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United States District Court  
For the Northern District of California

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

UBIQUITI NETWORKS, INC.,

Plaintiff,

v.

KOZUMI USA CORPORATION, SHAO WEI  
HSU, and LILIA KUNG,

Defendants.

No. C 12-2582 CW

ORDER GRANTING, IN  
PART, UBIQUITI'S  
APPLICATION FOR  
TEMPORARY  
RESTRAINING ORDER,  
GRANTING DEFENDANTS'  
MOTION TO ACCEPT  
OBJECTIONS AND  
SETTING DATE FOR OSC  
HEARING

On May 18, 2012, Plaintiff Ubiquiti Networks, Inc. filed an  
ex parte application for a temporary restraining order (TRO)  
against Defendants Kozumi USA Corporation, Shao Wei Hsu and Lilia  
Kung based upon its claims for trademark infringement under the  
Lanham Act. On May 25, 2012, the Court denied the ex parte  
application for a TRO, ordered Ubiquiti to serve Defendants and  
set an expedited briefing schedule. Ubiquiti has served  
Defendants, who have filed an opposition, and Ubiquiti has filed a  
reply. With leave of Court, Defendants have also filed a sur-  
reply and Ubiquiti has filed a further reply. Defendants have  
filed a motion to submit separate objections to Ubiquiti's  
evidence and Ubiquiti opposes this motion. The motions were taken

1 under submission and decided on the papers. Having considered all  
2 of the papers filed by the parties, the Court grants Defendants'  
3 motion to file objections to evidence and grants, in part, the  
4 application for a TRO.

5 BACKGROUND

6 In the May 25, 2012 Order, the Court stated Ubiquiti's  
7 version of the facts because Defendants had not yet been served.  
8 The Court adopts the facts from its previous order with the  
9 following changes and additions that are taken from both parties'  
10 submissions. The facts are undisputed, except as noted.

11 Ubiquiti is incorporated in Delaware with its principal place  
12 of business in San Jose, California. It currently offers over  
13 thirty products to the global Wireless Internet Service Provider  
14 (WISP) market in the United States and in over sixty-five  
15 countries around the world. Ubiquiti does not have its own sales  
16 force, but relies on the Ubiquiti Community, a large community of  
17 network operators, service providers and distributors, to market  
18 its products. Distributors enter into contracts with Ubiquiti to  
19 distribute its products in specified regions throughout the world  
20 and to provide its products to local re-sellers. The re-sellers  
21 sell the products to end-users. Ubiquiti actively protects its  
22 corporate name, product names, and proprietary software. It  
23 currently holds registrations in the United States for seven  
24 marks.  
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1 Defendant Kozumi, a Florida corporation with its principal  
2 place of business in Florida, has been in the business of  
3 distributing networking hardware since September 2006. Kozumi  
4 distributes multiple suppliers' networking hardware in South  
5 America and parts of Eastern Europe. Since its inception, the  
6 vast majority of Kozumi's sales have been outside the United  
7 States and it has never sold any product in the State of  
8 California. Hsu, whom Defendants refer to as Wu, is the owner and  
9 sole director of Kozumi. Kung was married to Hsu and they have  
10 three minor children. Kung and Hsu were divorced on April 26,  
11 2012. Kung declares that she is a stay-at-home mother with no  
12 ownership or other interest in Kozumi and no involvement with any  
13 of the business transactions at issue in this lawsuit, except  
14 that, in 2011, she applied to register the word "UBIQUITI" as a  
15 trademark in the United States.  
16

17  
18 In May 2008, Kozumi became an official distributor of  
19 Ubiquiti products in Latin America, including Argentina. Hsu's  
20 understanding was that the distributorship agreement did not bar  
21 Kozumi from developing its own products and, in 2009, Kozumi began  
22 to develop its own line of networking hardware, as an alternative  
23 to Ubiquiti hardware. Hsu Dec. ¶¶ 9, 10. In mid-September 2009,  
24 Ben Moore, Ubiquiti's Vice President of Business Development,  
25 visited the Kozumi website and discovered that Kozumi was offering  
26 products under its own brand, with packaging and graphics very  
27 similar to the Ubiquiti products that Kozumi was selling. Moore  
28

1 Dec. ¶ 48. Moore determined that Kozumi was selling its own  
2 products that directly competed with Ubiquiti products and, for  
3 that reason, terminated Kozumi's distributorship agreement. Moore  
4 Dec. ¶ 48. Moore was concerned that, if Kozumi remained an  
5 Ubiquiti distributor, Hsu would use the strength of the Ubiquiti  
6 brand to draw resellers to its product offerings, only to sell  
7 them Kozumi-branded products. Moore Dec. ¶ 48. On November 9,  
8 2009, Kozumi received an email from Moore indicating that Ubiquiti  
9 was terminating Kozumi's distributorship due to "pushback from  
10 existing distributors with pricing and some of the new products  
11 released by Kozumi." Hsu Dec., Ex. A, November 9, 2009 Moore  
12 email.  
13

14 After Kozumi's distributorship was terminated, it purchased  
15 Ubiquiti products from other authorized Ubiquiti distributors "for  
16 redistribution through partnered companies in Argentina." Hsu  
17 Dec. ¶ 11. Between November 2009 and December 2011, Kozumi  
18 purchased thousands of units of Ubiquiti products through Ubiquiti  
19 distributors and resellers, nearly 100% of which were imported  
20 into Argentina. Hsu Dec. ¶ 11. During this time, Ubiquiti told  
21 its distributors to stop selling to Kozumi. However, Kozumi was  
22 able to continue to purchase Ubiquiti products from several  
23 resellers and Kozumi continued to ship Ubiquiti products to South  
24 America. Hsu Dec. ¶ 12. Moore declares that, because Hsu was  
25 attempting to "covertly and improperly acquire Ubiquiti products  
26 through authorized Ubiquiti Distributors, I contacted some of our  
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1 Ubiquiti Distributors and asked them not to do business with  
2 Kozumi." Moore Dec. ¶ 55. On March 24, 2011, Moore received an  
3 email from a Ubiquiti distributor in Argentina indicating that  
4 Kozumi was selling Ubiquiti products in Argentina at a much lower  
5 price than he was able to offer for his Ubiquiti products. Moore  
6 Dec. ¶ 57. Moore replied that "Ubiquiti was going to do  
7 everything it could to stop the sale of Kozumi's knockoff  
8 products." Moore Dec. ¶ 57.

9  
10 Meanwhile, in August 2010, Kozumi was threatened in Argentina  
11 with legal action by Ditelco, a former distributor of Ubiquiti  
12 hardware, which owned a trademark of the words "UBIQUITI NETWORKS"  
13 and of the Ubiquiti logo, in Argentina. In 2011, Kozumi acquired  
14 this trademark and logo from Ditelco. In his declaration, Hsu  
15 states that he paid \$250,000 for the trademark and logo. Hsu Dec.  
16 ¶ 15. In an email to Robert Pera, Ubiquiti's Chief Executive  
17 Officer (CEO), Hsu stated that he paid \$350,000 for them. Hsu  
18 Dec., Ex. 5 at 2. Ubiquiti claims that he paid 200 pesos, or  
19 fifty dollars, for them. Hsu states that fifty dollars was the  
20 registration fee, not the price he paid for the trademark itself.

