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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

LOUIS VUITTON MALLETIER, S.A.,

Plaintiff,

vs.

AKANOC SOLUTIONS, INC., et al.,

Defendants.

) Case No.: C 07-3952 JW (HRL)

) **DEFENDANTS' OBJECTIONS TO**
) **LANGUAGE OF VUITTON'S PROPOSED**
) **PERMANENT INJUNCTION**

) Trial Date: August 18, 2009

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18 *Nimmer on Copyright*, § 12.04[A][3][a] 2

1 Pursuant to the Court's Final Pretrial Conference Order dated July 15, 2009 [Document No.
2 189] Defendants Managed Solutions Group, Inc., Akanoc Solutions, Inc. and Steve Chen hereby
3 object to the language of plaintiff Louis Vuitton Malletier's ("Vuitton") proposed permanent
4 injunction:

5 **I. OBJECTIONS TO PROPOSED PERMANENT INJUNCTION**

6 **A. Vuitton's Proposed Injunction is Fundamentally Flawed**

7 Vuitton's proposed injunction reveals a fundamental misunderstanding of the technology, the
8 law and the nature of the business at issue in this case. The proposed injunction, even if Vuitton can
9 prove at trial any past contributory infringement by any defendant, contravenes applicable statute
10 and case law on direct and contributory infringement of copyrights and trademarks as well as the law
11 restricting issuance of any prohibitory injunction. Vuitton's injunction language is vague and
12 indefinite as to what conduct would be prohibited so as to deny defendants clear direction and the
13 Court any ability to determine a violation. The injunction language improperly imposes on
14 defendants vast duties of future Internet policing of Vuitton's many marks and works. It seeks to
15 make defendants liable for unknown (and unknowable) acts of alleged infringement by unknown and
16 unidentified third-parties.

17 Vuitton falsely assumes that the defendants have the technical or practical means to
18 accomplish the permanent "barring" of whatever third-party conduct Vuitton complains about in the
19 future, displaying an unconcern with Internet or ISP technical operations. These problems are in
20 addition to Vuitton ignoring the legal limits on an ISP's duty to take action on infringement
21 complaints to say nothing about the criminal prohibition on ISP monitoring of Internet
22 communication and server content. The bottom line is that the proposed injunction cannot be
23 complied with and, if it were entered, guarantees that the defendants will immediately be accused of
24 violating it if they do not simply go out of business.

25 Vuitton's proposed injunction does not comply with the requirements of F.R.Civ.P. 65(d) and
26 (e) and does not meet the requirements of *eBay Inc., v. MercExchange, LLC*, 547 U.S. 388, 391, 126
27 S.Ct. 1837 (2006). There is no suggestion of irreparable harm necessary to justify any injunction.

28 Vuitton perhaps ignores these legal requirements because its real objective is to put defendants out

1 of business. It is entirely improper to seek a permanent injunction concerning *future* conduct at
 2 currently *unknown* websites not parties to this suit, appears to assume that any appearance by certain
 3 domain names on defendants' servers is an infringement without the need for Vuitton to prove any
 4 direct or contributory infringement. It would also make Vuitton the sole arbiter of what is
 5 "infringing."¹

6 The injunction terms also ignores the limitations on injunctive relief against ISPs in Section
 7 512(j) of the Digital Millennium Copyright Act ("DMCA") and would require the defendants to
 8 engage in conduct that Congress has made criminal under the Stored Communications Act. The
 9 proposed injunction is impossible, impractical and illegal and should be denied entirely.

