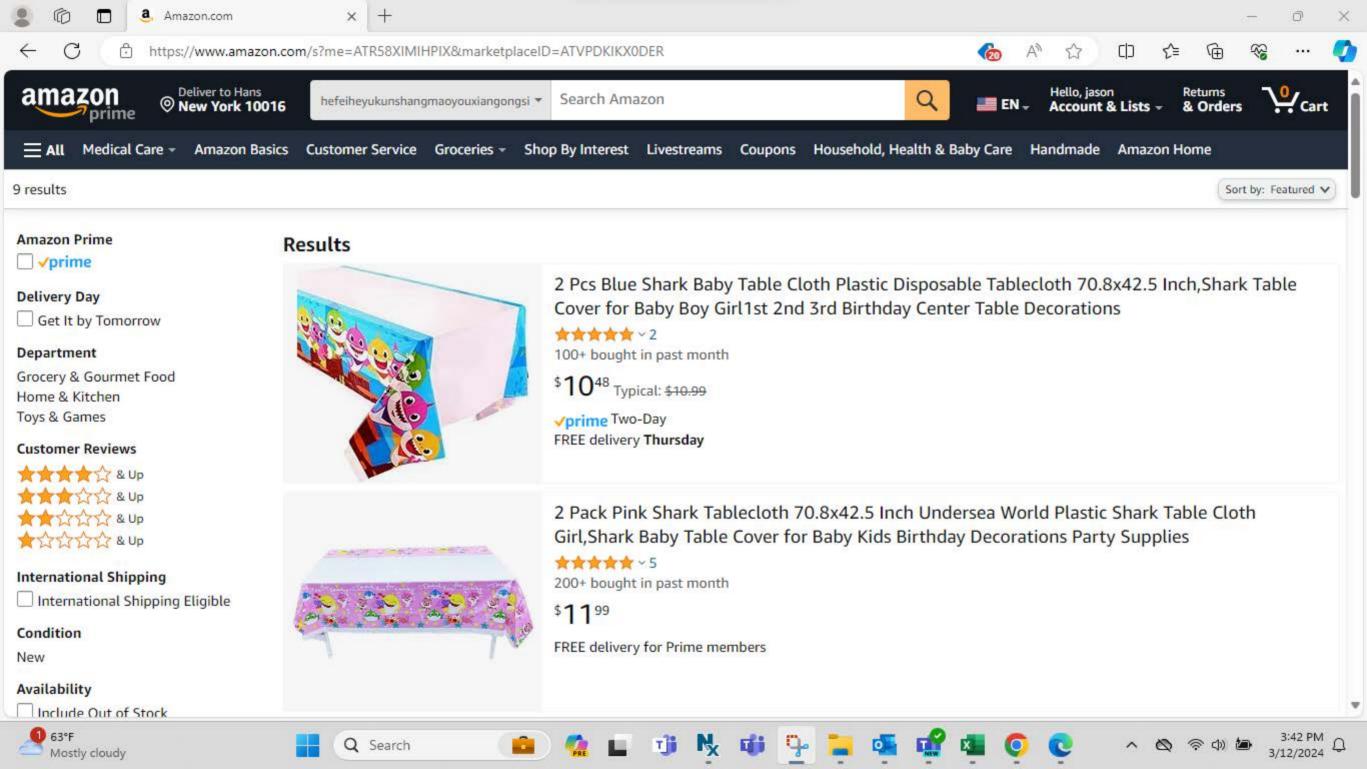


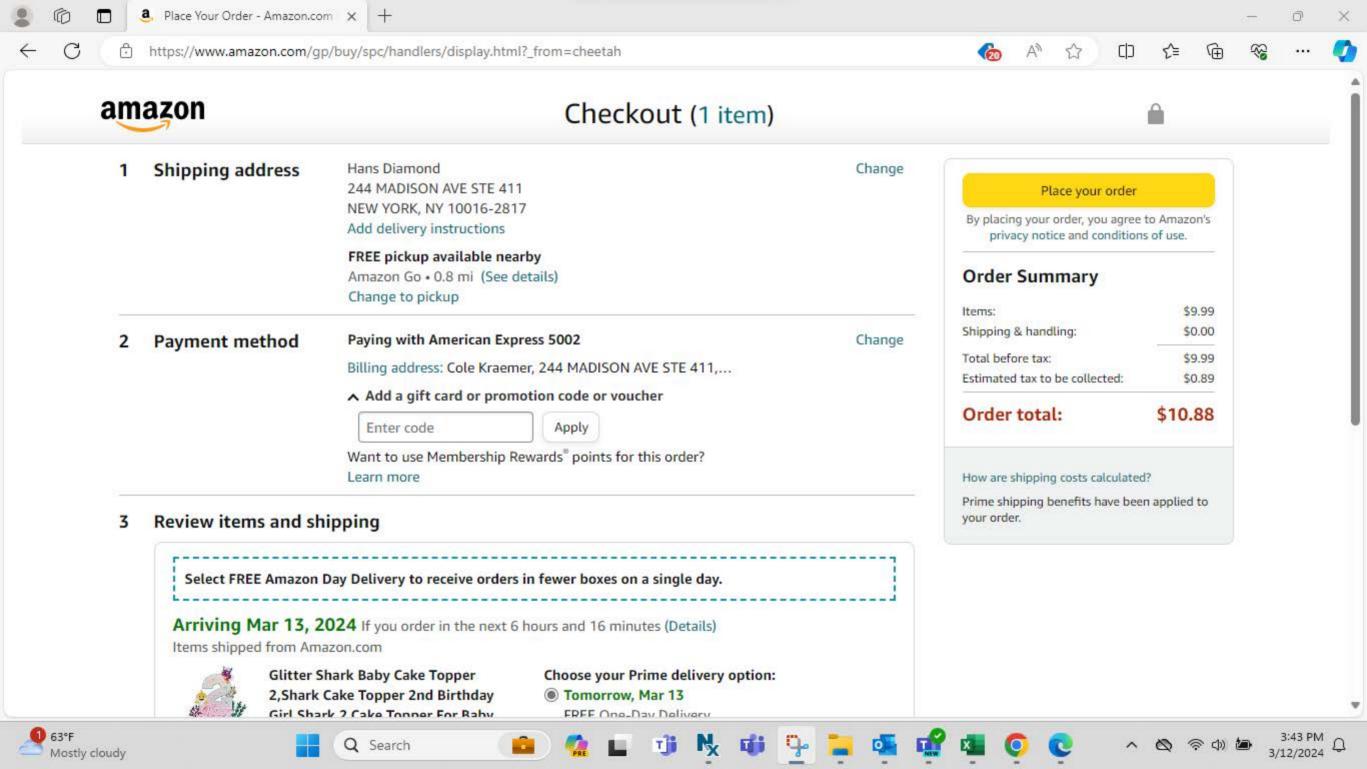




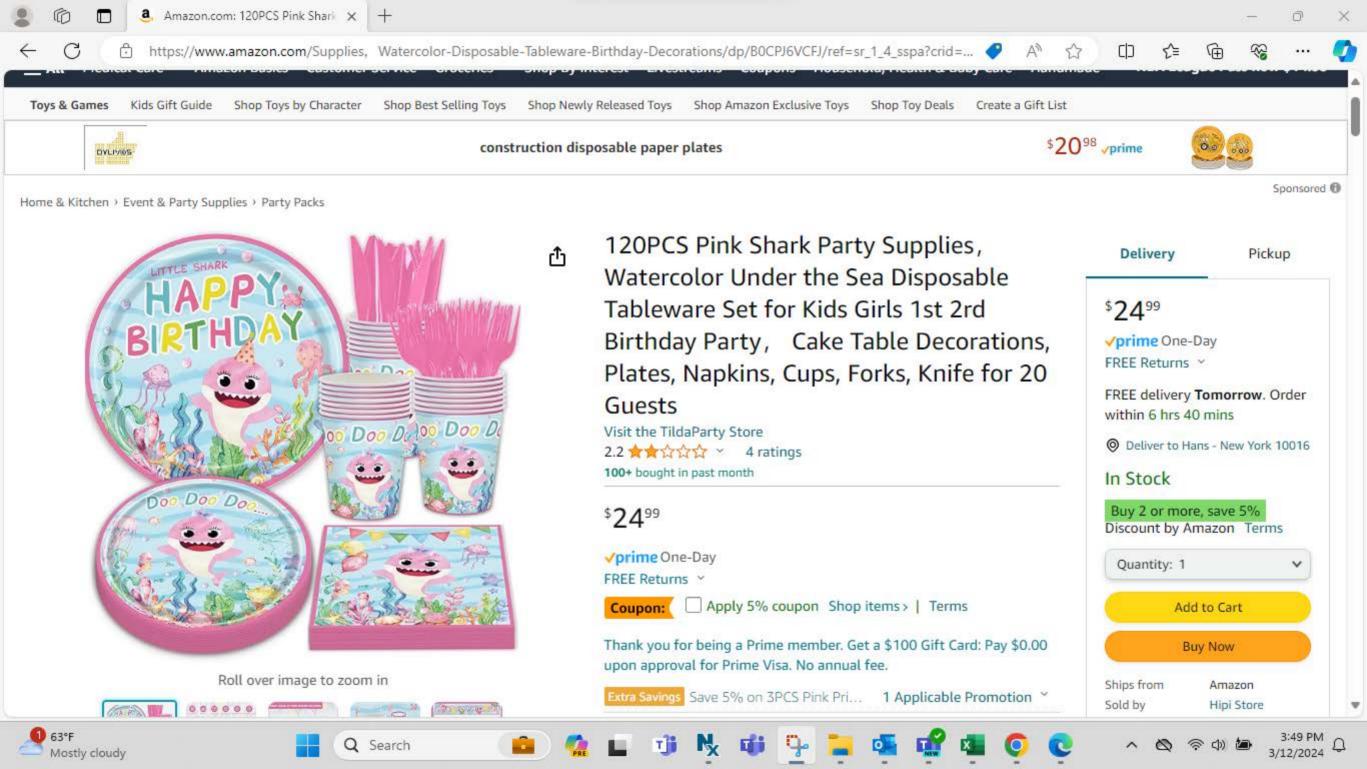
DEFENDANT hefeiheyukunshangmaoyouxiangongsi