21  
22 In mid-2011, Hsu looked for a supplier of networking hardware  
23 with specifications similar to the Ubiquiti products Kozumi had  
24 sold and was referred to Kenny Deng at Hoky Technologies in  
25 Shenzhen, China. Deng said that he could procure Ubiquiti  
26 products from the Ubiquiti factory in China and sell them to Hsu.  
27 Hsu also contracted with Hoky to produce a new brand of networking  
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1 products "in the same genre as Ubiquiti's hardware, called  
2 'ZoneWave,' but which used different designs from that of  
3 Ubiquiti." Hsu Dec. ¶ 17. Between July 2011 and December 2011,  
4 Kozumi placed orders with Hoky for about two million dollars'  
5 worth of Ubiquiti and ZoneWave products. According to Hsu, Hoky  
6 shipped products to Kozumi directly from China to Argentina,  
7 without going through the United States. Hsu Dec. ¶ 18.  
8

9 In summer 2011, Moore learned that the Hoky facility was  
10 manufacturing counterfeit Ubiquiti products. Moore Dec. ¶¶ 58-61.  
11 Moore worked with authorized Ubiquiti distributors in Argentina to  
12 acquire "fake" Ubiquiti products manufactured by Hoky and sent  
13 them to Mike Taylor, Ubiquiti's Senior Software Engineer, for  
14 analysis. Moore Dec. ¶ 62. Taylor determined that the Hoky  
15 product appeared almost identical to the real Ubiquiti products,  
16 including Ubiquiti's name, domain name, logo and AIRMAX trademark.  
17 Taylor Dec. ¶ 2(a). Once Taylor confirmed that the products  
18 manufactured by Hoky and sold by Kozumi were near duplicates of  
19 actual Ubiquiti products, Ubiquiti contacted a law firm in China  
20 which worked with the Public Security Bureau in China to shut down  
21 the Hoky facility. Moore Dec. ¶ 63.  
22

23 Yu Cheng Lin, a Ubiquiti employee in Taiwan, went with the  
24 Chinese authorities on November 17, 2011, when they shut down the  
25 Hoky facility and took photographs and videos of the  
26 counterfeiting manufacturing line and products ready for shipment.  
27 Moore Dec. ¶ 64; Lin Dec. ¶ 10. Lin saw and photographed  
28

1 "thousands of counterfeit products labeled with the Ubiquiti,  
2 Nanostation and Airos trademarks." Lin Dec. ¶ 11. The Chinese  
3 police confiscated Hoky's shipping records. Lin Dec. ¶ 11. Lin  
4 obtained a copy of a shipping document that showed that, on  
5 November 16, 2011, 6,000 units of counterfeit Ubiquiti NanoStation  
6 Loco M5 products were shipped from the Hoky facility to Kozumi  
7 with a final destination in Paraguay. Lin Dec. ¶ 11, Ex. D.  
8 The Chinese police closed the Hoky factory and took Deng into  
9 custody. In December 2011, Deng was released from custody because  
10 his production of Ubiquiti-branded products, even if using  
11 Ubiquiti's hardware designs, was apparently legal in China in that  
12 the products were sold, for export to Argentina, to Kozumi, which  
13 owned the Ubiquiti trademark in Argentina. Hsu Dec. ¶¶ 20-21.

15 Hsu declares that, although the Hoky factory reopened, Kozumi  
16 has not purchased any Ubiquiti-branded products from Hoky since  
17 December 15, 2011, but has continued to purchase Ubiquiti products  
18 on the secondary market from Ubiquiti-recognized distributors and  
19 re-sellers. Hsu Dec. ¶ 22. Moore declares that, on April 4,  
20 2012, he received, as attachments to two emails from a Ubiquiti  
21 distributor in Argentina, Argentinean customs forms indicating  
22 that Kozumi sent three shipments of Ubiquiti products to Tech  
23 Depot, a company owned by Hsu in Argentina, that were "priced  
24 suspiciously low." Moore Dec. ¶ 67, Ex. Y. Moore also states  
25 that one of the shipments was routed through the Everglades Port  
26 in Fort Lauderdale, Florida. Moore Dec. ¶ 67, Ex. Y. However,  
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1 the exhibit is in Spanish and the claim that the shipment was  
2 routed through Florida is not confirmed.

3 On December 22, 2011, Hsu received an email from Ubiquiti CEO  
4 Pera stating that he did not think Kozumi was aware of Hoky's  
5 counterfeiting, and asking that Kozumi surrender the Argentinean  
6 Ubiquiti trademark to Ubiquiti as a gesture of good faith. Hsu  
7 responded that he would consider selling the Argentinean trademark  
8 for a certain price and with certain conditions. A series of  
9 email exchanges followed which appear to constitute negotiation of  
10 the terms and conditions of Kozumi's sale of the Argentinean  
11 trademark to Ubiquiti. Hsu Dec., Ex. ¶¶ 25-30, Ex. 5. Ubiquiti  
12 characterizes these emails as Hsu's and Kozumi's attempt to extort  
13 Ubiquiti by purporting to sell the trademark and logo to Ubiquiti  
14 even though Ubiquiti is the rightful owner.

15  
16 On April 2, 2012, Ubiquiti filed a trademark lawsuit in  
17 Argentina against Hsu seeking (1) nullification of Hsu's  
18 trademarks of the words "UBIQUITI NETWORKS" and the Ubiquiti logo  
19 on the basis that they were obtained in bad faith; (2) dismissal  
20 of Hsu's opposition to Ubiquiti's own trademark application in  
21 Argentina; (3) sustaining of Ubiquiti's oppositions to Hsu's  
22 recently filed Argentinean trademark applications on the ground  
23 that they were fraudulent; (4) an injunction preventing further  
24 use of any Ubiquiti trademarks; and (5) damages. McCollum Dec. ¶  
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27 3.  
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1 Ubiquiti's application for a trademark for the words  
2 "UBIQUITI NETWORKS" in the United States had been rejected on  
3 December 1, 2005. See Shang Dec., Ex. A., United States Patent  
4 and Trademark Office (PTO) office action. On April 6, 2012,  
5 Ubiquiti filed another trademark application with the PTO for the  
6 words "UBIQUITI NETWORKS." See Shang Dec., Ex. B. In its  
7 complaint, Ubiquiti alleges that "consumers and competitors alike  
8 throughout the world have come to recognize Ubiquiti marks,  
9 including UBIQUITI [and] UBIQUITI NETWORKS . . . as symbols of  
10 Ubiquiti's excellence in wireless communications products." Comp.

11 ¶ 38. Ubiquiti owns in the United States the trademarks for  
12 AIROS, AIRMAX, UBNT, AIRGRID, AIRCONTROL, AIRVIEW and UNIFI.  
13 Comp. ¶¶ 26-32.

14  
15 In its reply, Ubiquiti states that, since it filed its  
16 original TRO request, it has established that Kozumi's new  
17 product, ZoneWave, incorporates intellectual property stolen from  
18 Ubiquiti. In supplemental declarations, Ubiquiti states that it  
19 has obtained a ZoneWave product from an employee at the Hoky  
20 plant, analyzed it and determined that the product uses Ubiquiti  
21 software, firmware, and circuit board layouts. Supp. Dec. of  
22 Michael Taylor ¶ 2(a)-(g). Taylor states that "much of the  
23 internal make-up of the ZoneWave product is identical to the  
24 counterfeit Ubiquiti products--Defendants just changed the  
25 packaging." Id. Ubiquiti's AIROS trademark displays on the  
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1 screen when a user logs in on a ZoneWave product. Id. ¶ 2, Comp.  
2 ¶ 20.

3 In Hsu's supplemental declaration, he states that, although  
4 he contracted with Hoky to produce ZoneWave products in mid-2011,  
5 before the Hoky factory was closed by the Chinese authorities, he  
6 has not received any final ZoneWave products, he has not sold any  
7 ZoneWave products and, due to Hoky's financial troubles resulting  
8 from the December 2011 shut-down of its factory, he does not know  
9 if Hoky will be able to fulfill its obligation to provide ZoneWave  
10 products. Hsu Supp. Dec. ¶ 2. Hsu states that the product  
11 Ubiquiti acquired and analyzed is not a ZoneWave product, because  
12 final ZoneWave products are still in the development phase and,  
13 when they are complete, they will not use any Ubiquiti copyrighted  
14 software and will have a design different from Ubiquiti products.  
15 Hsu Supp. Dec. ¶ 3.

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18 In its further reply to Defendants' sur-reply, Ubiquiti cites  
19 a May 7, 2012 email from Hsu to a former Ubiquiti distributor in  
20 Dubai, in which Hsu stated, "I have many customers that contacted  
21 me that wanted to become my distributors in middle east. I have  
22 now one in Iraq/Dubai and other [sic] in Lebanon. I can sell to  
23 you if you want to try our solution . . ." Doc. No. 8, McCollum  
24 Dec., Ex. I. In the email, Hsu also stated:

25  
26 The only product that can beat Ubiquiti or make a dent o  
27 [sic] Ubiquiti's market share has to be a product that can be  
28 compatible with the Airmax TDMA. . . . But Ubiquiti has been  
too dominant with the Airmax. We are the only company that  
is selling a product that works the same as theirs. . . .

1 Ubiquiti stock fell from \$35.99 to \$26 in 3 days. They lost  
2 around USD 800 million market cap in 3 days. And this is not  
3 over. They are doing damage control but as they committed a  
4 crime we will continue to release strong evidence that  
5 Ubiquiti sent the mafia to us. . . I certainly welcome all  
6 the allies that want to fight Ubiquiti [sic] bullying  
7 behavior. . . . If you have some evidence that we can present  
8 I think that can cause them really very big trouble.

6 Id.

7 LEGAL STANDARD

8 A temporary restraining order may be issued only if  
9 "immediate and irreparable injury, loss, or damage will result to  
10 the applicant" if the order does not issue. Fed. R. Civ. P.  
11 65(b). To obtain a temporary restraining order, the moving party  
12 must establish either: (1) a combination of probable success on  
13 the merits and the possibility of irreparable harm, or (2) that  
14 serious questions regarding the merits exist and the balance of  
15 hardships tips sharply in the moving party's favor. Baby Tam &  
16 Co. v. City of Las Vegas, 154 F.3d 1097, 1100 (9th Cir. 1998);  
17 Rodeo Collection, Ltd. v. West Seventh, 812 F.2d 1215, 1217 (9th  
18 Cir. 1987).

19  
20 The test for granting a temporary restraining order, like  
21 that for granting a preliminary injunction, is a "continuum in  
22 which the required showing of harm varies inversely with the  
23 required showing of meritoriousness." Id. "Under this approach,  
24 the elements of the preliminary injunction test are balanced, so  
25 that a stronger showing of one element may offset a weaker showing  
26 of another. For example, a stronger showing of irreparable harm  
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1 to plaintiff might offset a lesser showing of likelihood of  
2 success on the merits." Alliance for the Wild Rockies v.  
3 Cottrell, 632 F.3 1127, 1131 (9th Cir. 2011).

4 EVIDENTIARY OBJECTIONS

5 Defendants object to certain evidence presented by Ubiquiti.  
6 The Court has reviewed these evidentiary objections and has not  
7 relied on any inadmissible evidence. The Court will not discuss  
8 each objection individually. To the extent that the Court relies  
9 on evidence to which Defendants object, such evidence has been  
10 found admissible and the objections are overruled.

12 DISCUSSION

13 In the May 25, 2012 Order, the Court found that Ubiquiti had  
14 submitted prima facie evidence of federal subject matter  
15 jurisdiction and personal jurisdiction over Defendants in this  
16 forum. Defendants dispute both.

17 I. Subject Matter Jurisdiction

18 Subject matter jurisdiction is a threshold issue which goes  
19 to the power of the court to hear the case. Federal subject  
20 matter jurisdiction must exist at the time the action is  
21 commenced. Morongo Band of Mission Indians v. Cal. State Bd. of  
22 Equalization, 858 F.2d 1376, 1380 (9th Cir. 1988). A federal  
23 court is presumed to lack subject matter jurisdiction until the  
24 contrary affirmatively appears. Stock W., Inc. v. Confederated  
25 Tribes, 873 F.2d 1221, 1225 (9th Cir. 1989).  
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1 Citing Reebok Int'l, Ltd. v. Marnatech Ents., Inc., 970 F.2d  
2 552, 554 (9th Cir. 1992), Ubiquiti argues that, although it  
3 alleges only extraterritorial activities, this Court has  
4 jurisdiction over this case pursuant to the Lanham Act. The  
5 Lanham Act provides a broad jurisdictional grant that extends to  
6 all commerce which may lawfully be regulated by Congress. Id.  
7 "Congress has the power to prevent unfair trade practices in  
8 foreign commerce by citizens of the United States, although some  
9 of the acts are done outside the territorial limits of the United  
10 States." Steel v. Bulova Watch Co., Inc., 344 U.S. 280, 286  
11 (1952); Van Doren Rubber Co. Inc. v. Marnatech Ents., Inc., 1989  
12 U.S. Dist. LEXIS 17323 \*6 (S.D. Cal.). A three-part test is used  
13 to determine if a court has extraterritorial jurisdiction under  
14 the Lanham Act: (1) there must be some effect on American foreign  
15 commerce; (2) the effect must be sufficient to present a  
16 cognizable injury to the plaintiffs; and (3) the interests of and  
17 links to American foreign commerce must be strong enough in  
18 relation to those of other nations' commerce to justify an  
19 assertion of extraterritorial authority. Reebok, 970 F.2d at 554.  
20 The first two criteria for extraterritorial jurisdiction may be  
21 met even where all "challenged transactions occurred abroad, and  
22 where injury seems to be limited to the deception of consumers  
23 abroad, as long as there is monetary injury in United States to an  
24 American plaintiff"). Love v. Associated Newspapers, Ltd., 611  
25 F.3d 601, 613 (9th Cir. 2010); Reebok, 970 F.2d at 554-55.  
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1 The third prong, which requires a comparison between American  
2 foreign commerce and the commerce of other nations, involves the  
3 balancing of the following seven factors: (1) the degree of  
4 conflict with foreign law or policy; (2) the nationality or  
5 allegiance of the parties and the locations or principal places of  
6 business of corporations; (3) the extent to which enforcement by  
7 either state can be expected to achieve compliance; (4) the  
8 relative significance of effects on the United States as compared  
9 with those elsewhere; (5) the extent to which there is explicit  
10 purpose to harm or affect American commerce; (6) the  
11 foreseeability of such effect; and (7) the relative importance to  
12 the violations charged of conduct within the United States as  
13 compared with conduct abroad. Id. at 555.

15 The Court reaffirms its finding in the May 25, 2012 Order  
16 that the facts alleged here appear to meet the first two prongs  
17 for jurisdiction under the Lanham Act. The Court now further  
18 addresses the seven factors composing the third prong for  
19 extraterritoriality jurisdiction--how the interests of and links  
20 to American foreign commerce compare to those of other nations'  
21 commerce.