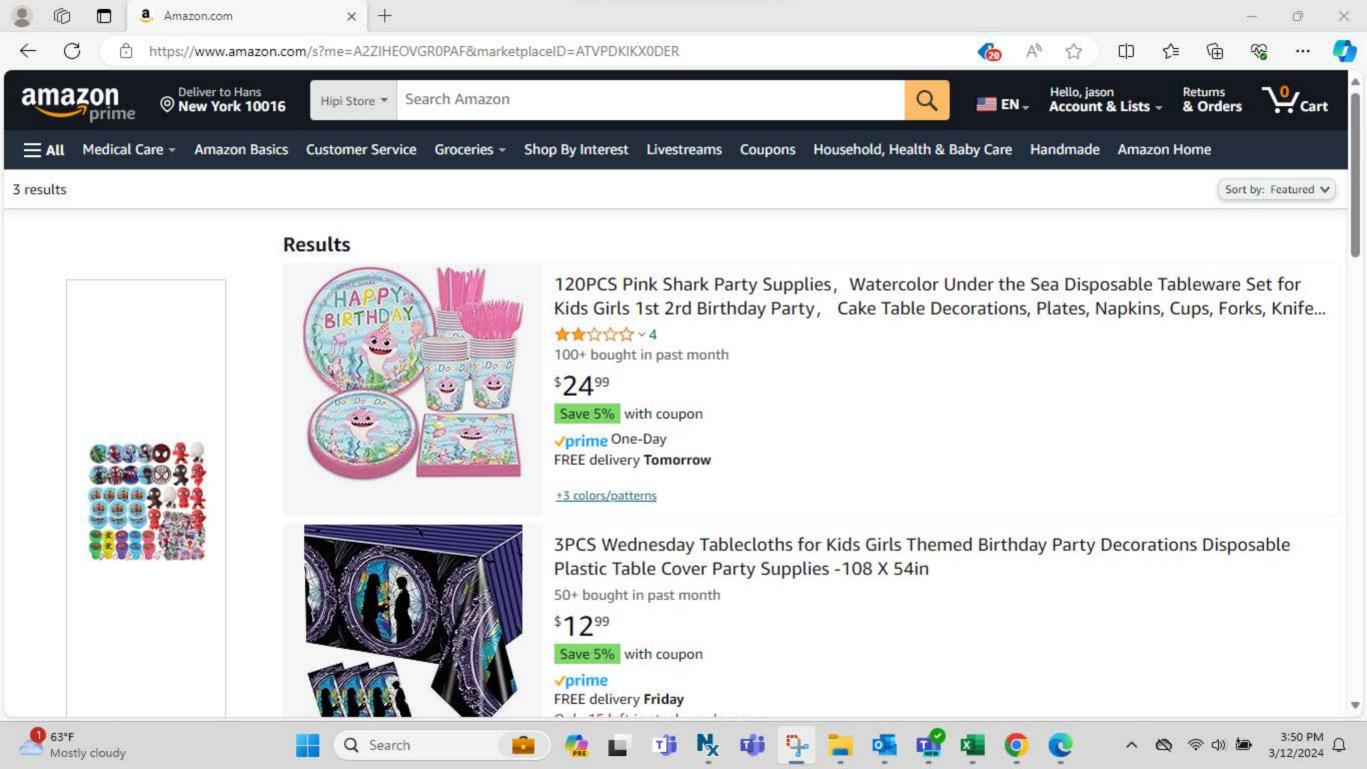


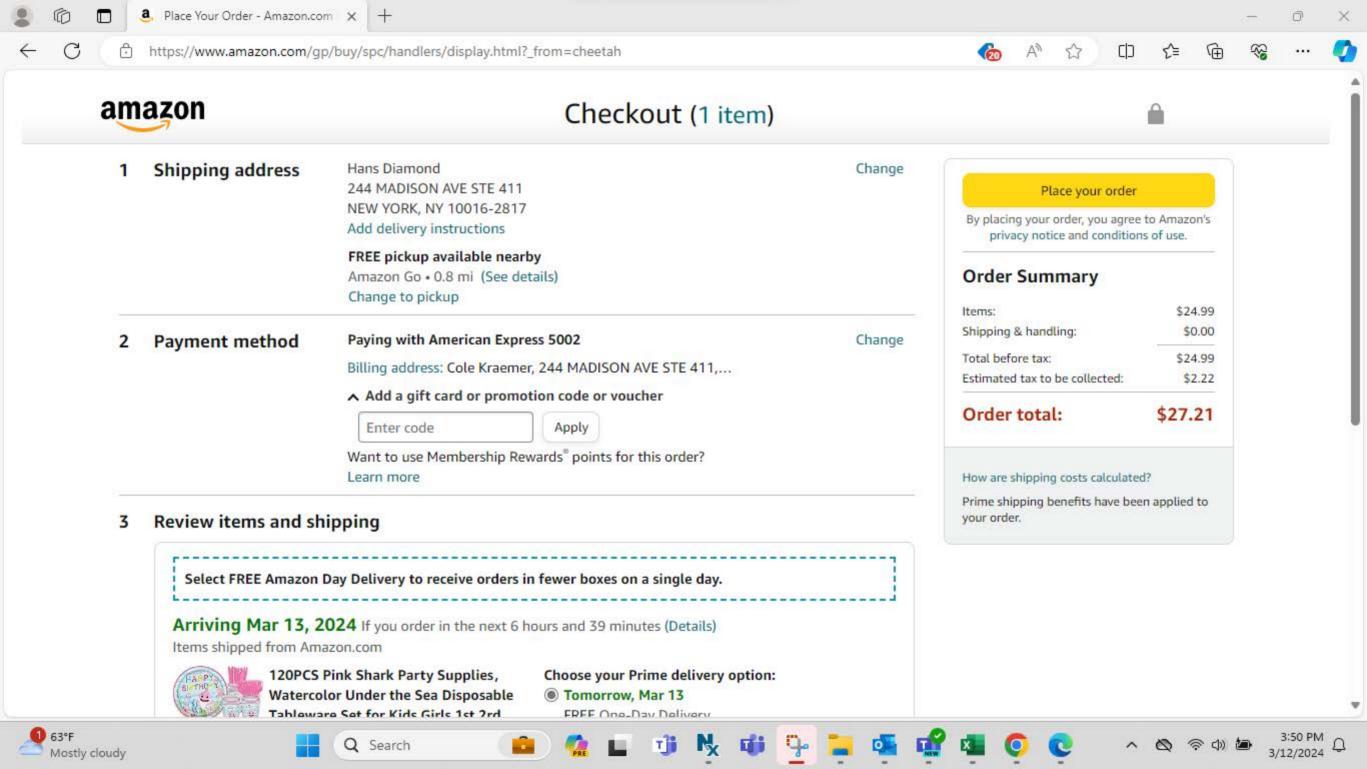




DEFENDANT Hipi Store







DEFENDANT HIRSEYY

















































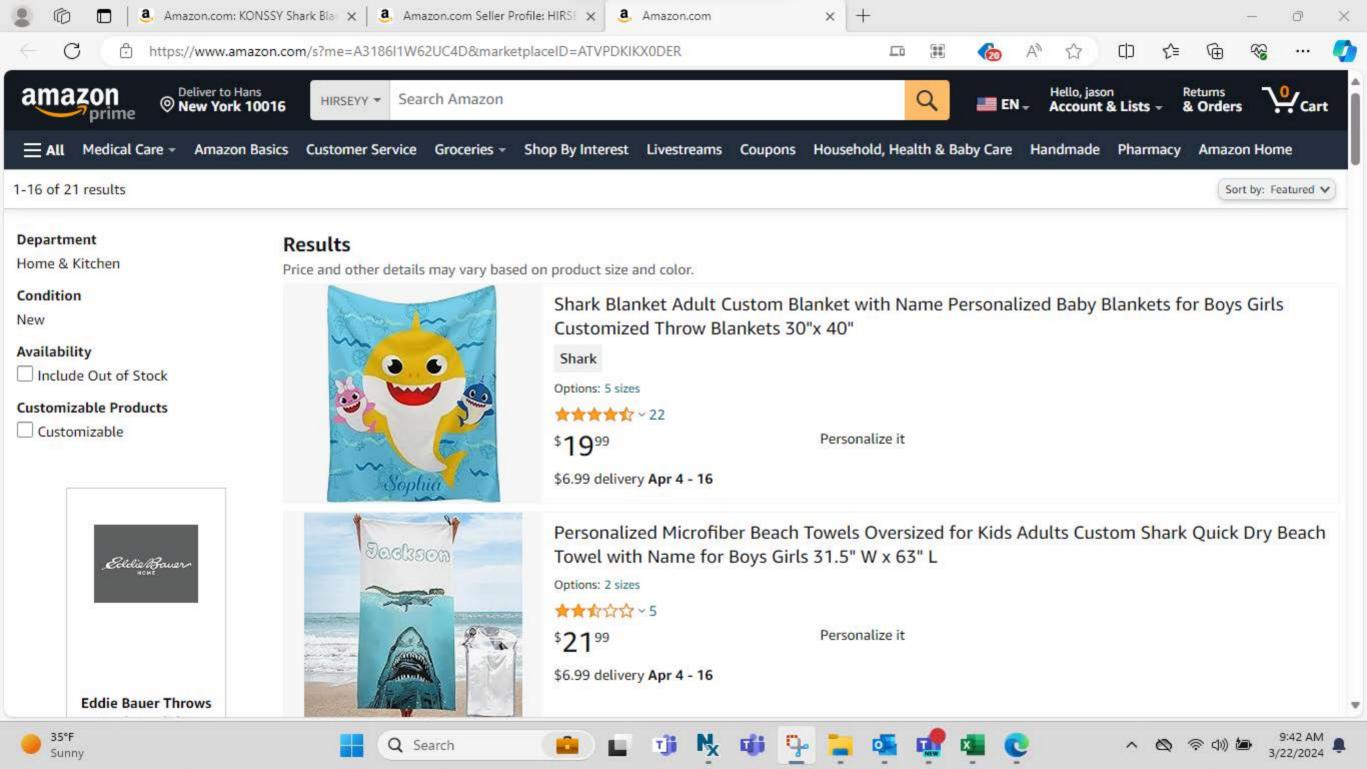


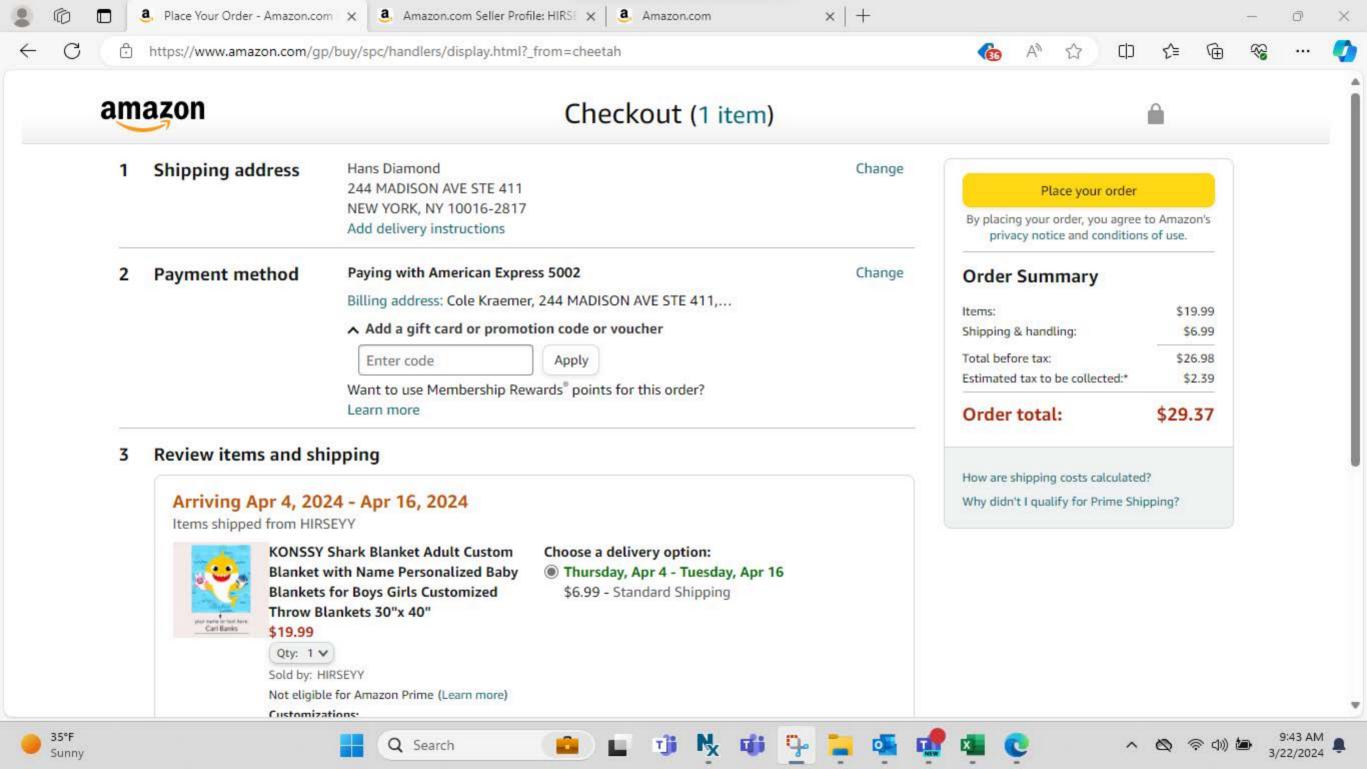




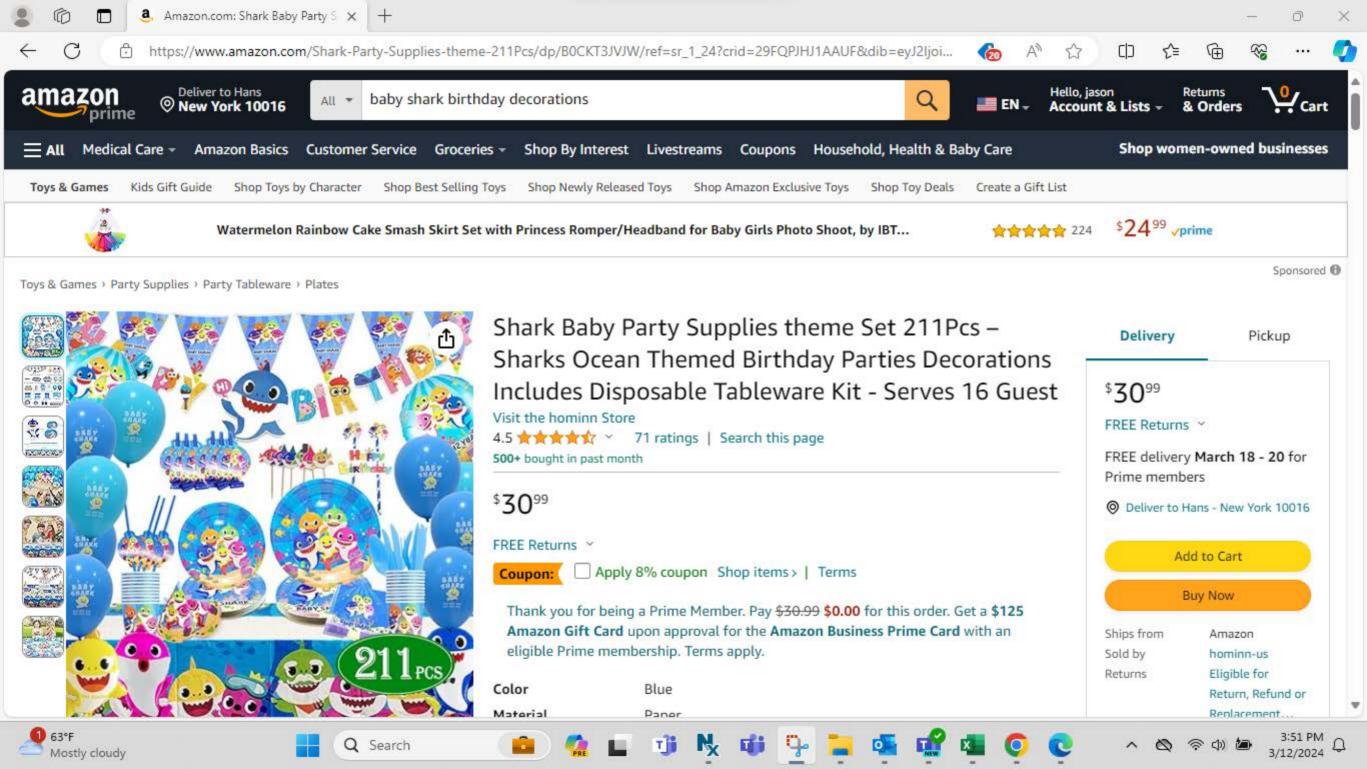


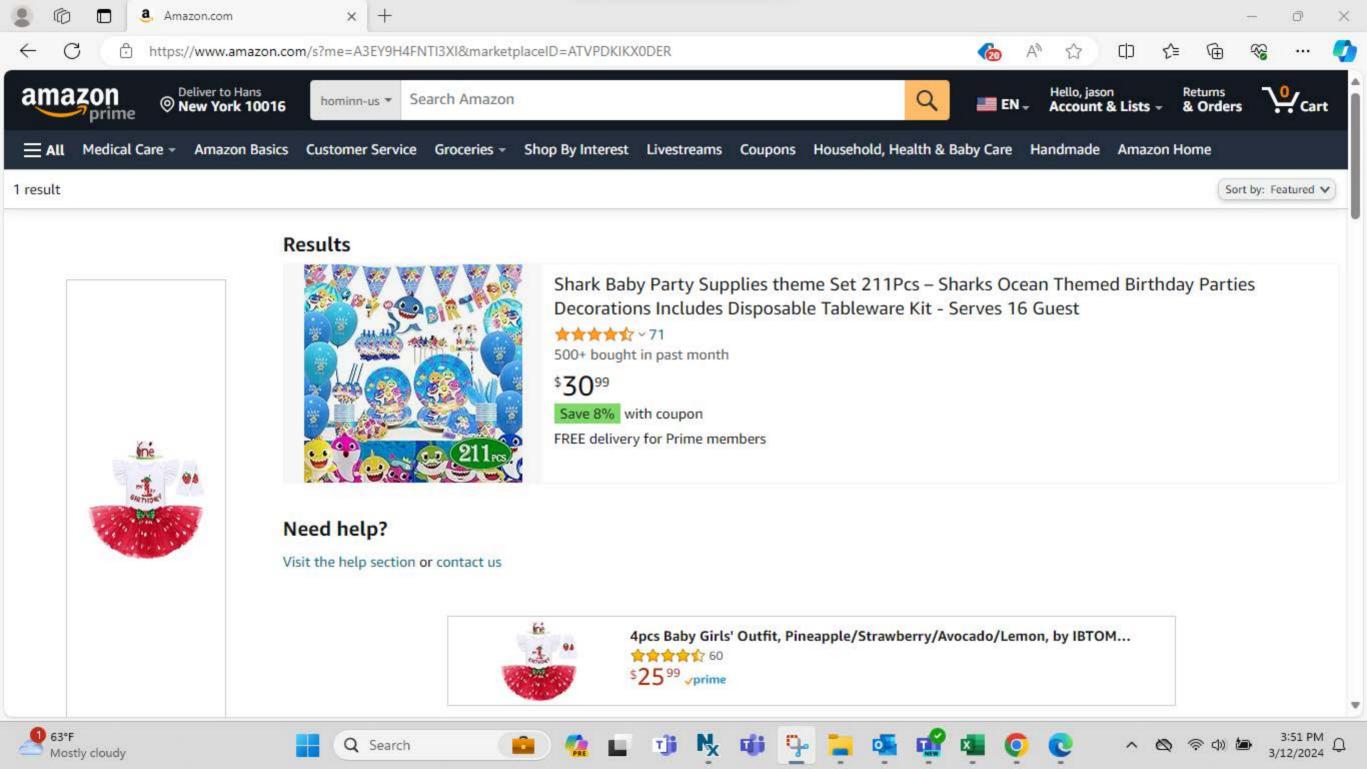


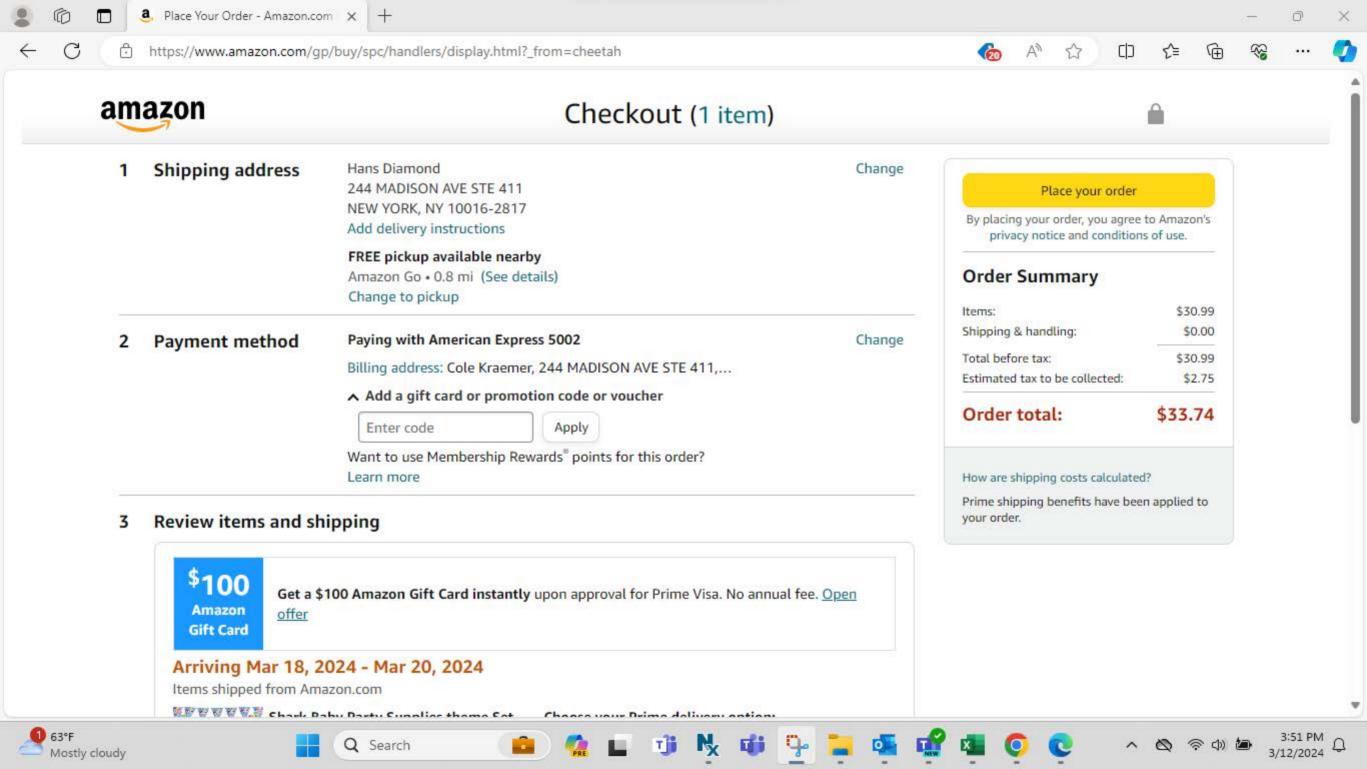




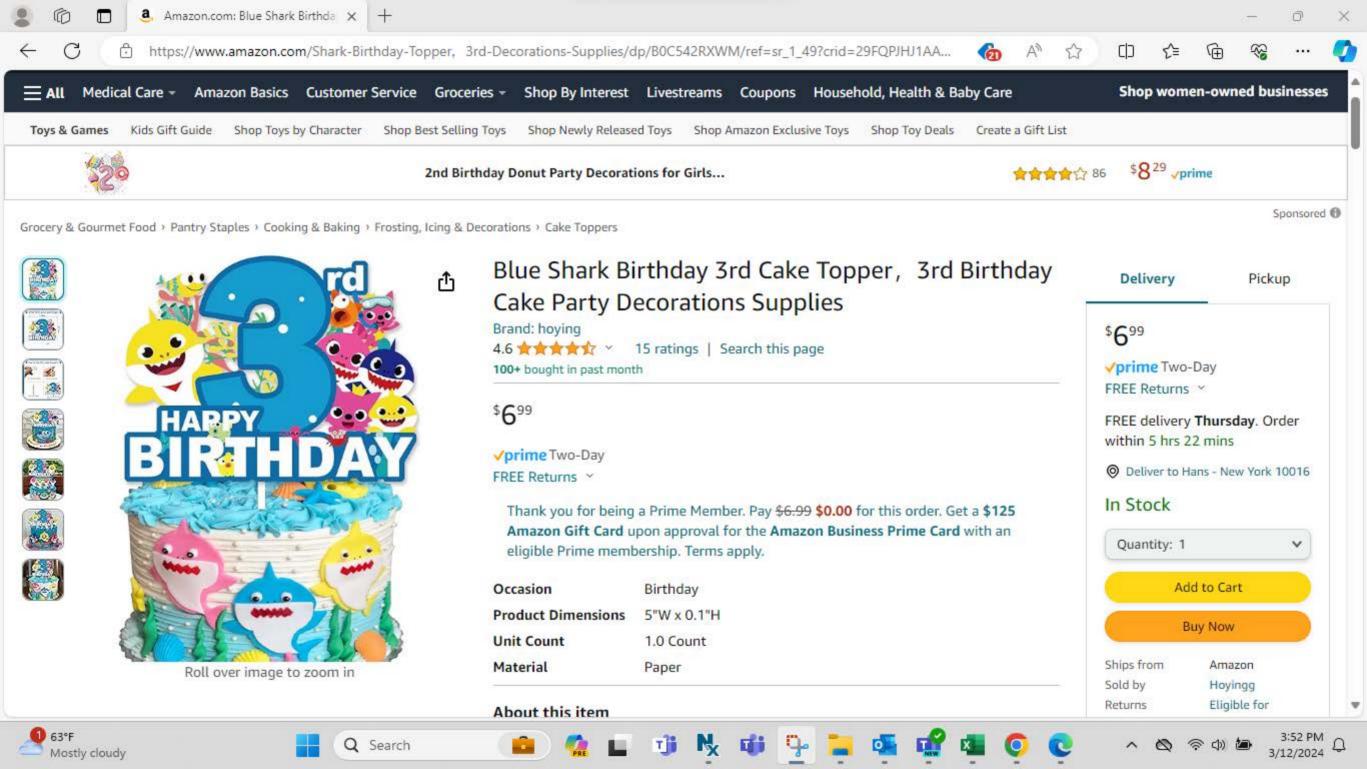
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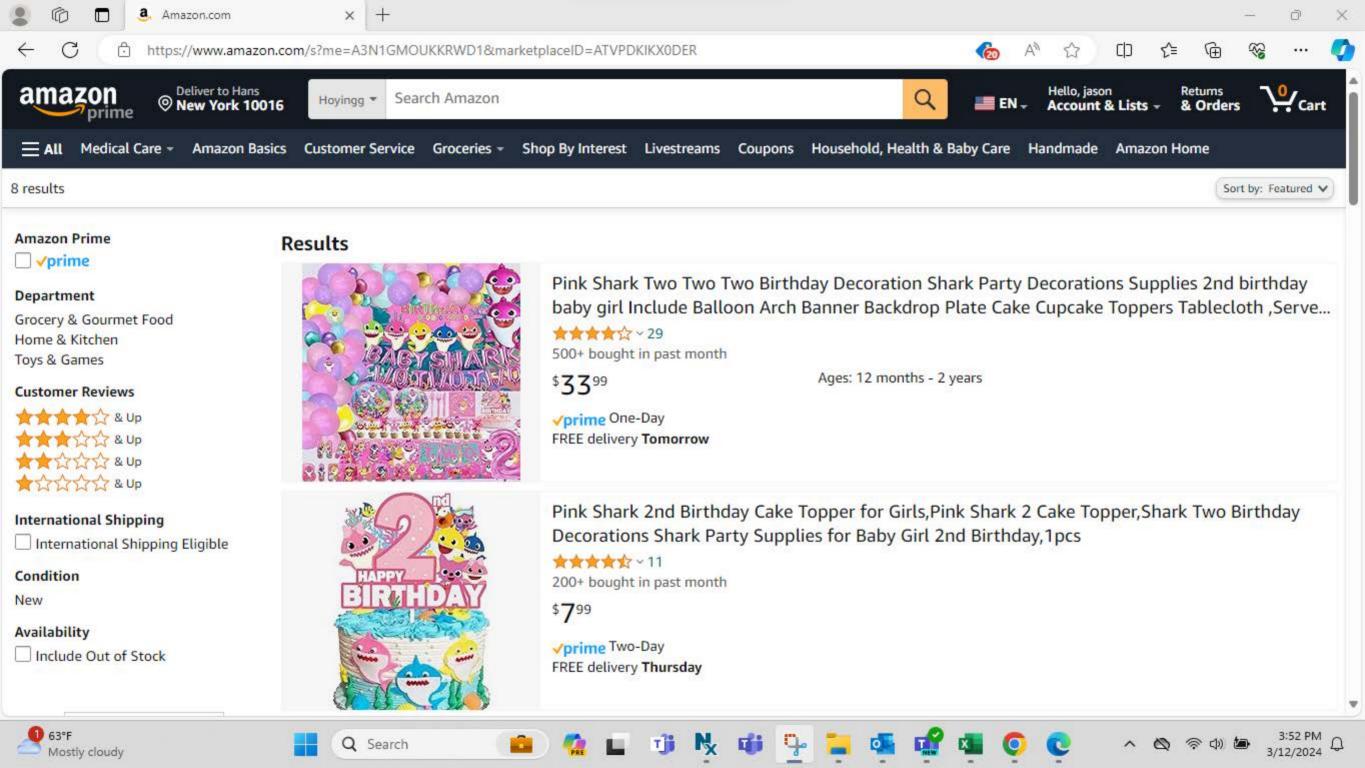


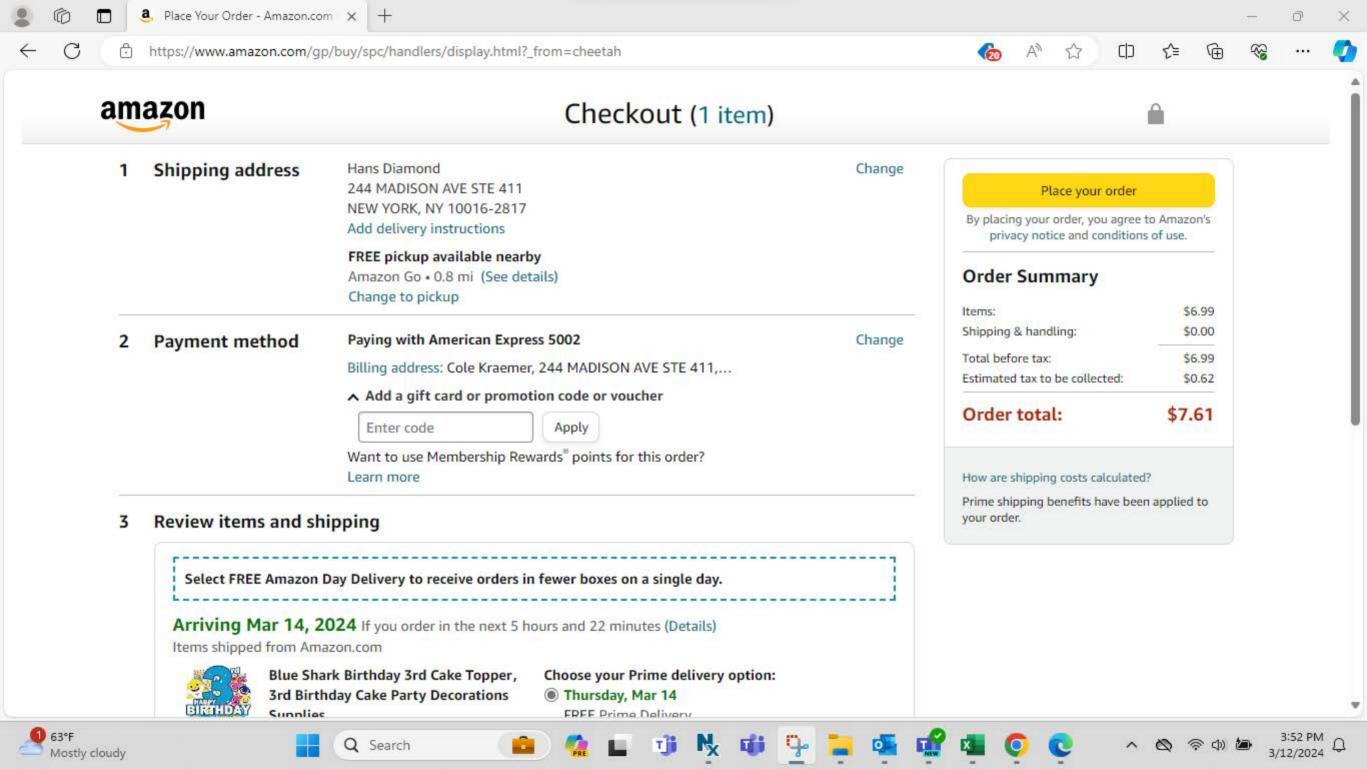




DEFENDANT Hoyingg

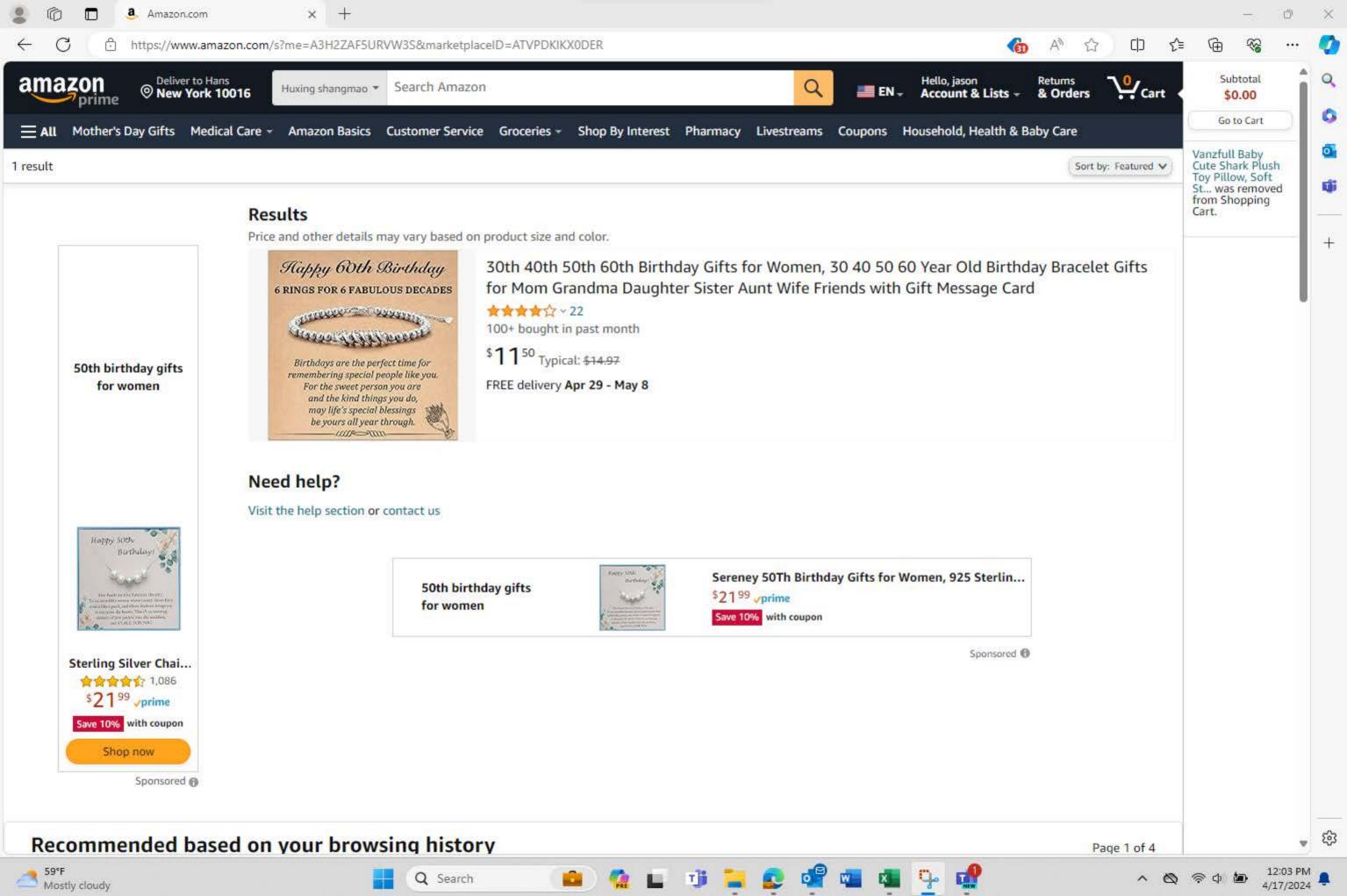


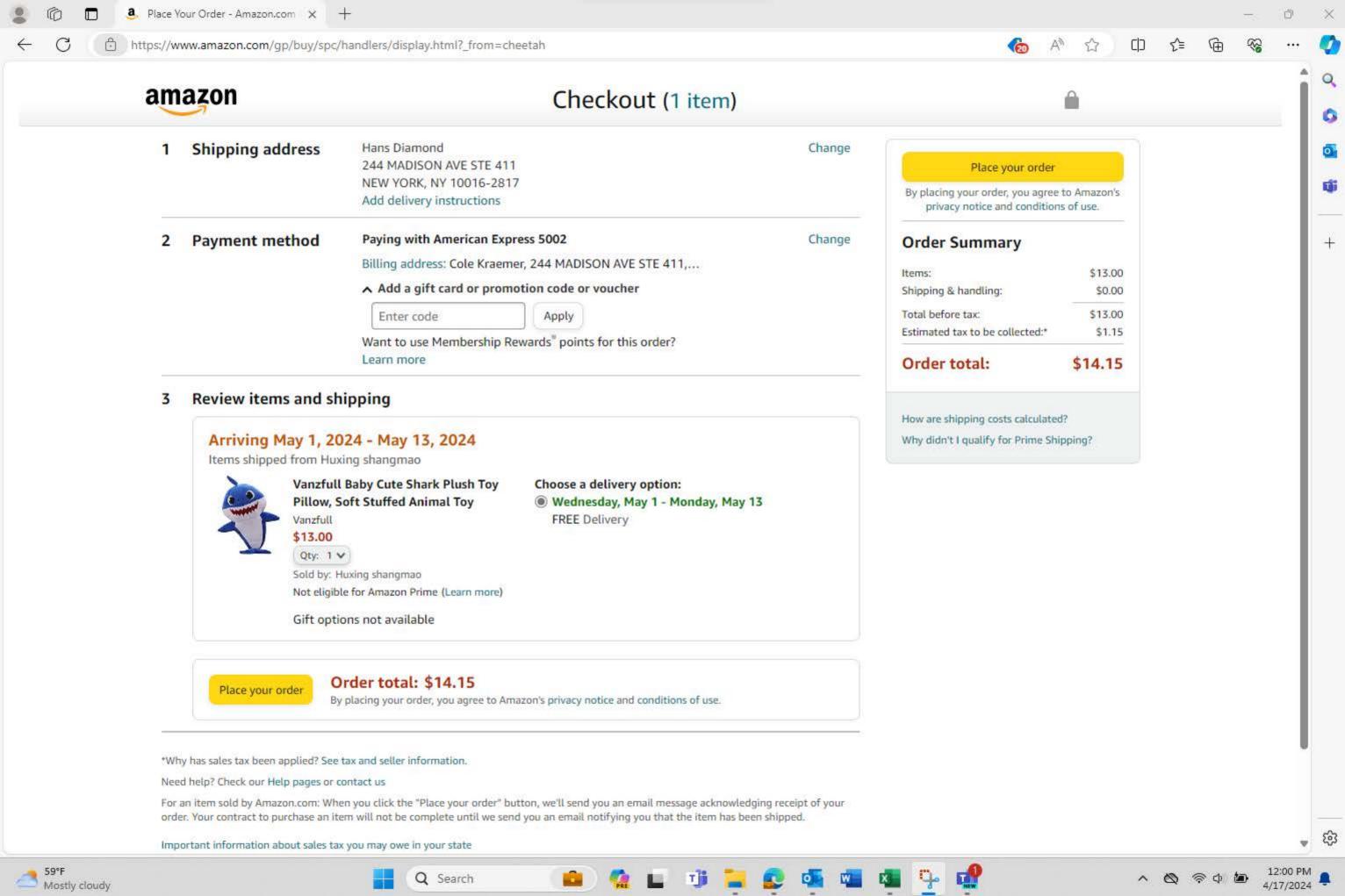




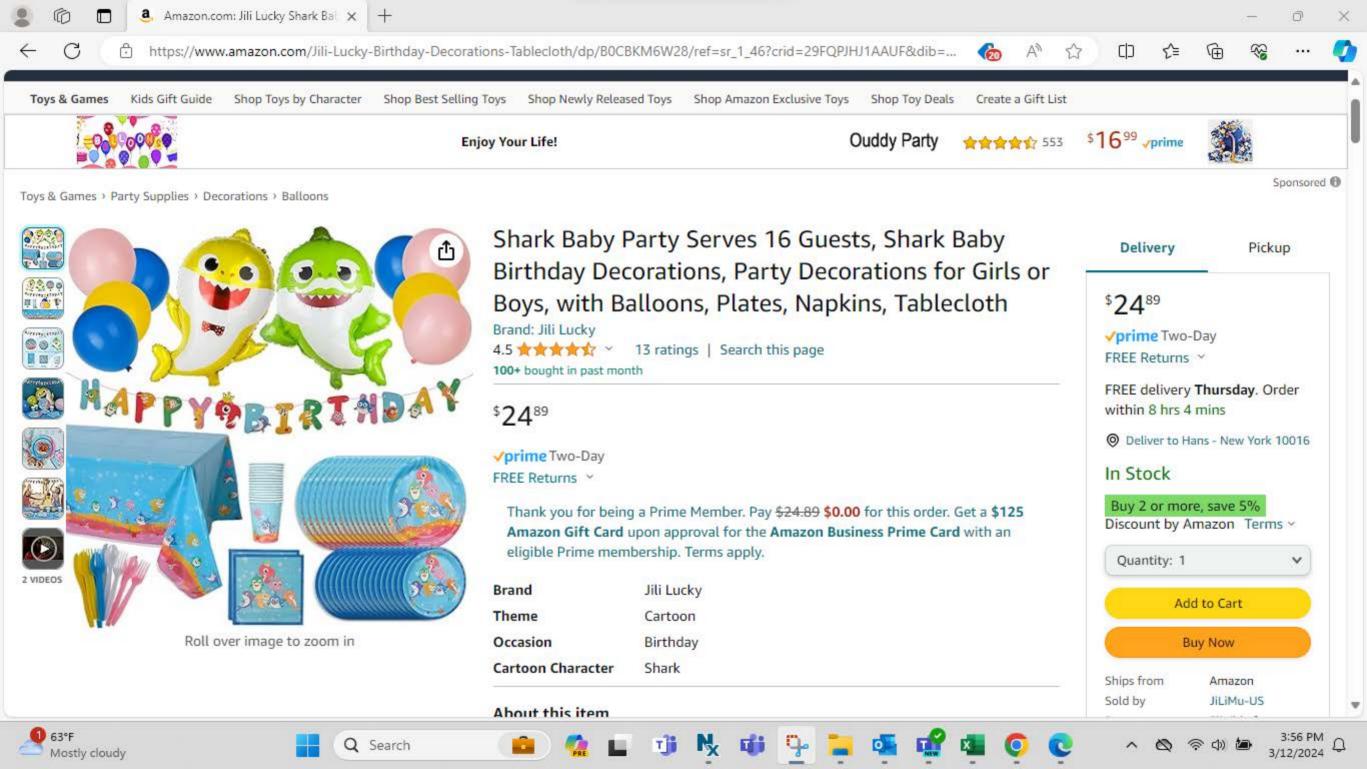
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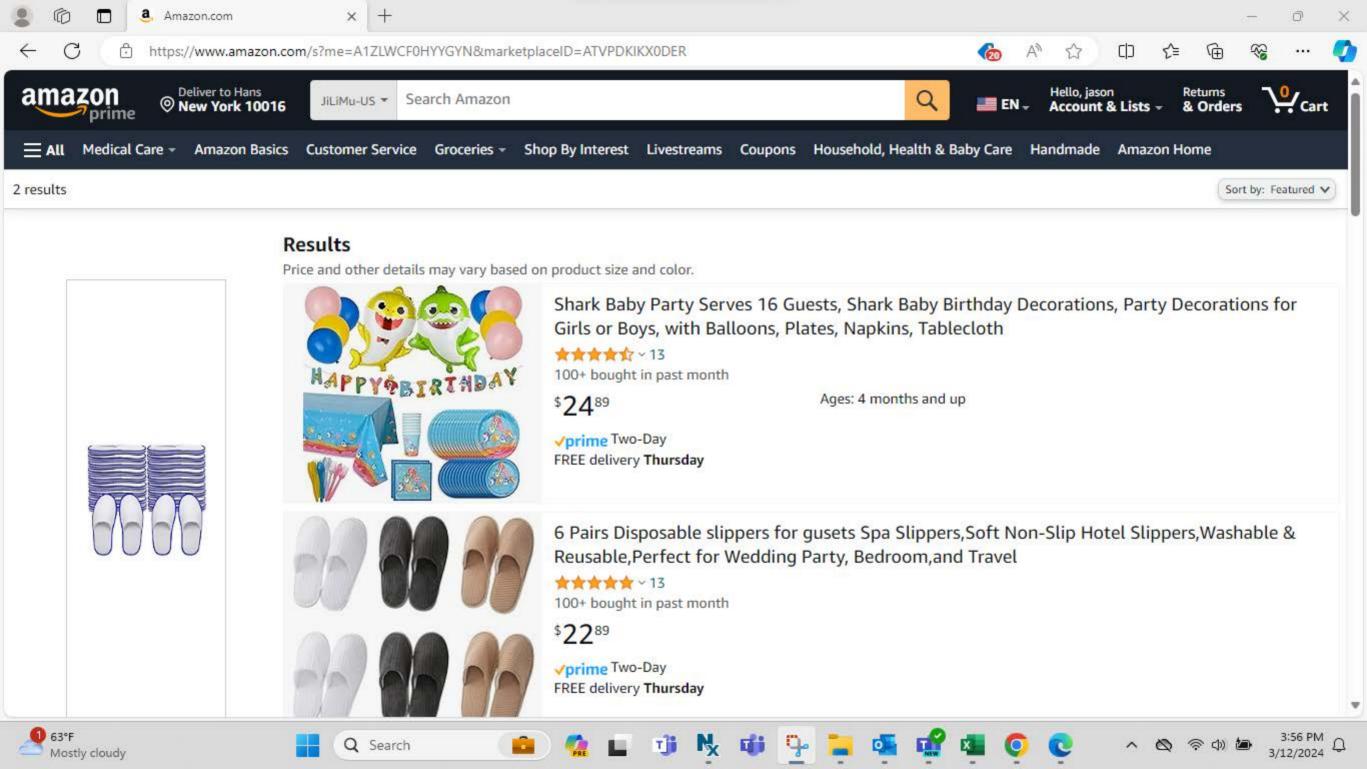