23 A. Conflict with Foreign Law or Policy

24 On April 2, 2012, Ubiquiti filed a trademark lawsuit in  
25 Argentina seeking nullification of Hsu's trademark of the words  
26 "UBIQUITI NETWORKS" and of the Ubiquiti logo.  
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1 Relying on Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d  
2 633 (2nd Cir. 1956), and George W. Luft Co. v. Zande Cosmetic Co.,  
3 142 F.2d 536, 540 (2nd Cir. 1944), Defendants argue that this  
4 litigation is substantially likely to conflict with that in  
5 Argentina because Hsu owns a valid trademark to the words  
6 "UBIQUITI NETWORKS" and the Ubiquiti logo in that country. In  
7 Vanity Fair, the Second Circuit ruled that extraterritorial  
8 jurisdiction cannot be exercised over acts committed by a foreign  
9 national in his home country under a presumably valid trademark  
10 registration in that country. Vanity Fair, 234 F.2d at 641-42.  
11 In Luft, 142 F.2d at 540, the Second Circuit held that it was  
12 inequitable to enjoin the defendant, a New York resident, from  
13 selling products in foreign countries in which it held a valid  
14 trademark. Id.

15  
16 Similarly, "[t]he Ninth Circuit has held that the existence  
17 of a conflict with a foreign trademark registration weighs against  
18 extraterritorial application of the Lanham Act." Aristocrat  
19 Techs., Inc. v. High Impact Design & Entertainment, 642 F. Supp.  
20 2d 1228, 1236 (D. Nev. 2009) (citing Wells Fargo & Co. v. Wells  
21 Fargo Exp. & Co., 556 F.2d 406, 428-29 (9th Cir. 1977)). In Star-  
22 Kist Foods, Inc. v. P.J. Rhodes & Co., 769 F.2d 1393, 1396 (9th  
23 Cir. 1985), where both parties were California corporations, the  
24 court held that extraterritorial jurisdiction did not reach wholly  
25 foreign commerce in the Philippines, consisting of the defendant's  
26 purchases from Japan and sales in the Philippines, where the  
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1 defendant had a pending petition to cancel the plaintiff's  
2 Philippine registration of the trademarks at issue.<sup>1</sup> Not only  
3 would application of the Lanham Act create a conflict with  
4 Philippine trademark law, but also the effect of the alleged  
5 illegal use of the trademark on United States commerce was  
6 insignificant compared to the effect on Philippine commerce with  
7 other nations. Id. The court distinguished Steele v. Bulova  
8 Watch Co., 344 U.S. 280, 289 (1952), where the plaintiff had  
9 succeeded in cancelling the defendant's Mexican trademark  
10 registration prior to the Court's decision, thereby avoiding a  
11 conflict with established foreign rights.  
12

13 Here, too, the adjudication in this country of the  
14 Argentinean UBIQUITI NETWORKS and Ubiquiti logo trademarks could  
15 conflict with Argentina's trademark law and affect commerce in  
16 Argentina more than it would affect the commerce of the United  
17 States, where no Ubiquiti products are sold by Kozumi.  
18

19 At least two district court cases in the Ninth Circuit have  
20 followed Star-Kist and found no extraterritorial jurisdiction  
21 under similar circumstances.  
22

23 In Pinkberry, Inc. v. JEC Int'l Corp., 2011 WL 6101828, \*1  
24 (C.D. Cal.), the plaintiffs were California corporations, the  
25 corporate defendants were headquartered in California and Japan  
26

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27 <sup>1</sup> The court held that the Lanham Act did apply to infringing  
28 products sold within the United States or exported from the United  
States to the Philippines or any other country in which the  
defendant did not own the trademark. Star-Kist, 769 F.2d at 1394.



1 and the individual defendants were citizens of Japan but resided  
2 in California. The plaintiffs had a trademark registered in the  
3 United States and other countries and the defendants had an  
4 identical trademark registered in Japan. Id. There was a pending  
5 lawsuit filed by the plaintiffs in Japan to cancel the defendants'  
6 registration of the trademark. Id. Citing Star-Kist, the court  
7 found that there was no extraterritorial jurisdiction over the  
8 plaintiffs' trademark claims because a decision by a United States  
9 court "as to how the [ ] trademark may be used in Japan creates a  
10 serious potential for conflict with foreign law." Id. at \*5.

12 In Aristocrat v. High Impact Design, the court found that,  
13 because the defendant had a registered trademark in Venezuela,  
14 that country had the right to adjudicate the use of that trademark  
15 within its borders and, thus, there was a high potential for  
16 conflict if American authority were asserted to resolve the  
17 dispute over the Venezuelan trademark. 642 F. Supp. 2d at 1237.

19 Reebok, upon which Ubiquiti relies, is distinguishable  
20 because the plaintiff had a valid trademark in both the United  
21 States and Mexico and there did not appear to be trademark  
22 litigation in Mexico. 970 F.2d at 553. Although Ubiquiti argues  
23 that it is the rightful owner of the Argentinean UBITQUITI  
24 NETWORKS and Ubiquiti logo trademarks, that is the issue the court  
25 in Argentina will decide. Reebok is also distinguishable because  
26 the court relied upon the fact that the defendant organized and  
27 directed the manufacture of counterfeit shoes in Mexican border-  
28

1 towns, knowing that many of the shoes would enter United States  
2 commerce. Id. at 554-55. Here, Kozumi is not selling Ubiquiti  
3 products in the United States nor are products sold in Argentina  
4 being shipped to or sold in the United States. The fact that one  
5 of Kozumi's shipments from China to Argentina may have been routed  
6 through a port in Florida does not greatly affect United States  
7 commerce.

8  
9 Argentina has the right to adjudicate how a trademark issued  
10 in that country is used in that country. A ruling by this Court  
11 involving that trademark would likely create a conflict with  
12 Argentinean law. However, the allegedly counterfeit products that  
13 Kozumi imports into Argentina may also display Ubiquiti's AIROS  
14 and other trademarks. To the extent that the allegedly  
15 counterfeit products Kozumi is importing into Argentina display  
16 Ubiquiti's trademarks other than the UBIQUITI NETWORKS and  
17 Ubiquiti logo trademarks that are being litigated in Argentina,  
18 there is no conflict with Argentina law.

19  
20 Furthermore, Ubiquiti presents evidence that Defendants are  
21 selling either counterfeit or infringing products in countries  
22 other than Argentina or planning to do so. Notably, in Hsu's May  
23 7, 2012 email, he refers to present and future distributors of  
24 Kozumi products in Middle East. Defendants do not present  
25 evidence that they have a valid trademark or pending litigation in  
26 any country other than Argentina. Thus, application of the Lanham  
27 Act to conduct in those countries would not create a conflict.  
28

1 See Ocean Garden, Inc. v. Marktrade Co., Inc., 953 F.2d 500, 503  
2 (9th Cir. 1991) (if there are no pending proceedings abroad, it  
3 would not be an affront to the foreign country's sovereignty to  
4 apply the Lanham Act); Mattel, Inc. v. MCA Records, Inc., 28 F.  
5 Supp. 2d 1120, 1130 (C.D. Cal. 1998) (accord).

6 Gallup, Inc. v. Business Research Bureau Ltd., 688 F. Supp.  
7 2d 915 (N.D. Cal. 2010), is not to the contrary. In Gallup, the  
8 court held that it could not apply the Lanham Act  
9 extraterritorially where a Pakistani citizen was using the Gallup  
10 trademark only in Pakistan, where the plaintiff had filed suit  
11 against the defendant in Pakistan and where the effect on American  
12 commerce was insignificant compared to the effect on Pakistani  
13 commerce. Id. at 924-25. Here, Defendants are residents of or  
14 incorporated in the United States and, even though none of their  
15 counterfeit products are sold in the United States, the effect of  
16 their infringement on Ubiquiti, which is located in the United  
17 States, appears to be significant.

18  
19  
20 Therefore, the conflict factor favors extraterritorial  
21 jurisdiction over acts occurring in Argentina involving any  
22 trademark other than the UBIQUITI NETWORKS and Ubiquiti logo marks  
23 and over acts involving infringement of all of Ubiquiti's marks  
24 occurring in any country other than Argentina.

25  
26 B. Nationality of Parties and Locations of Corporations

27 Here, both Ubiquiti and Kozumi are incorporated and have  
28 their principal places of business in the United States and Hsu

1 and Kung are residents of the United States. Therefore, this  
2 factor weighs in favor of extraterritorial jurisdiction.

3 C. Extent That Enforcement by Either State Can Be Expected to  
4 Achieve Compliance

5 In Reebok, the court held that, even where Mexico could  
6 enforce its own trademark laws, the United States had the superior  
7 ability to enforce its own and Mexico's trademark laws because the  
8 defendants had their principal place of business and the vast  
9 majority of their assets in the United States. 970 F.2d at 557.

10 Similarly, here, Kozumi is incorporated in the United States, the  
11 individual Defendants are residents of the United States and it  
12 appears that they have significant assets in the United States.

13 In Reebok, it was not clear whether an infringement suit was  
14 pending in Mexico. Id. at 555-56. And, it appears that Kozumi or  
15 Hsu has assets in Argentina because Ubiquiti has discovered that  
16 Hsu is the owner of, or affiliated with, several companies in  
17 Argentina. Comp. ¶ 61. This weighs in favor of leaving the  
18 litigation of the Argentinean trademark dispute to the Argentina  
19 courts. However, it does not weigh against this Court's exercise  
20 of jurisdiction over Defendants' infringement in Argentina of  
21 other Ubiquiti trademarks, or infringement in other countries of  
22 any Ubiquiti trademark; Defendants own no other Ubiquiti-related  
23 trademark and Argentina is the only country in which there is  
24 pending litigation.  
25  
26  
27  
28

1 D. Relative Significance of Effects on United States as  
2 Compared to Other Countries

3 Ubiquiti has presented evidence of the significant economic  
4 impact Defendants' alleged infringement activities in other  
5 countries has had on Ubiquiti's finances and net worth in the  
6 United States. Defendants have submitted evidence that Argentina  
7 implemented import restrictions in February, 2012 and that  
8 Ubiquiti's lost sales result from these restrictions. However,  
9 Ubiquiti responds that its sales decline occurred in 2011, before  
10 the trade restrictions were enacted. Richie Dec. ¶¶ 5, 8. There  
11 is no evidence of the effect on other countries. This factor  
12 weighs in favor of exercising extraterritorial jurisdiction.  
13

14 E. Explicit Purpose to Harm or Affect American Commerce

15 Ubiquiti submits evidence that Kozumi and Hsu had an explicit  
16 purpose to harm or affect American commerce by harming Ubiquiti.  
17 See McCollum Dec., Ex. I, May 7, 2012 Hsu email. This factor  
18 weighs in favor of exercising jurisdiction.

19 F. Foreseeability of Such Effect

20 A negative effect on Ubiquiti was foreseeable, as is  
21 evidenced by Hsu's email. This factor weighs in favor of  
22 exercising jurisdiction.  
23

24 G. Relative Importance to Violations Charged of Conduct in  
25 the United States as Compared with Conduct Abroad

26 Ubiquiti is an American corporation and alleges that it has  
27 been harmed in the United States, which is sufficient for this  
28 factor to weigh in favor of exercising jurisdiction. See Mattel,

1 28 F. Supp. 2d at 1131 (that American corporation has been harmed  
2 sufficient to fulfill factor regarding relative importance of  
3 violations charged).

4 On balance, the seven factors relevant to the third prong for  
5 extraterritorial jurisdiction, together with the first two prongs  
6 which support extraterritorial jurisdiction, weigh in favor of  
7 finding jurisdiction to adjudicate the Lanham Act claims as to all  
8 infringing acts in countries other than Argentina and to  
9 infringing acts in Argentina regarding all trademarks other than  
10 the UBIQUITI NETWORKS and Ubiquiti logomarks that are subject to  
11 litigation pending in that country.

## 12 II. Personal Jurisdiction

### 13 A. Legal Standard

14 Specific jurisdiction is analyzed using a three-prong test:

15 (1) the non-resident defendant must purposefully direct its  
16 activities or consummate some transaction with the forum or a  
17 resident thereof, or perform some act by which it purposefully  
18 avails itself of the privilege of conducting business in the  
19 forum, thereby invoking the benefits and protections of its laws;  
20 (2) the claim must be one which arises out of or results from the  
21 defendant's forum-related activities; and (3) the exercise of  
22 jurisdiction must be reasonable. Lake v. Lake, 817 F.2d 1416,  
23 1421 (9th Cir. 1987). Each of these conditions is required for  
24 asserting specific jurisdiction. Insurance Co. of N. Am. v.  
25 Marina Salina Cruz, 649 F.2d 1266, 1270 (9th Cir. 1981).  
26  
27  
28

1 In intentional tort cases, the purposeful direction or  
2 availment requirement for specific jurisdiction is analyzed under  
3 the "effects" test." Dole Foods Co., Inc. v. Watts., 303 F.3d  
4 1104, 1111 (9th Cir. 2002). The "effects test" requires that the  
5 defendant allegedly (1) committed an intentional act, 2) expressly  
6 aimed at the forum state, (3) causing harm that the defendant knew  
7 was likely to be suffered in the forum state. Id.

8  
9 If the first two prongs for specific jurisdiction have been  
10 met, the defendant has the burden of presenting a compelling case  
11 that the presence of some other considerations would render  
12 jurisdiction unreasonable. Id. Seven factors are considered in  
13 assessing whether the exercise of jurisdiction over a non-resident  
14 defendant is unreasonable: (1) the extent of the defendant's  
15 purposeful injection into the forum state's affairs, (2) the  
16 burden on the defendant, (3) conflicts of law between the forum  
17 state and the defendant's home jurisdiction, (4) the forum state's  
18 interest in adjudicating the dispute, (5) the most efficient  
19 judicial resolution of the dispute, (6) the plaintiff's interest  
20 in convenient and effective relief, and (7) the existence of an  
21 alternative forum. Caruth v. Int'l Psychoanalytical Ass'n, 59  
22 F.3d 126, 128 (9th Cir. 1995); Roth v. Garcia Marquez, 942 F.2d  
23 617, 623 (9th Cir. 1991).  
24  
25  
26  
27  
28

1 B. Analysis

2 1. Effects Test--Intentional Act

3 Citing Panavision Int'l, LP v. Toeppen, 141 F.3d 1316, 1322  
4 (9th Cir. 1998), Ubiquiti argues that the fact that Defendants  
5 targeted Ubiquiti by attempting to register its trademark and  
6 attempting to extort millions of dollars from it satisfies the  
7 personal availment prong of the effects test for specific personal  
8 jurisdiction.