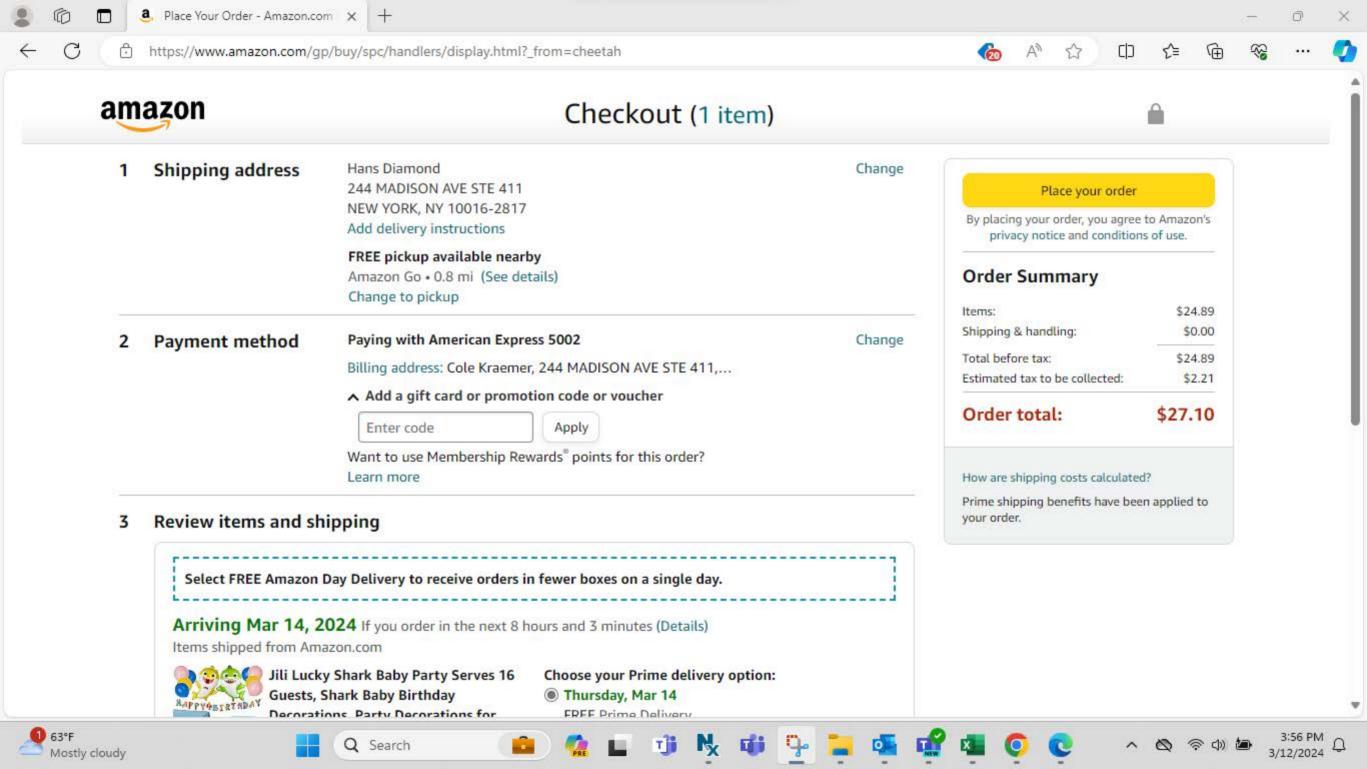




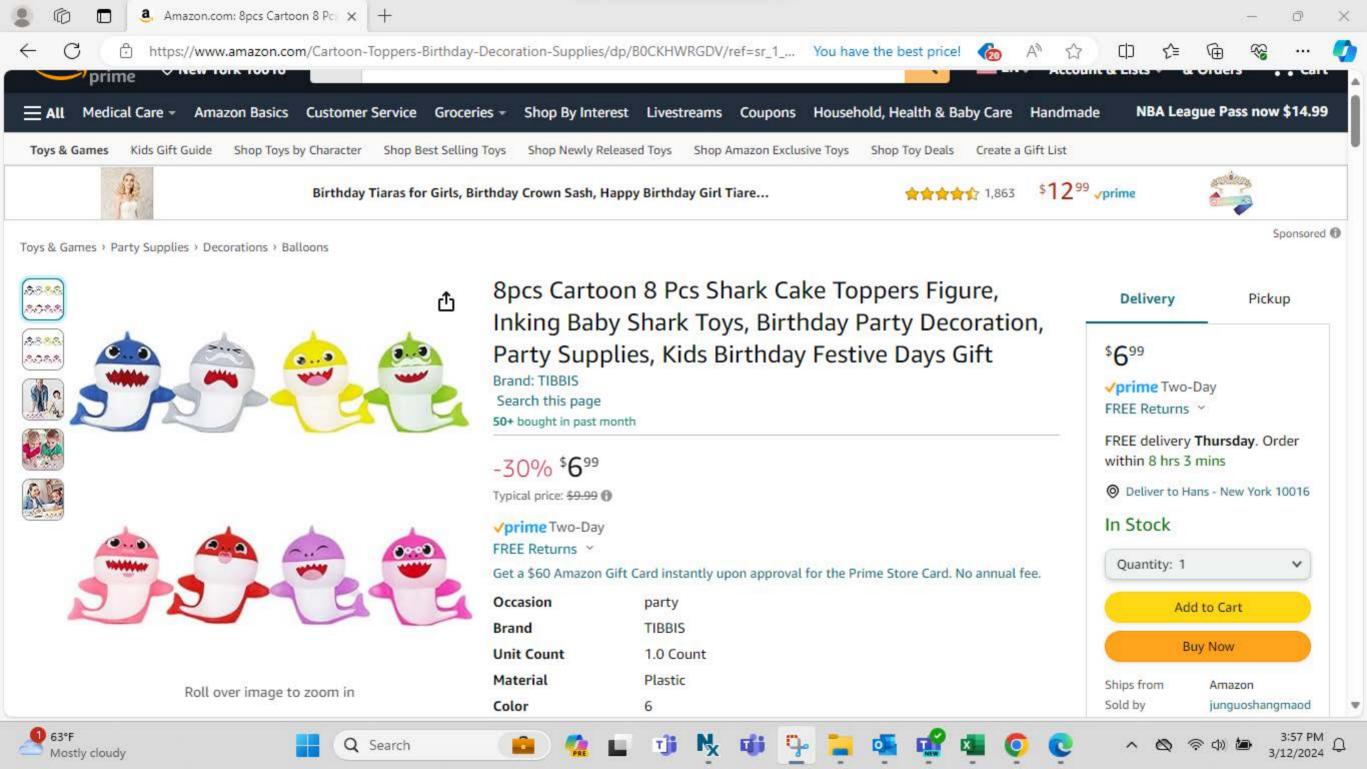
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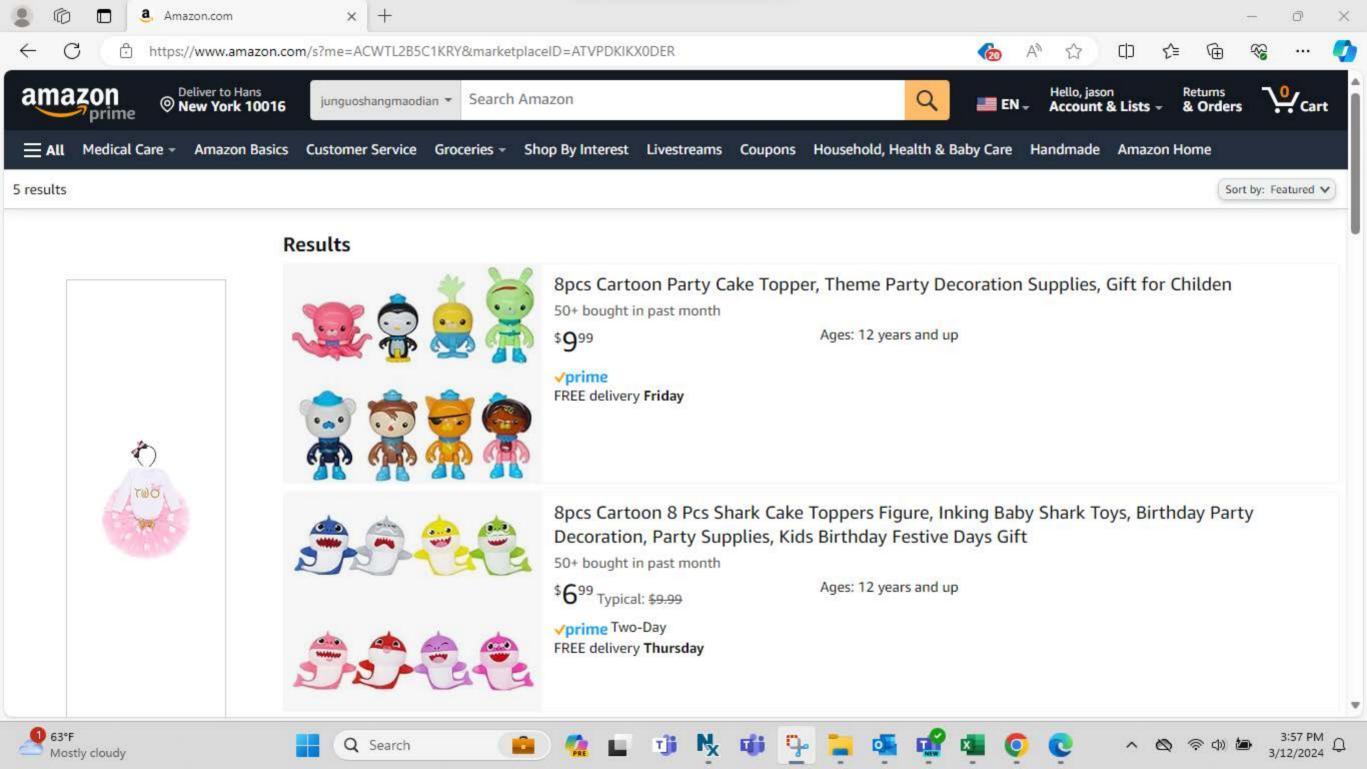


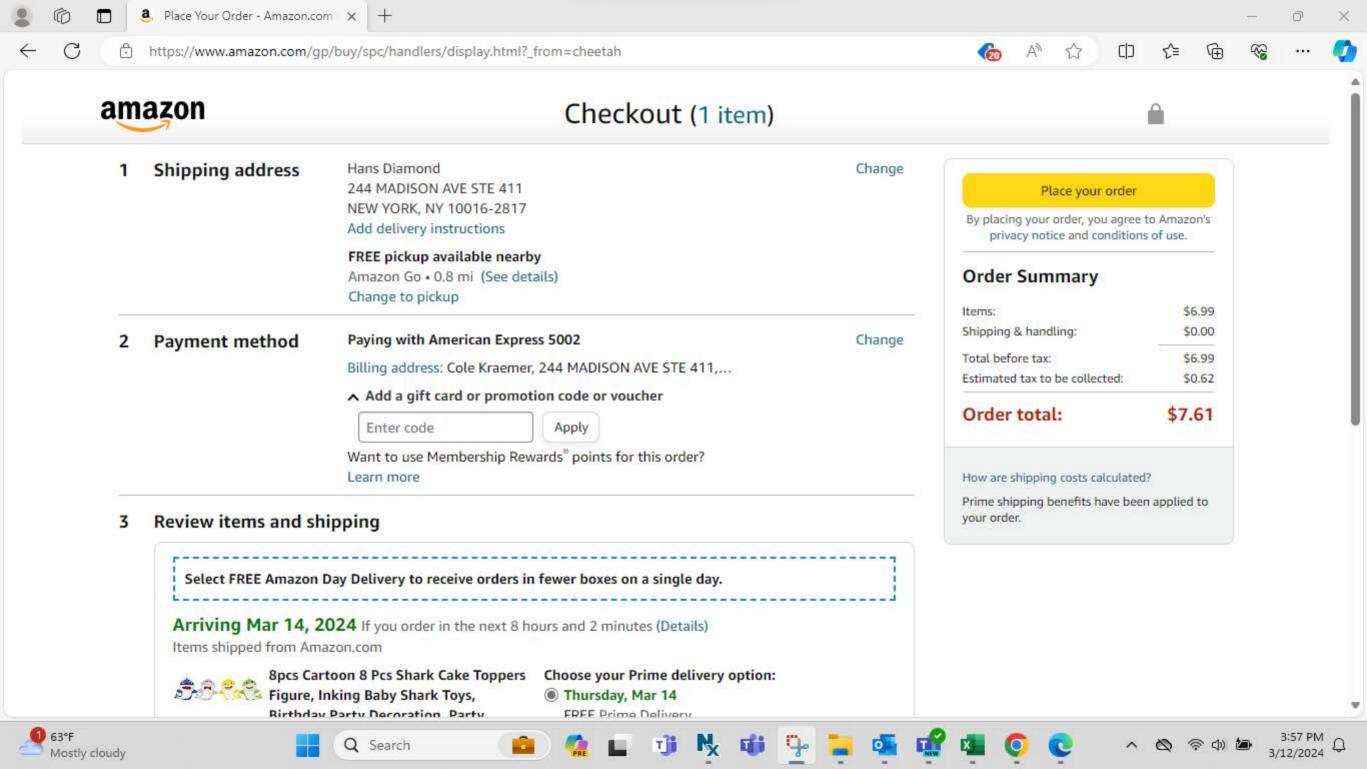




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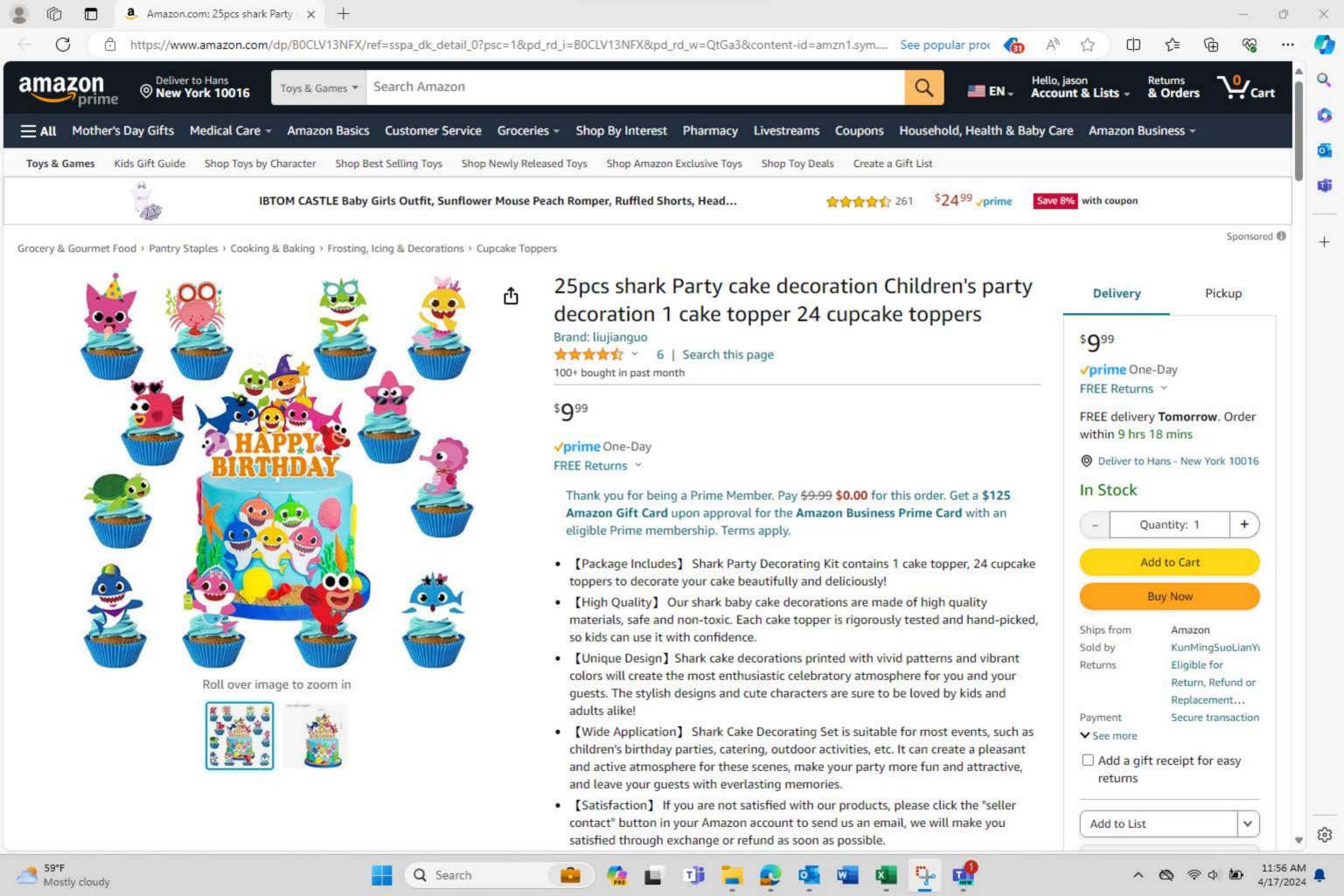