9  
10 Panavision addressed claims under the Federal Trademark  
11 Dilution Act and the California Anti-dilution statute, considered  
12 these to be akin to tort claims, and applied the effects test in  
13 analyzing specific jurisdiction. 141 F.3d at 1319, 1321. The  
14 defendant purposefully registered Panavision's trademarks as his  
15 domain names on the Internet to force Panavision to pay him money.  
16 Id. The court held that the brunt of the harm was felt in  
17 California, as the defendant knew it would be, because Panavision,  
18 although a Delaware corporation, had its principal place of  
19 business in California. Id. Therefore, under the effects test,  
20 the purposeful availment or direction requirement for personal  
21 jurisdiction was satisfied. Id.

22  
23 Here, too, Kozumi and Hsu engaged in intentional acts which,  
24 though not undertaken in California, appear to have injured  
25 Ubiquiti which has its principal place of business here. Thus,  
26 the purposeful availment requirement for specific jurisdiction is  
27 satisfied as to these Defendants.  
28



1 With respect to Kung, Ubiquiti alleges that an Argentinean  
2 company, Tech Depot S.A., and other Argentinean companies are  
3 owned by or associated with Hsu, and are falsely identified by  
4 Defendants as distributors of Ubiquiti products. Comp. ¶¶ 61b,  
5 63. An individual named Jung Hsin Peng is listed as the President  
6 of Tech Depot and Kung is listed as the "Director Alternative."  
7 McCollum Dec., Ex. K., Tech Depot Corporate Records. Ubiquiti  
8 also alleges that Kung is a shareholder of Netcom, another  
9 putative distributor of Ubiquiti products in Argentina. Comp.  
10 ¶ 61d. Finally, Ubiquiti alleges that, on June 20, 2011, Kung  
11 filed a trademark application with the United States PTO for the  
12 word, "UBIQUITI." The email contact on the application was listed  
13 as "[williamhsu@hotmail.com](mailto:williamhsu@hotmail.com)." McCollum Dec., Ex. G. The trademark  
14 application was deemed abandoned because a response was not  
15 received to the PTO finding that there was a likelihood of  
16 confusion between the "UBIQUITI" mark and two other previously  
17 registered trademarks. Id.

18  
19  
20 Kung's filing a trademark registration application for the  
21 word "UBIQUITI" in the United States, allegedly knowing that the  
22 mark was identified and used by Ubiquiti, is an intentional act of  
23 purposeful direction sufficient to satisfy the first requirement  
24 for personal jurisdiction.

## 25 2. Effects Test--Directed at the Forum

26  
27 The second requirement for specific jurisdiction is that the  
28 claims arise out of the defendant's forum-related activities. In

1 other words, the court must determine if the plaintiff would not  
2 have been injured "but for" the defendant's conduct directed at it  
3 in the forum. Id. at 1322. The court in Panavision held that the  
4 defendant's registration of the plaintiff's trademarks as his own  
5 domain name had the effect of injuring the plaintiff in  
6 California. Id. The same holds true in this case where there is  
7 evidence that, but for Hsu's and Kozumi's actions, the injury to  
8 Ubiquiti would not have occurred.

9  
10 The facts related to Kung--her trademark registration  
11 application, her alternative directorship in Tech Depot, and her  
12 ownership of shares in Netcom--provide evidence that she is a  
13 participant in the overall infringement scheme. Therefore, this  
14 requirement is satisfied in regard to Kung.

15 C. Reasonableness Factors

16 1. Extent of Defendants' Purposeful Injection Into  
17 the Forum

18 There may be circumstances in which the level of purposeful  
19 injection into the forum is sufficient to support a finding of  
20 purposeful availment yet not enough to bolster the reasonableness  
21 of jurisdiction. Dole Food, 303 F.3d at 1115.

22  
23 Hsu argues that the exercise of personal jurisdiction over  
24 him in this forum would be unreasonable because he owns no  
25 property in California and, since moving to Florida, has been to  
26 California less than ten times, excluding the times when he was in  
27 a California airport on the way to another destination. Hsu Dec.  
28

1 ¶ 3. However, Ubiquiti produces a December 26, 2011 email from  
2 Hsu to Pera, in which Hsu stated, "If you want to meet me or talk  
3 with me let me know as I am in Bay Area these days." Jabbaz Dec.,  
4 Ex. B. Also, the distributorship contract between Kozumi and  
5 Ubiquiti and the email exchange between Hsu and Pera concerning  
6 the sale of the Argentinean UBITQUITI NETWORKS and Ubiquiti logo  
7 trademarks to Ubiquiti, represent Hsu and Kozumi's additional  
8 purposeful interjection into this forum. Hsu's argument that, in  
9 his individual capacity, he never did any business with Ubiquiti  
10 and, therefore, only Kozumi should be subject to personal  
11 jurisdiction is undercut by the fact that Hsu purchased the  
12 UBIQUITI NETWORKS and Ubiquiti logo trademarks in Argentina in his  
13 own name and many of his emails to Pera are sent from him  
14 personally, not mentioning his role as an officer of Kozumi.  
15

16  
17 Therefore, this factor weighs in favor of the reasonableness  
18 of personal jurisdiction over Hsu and Kozumi.

19 Kung declares that she has no property in California, she has  
20 been to California less than ten times in the last ten years and  
21 never conducted business during any of those visits, she is a  
22 stay-at-home mother in Florida, and she has never engaged in any  
23 conversations, e-mail or other communications with Ubiquiti. As  
24 indicated previously, the allegations about Kung are that, in  
25 2011, she filed and abandoned a trademark application for the word  
26 "UBIQUITI," she is an alternative director of an Argentinean  
27 company that falsely advertises itself as a distributor of  
28

1 Ubiquiti products and she is a shareholder in another Argentinean  
2 company that may be a distributor of counterfeit Ubiquiti  
3 products. These allegations show only minimal purposeful  
4 injection by Kung into California and, thus, this factor does not  
5 support the reasonableness of jurisdiction over her.

6 2. Burden on Defendants

7 Kung declares that it would be a significant burden on her to  
8 litigate in California because she is the primary caretaker of her  
9 three young children. She states that she has no alternative  
10 caretaker for her children so that, if she had to litigate here,  
11 she would have to bring her children with her and, because she  
12 provides for her family on a fixed income, flying with them from  
13 Florida to California would be financially burdensome.  
14

15 Kung's declaration supports her argument that it would be a  
16 burden on her to defend herself in this forum and, therefore, this  
17 factor supports the unreasonableness of jurisdiction over her.  
18 Hsu and Kozumi do not address this factor.  
19

20 C. Other Factors

21 Defendants do not address the five other reasonableness  
22 factors. Because it is Defendants' burden to present a compelling  
23 case that the exercise of jurisdiction would be unreasonable, the  
24 other five factors weigh in favor of exercising jurisdiction.  
25

26 Even though Kung's activities meet the first two prongs of  
27 the effects test, because the first two reasonableness factors  
28 weigh strongly against jurisdiction over her, the Court determines

1 that Ubiquiti is not likely to succeed in showing that Kung is  
2 subject to personal jurisdiction in this forum. Therefore, a TRO  
3 will not issue against her absent a further showing by Ubiquiti.

4 Because all the factors, including the reasonableness  
5 factors, support jurisdiction over Hsu and Kozumi, the Court  
6 concludes that Ubiquiti is likely to succeed in showing that they  
7 are subject to personal jurisdiction in this forum.

8  
9 III. TRO

10 Although Ubiquiti asserts thirteen causes of action in its  
11 complaint, only the three Lanham Act claims are at issue here.  
12 Ubiquiti does not seek a TRO for its copyright claims, nor could  
13 it because federal copyright law does not apply to  
14 extraterritorial acts of copyright infringement. Allarcom Pay  
15 Television, Ltd. v. General Instrument Corp., 69 F.3d 381, 387  
16 (9th Cir. 1995). The three claims under the Lanham Act are  
17 (1) counterfeiting under 15 U.S.C. § 1114, based upon Hsu and  
18 Kozumi's use of Ubiquiti's registered AIROS and AIRMAX trademarks;  
19 (2) infringement under 15 U.S.C. § 1114, based upon Hsu and  
20 Kozumi's infringement of Ubiquiti's registered AIROS and AIRMAX  
21 trademarks; and (3) false designation of origin under 15 U.S.C.  
22 § 1125(a) based upon Hsu and Kozumi's use of the UBIQUITI and  
23 UBIQUITI NETWORKS trademarks knowing that Ubiquiti had valid and  
24 protectable rights in these marks prior to Defendants' first use  
25 of them.  
26  
27  
28

1 A claim of trademark infringement may be brought against any  
2 person who, without the consent of the holder of the mark, uses in  
3 commerce any reproduction, counterfeit, copy, or colorable  
4 imitation of a registered mark in connection with the sale,  
5 offering for sale, distribution, or advertising of any goods or  
6 services on or in connection with which such use is likely to  
7 cause confusion, or to cause mistake or to deceive. 15 U.S.C.  
8 § 1114(1)(a); Century 21 Real Estate Corp. v. Sandin, 846 F.2d  
9 1175, 1178 (9th Cir. 1988). An infringing mark is one that is  
10 sufficiently similar to a registered mark to cause public  
11 confusion. Montres Rolex, S.A. v. Snyder, 718 F.2d 524, 530 (2nd  
12 Cir. 1983). A counterfeit mark is one which is identical to, or  
13 substantially indistinguishable from, a registered trademark. 15  
14 U.S.C. § 1127.

15  
16 To state a claim under 15 U.S.C. § 1125(a), the plaintiff  
17 must show that the defendant is using a mark confusingly similar  
18 to a valid, protectable trademark of the plaintiff's. Brookfield  
19 Communs., Inc. v. West Coast Entertainment Corp., 174 F.3d 1036,  
20 1046 (9th Cir. 1999). Whether a mark is registered or not, the  
21 first to use it is deemed the "senior" user and has the right to  
22 enjoin "junior" users from using confusingly similar marks in the  
23 same industry and market. Id. at 1047. The Lanham Act authorizes  
24 injunctive relief as a remedy for violations. 15 U.S.C. § 1116;  
25 Penpower Tech. Ltd. v. S.P.C. Tech., 627 F. Supp. 2d 1083, 1094  
26 (N.D. Cal. 2008) (injunctive relief is remedy of choice for  
27  
28

1 trademark cases, because there is no adequate remedy at law for  
2 the injury caused by a defendant's continuing infringement).

3 A. Ubiquiti's Valid, Protectable Trademarks

4 Ubiquiti owns federal registrations for the AIROS and AIRMAX  
5 trademarks and, therefore, is presumed to be the owner of these  
6 valid protectable trademarks. See 15 U.S.C. § 1115(a)  
7 (certificate of registration evidence of validity of the mark and  
8 of registrant's exclusive right to use the mark). Ubiquiti argues  
9 that, because it has been using the UBIQUITI, UBIQUITI NETWORKS  
10 and Ubiquiti Logo marks since at least 2005, it has common law  
11 rights in them that precede Hsu and Kozumi's counterfeiting and  
12 infringing activities in 2011. As discussed previously, the  
13 ownership of the UBIQUITI NETWORKS and Ubiquiti logo trademarks in  
14 Argentina will be decided by the Argentina courts. Otherwise,  
15 however, Ubiquiti's ownership and use of its marks precedes Hsu  
16 and Kozumi's use of the marks. Therefore, except for the marks  
17 that are being litigated in Argentina, it is likely that Ubiquiti  
18 will succeed on the merits of proving it has valid, protectable  
19 trademarks.  
20  
21

22 B. Counterfeit Products Likely to Deceive the Public

23 Although the likelihood of confusion is usually a factual  
24 determination made by examining eight factors, in cases involving  
25 counterfeiting, it is unnecessary to perform the eight-factor  
26 evaluation because counterfeit marks are inherently confusing.  
27  
28

1 Phillip Morris USA Inc. v. Shalabi, 352 F. Supp. 2d 1067, 1073  
2 (C.D. Cal. 2004).

3 Ubiquiti has submitted the declarations of Michael Taylor,  
4 Ubiquiti Senior Software Engineer, and Gustavo Presman, an  
5 Engineering Computer Forensics Specialist, who compared actual  
6 Ubiquiti products with the allegedly counterfeit products Kozumi  
7 imported into Argentina. Each determined that the counterfeit  
8 product used design, hardware and software identical to the  
9 original Ubiquiti product. Notably, the counterfeit product used  
10 Ubiquiti's registered AIRMAX trademark, as well as Ubiquiti's name  
11 and corporate address. Moore Dec. ¶ 2(a). Also, when a user logs  
12 on to the counterfeit product, Ubiquiti's AirOs trademark comes up  
13 on the screen.  
14

15 Moreover, Lin, Ubiquiti's employee who documented the  
16 counterfeit Ubiquiti products found at the Hoky factory at the  
17 time of the police raid, declares that he saw thousands of  
18 products labeled with the UBIQUITI, NANOSTATION and AirOS  
19 trademarks and submits photographs of some of these products. Lin  
20 Dec. ¶¶ 10-11. He also obtained shipping records showing that  
21 counterfeit Ubiquiti products were shipped to Kozumi. Lin Dec.  
22 ¶ 11, Ex. C.  
23

24 Defendants argue that Ubiquiti has not proved counterfeiting  
25 because the declarations do not provide a chain of custody and the  
26 products compared by Taylor and Presman could have been original  
27 Ubiquiti products.  
28



1           There is sufficient evidence to show that counterfeit  
2 products were produced by the Hoky factory in China and shipped to  
3 Kozumi for sale in South America or elsewhere and that some of  
4 these products were obtained in Argentina for testing by  
5 Ubiquiti's experts. Furthermore, Defendants do not deny that they  
6 have purchased products from the Hoky factory; they merely claim  
7 that they have stopped doing so.  
8

9           Therefore, based on the evidence submitted by Ubiquiti, it is  
10 likely to prevail on the issue of likelihood of confusion.

11           C. Immediate, Irreparable Injury

12           Defendants argue that a TRO is not warranted because Ubiquiti  
13 is not threatened with immediate, irreparable injury. They point  
14 out that, since the beginning of 2012, they have not bought any  
15 allegedly counterfeit or infringing products from Hoky, or sold  
16 any, and they have not put any of their own ZoneWave products on  
17 the market because these products are still in the development  
18 stage. Furthermore, they argue that they have a right to purchase  
19 Ubiquiti products from Ubiquiti distributors and to re-sell them.  
20

21           Ubiquiti counters that emails from Hsu demonstrate that he  
22 and Kozumi are presently selling counterfeit products.