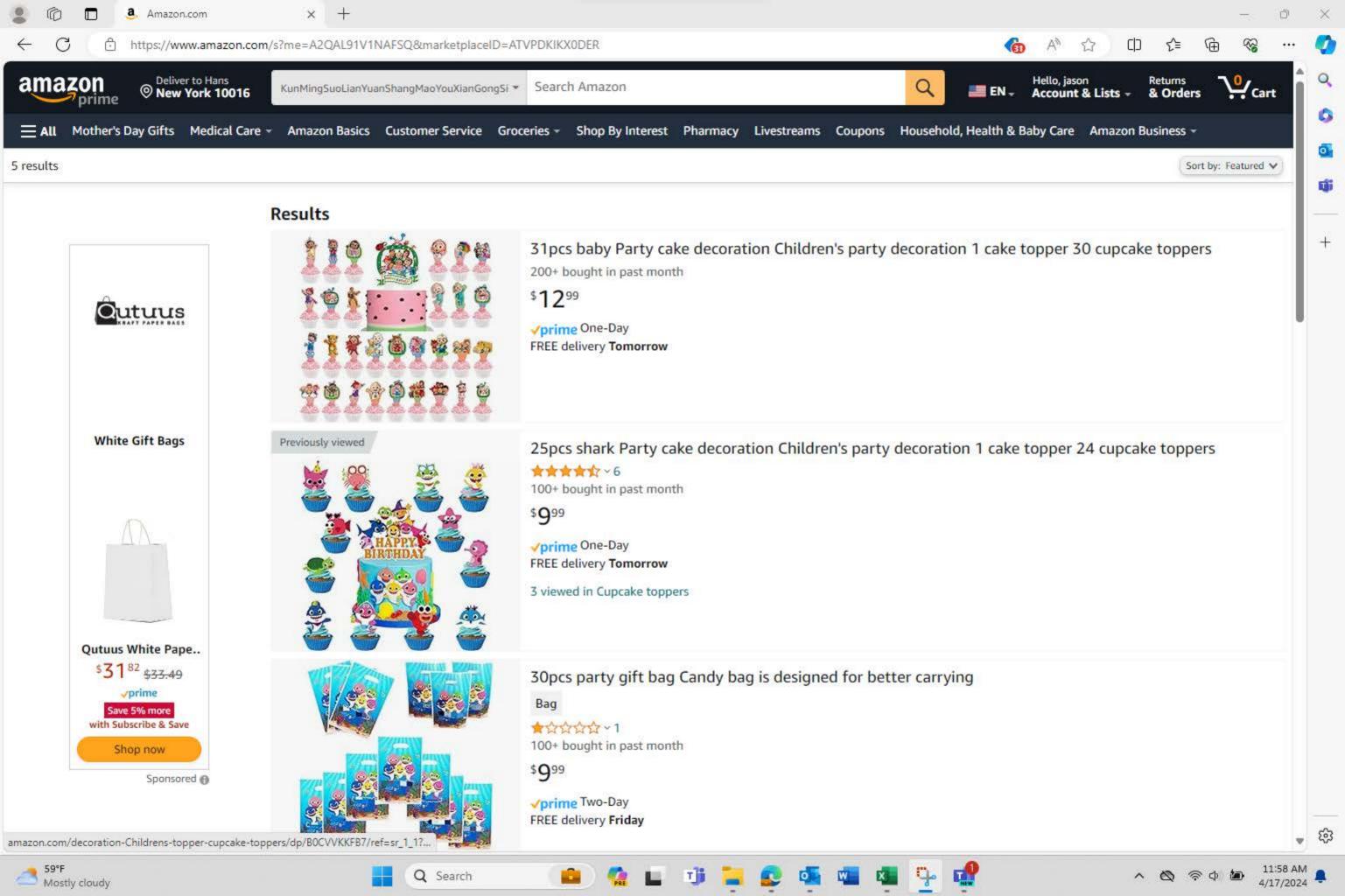


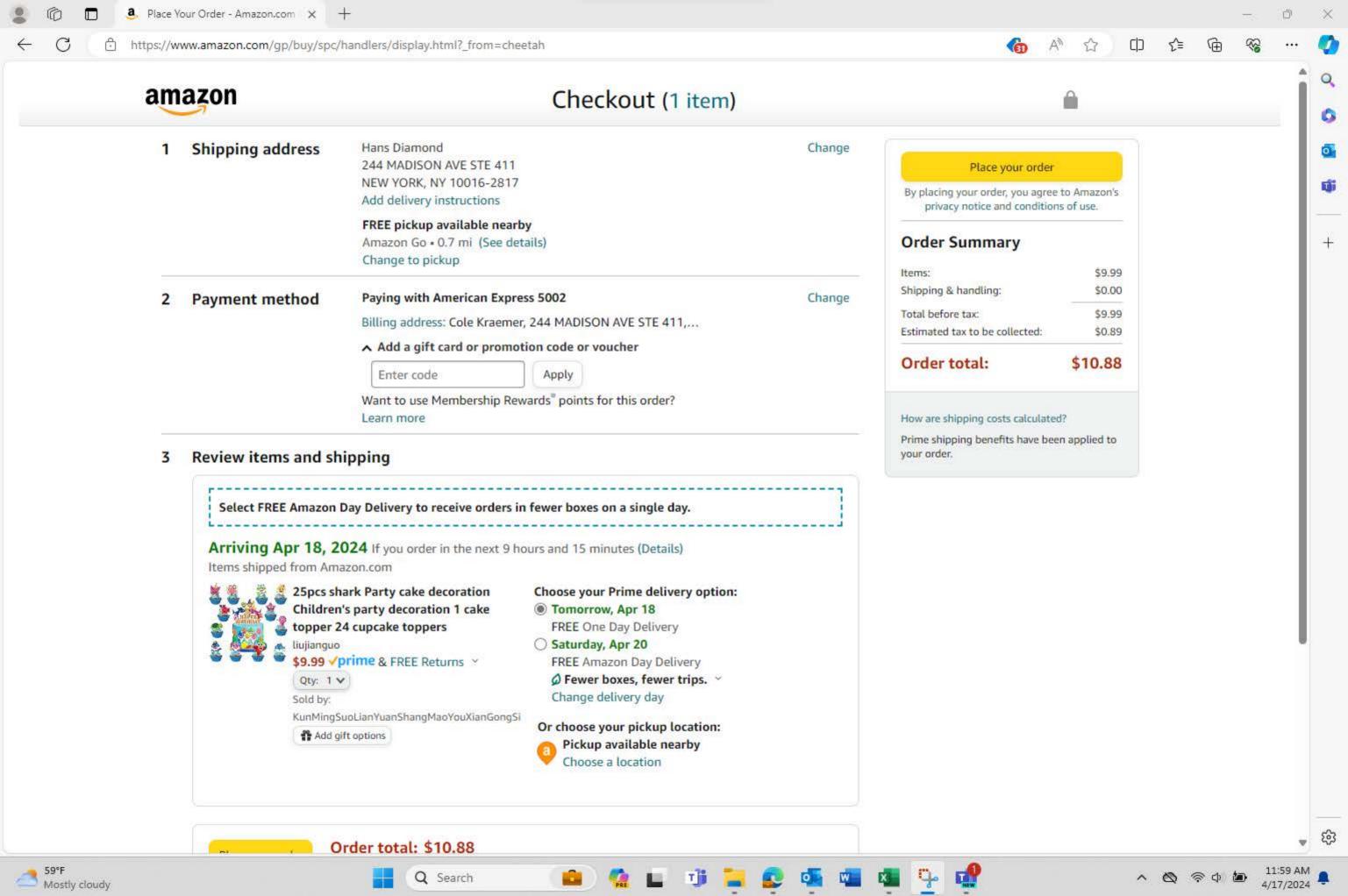


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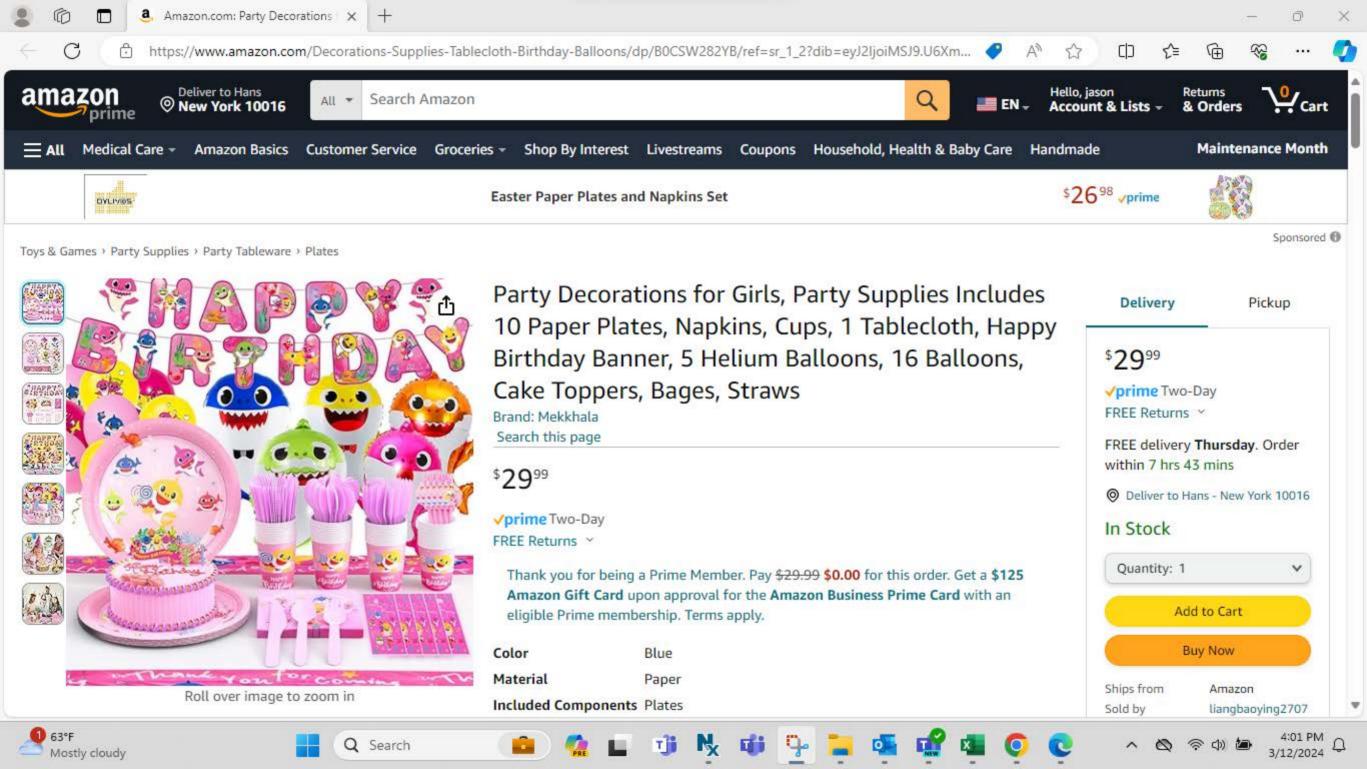
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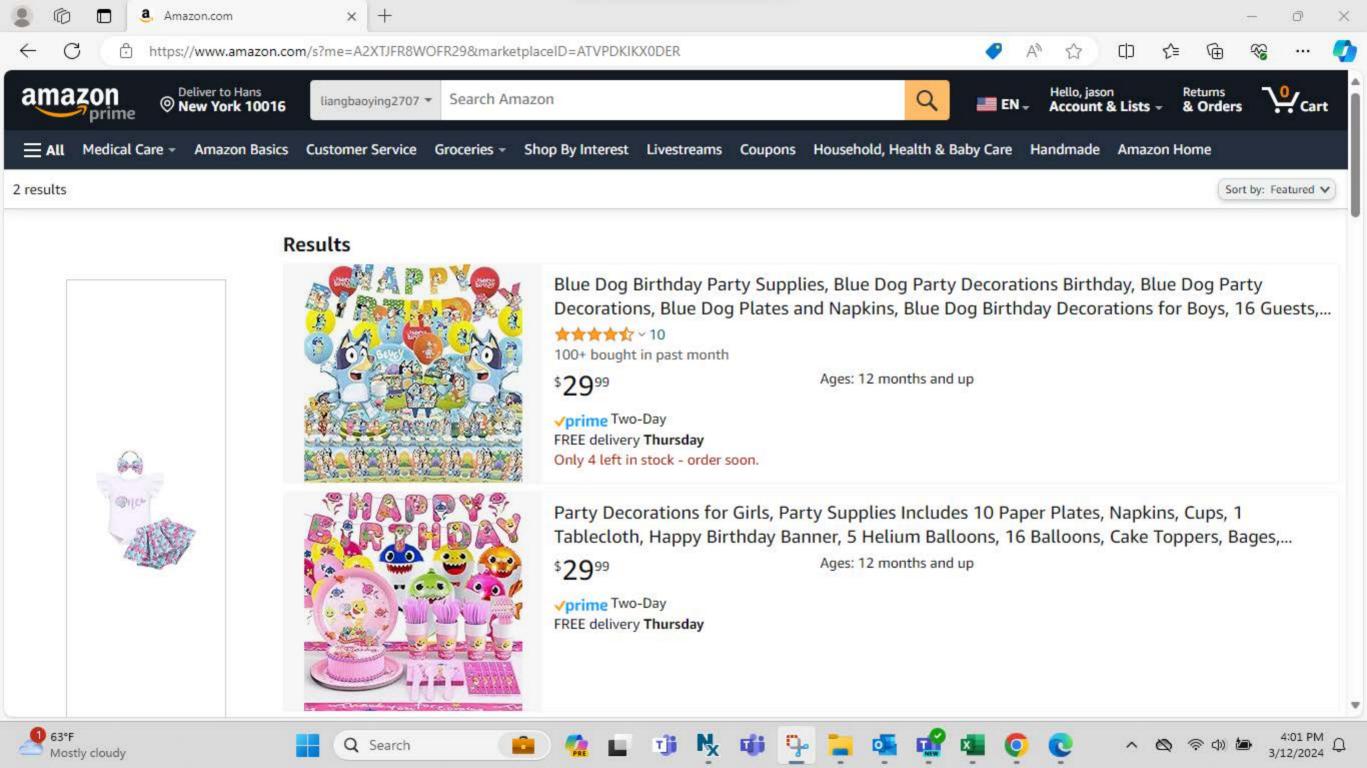


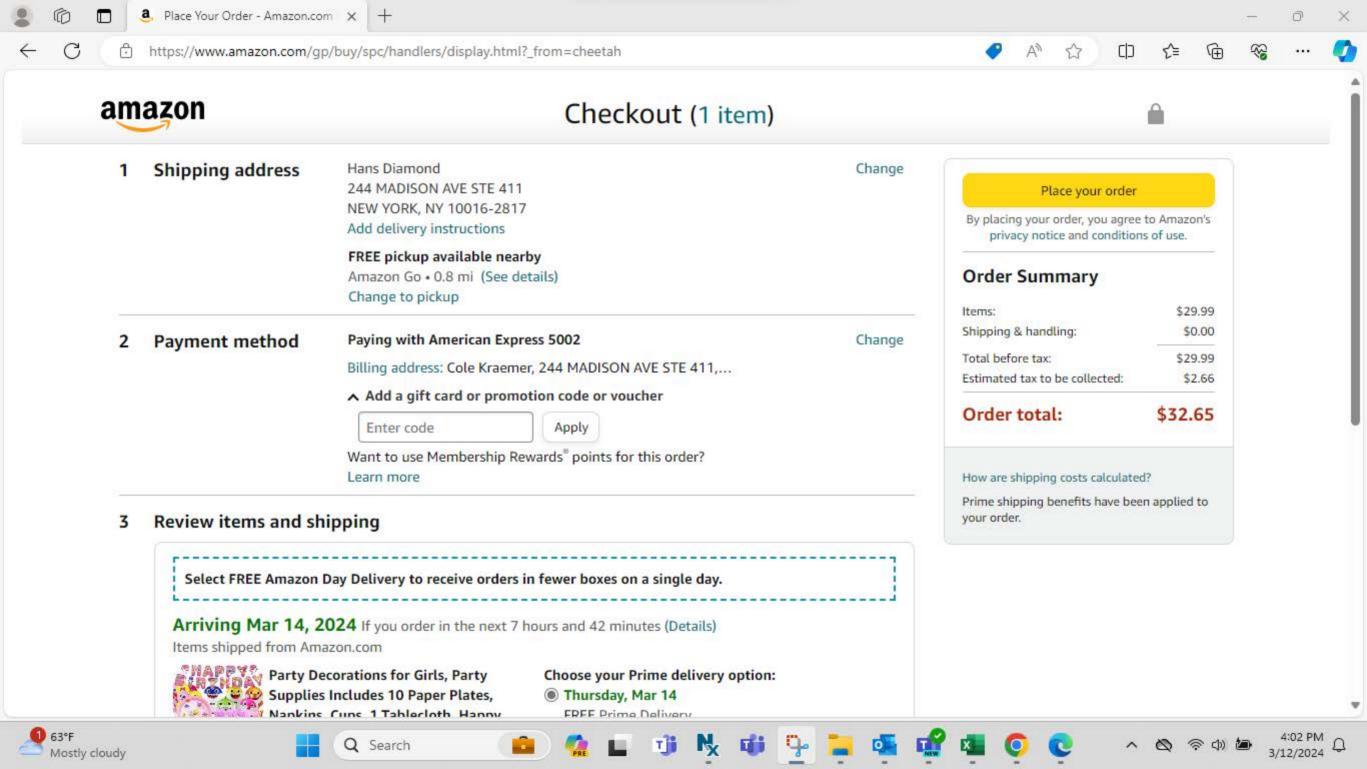




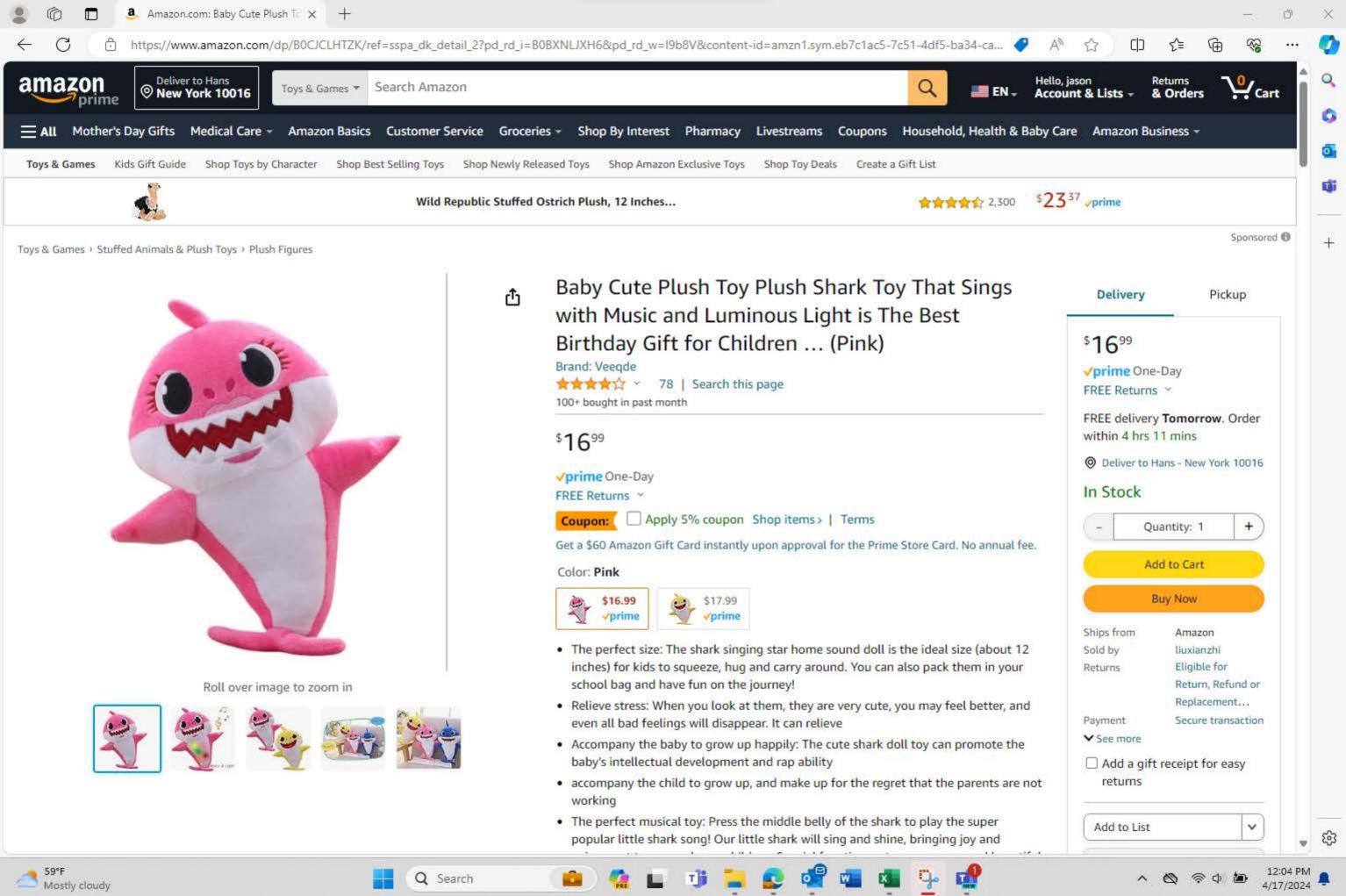
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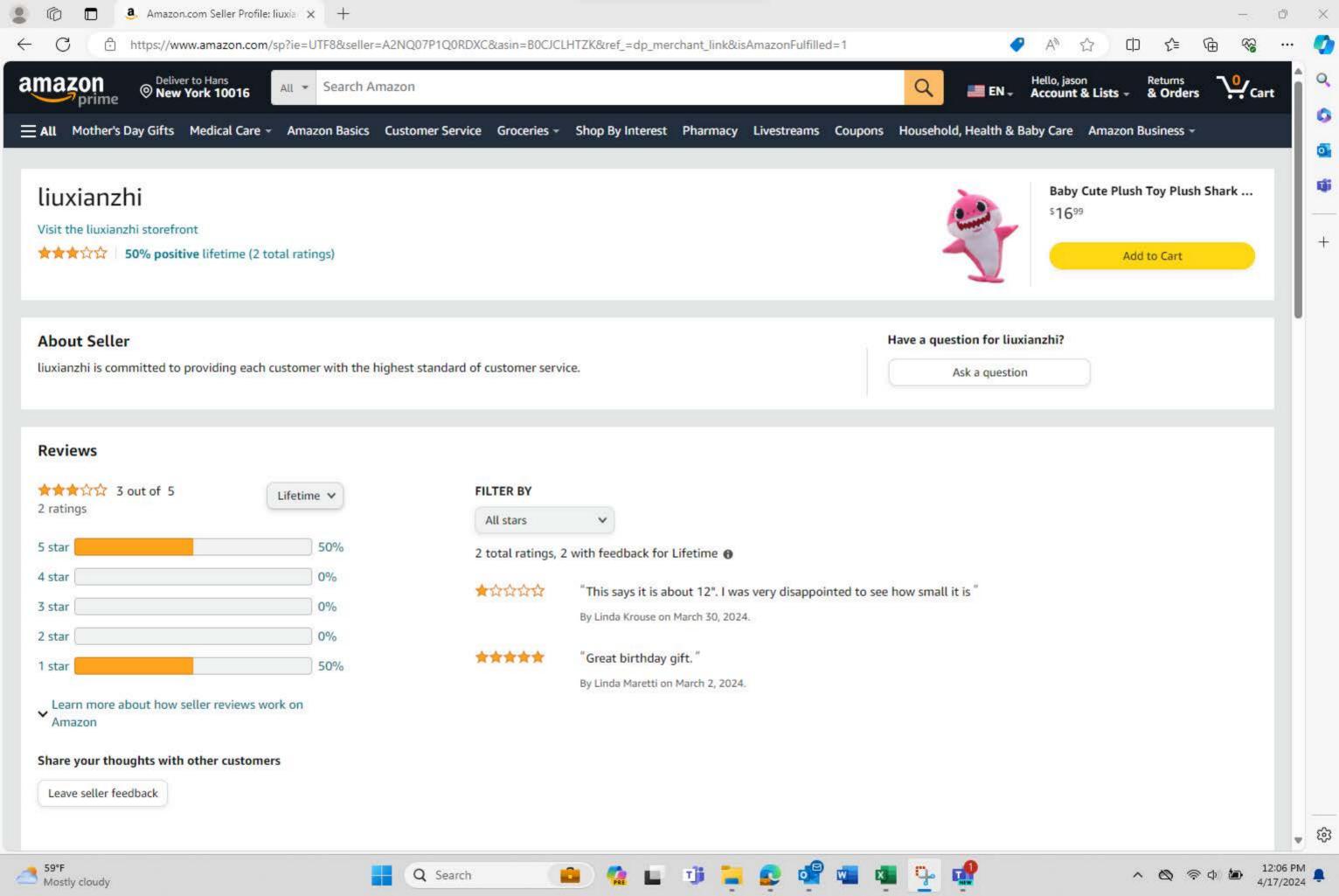


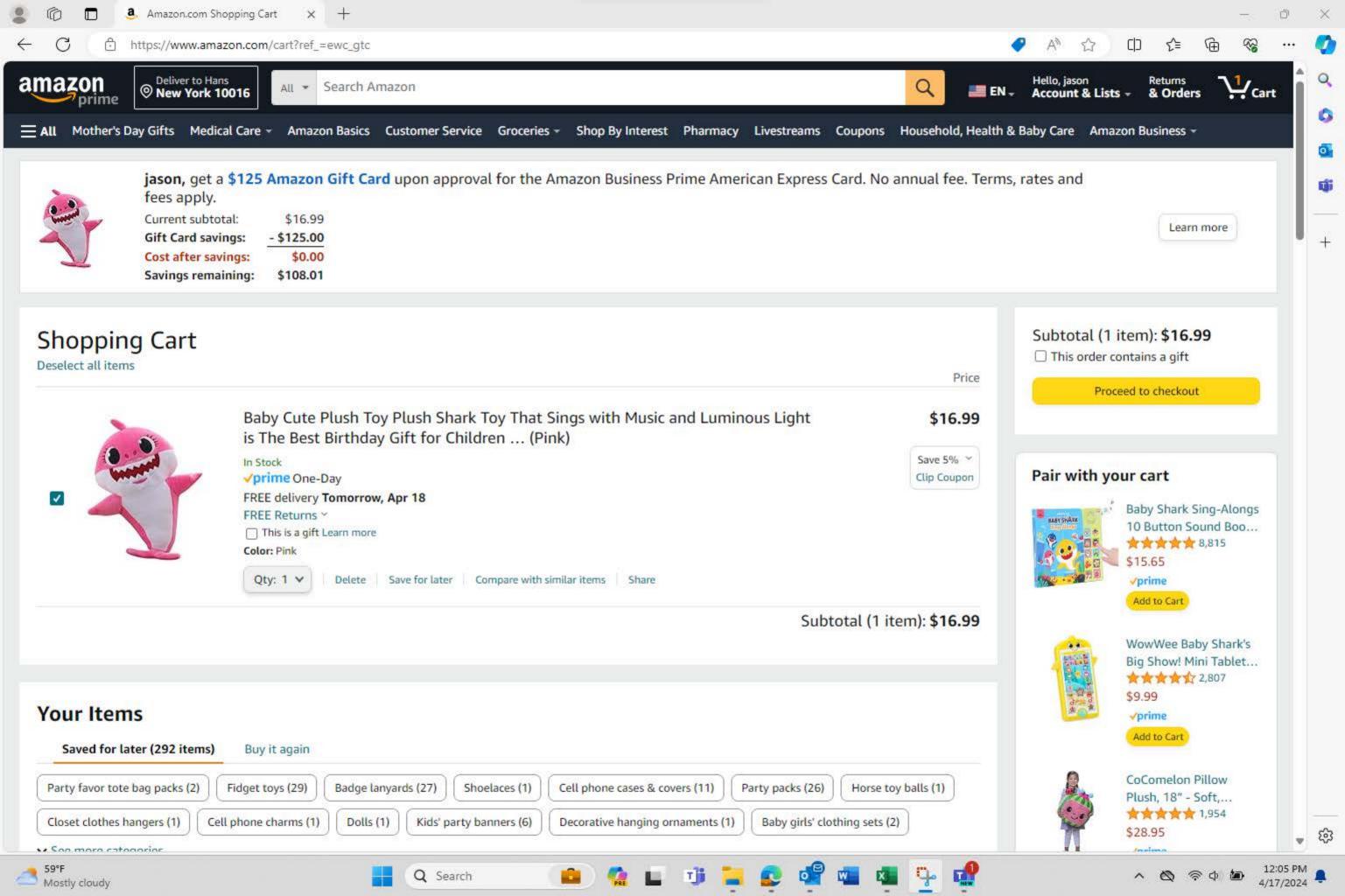




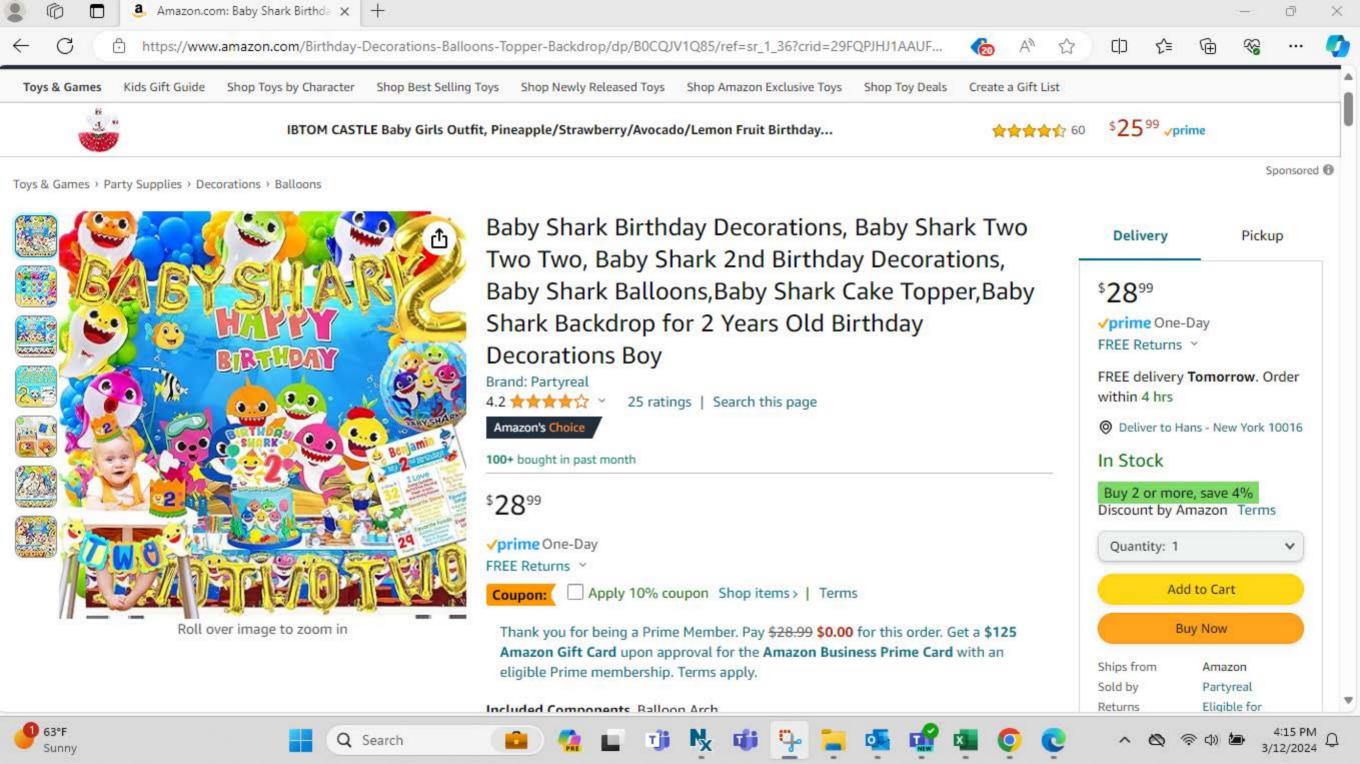
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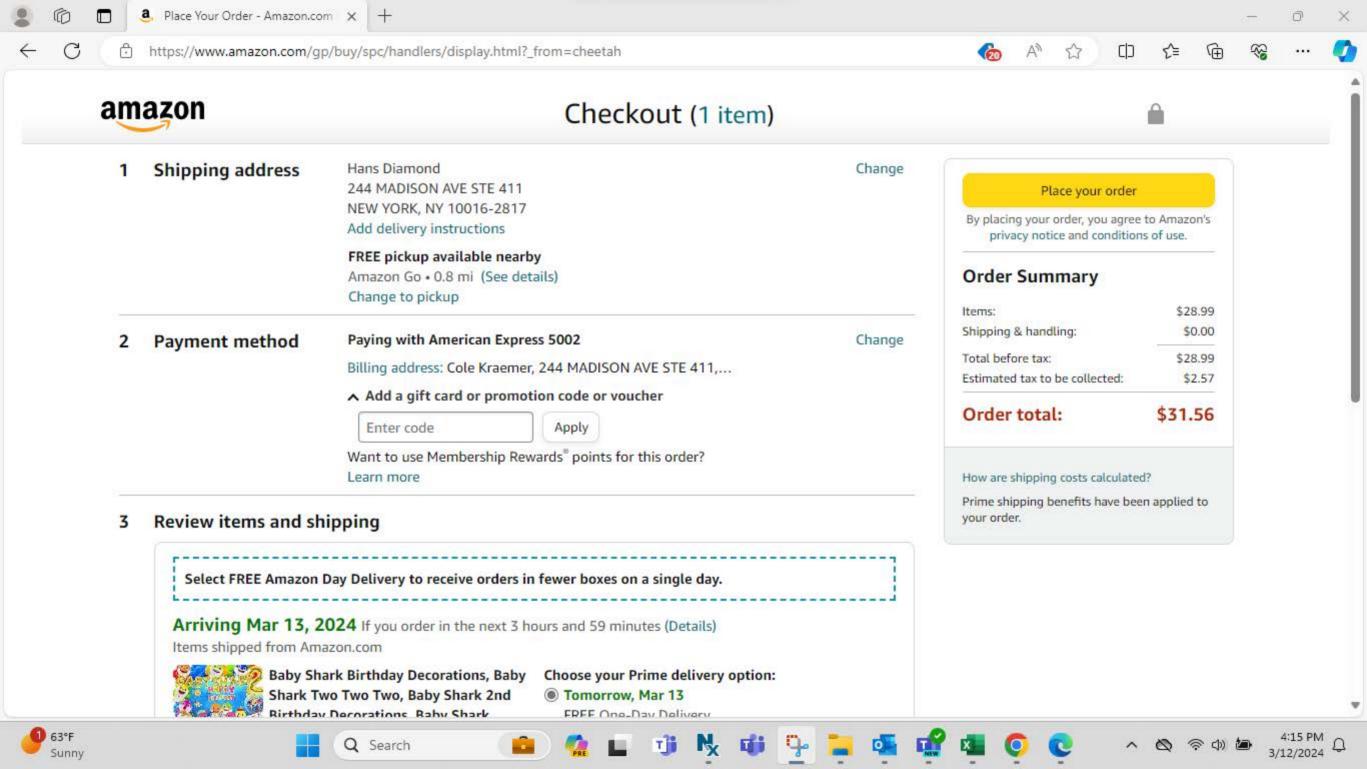




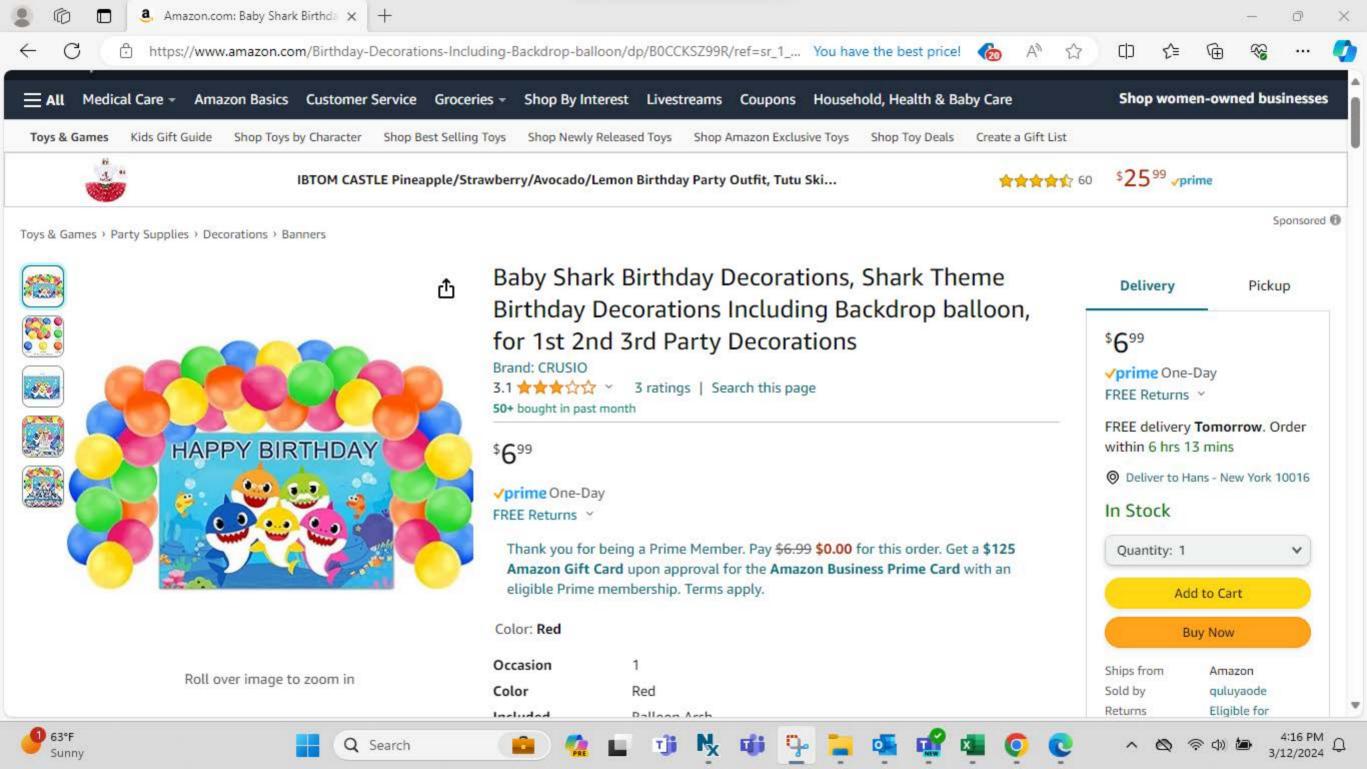
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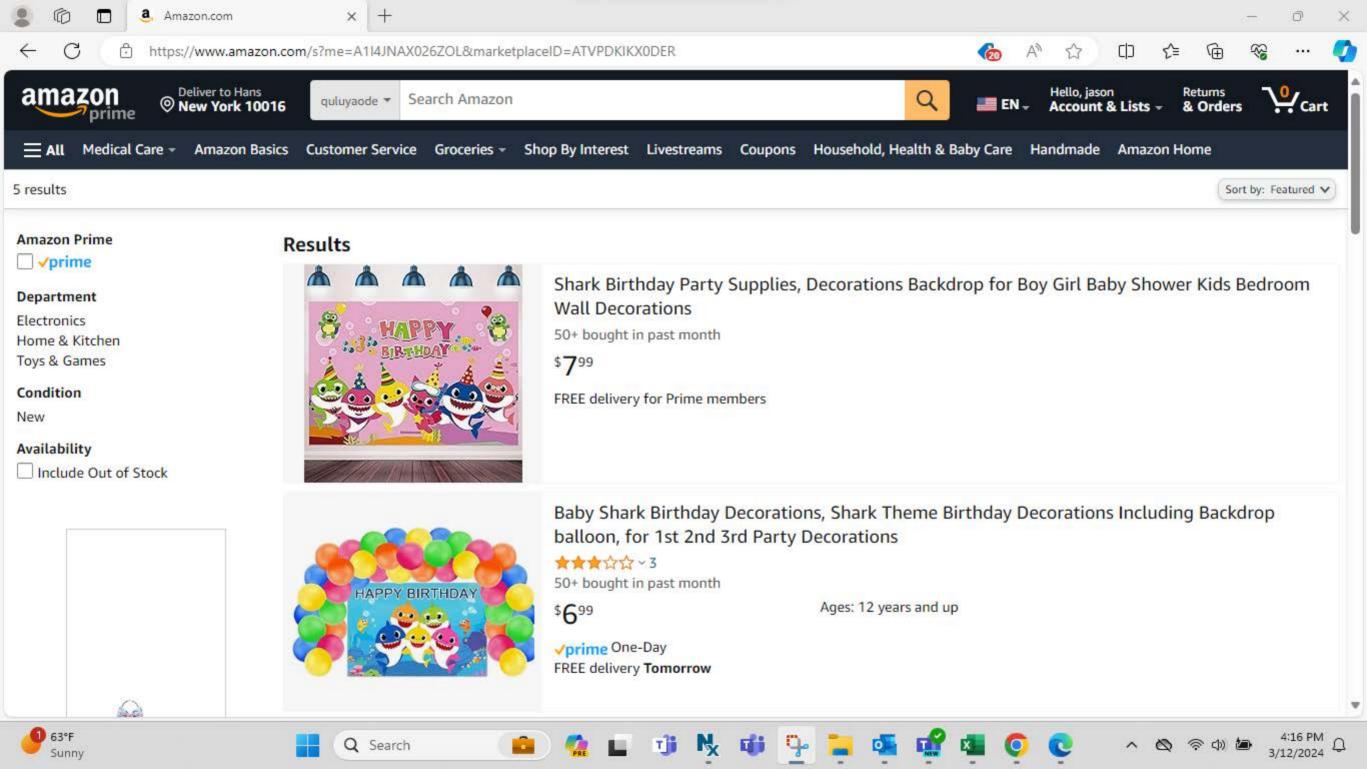


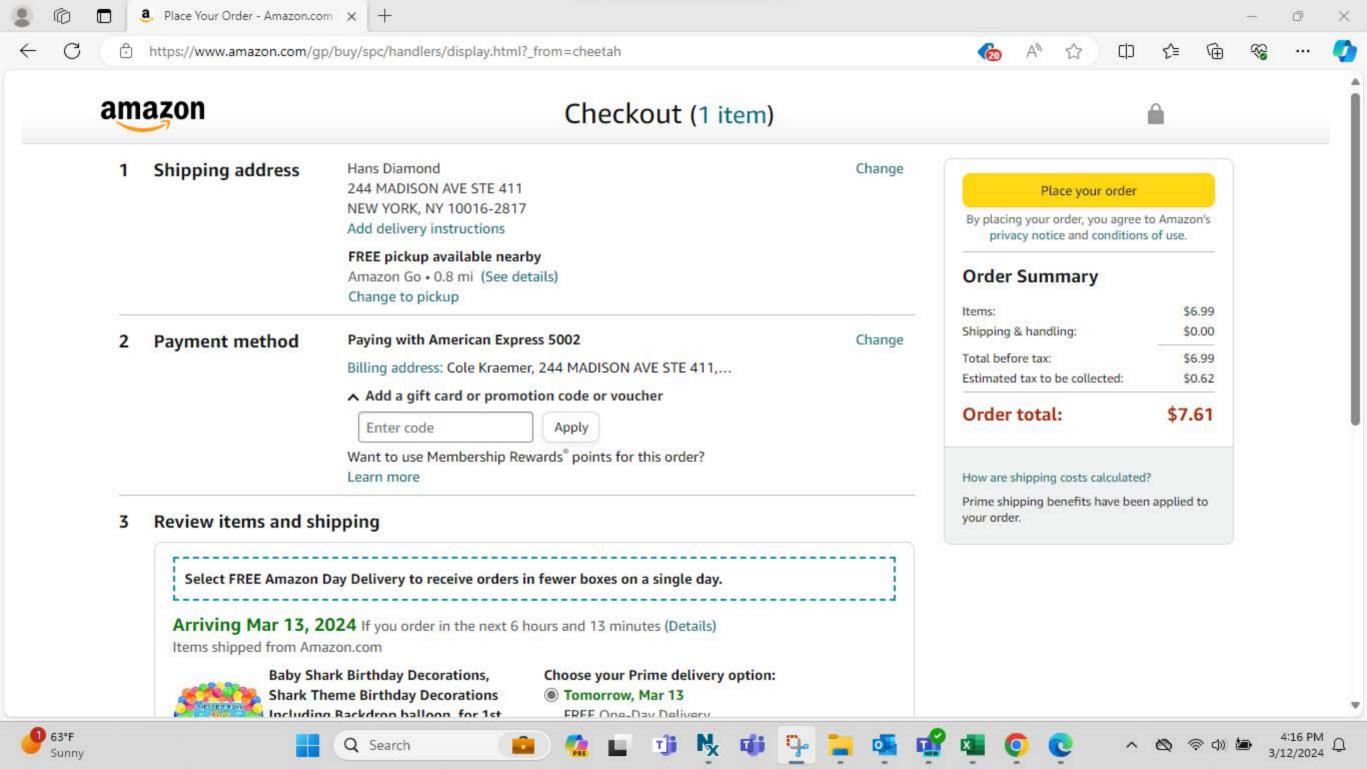




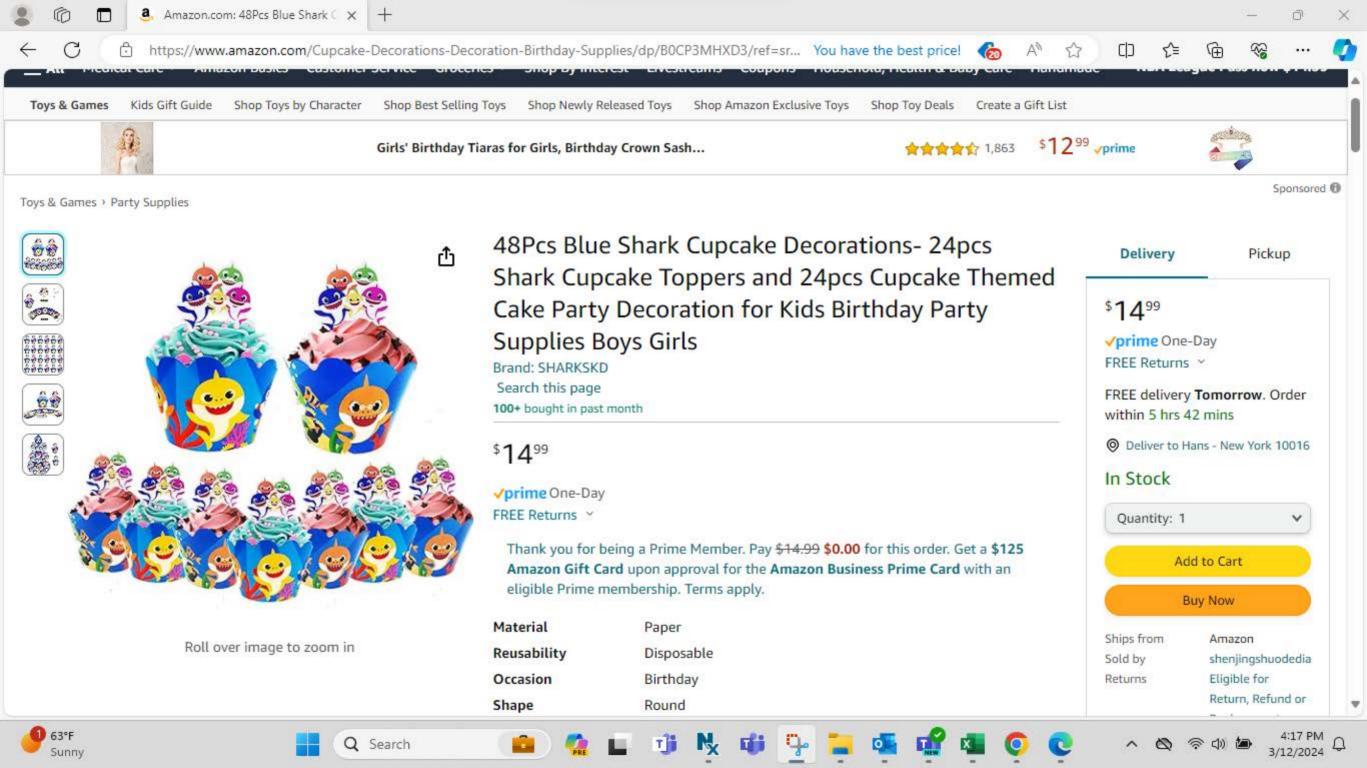
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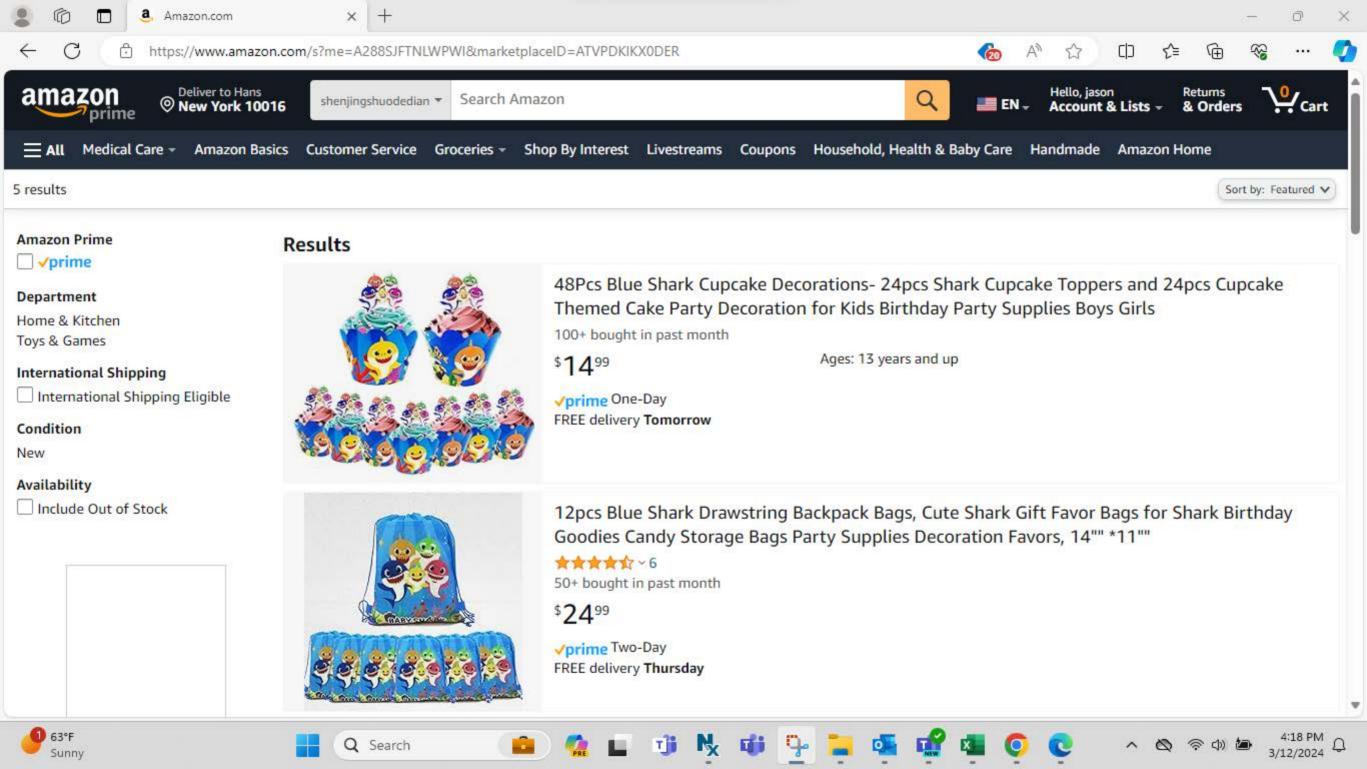


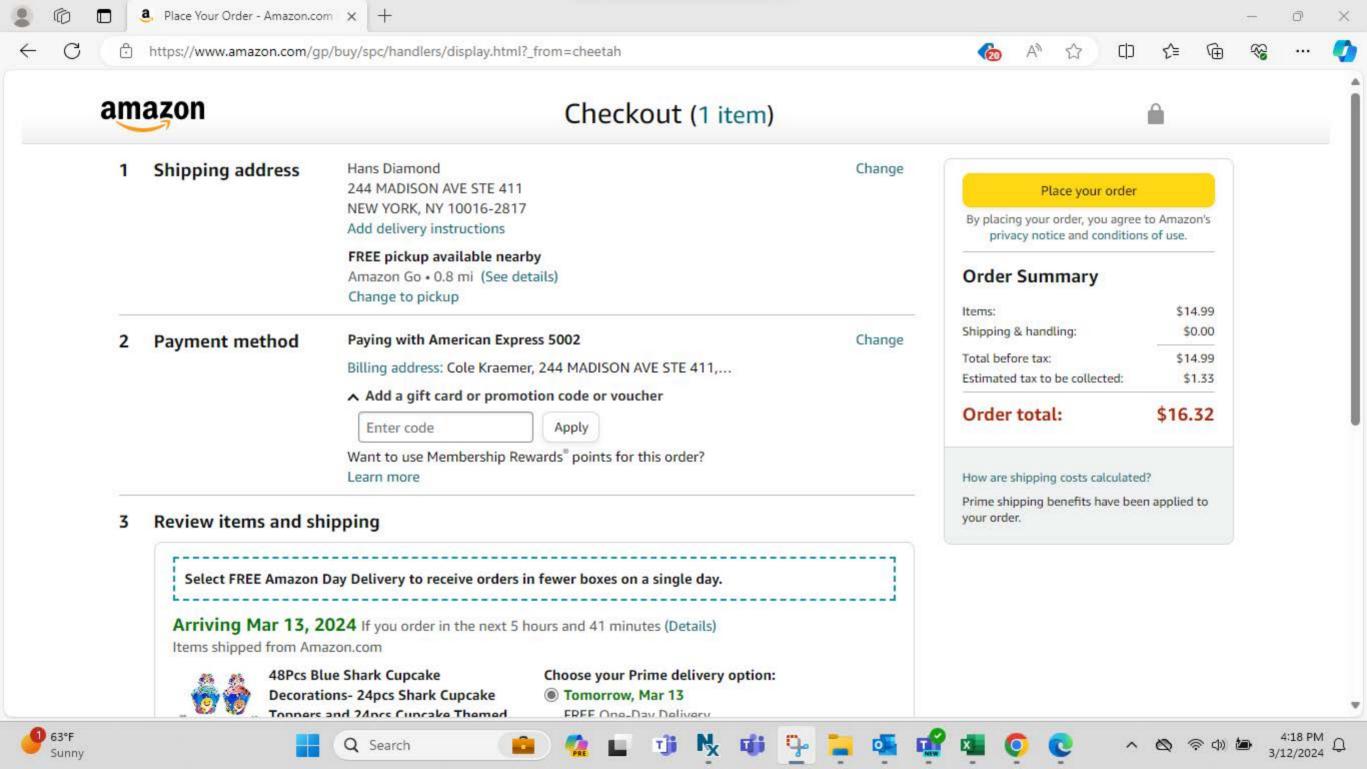




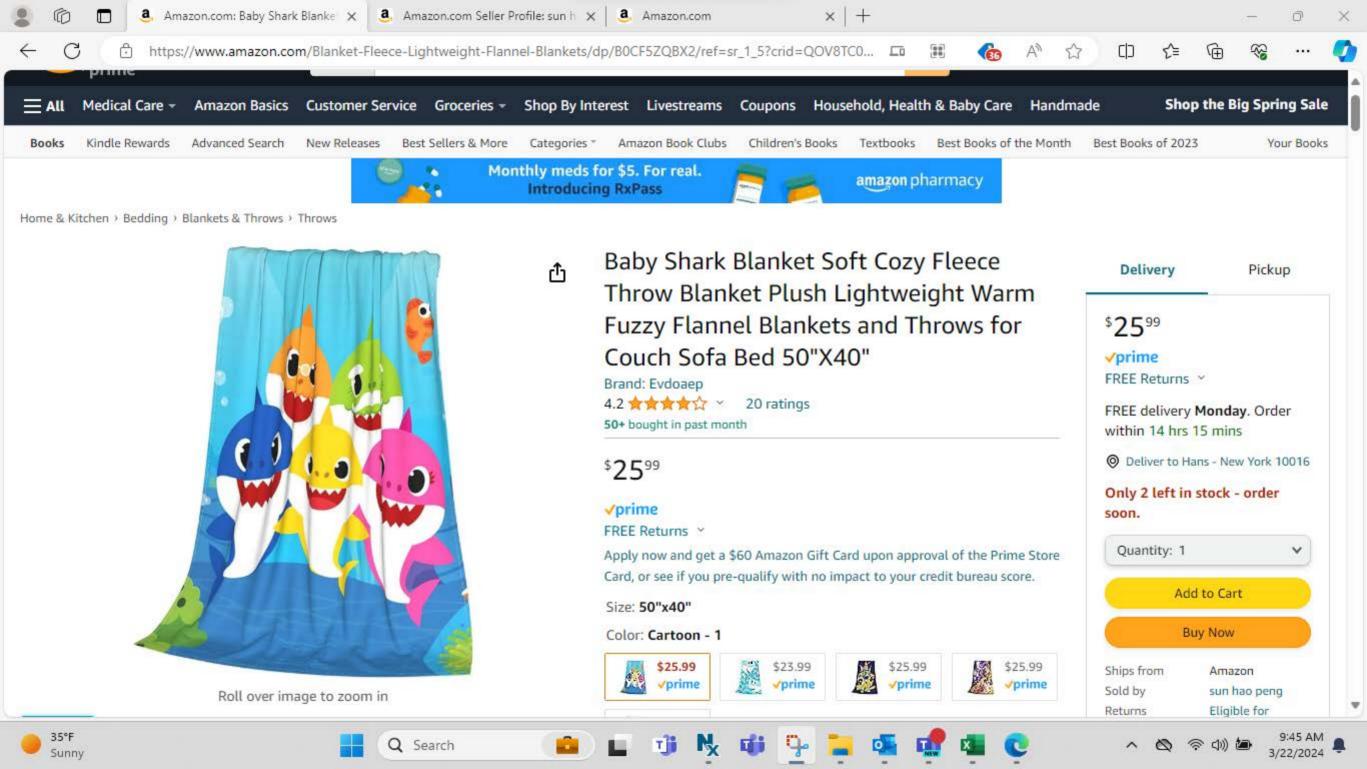
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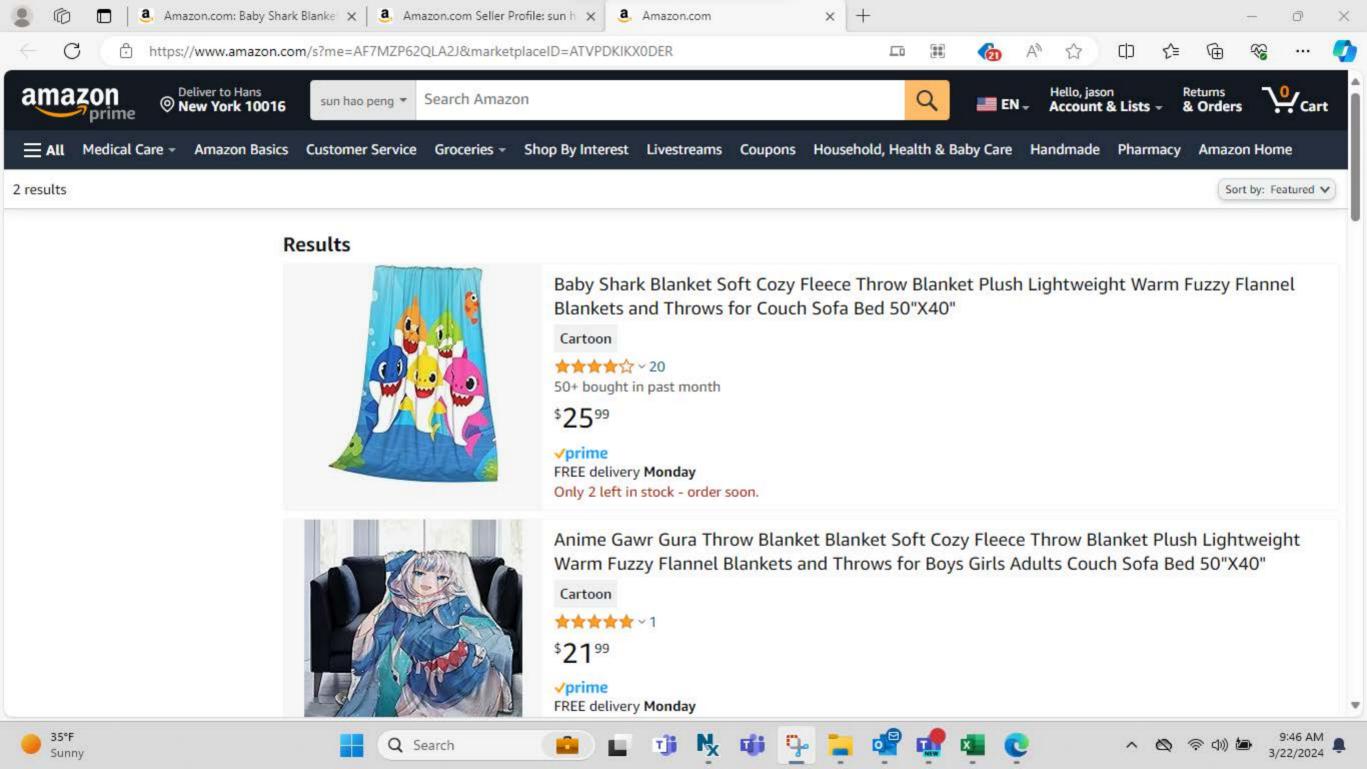