23           In his May 7, 2012 email, Hsu stated, "The only product that  
24 can beat Ubiquiti or make a dent o [sic] Ubiquiti's market share  
25 has to be a product that can be compatible with the Airmax TDMA  
26 . . . We are the only company that is selling a product that works  
27 the same as theirs." Because Hsu states that he is not selling  
28

1 any of his own ZoneWave products, the only product that he could  
2 be selling that "works the same" as Ubiquiti's are counterfeit  
3 Ubiquiti products. Although Defendants claim that, in the past  
4 six months, they have only sold Ubiquiti products obtained from  
5 authorized distributors, they offer no proof of this. Hsu  
6 attaches to his declaration two invoices showing that, in 2011,  
7 Kozumi purchased Ubiquiti products from authorized Ubiquiti  
8 distributors.<sup>2</sup> Hsu Dec., Ex. 2. However, Defendants do not  
9 produce invoices for purchases of Ubiquiti products in 2012 to  
10 demonstrate that they have continued to purchase Ubiquiti products  
11 from authorized distributors. On the other hand, Ubiquiti submits  
12 invoices for Ubiquiti products shipped by Kozumi into Argentina at  
13 prices lower than expected, which show, according to Ubiquiti,  
14 that the products have not been purchased from an authorized  
15 distributor.  
16

17  
18 Although trademark infringement by products sold in Argentina  
19 with the UBIQUITI NETWORKS and Ubiquiti logo trademarks may not be  
20 within the subject matter jurisdiction of this Court, sale of  
21 products with the AirOS and AIRMAX trademarks are likely subject  
22 to this Court's jurisdiction. Therefore, Kozumi and Hsu will be  
23 enjoined from selling counterfeit Ubiquiti products with these  
24 trademarks in Argentina and other countries.  
25

26  
27 \_\_\_\_\_  
28 <sup>2</sup> Ubiquiti does not dispute that the sellers of these  
products are authorized Ubiquiti distributors.

1 Further, sale of the present version of the ZoneWave products  
2 can be enjoined under the Lanham Act because, when a user connects  
3 the ZoneWave product to a computer, Ubiquiti's software starts and  
4 displays Ubiquiti's AirOS trademark on the login screen.

5 Ubiquiti has adequately shown that it has been and is in  
6 imminent danger of being irreparably injured by Hsu and Kozumi's  
7 sale of counterfeit and infringing products in other countries.  
8 Ubiquiti does not have an adequate remedy at law because the sale  
9 of infringing or counterfeit products is likely to damage  
10 irreparably its reputation and goodwill and that of its  
11 distributors. See Penpower Tech., 627 F. Supp. 2d at 1094.

13 D. Balance of Hardships

14 Defendants argue that the balance of hardships weighs in  
15 favor of denying a TRO because Ubiquiti seeks to shut down  
16 Kozumi's business by freezing its assets, and this will  
17 irreparably injure Kozumi and Hsu. Hsu states that a large  
18 portion of Kozumi's business is totally unrelated to Ubiquiti  
19 products and, if its assets were frozen, it would be unable to  
20 purchase goods for resale or pay its bills. Citing Republic of  
21 the Philippines v. Marcos, 862 F.2d 1355, 1364 (9th Cir. 1988),  
22 Ubiquiti responds that an injunction freezing Kozumi's assets is  
23 necessary so that it may obtain the equitable remedy of an  
24 accounting of Defendants' ill-gotten profits under 15 U.S.C.  
25  
26  
27  
28

1 § 1117.<sup>3</sup> However, in Marcos, the evidence established that the  
2 defendants had transferred millions of dollars' worth of cash,  
3 negotiable instruments, jewelry and other property out of the  
4 Philippines to other countries, including the United States. Id.  
5 at 1362-63. Here, the significance of Ubiquiti's evidence  
6 submitted to show that Hsu cannot be trusted to preserve his and  
7 Kozumi's assets is questionable. A dispute regarding the price of  
8 the Argentinean trademark does not indicate that Hsu or Kozumi  
9 will transfer assets out of the country to avoid paying a  
10 judgment. Although Ubiquiti points to Hsu and Kung's divorce  
11 petition which lists as an asset only their residence, when public  
12 records show they own other real estate valued at \$1.6 million.  
13 Defendants respond that the other properties are owned by a trust  
14 and are not marital assets under Florida law. The Court agrees  
15 that freezing Defendants' assets would be too harsh a remedy and  
16 harmful to Defendants' business.

17  
18  
19 However, an order enjoining Hsu and Kozumi from selling  
20 counterfeit and infringing products will not harm them. On the  
21 other hand, Ubiquiti has made a showing that Kozumi's sale of  
22 counterfeit and infringing products affects Ubiquiti's goodwill  
23 and reputation and undercuts its sales and the sales of its  
24

---

25  
26  
27 <sup>3</sup> Section 1117 provides that a prevailing plaintiff in an  
28 infringement action may recover the defendant's profits, damages  
and the costs of the action.

1 authorized distributors, all of which affect Ubiquiti's stock  
2 price and market capitalization.

3 Therefore, the Court finds that Ubiquiti has shown a  
4 likelihood of success on the merits of its Lanham Act claims and a  
5 significant threat of irreparable injury or, at least, that  
6 serious questions regarding the merits exist and the balance of  
7 the hardships tips sharply in Ubiquiti's favor. Therefore, the  
8 Court enjoins Hsu and Kozumi and their agents, officers, servants,  
9 employees, owners and representatives and all other persons, firms  
10 or corporations in active concert or participation with them from:

11 (1) using in any manner any registered trademark owned by  
12 Ubiquiti, and the UBIQUITI, UBIQUITI NETWORKS, and Ubiquiti logo  
13 mark, or any name or mark that wholly incorporates or is  
14 confusingly similar to the aforementioned trademarks; (2) moving,  
15 destroying, or otherwise disposing of any items confusingly or  
16 deceptively similar to Ubiquiti's products and that bear any of  
17 the aforementioned trademarks that belong to Ubiquiti; (3) moving,  
18 destroying or otherwise disposing of any records or documents  
19 containing information related to the manufacturing, distributing,  
20 delivering, shipping, importing, exporting, marketing, promoting,  
21 selling or otherwise offering for sale of items that bear any of  
22 the aforementioned trademarks that belong to Ubiquiti;  
23 (4) assisting, aiding or abetting any other person or business  
24 entity in engaging in or performing any of the above-mentioned  
25 activities. Excepted from this injunction is the selling,  
26  
27  
28

1 manufacturing, distributing, delivering, shipping, importing,  
2 marketing and promoting of products in Argentina bearing the  
3 UBIQUITI NETWORKS or Ubiquiti logo trademark, which do not use any  
4 other Ubiquiti-owned trademark. Also excepted from this  
5 injunction is the re-sale of genuine Ubiquiti products.

6 Rule 65(c) of the Federal Rules of Civil Procedure requires  
7 that a party must post a bond "in such sum as the court deems  
8 proper, for the payment of such costs or damage as may be incurred  
9 or suffered by any party found wrongfully enjoined or restrained."  
10 The Court finds that a bond in the amount of \$10,000 is  
11 sufficient. This restraining order will take effect, therefore,  
12 upon Ubiquiti's posting of a bond in the amount of \$10,000.  
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CONCLUSION

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2 For the foregoing reasons, the Court grants in part  
3 Ubiquiti's application for a TRO against Defendants Hsu and  
4 Kozumi, as described above. It is ordered that Defendants Hsu and  
5 Kozumi show cause as to why a preliminary injunction should not  
6 issue on the same terms as the TRO. A hearing on the Order to  
7 Show cause is set for Thursday, July 5, 2012 at 2 p.m. Defendants  
8 may file an opposition brief, of no greater than ten pages,  
9 containing any facts or law that they were unable to include in  
10 their briefs to date, no later than June 25, 2012. Ubiquiti may  
11 file a reply brief, no greater than five pages, addressing the new  
12 facts and law in Defendants' opposition brief, no later than June  
13 28, 2012.  
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15 IT IS SO ORDERED.  
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17 Dated: 6/20/2012  
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21 CLAUDIA WILKEN  
22 United States District Judge  
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