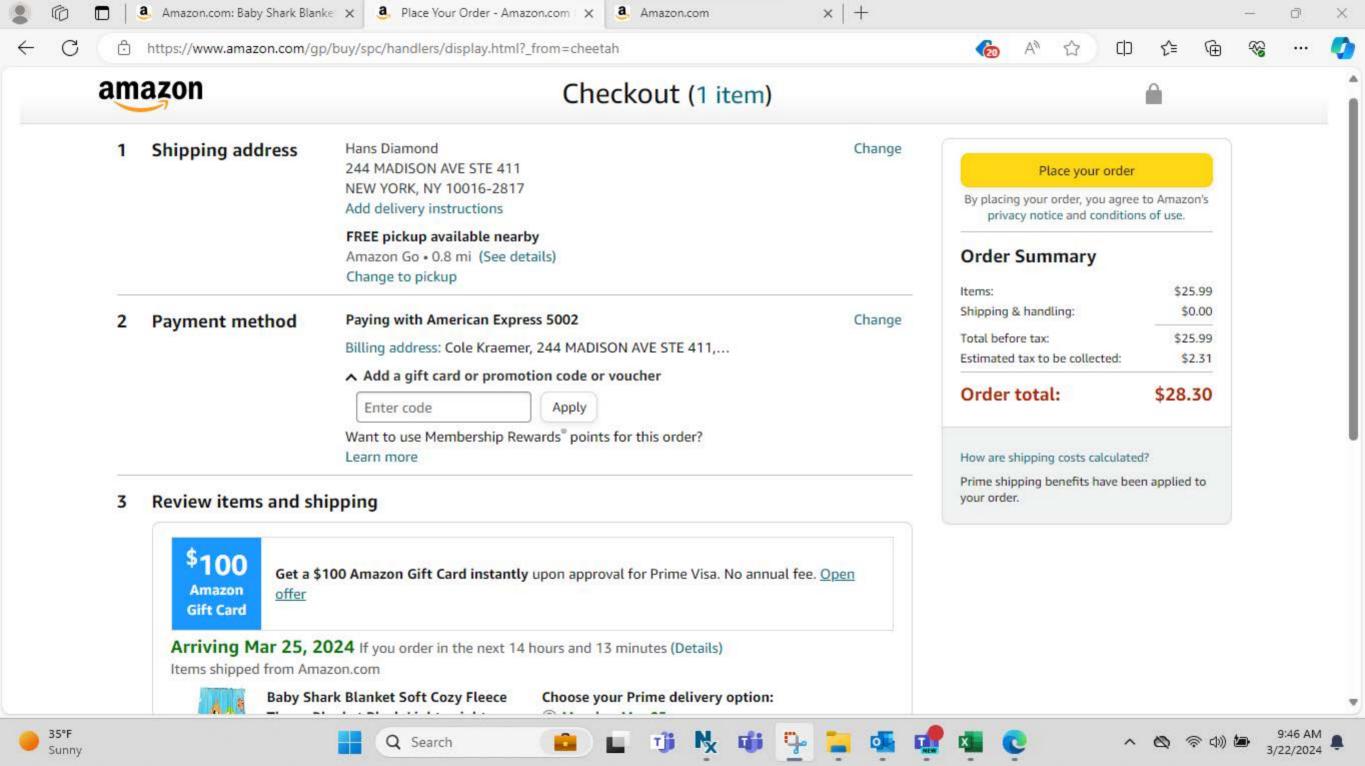




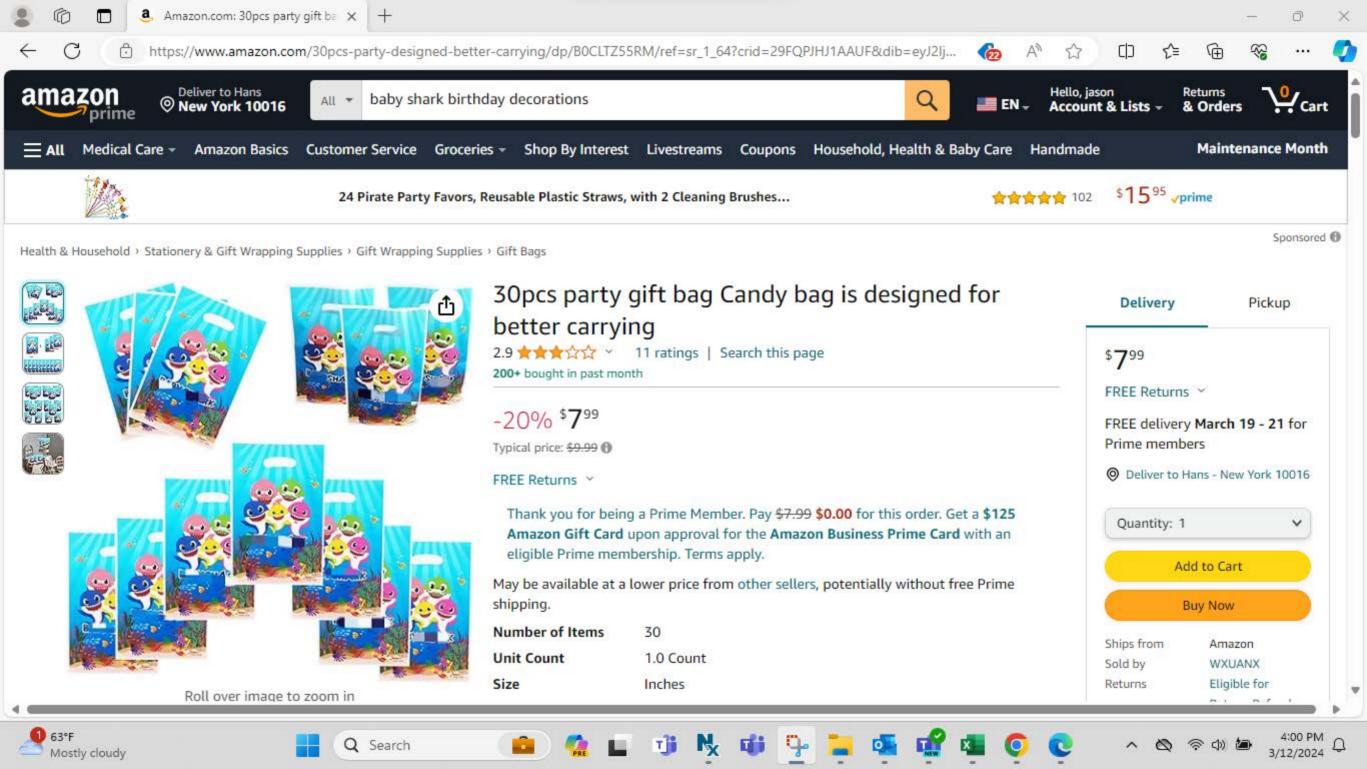
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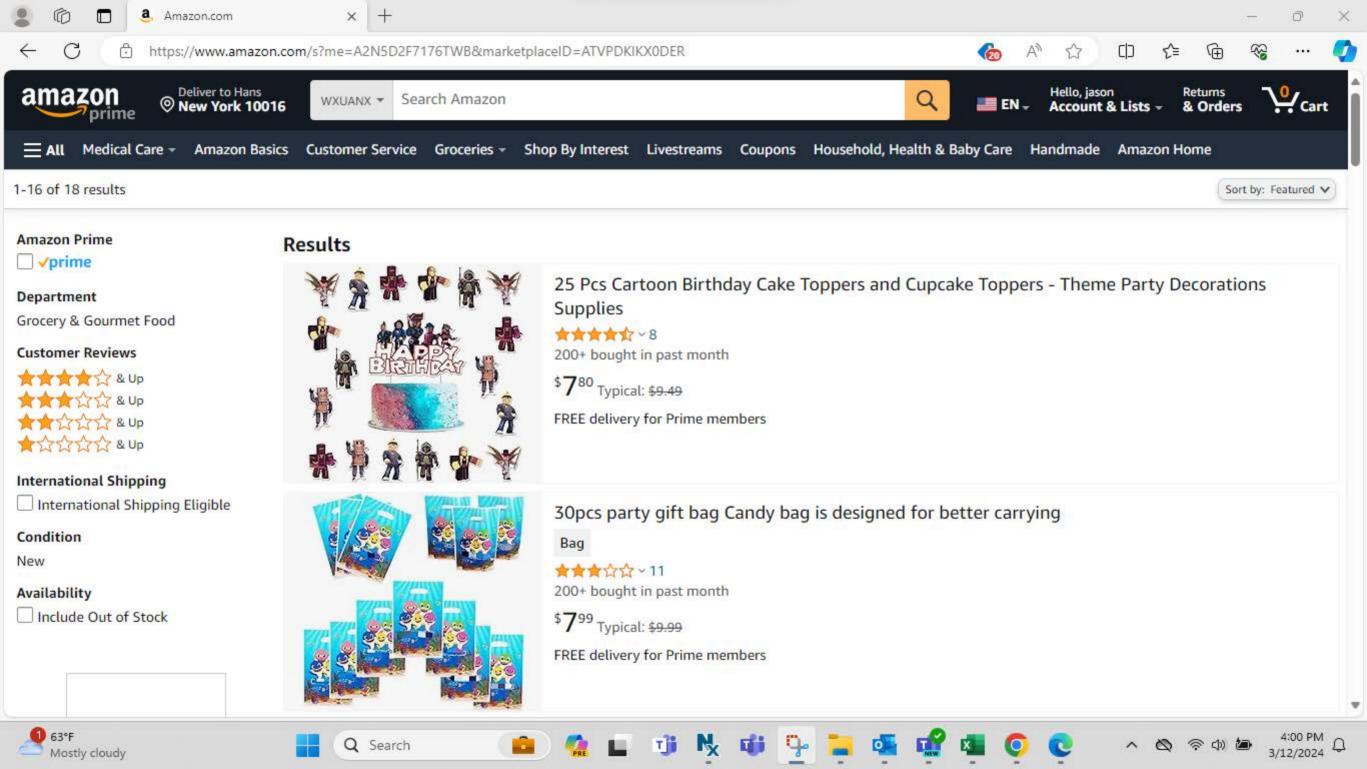


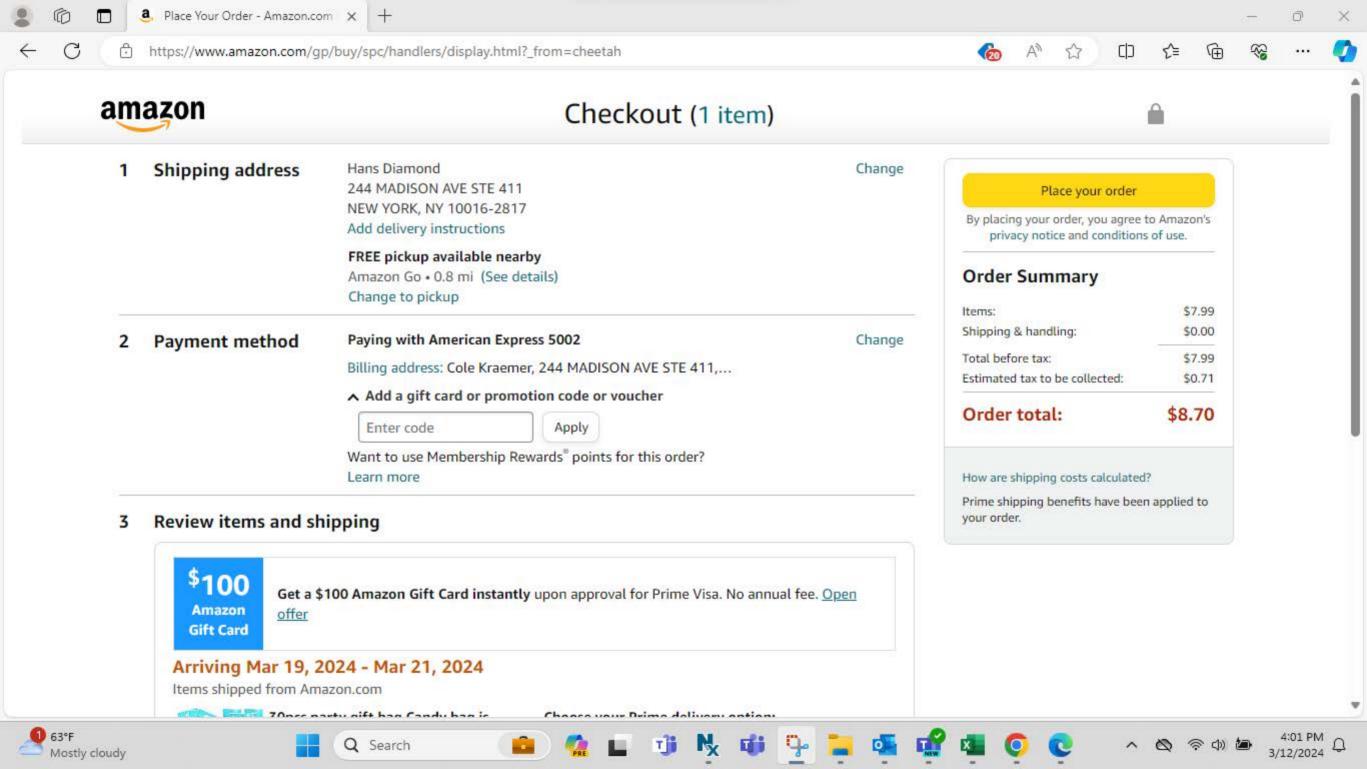




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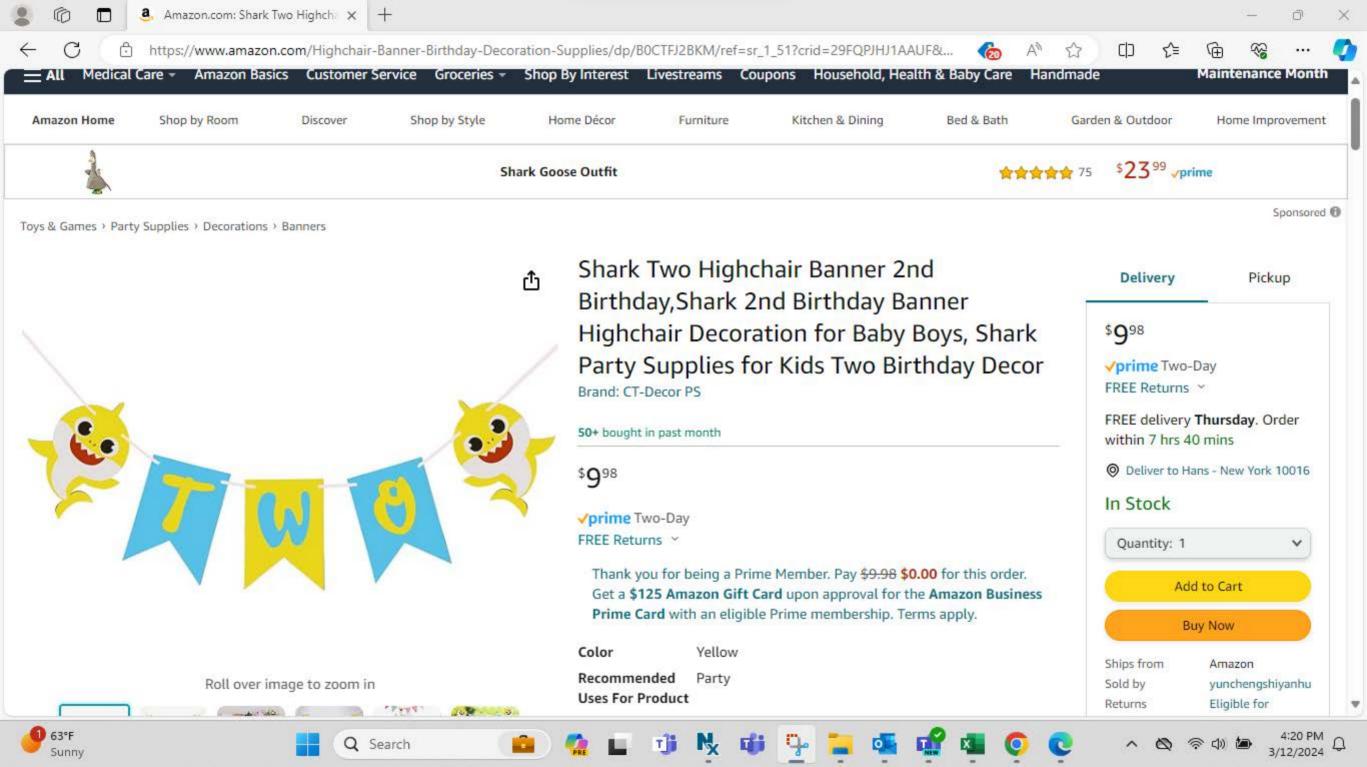


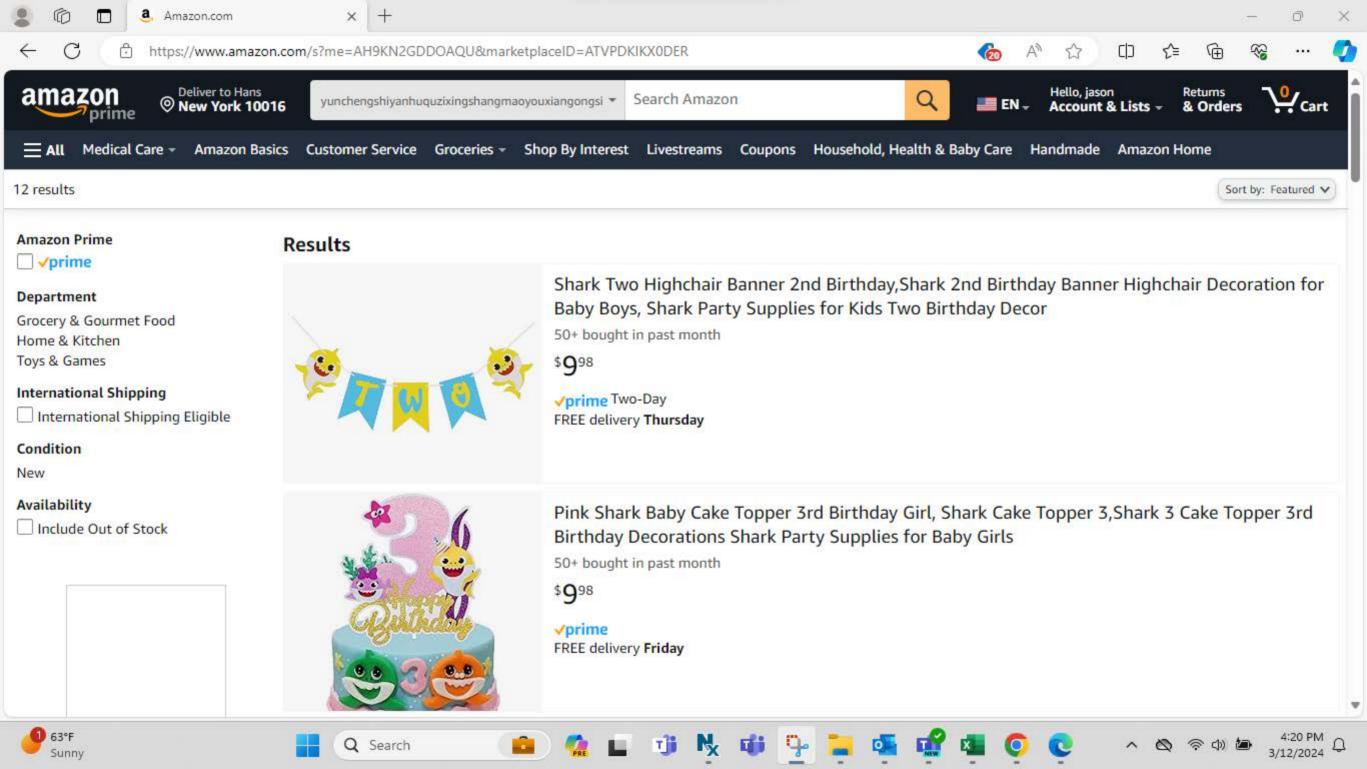


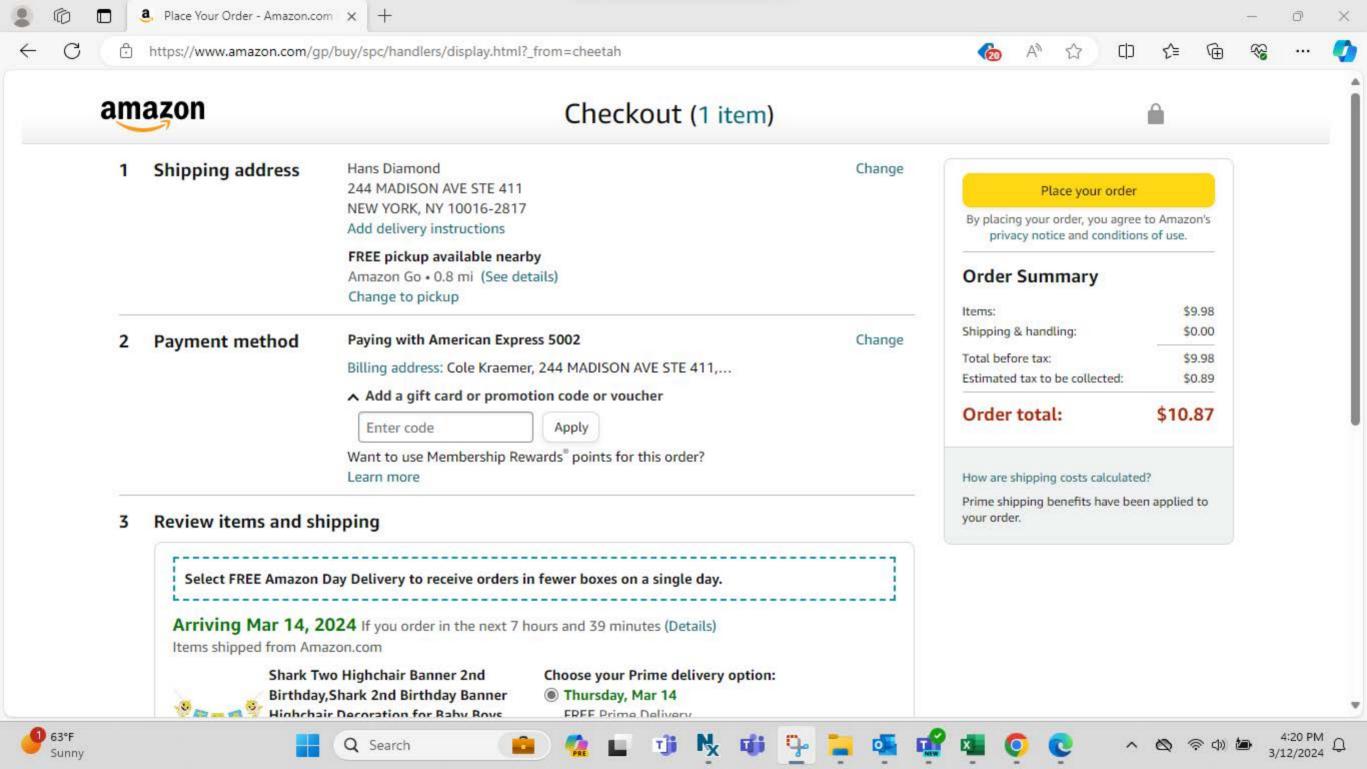


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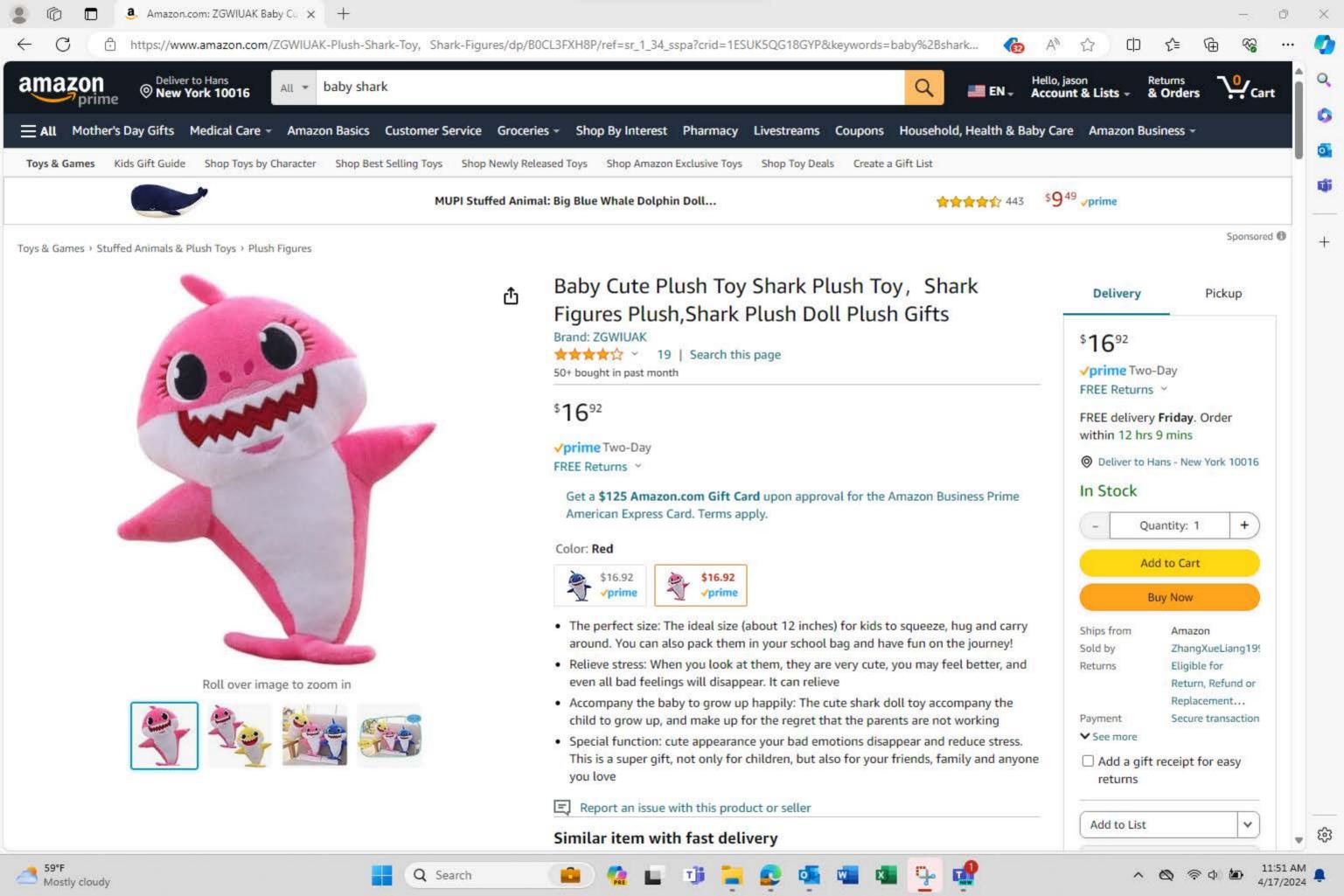
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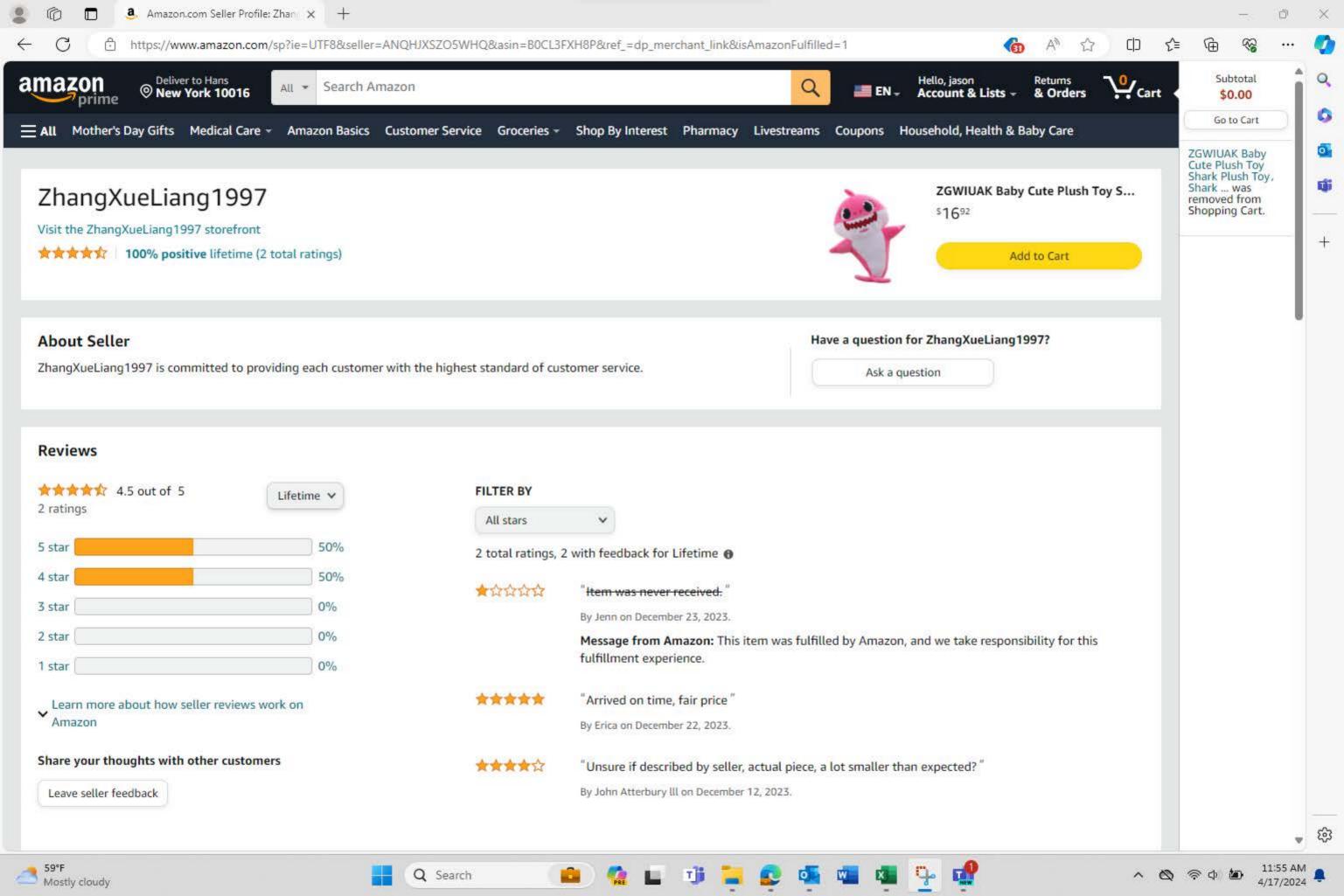


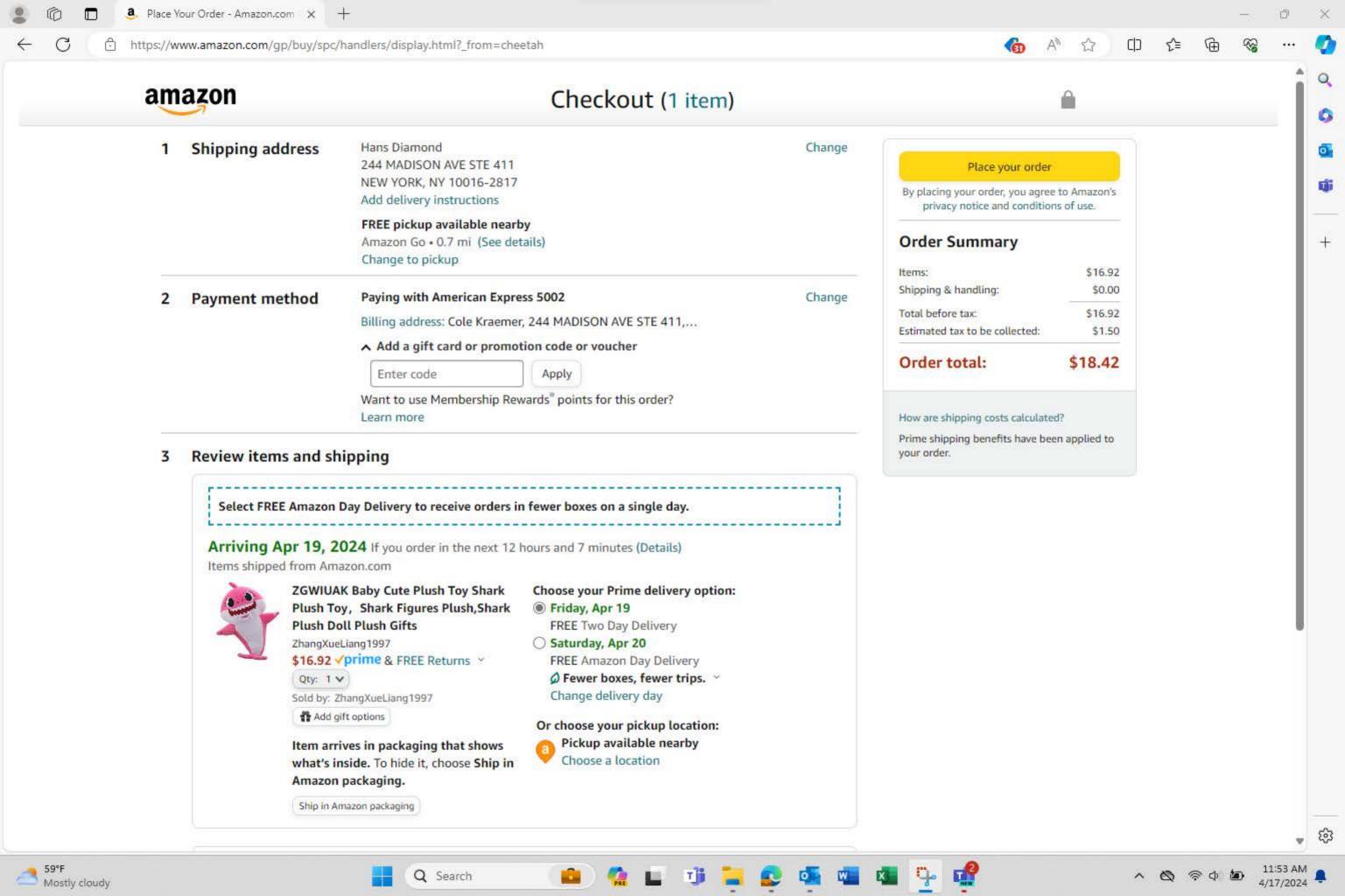




DEFENDANT ZhangXueLiang1997



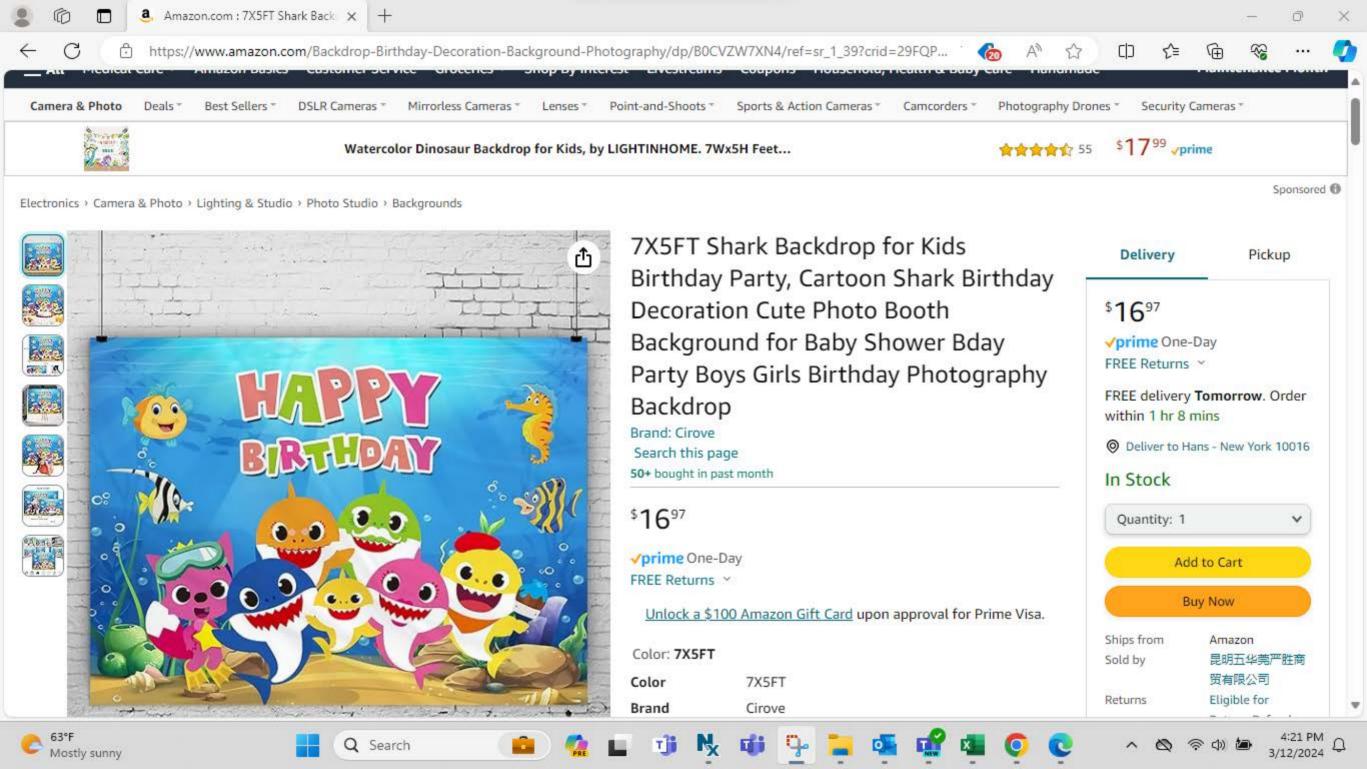




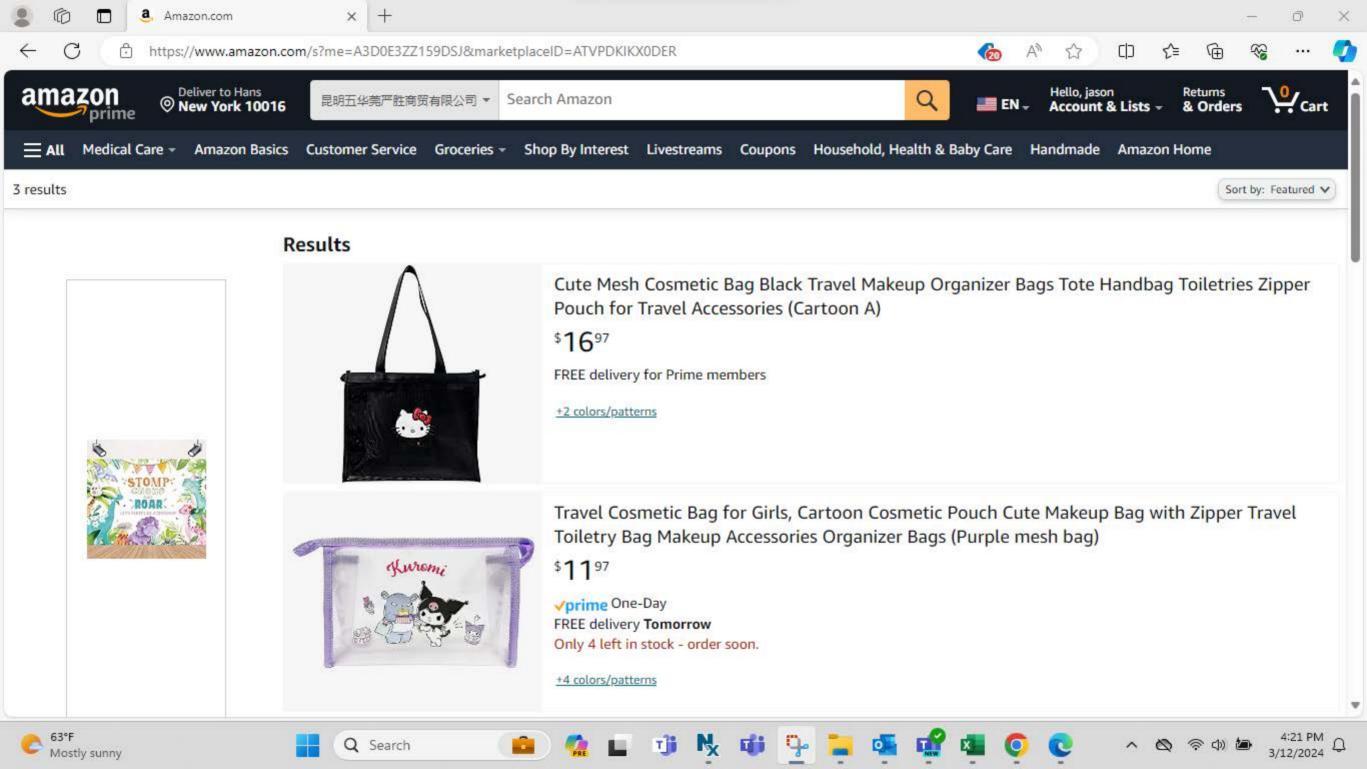
DEFENDANT

昆明五华莞严胜商贸有限公司 a/k/a Kunming Wuhua Wanyansheng Trading Co., Ltd.

Defendant's Infringing Listing



Defendant's Merchant Storefront



Checkout Page for Counterfeit Products from Defendant

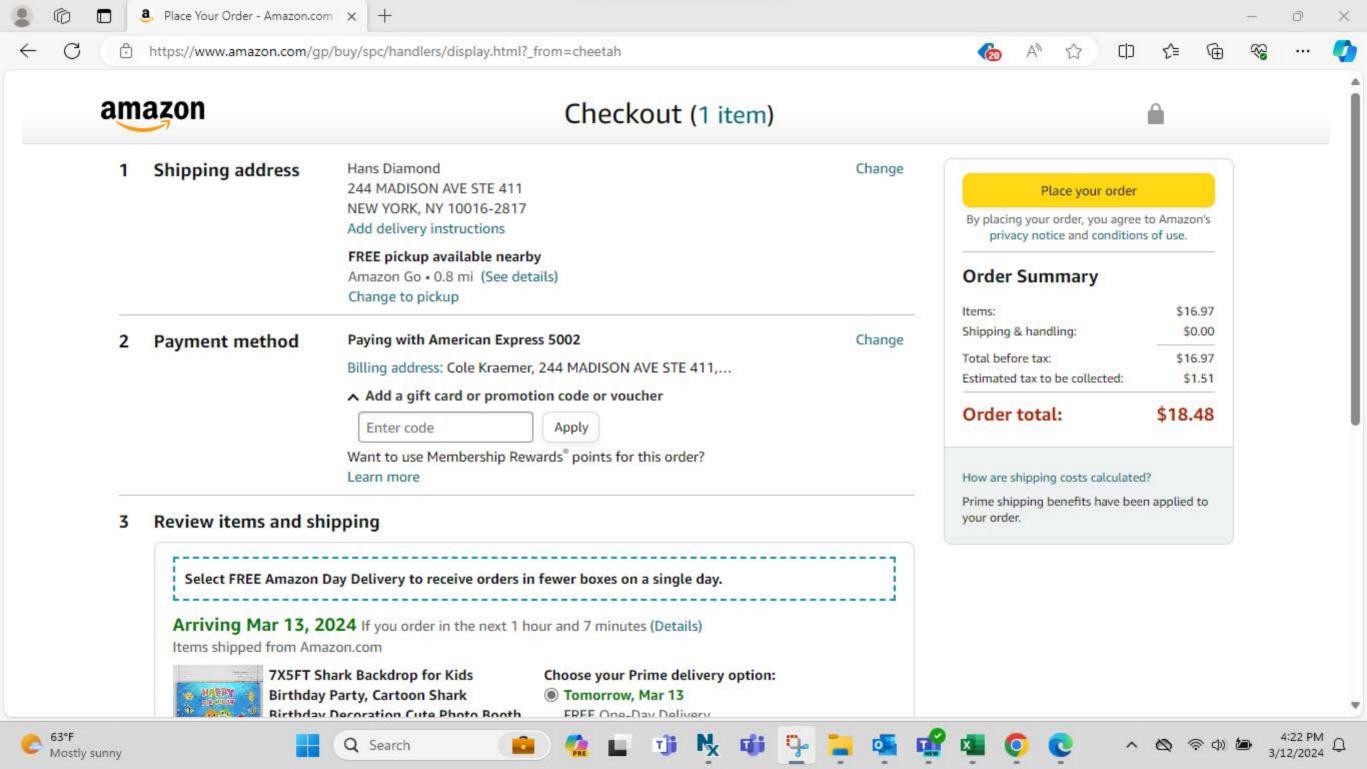
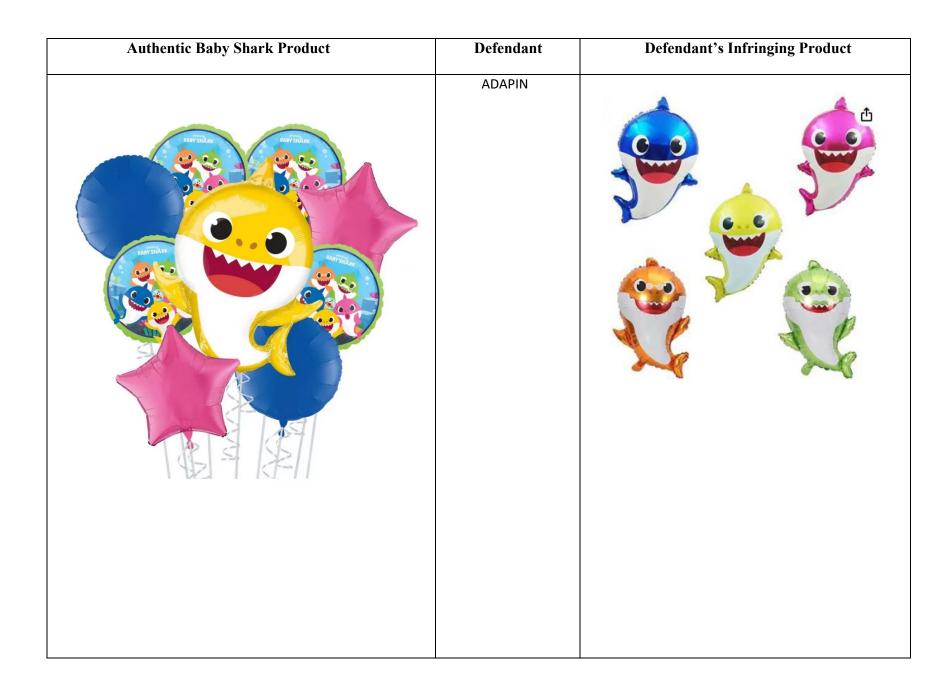


EXHIBIT B



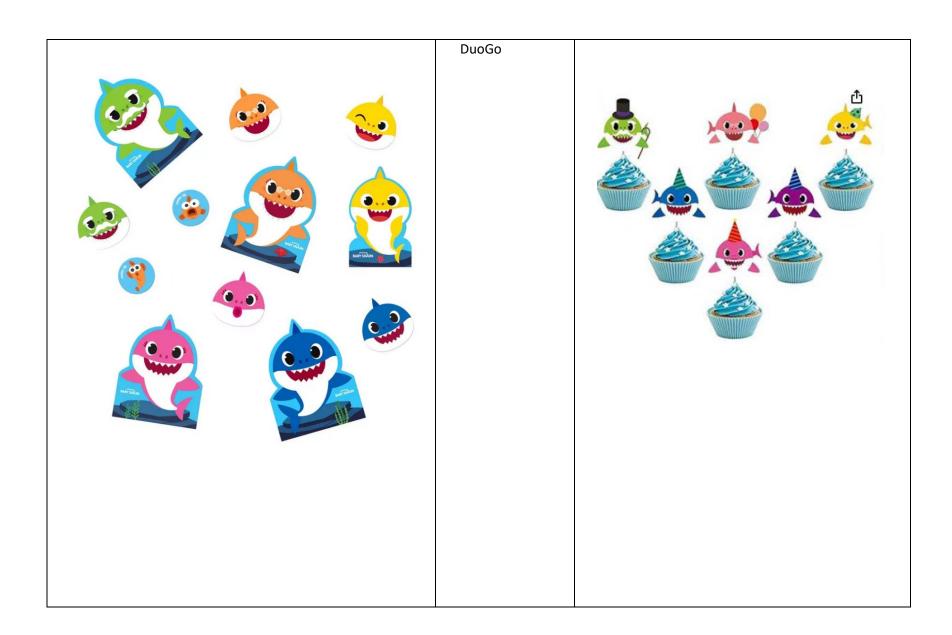






EXHIBIT C

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

In re:

Docket #21cv5146

FOXMIND CANADA ENTERPRISES LTD., : 1:21-cv-05416-KPF

Plaintiff, :

- against -

ABCTEC, et al., : New York, New York

July 14, 2022

Defendants. :

-----: TELEPHONE CONFERENCE

PROCEEDINGS BEFORE THE HONORABLE KATHERINE POLK FAILLA, UNITED STATES DISTRICT JUDGE

APPEARANCES:

For Plaintiff: EPSTEIN DRANGEL LLP

> BY: DANIELLE FUTTERMAN, ESQ. 60 East 42nd Street, Suite 1250

New York, New York 10165

For Defendants: DIAZ, REUS & TARG, LLP

BY: ZHEN PAN, ESQ.

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Miami, Florida 33131

Transcription Service: Carole Ludwig, Transcription Services

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Phone: (212) 420-0771

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None

EXHIBITS

Exhibit Voir Number Description ID In Dire

None

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THE CLERK: Your Honor, this is in the matter
of Foxmind Canada Enterprises Ltd. versus ABCTEC, et
al. Counsel, please state your name for the record
beginning with plaintiff.

MS. DANIELLE FUTTERMAN: Good morning, Your Honor, this is Danielle Futterman of Epstein Drangel on behalf of the plaintiffs.

HONORABLE KATHERINE POLK FAILLA (THE COURT):

Good morning and thank you for appearing. And

representing the moving defendants, this afternoon -
this morning, excuse me.

MR. ZHEN PAN: Good morning, Your Honor, Zhen Pan from the law firm Diaz, Reus & Targ, on behalf of the moving defendants.

THE COURT: Thank you very much, I appreciate both of you participating in this conference on somewhat short notice. And as I often do, I'll sort of begin by apologizing for oral decisions. They are a little bit of a pain to sit and listen through, but it is easier for me and it will get your matter resolved more quickly.

So in a moment I'm going to begin to read an oral decision with respect to the motion to dismiss brought by what is not 30 moving defendants, and before

I do so you're welcome to take a moment and mute your phones and I'll try very hard not to be interrupted. With that, I

4 | will begin, thank you.

This is an oral decision on a motion to dismiss, and to begin I note that plaintiff, Foxmind Canada

Enterprises Ltd. is the owner of a trademark for Pop Its which covers a children's bubble popping toy, and in recent years plaintiff's Pop It toys have spiked in popularity due, in part, to publicity garnered on social medial platforms such as TikTok. In this case, plaintiff has sued over 90 China-based Amazon merchants for selling products that allegedly infringe on the Pop It mark. Plaintiff has also brought six additional related cases levying substantially identical allegations against dozens more online retailers.

Currently, a preliminary injunction is in place that enjoins defendants in all of these actions from engaging in further counterfeiting activity that restrains Amazon and other third parties from providing services to defendants, and that freezes defendants' assets associate with their merchants' storefronts. Thirty of the defendants in this action, and I will refer to them collectively as the moving defendants, have moved to dismiss the complaint pursuant to Federal Rule of Civil Procedure 12(b)(5) for insufficient service of process.

And let me just pause for a moment to note that this matter or this motion was initially brought on behalf of 34 defendants, but I'm advised that plaintiff has subsequently voluntarily dismissed the claims against four of the defendants, and with the parties' indulgence I will not read into the record the 30, the names of the 30 moving defendants, the parties know who they are.

Two of these moving defendants, ACBERY, A-C-B-E-R-Y, and ANZIR, A-N-Z-I-R, have separately moved to dismiss under Federal Rule of Civil Procedure 12(b)(2) alleging a lack of personal jurisdiction. And for the reasons that I'm now about to explain, this Court denies the moving defendants' motion to dismiss except with respect to defendant ANZIR over whom the Court concludes it does not possess personal jurisdiction.

So I'll begin with a brief recitation of the relevant procedural history, and on June 10th of 2021, plaintiff filed a complaint in this case asserting causes of action for trademark counterfeiting, trademark infringement, false designation of origin in violation of New York's Unfair Competition Law, all of which stem from plaintiff's allegations of widespread counterfeiting and trademark infringement on the Amazon marketplace.

Along with the case initiating documents,

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plaintiff filed an ex parte application for emergency relief and for alternate service to permit service of defendants via email. That same day, this Court granted plaintiff's application for a temporary restraining order, or TRO, which, among other things, enjoined defendants from engaging in further infringing and counterfeiting conduct, froze defendants' user accounts and merchant storefronts on websites such as Amazon, and froze defendants' assets located at any financial institution. The TRO also authorized plaintiff to serve defendants via deliver of, number one, PDF copies of this order together with the summons and complaint or, number two, a link to a secure website, including Nutstore, a large mail link created through ourmail.com, and via website publication through a specific page dedicated to this lawsuit accessible through IPcounselorslawsuit.com, where each defendant would be able to download PDF copies of the order together with the summons and complaint, and all papers filed in support of plaintiff's applications seeking this order to defendants' email addresses to be determined after having been identified by Amazon. I'm quoting from page 9 of the temporary restraining order. In seeking alternative service, plaintiff

represented that all defendants were located in China, that

they are limited to correspondence by email and, further, that none of the defendants have disclosed their mailing addresses. I'm quoting here from docket entry number 16 at pages 19 through 21. And as discussed in more detail below, the moving defendants strenuously contest the unavailability of their mailing addresses.

Six days later, on June 16th of 2021, plaintiff informed the Court that it had not obtained defendants' email addresses as necessary to effectuate service by the means ordered by the Court because Amazon and other third party service providers have not yet complied with the Court's expedited discovery order. The Court thus extended the TRO and adjourned the show cause hearing to permit plaintiff additional time to serve defendants. On June 30, 2021, plaintiff effectuated service of the summons, the complaint, the TRO, the supporting papers and the June 16, 2021, order on each defendant in accordance with the alternative method of service authorized by the TRO.

Thereafter, on July 8th of 2021, plaintiff and counsel purporting to represent several defendants, appeared at the show cause hearing. Counsel for the moving defendants did not appear at this conference, but the following day on July 9th of 2021, the Court entered a preliminary injunction

or a PI, which extended the injunctive relief which had previously been granted in the TRO through the pendency of this litigation as to all defendants. Plaintiff served a copy of the PI order on July 12th of 2021 using the alternative method of service authorized by the TRO and the PI orders. And more than a month after the entry of the PI on August 19th of 2021, the moving defendants filed a letter communicating their intention to move to dismiss the complaint on the grounds of insufficient service of process and lack of personal jurisdiction.

Plaintiff filed a letter opposing the moving defendants' motion on August 24, 2021, and on September 14th of 2021, the Court held a pre-motion conference to discuss this contemplated motion after which the Court set a briefing schedule. The moving defendants filed their motion to dismiss and supporting papers on November 12th of 2021. Plaintiff filed its opposition papers on December 17th of 2021, and briefing on the motion was completed when the moving defendants filed their reply brief on January 7th of 2022.

So beginning first with the motion to dismiss for improper service of process, under Federal Rule of Civil Procedure 12(b)(5) the Court observes that the moving defendants have argued for dismissal, claiming that it is

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2 appropriate because defendant was obligated -- I'm sorry,

- 3 because plaintiff was obligated and yet failed to effectuate
- 4 | service under the Hague Convention on the Service Abroad of
- 5 Judicial and Extrajudicial Documents in Civil or Commercial
- 6 Matters. I will call that the Hague Convention for short.
- 7 The moving defendants also contend that plaintiff
- 8 misrepresented the bases for seeking alternative service in
- 9 its ex parte application. And so let me talk about the law
- 10 | in this area.

- In Federal Rule of Civil Procedure 12(b)(5)
- 12 provides for dismissal of a complaint for insufficient
- 13 | service of process. In considering such motion, the Court
- 14 is directed to look at matters outside the complaint to
- 15 determine whether it has jurisdiction. There are many cases
- 16 for this proposition, one of them is George versus
- 17 | Professional Disposables International, Inc., 221 F.Supp.3d
- 18 | 428 (S.D.N.Y. 2016).
- 19 Here, the moving defendants have submitted
- 20 declarations representative of each moving defendant and
- 21 from Zhen Pan, which include materials supporting the
- 22 | voracity of their publicly listed addresses on the Amazon
- 23 | website. The moving defendants have also attached to their
- 24 | reply submission additional declarations from three moving
- 25 defendants. They have also attached to their briefing in

2 this motion publicly available articles about Amazon's
3 process for verifying sellers' addresses.

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Plaintiff has submitted the affidavit of Ms.

Futterman outlining plaintiff's efforts to locate defendants physical addresses in advance of their application for alternative service, and this Court considers materials just listed as appropriate in the analysis it's about to undertake.

Once a defendant moves to dismiss under Rule 12(b)(5) the plaintiff bears the burden of establishing that service was sufficient. I'm quoting here from the Second Circuit's summary order in Khan v. Khan, 360 Fed.Appx. 2 (2010), and "in deciding a 12(b) motion the Court must look to Rule 4 which governs the content, issuance and service of a summons." I'm quoting here from DeLuca v. AccessIT Group, Inc., 695 F.Supp.2d 54 (S.D.N.Y. 2010). "In relevant part, Rule 4(f) from the Federal Rules of Civil Procedure permits service of process on individuals in foreign countries through three means, number one, any international agreed means of service that is reasonably calculated to give notice such as those authorized by the Hague Convention on the service abroad of judicial and extrajudicial documents; number two, a method that is reasonably calculated to give notice, including as the foreign authority directs in

response to a letter rogatory or letter of request or;
number three, by other means not prohibited by international
agreement as the Court orders."

In turn, Federal Rule of Civil Procedure 4(h) provides that services of process on foreign business entities, such as the moving defendants here, may be made using the same methods outlined in 4(f)(1) and 4(f)(3) among other provisions. Despite the Court's authorization of alternative service in the TRO order and something that was confirmed in the PI order, the moving defendants argue that the Hague Convention has mandatory application to this case. And after careful consideration of those arguments, the Court determines that the alternative method of service employed in this case was appropriate.

Convention. And, generally speaking, service on a foreign defendant pursuant to the Hague Convention is mandatory when the defendant resides in a country known as the signatory to the Hague Convention. That was identified or noted in the Supreme Court's 1988 decision in Volkswagen

Aktiengesellschaft, 486 U.S. 694. And the US State

Department advises that the Peoples Republic of China is, indeed, a signatory to the Hague Convention. The Hague

Convention, itself, provides for several alternate methods

of service, a service through the central authority of member states, service through consular channels, or service by mail if the receiving state does not object, a then fourth, service pursuant to the internal laws of the state. And I'm quoting here from Burda Media, Inc. v. Viertel, 417 F.3d 292 (2d Cir. 2005). "The Court finds that plaintiff reasonably attempted to locate the moving defendants' addressees. On that point, the Hague Convention, itself, recognizes that it shall not apply where the address of the person to be served with the document is not known."

And so the parties' first disagreement in this case relates to whether the moving defendants' addresses were known. Courts in this circuit have found an address is not known if the plaintiff exercised reasonable diligence in attempting to discover a physical address for service of process and was unsuccessful in doing so. I'm quoting here from Advanced Access Content Systems Licensing Administrator Ltd. v. Shen, an unreported decision from my colleague, Judge Broderick, contained at 2018 WL 4757939. "And here the moving defendants argue that plaintiff cannot establish that it exercised reasonable diligence to discover the moving defendants' addresses and that it made affirmative representations in an ex parte application in its ex parte application to the Court for alternative service when it

said that all defendants are limited to correspondence by email and that none have disclosed their mailing addresses."

And so to rebut plaintiff's statements in the TRO application, the moving defendants have submitted declarations from their representatives affirming that at the time the suit was filed valid addresses for all moving defendants were publicly accessible on their Amazon user accounts. They furthermore explain that the addresses of 18 of the moving defendants were verified by procedures developed by Amazon. And in defendants' Exhibits B and C there is discussion of Amazon's address verification procedures and which, according to the moving defendants, began at least as early as 2020 and involved address verification postcards. I won't go into further detail because I know the parties are aware of it.

But in light of this evidence, the moving defendants argue that plaintiff's failure to specifically investigate each of the addresses associated with their user accounts mandates service under the Hague Convention. Now in response, plaintiff concedes that it incorrectly stated in its memorandum of law in support of the application for alternative service that none of the defendants disclosed their mailing addresses. However, what they meant to, what I am told they meant to rely on was the sworn statement in

Ms. Futterman's declaration which averred that all defendants failed to disclose an accurate or complete address or any other contact information on their respective user accounts or merchant storefronts on Amazon. is, therefore, satisfied that plaintiff did not make intentional representations in its papers seeking ex parte emergency relief though it, of course, cautions plaintiff and plaintiff's counsel to be more careful in their submissions to the Court.

Plaintiffs respond on the merits of this motion that it was justified in seeking alternative service because merchants on Amazon, including moving defendants, have been known to use aliases, false addresses and other incomplete identifying information to shield their true identities. Plaintiff claims that the investigation it conducted prior to filing its motion for alternative service lends credence to the unreliability of the addresses affiliated with the moving defendants' user accounts.

Of particular relevance, during this investigation plaintiff's counsel took screenshots of the addresses displayed on certain defendants' merchant's storefronts, several of which were facially incomplete or pointed to clearly fake addresses in the United States. One moving defendant had the address Broward, Pompano Beach, Florida,

it was incomplete, but it also contradicts the defendants' current declaration stating that its sole place of business is in Fujian, China.

In addition, this defendant is supposedly one of the verified defendants who represents that it completed a postcard to verify the accuracy of its address. Likewise, plaintiff took screenshots of the user accounts for some of the other moving defendants who, one of whom has, or both of whom displayed the same address in Lawrenceville, Georgia, which conflicts with their current declarations representing a place of business in China. And also, one of these entities is another of the verified defendants who supposedly participated in Amazon's verification process.

As part of their reply submission, the moving defendants submitted declarations from each of these representatives in which they represented that the addresses associate with their Amazon merchant accounts were inadvertently changed by US vendors who were retained so that these defendants could obtain approval for selling children's toys in the United States. Even if this Court were to credit that explanation, it does not change the fact that plaintiffs encountered incorrect or misleading information at the time it sought to discover the moving defendants' addresses.

But so besides reviewing these user accounts, plaintiff was also involved in using its counsel's, it's office in Beijing to review the addresses of those defendants located in China. The Beijing office's review disclosed that several of the China based addresses were incomplete and that's directly relevant to this motion. The Beijing office advised plaintiff that the addresses for at least three of the moving defendants were incomplete for lacking building or unit numbers.

This Court is sympathetic to plaintiff's argument concerning the unreliability of the physical addresses affiliated with the moving defendants' Amazon user accounts. Besides the questionable accuracy of the information that appeared on certain of defendants' user accounts, the publicly available addresses appear to have been a moving target as plaintiffs investigatory findings suggest that the addresses for certain of the moving defendants, including some of the verified defendants, changed after plaintiff performed its investigation. To this extent, the moving defendants' declarations attesting to the genuineness of the addresses that presently appear on their user accounts cannot retroactively dispel the concerns that plaintiff had over the many addresses it located that were clearly fake or incomplete.

All of that said, plaintiff does not represent that it inspected every one of the moving defendants' addresses as it claims only that it's reviewed the addresses of many, emphasizing the term many, of the moving defendants displayed on their merchant storefronts ostensibly revealed the unreliability of the details reflected thereon.

Considering Amazon's verification procedures, the Court cannot rule out the possibility that at least some of the verified defendants had legitimate addresses affiliated with their user accounts at the time of plaintiff's investigation. And just thinking ahead, as these verification procedures improve, the Court will expect a move detailed or a more granular approach to reviewing the addresses of the putative defendants in further IP cases brought by plaintiff's counsel. But with that said, and in the circumstances of this case, the Court believes that plaintiff did exercise reasonable diligence in attempting to locate the physical addresses of the moving defendants.

With regard to the 12 non-verified defendants, the Court fully credits plaintiff's concerns regarding the voracity of these listed addresses, the information reflected on these user accounts were not verified or was not verified, excuse me, and there was no mechanism in place for plaintiff to corroborate these addresses during its

investigation. Plaintiff harbored valid doubts concerning the forthrightness of the information furnished by these third party merchants on Amazon, its concerns so prominent that it seems to have motivated Amazon to implement these verification procedures in the first instance. The Court does not believe that the law compels plaintiff to attempt to effectuate service under the Hague Convention using address information that it has a reasoned basis to believe it's faulty.

So with respect to the remaining 18 or 19 -- no, 18 verified defendants, the Court does not believe that Amazon's verification procedures fully address plaintiff's concerns about the validity of the information posted on these user accounts. For instance, at the time of plaintiff's investigation, at least two of the verified defendants posted US addresses that were demonstrably false, and six of the verified defendants attest to receiving their verification postcards from Amazon after the filing of this suit, which means that their addresses could not have been verified at the time plaintiff undertook its investigation.

The Court additionally notes that 11 of the verified defendants received their verification postcards in May of 2021, just one month prior to plaintiffs filing this lawsuit, and assuming that at least some portion of

plaintiff's investigation of the over 90 defendants sued in this case, which number is multiplied when you consider the 6 related actions, but considering that some portion of the investigation took place more than a month prior to filing suit, these addresses very well may not have been verified at the time of the investigation.

So in the circumstances of this case which include a suit against a voluminous number of defendants operating online storefronts, a significant portion of whom posted demonstrably incurred address information in a space where false information is known to abound, the Court concludes that plaintiff exercised reasonable diligence in attempting to locate the moving defendants' addresses.

A second argument from the defense is that plaintiff's motion was premature because it did not first attempt service under the Hague Convention, but the Court concludes that plaintiff was not required to attempt to serve the moving defendants by another means prior to moving for alternative service under Rule 4(f)(3). As mentioned above, Federal Rules of Civil Procedure 4(f) enumerates three possible ways to effect service abroad, only two of which are relevant here, and that would be Rule 4(f)(1) which is the methods authorized under the Hague Convention, and 4(f)(3) which permits service by other means

2 not prohibited by international agreement as the Court 3 orders.

Under Rule 4(f)(3), a Court may fashion means of service on an individual in a foreign country so long as the ordered means of service is not prohibited by international agreement and comports with constitutional notions of due process. I quote here from my colleague Kimba Woods' decision in SEC v. Anticevic, 2009 WL 361739 (S.D.N.Y. 2009), "And in that regard it is well established that there is no hierarchy among the subsections in Rule 4(f). Rule 4(f) is neither a last resort nor extraordinary relief, it is merely one means among several which enables services of process on an international defendant."

I'm quoting here from Advanced Aerofoil

Technologies, AG v. Todaro, a decision from Judge Carter of this district in 2012, contained at 2012 WL 299959. "The decision of whether to order service of process under Rule 4(f)(3) is committed to the sound discretion of the District Court."

This was noted in *United States v. Lebanese*Canadian Bank, 285 F.R.D. 262 (S.D.N.Y. 2012). "And so under Rule 4(f)(3) a plaintiff is not required to attempt service through the other provisions of Rule 4(f) before it may order service pursuant to Rule 4(f)(3). That being said, in

evaluating whether alternative service is necessitated,

Courts in this circuit have generally required a showing

that the plaintiff has reasonably attempted to effectuate

service on the defendants, and showing that the

circumstances are such that the Court's intervention is

necessary." And I am quoting here from the Lebanese

Canadian Bank decision I just mentioned.

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That said, these considerations guide the exercise of discretion and they are not akin to an exhaustion requirement. Here the Court concludes that alternative service was necessary on the circumstances of this case. Although plaintiff did not attempt to serve the moving defendants before seeking alternative service, the Court has already explained that plaintiff harbored reasonable doubts about the voracity of the addresses affiliated with their Amazon user accounts. The Court, therefore, does not believe it appropriate to institute a requirement that plaintiff attempt service under the Hague Convention using information that it had reason to believe was erroneous.

Beyond the questionable authenticity of these addresses, there were also the exigencies of the case, which counsel, in favor of alternative service, plaintiff initiated this suit on an emergency posture

picking an ex parte TRO in the hopes of immediately
thwarting the sale of allegedly counterfeit goods on
online marketplaces. Any other strategy for
instituting this action would have afforded the
alleged counterfeiters an opportunity to evade

7 enforcement of the trademark laws, thus obviating the

8 release sought by plaintiff before the Court and

9 before this Court had considered, a chance, excuse me,

10 to consider the merits of the claims.

Going to this point, the Court is persuaded by the several cases in this district that have considered the length of time required for service under the Hague Convention as weighing in favor of permitting alternative service. And these include OC Global Partners, LLC, v. Adaime, from Judge Liman, reported or contained at 2022 WL 769328, and In re: GOG, contained at 287 F.R.D. and I have a pinpoint cite at page 266.

In addition, this Court finds that the means of alternative service authorized by the Court did not violate any international agreement or offend due process principles. As noted, the Court permitted service by delivery of a PDF copy of the TRO, together with the summons and complaint, or a link to a secured file sharing website to defendants' email addresses as identified by Amazon.

This means of service on a Chinese defendants is not

- 3 prohibited by any international agreement. China has
- 4 objected to service by postal channels under Article 10 of
- 5 the Hague Convention, but Courts within this district have
- 6 held that this objection does not encompass service by email
- 7 and, further, that service by email is not prohibited by any
- 8 international agreement.
- 9 As one case for that proposition I cite to Judge
- 10 Preska's decision in Mattel, Inc. v. AnimeFun Store, 2020 WL
- 11 2097624. "Second, for method of service to satisfy the
- 12 | strictures of due process, it must provide notice reasonably
- 13 calculated under all the circumstances to apprise interested
- 14 parties of the pendency of the action and to afford them an
- 15 opportunity to present their objections."
- I quote here from the Second Circuit's 2006
- 17 decision in Luessenhop v. Clinton County, 466 F.3d 259.
- 18 "In service by email alone comports with due process where
- 19 | a plaintiff demonstrates that the email is likely to reach
- 20 | the defendant."
- 21 I'm quoting here from Judge Engelmayer's
- 22 decision in FTC v. Pecon Software Ltd., 2013 WL 4016272.
- 23 "And these standards are met here, as the moving
- 24 defendants engaged in online business and regularly
- 25 | communicated with customers by email, indeed there is no

question that service by email was effective in this case."

After transmitting the summons, complaint, TRO and other relevant documents to the moving defendants via email plaintiff received registered receipts confirming that the service emails and documents annexed thereto were sent to, delivered to, and received by all of the moving defendants. The Court, therefore, has no doubt that service by email sufficed to apprise the moving defendants of the initiation of this litigation and provided them with an opportunity to participate and, as a result, alternative service using the moving defendants' email addresses comports with due process.

For these reasons, the moving defendants' moving to dismiss for improper service is denied, and the Court turns now to the motion of defendants, ACBERY and ANZIR under Rule 12(b)(2) to dismiss the claims against them for lack of personal jurisdiction.

And so turning to that, on a Rule 12(b)(2) motion to dismiss for lack of personal jurisdiction, the plaintiff bears the burden of showing that the Court has jurisdiction over the defendant. I'm quoting here from the Second Circuit's decision in MetLife Insurance Co. v. Robinson-Ceco Corp., 84 F.3d 560, "And if, as here, a Court does not conduct an evidentiary hearing on the issue of personal

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2 jurisdiction, the plaintiff need only make a prima facie showing that the Court possesses personal jurisdiction over 3 the defendant."

I'm quoting here from DiStefano v. Carozzi North America Inc., 286 F.3d 81 (2d Cir. 2001), "When a plaintiff makes that showing through an averment of facts that if credited by the alternate trier of fact would suffice to establish personal jurisdiction over the defendant, plaintiff's jurisdictional allegations are construed in the light most favorable to the plaintiff and doubts are resolved in the plaintiff's favor."

I quote here from this Court's decision in Elsevier v. Grossman, 77 F.Supp.3d 331 (2015), "And where a Court does not hold an evidentiary hearing on the jurisdictional question, it may, nevertheless, consider matters outside the pleadings." And here the Court considers the declarations of Wen Juan Shih (phonetic), a representative of ACBERY, Xia Wang (phonetic), a representative of ANZIR, as well as the Futterman declaration which provides additional information concerning these defendants' contacts with the foreign state.

And so turning to those contacts, to determine whether the exercise of personal jurisdiction is proper, this Court conducts a two-part inquiry. It first looks at 2 | whether there is a basis for personal jurisdiction under the

- 3 laws of the foreign state in (inaudible) New York, and that
- 4 process is outlined in the case of Licci ex rel. Licci v.
- 5 Lebanese Canadian Bank, 732 F.3d 161 (2d Cir. 2013).
- 6 "Plaintiff exerts jurisdiction under two provisions of New
- 7 York's Long Arm Statute, Sections 302(a)(1) and 302(a)(3)
- 8 and the New York Civil Practice Law and Rules, as well as
- 9 | the Federal Long Arm Statute which is Federal Rule of Civil
- 10 Procedure 4(d)(2).

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So turning first to New York's Long Arm Statute, 3(a)(1), 302(a)(1), excuse me, provides that a Court may exercise personal jurisdiction over any non-domiciliary through a person or through an agent transacts any business within the state so long as the cause of action arises from that transaction. And so under this provision a Court may exercise personal jurisdiction over a non-domiciliary if two conditions are met. First, the non-domiciliary must transact business within the state; second, the claims against the non-domiciliary must arise out of that business activity.

And Section 302(a)(1) is a single act statute. By that I mean that proof of one transaction in New York is sufficient to invoke jurisdiction even though the defendant never enters New York, so long as the defendant's activities

were purposeful and there is a substantial relationship
between the transaction and the claim asserted.

I'm quoting her from the New York Court of Appeals decision in Kreutter v. McFadden Oil Corp., 71 N.Y.2d 460 (1988), "And pursuant to Section 301(a)(3) of New York's Long Arm Statute, a Court may exercise jurisdiction over a non-domiciliary who commits a tortious act without the state causing injury to a person or to property within the state. This provision applies only to a defendant that either regularly does or solicits business or engages in other persistent course of conduct or derives substantial revenue from goods used or consumed for services rendered in the state or, number two, expects or should reasonably expect that the acts of consequences in the state and derives substantial revenue from interstate of international commerce."

And then, finally, the Federal Long Arm

Statute, Rule 4(k)(2), allows Federal Courts to

exercise personal jurisdiction, if plaintiff's cause

of action arises under the Federal Law the defendant

is not subject to the jurisdiction of the Courts of

general jurisdiction of any one state and the

defendant's total contacts with the United States, as a

whole, are sufficient to confer the Court with personal jurisdiction without offending due process.

And I quote here from a Southern District decision of 2020, Astor Chocolate Corp. v. Elite Gold Ltd., 510 F.Supp.3d 108. "In this circuit to meet that second requirement, the plaintiffs need to certify that to their knowledge the foreign defendant is not subject to jurisdiction in any other state. Once plaintiff establishes a statutory basis for jurisdiction, the plaintiff must demonstrate that the exercise of that jurisdiction comports with due process." This is recognized by the Second Circuit in the case of Charles Schwab Corp. v. Bank of America Corp., a 2018 decision contained at 883 F.3d 68.

And the constitutional analysis under the Due Process Clause consists of two separate components, the minimum contacts inquiry and the reasonableness inquiry. They are discussed in the *Licci* case that I mentioned earlier, the minimum contacts inquiry examines whether the defendant has sufficient contacts with the foreign state to justify the Court's exercise of personal jurisdiction, the reasonableness inquiry examines whether the assertion of personal jurisdiction comports with traditional notions of fair play and substantial justice, and that is whether it is

2 reasonable to exercise personal jurisdiction under the 3 circumstances of the particular case.

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As part of that second inquiry, the Court considers first the burden that the exercise of jurisdiction will impose on the defendant; second, the interest of the foreign state in adjudicating the case; third, the plaintiff's interest in obtaining convenient and effective relief; fourth, the interstate judicial system's interest in obtaining the most efficient resolution of the controversy; and, fifth, the shared interests of the states in furthering substantive social policies. These factors are set forth and discussed in the Second Circuit's 2000 decision of Chloe v. Queen Bee of Beverly Hills, LLC, 616 F.3d 158. while due process is distinct from a statutory basis for personal jurisdiction, the Second Circuit noted that it would be the rare case where personal jurisdiction was proper under New York's Long Arm Statute but not under a due process analysis." That discussion is contained in the Circuit's 2015 decision, Eades, E-A-D-E-S, versus Kennedy, PC, Law Offices, 799 4.3d 161.

Now, turning first to defendant, ACBERY, and apologies if I've mangled that name, the ST represents that it completed only one sale of the allegedly infringing product at issue in this case in New York, and that one sale

was to plaintiff's investigator. ANZIR, on the other hand,
represents that it has sold no such products in New York.

And so turning first to defendant, ACBERY, this Court finds
that Section 302(a)(1) of New York's Long Arm Statute
authorizes personal jurisdiction because ACBERY transacted
business within New York and plaintiff's causes of action
arise from this business.

With respect to the transacting business prong,

ACBERY operates an Amazon merchant storefront through which
consumers in New York can purchase ACBERY's products, and as
reflected by the checkout page that plaintiff included in
its TRO application, ACBERY used its Amazon merchant
storefront to communicate with consumers, to accept orders
and to advertise, sell and ship allegedly counterfeit
products to New York. These features render ACBERY's
storefront on Amazon a highly interactive website which type
of platform Courts have repeatedly found to satisfy the
transacting business prong of Section 302(a)(1). And one
example in which this is discussed is my colleague Judge
Ramos' decision in Poof-Slinky, LLC v. A.S. Plastic Toys
Co., 2020 WL 5350537.

The Court additional finds that there exists a direct nexus between ACBERY's sale of allegedly counterfeit merchandise on its Amazon storefront and plaintiff's causes

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of action. Indeed, ACBERY admits that it sold an allegedly infringing produce in New York which satisfies Section 302(a)(1)'s requirement that the defendant engage in a

single act of selling counterfeit goods in New York.

To be clear, ACBERY notes that the sole sale was instigated by plaintiff's investigator and argues from this fact that personal jurisdiction cannot be based on a forum contact manufactured by plaintiff. This Court acknowledges that there is not uniformity on this issue and that the Second Circuit has expressly left open the question of whether a sale of the counterfeit items to plaintiff's investigator or agent by itself constitutes an act of trademark infringement, and that was something that was left open in the Chloe case I mentioned earlier.

But in light of this disagreement, this Court has considered both sides of the issue, and it is persuaded by the decisions in this District that have found purchases made to an agent of a plaintiff to suffice for jurisdictional purposes under Section 302(a)(1). The Poof-Slinky case which I mentioned earlier found that point, other cases finding that include Cartier v. Seah, 598

F.Supp.2d 422, and Mattel v. Adventure Apparel, 2001 WL 286728.

As I noted earlier, the Second Circuit has made

clear that Section 302(a)(1) is a single act statute and proof of one transaction in New York is sufficient to invoke jurisdiction so long as the activities here were purposeful and there is a substantial relationship between the transaction and the claim asserted, and the Court finds those to be satisfied.

The Court finds, in particular, that plaintiff has adequately alleged personal jurisdiction with respect to ACBERY and because it has found Section 302(a)(1) to confer statutory basis for personal jurisdiction, it does not consider the alternative bases for personal jurisdiction that are argued by plaintiff.

Turning next to the constitutional analysis, the Court first finds that plaintiff has asserted sufficient minimum contacts on the part of ACBERY to satisfy the tenets of due process and the existence of these minimum contacts exist for substantially the same reasons ACBERY meets the requirements of New York's Long Arm Statute, namely, the operation of a highly interactive Amazon storefront through which it communicates with and sells products to New York consumers and, in fact, has done so.

"And the Second Circuit has observed that when a plaintiff has made a threshold showing of a defendant's minimum contact, the exercise of jurisdiction is favored

1 PROCEEDING 33

2 unless the defendant presents a compelling case that the

- 3 presence of some other considerations would render
- 4 jurisdiction unreasonable." I'm quoting here from the
- 5 Robinson-Ceco case I quoted earlier, but here this Court
- 6 finds that it is reasonable to exercise personal
- 7 jurisdiction over ACBERY because plaintiff has made
- 8 convincing showings on three of the relevant factors.
- 9 In particular, plaintiff has a strong interest in
- 10 | obtaining relief for the alleged trademark
- 11 | infringement; number two, this suit which has
- 12 proceeded against 90 defendants or more and relates to
- 13 | several other actions involving identical conduct by scores
- 14 of additional entities poses the most sufficient path for
- 15 resolving the dispute; and, three, the substantive policies
- 16 embodied in Federal Trademark Law all weigh in favor of the
- 17 | Court's exercise of personal jurisdiction in this case.
- In contrast, however, the Court finds that it does
- 19 not possess personal jurisdiction over defendant ANZIR. It
- 20 | is differently situated in at least one critical respect, it
- 21 has not sold a single infringing product in New York. And so
- 22 | the Court will discuss each of plaintiff's proffered bases
- 23 for jurisdiction in turn.
- 24 First, plaintiff asserts personal jurisdiction
- 25 under 302(a)(1) of the Long Arm Statute which the Court has

already discussed with respect to defendant ACBERY, but although ANZIR operates a fully interactive Amazon storefront that operates identically to ACBERY, ANZIR has not sold a single infringing product in New York. And this lack of sales (inaudible) plaintiff's showing that ANZIR has purposely engages in business in New York and that there is a substantial relationship between the transaction and the claim asserted. There is no single transaction that can serve as the jurisdictional hook.

Separately and second, plaintiff asserts personal jurisdiction under 302(a)(3) of New York's Long Arm Statute, and under this provision New York Court may exercise jurisdiction over nonresidents that commit tortious acts outside of New York but cause injury inside the state. But here plaintiff has failed to establish that ANZIR's alleged trademark infringement caused injury in New York for purposes of this provision.

So the Court's determining whether there is injury in New York sufficient to warrant 302(a)(3) jurisdiction must generally applied a situs of injury test that asks them to locate the original event which caused the injury. This test is discussed in the *DiStefano* case I mentioned earlier. And the Second Circuit has held that where the original event, for purposes of Section

2 | 302(a)(3) -- has held, excuse me, let me say that again,

- 3 | it has held that the original event for purposes of this
- 4 provision occurs where the first effects of the torts that
- 5 ultimately produced the final economic injury is located.
- 6 And in trademark cases, the first effects are typically
- 7 | felt where the trademark owner resides and conducts
- 8 business. That's discussed in the case of Panacea
- 9 | Solutions, Inc. v. Roll, a 2006 decision contained at 2006
- 10 WL 3096022, and cases for this proposition are also
- 11 | collected in Judge Oetken's decision in Alibaba Group
- 12 Holding Ltd. v. Alibabacoin Foundation, 2018 WL 2022626.
- So on this logic, the Court concludes that the situs of injury for purposes of Section 302(a)(3) is
- 15 plaintiff's place of incorporation which is in Canada and
- 16 not in New York. And so plaintiff has not demonstrated the
- 17 existence of an injury in New York sufficient to confer
- 18 jurisdiction under Section 302(a)(3).
- Plaintiff cites two cases for the idea that the injury requirement can be satisfied by threatened harm
- 21 resulting from actual or potential confusion and deception
- 22 of internet users in New York State, and those cases are
- 23 discussed at page 13 of plaintiff's opposition. But both
- 24 of those cases involve plaintiffs who were incorporated in
- 25 New York, and thus entailed a different situs of injury

2 analysis.

One of the cases, the Energy Brands case, expressly affirmed the principle just stated, that in trademark cases the tort occurs where the passing off occurs, that is where the customer purchases the defendant's goods in the mistaken belief that they are the trademark owner's product. But here ANZIR has not sold any infringing product in New York and that is in stark contrast to the defendant in Energy Brands who made several sales of allegedly infringing goods in New York, and the defendant in American Network, which signed up six New York subscribers after displaying allegedly infringing advertising. So neither of the cases cited by plaintiff alters the Court's conclusion that ANZIR's tortious conduct did not cause an injury in New York for purposes of Section 302(a)(3).

Finally, plaintiff relies on the Federal Long Arm Statute for case two as a basis for exercising jurisdiction over ANZIR and the Court rejects this argument to trigger that provision a defendant must not be subject to jurisdiction in any state's courts of general jurisdiction. But even if ANZIR is not subject to jurisdiction in New York, plaintiff has not provided evidence that ANZIR is similarly not subject to jurisdiction in each of the other 49 states and, therefore, plaintiff has not demonstrated a

statutory basis for this Court's exercise of personal jurisdiction over ANZIR and the defendant's motion to dismiss as it pertains to defendant ANZIR is granted.

And so with my deepest thanks for having you sit through all this, let me recapitulate and note that for the reasons I've just outlined the moving defendants' motion to dismiss is denied except insofar as it relates to ANZIR's motion to dismiss for lack of personal jurisdiction and that motion is granted.

For next steps in this matter, I am directing the moving defendants who remain in the case to file an answer to the complaint within two weeks of the date of this oral decision and I would ask the parties to prepare and file a joint status letter and a case management plan within three weeks, three weeks of the date of this oral decision.

With that, that's all I have to cover, so I do thank you, again, for listening to this oral decision, we are adjourned. Thank you very much.

(Whereupon the matter is adjourned.)