10 **B. Inadequate Findings Section**

11 **1. The Proposed Findings Are Insufficient to Justify An Injunction [2:8-10]**

12 Vuitton's proposed injunction is based on an incorrect premise. Paragraph 4 of the Findings
 13 states the injunction is issuing because of "the continued provision of Internet hosting and routing
 14 services to direct infringers [after notice]." [pg. 2:8-10] But, even if this were proven, such a finding
 15 cannot support liability for direct or contributory infringement, and cannot justify the sweeping
 16 injunction proposed by Vuitton.²

17 Entitlement to an injunction requires that Vuitton prove, in addition to establishing all
 18

19 ¹Even if Vuitton proves at trial that infringement occurred at a particular website, a permanent
 20 injunction even as to that website is barred unless Vuitton can *prove* the direct infringement *will*
 21 **continue on defendants' servers at that website in the future: "Irreparable harm cannot be**
 22 **established solely on the fact of past infringement.** Additionally, it must also be true that **the mere**
 23 **likelihood of future infringement** by a defendant **does not** by itself **allow** for an **inference of**
 24 **irreparable harm. ... [T]he onus is on Plaintiffs** to explain **why future infringements would**
 25 **cause irreparable harm. It cannot be presumed."** *MGM Studios, Inc. v. Grokster, Ltd.*, 518
 26 F.Supp.2d 1197, 1214-15 (C.D. Cal. 2007).

23 ²For contributory copyright liability to attach, in addition to proving direct infringement the
 24 defendants must **act in concert** with a direct infringer: "In order to deemed a contributory
 25 [copyright] infringer, the authorization or assistance must bear some direct relationship to the
 26 infringing acts, **and the person rendering such assistance or giving such authorization must be**
 27 **acting in concert with the infringer."** *Nimmer on Copyright*, § 12.04[A][3][a].

26 For contributory trademark liability to attach, in addition to proving direct infringement the
 27 defendants must either intentionally induce a third party to infringe or directly control and monitor
 28 the instrumentality (the website) used by the direct infringer to infringe. *Inwood Labs., Inc. v. Ives*
Labs., Inc., 456 U.S. 844, 853-54, 102 S.Ct. 2182, 2188, 72 L.Ed.2d 606 (1982); *Lockheed Martin*
Corp. v. Network Solutions, Inc., 194 F.3d 980, 983, 985 (9th Cir. 1999)

1 elements of direct and contributory liability, that it will suffer irreparable injury if the injunction
2 does not issue. *eBay Inc., v. MercExchange, LLC*, 547 U.S. 388, 391, 126 S.Ct. 1837 (2006) But
3 Vuitton cannot possibly prove irreparable injury as to *future* infringements allegedly occurring at
4 websites *it does not identify*, based upon past infringements at different websites. Just because
5 Vuitton sends a complaint about a website does not establish that direct infringement (and
6 irreparable injury) has occurred. [p. 3:12-4:2] Direct infringement (and irreparable injury) by
7 unknown parties in the future cannot be presumed simply because a website uses a defendant's
8 server. [p. 2:14-21] Vuitton's injunction language would make Vuitton the sole arbiter of future
9 infringement apparently based on the assumption that Vuitton can determine future direct
10 infringement (perhaps because of seeing a domain name on a third-party report listing an IP address
11 being used by that domain) without establishing the identity of a direct infringer, establishing the
12 elements of direct infringement, and without establishing any significant relationship between an
13 alleged direct infringer and one of the defendants. For example, Vuitton seems to assume that if a
14 named domain in the past sold infringing goods, that it must always in the future be presumed be
15 selling infringing goods. This disregards possible changes in merchandise or even site ownership.

16 Vuitton's basis for a permanent injunction boils down to this: Defendants must be
17 contributorily liable if they provide ISP services to certain unnamed websites after a notice from
18 Vuitton. [p. 2:8-10] Based on this assertion, (1) any website about which Vuitton provides a future
19 notice is automatically infringing and (2) defendants are automatically contributorily liable for
20 hosting the website without further evidence. [p. 2:8-10] This sounds fanciful, but no other possible
21 bases exist for finding defendants in contempt.

22 Vuitton's proposed language does not meet the requirements of F.R.Civ.P. 65(d) because it
23 does not "state the reasons why [the injunction] is issued," does not state its terms specifically," and
24 does not "describe in reasonable detail—and not by referring to the complaint or other document—
25 the act or acts restrained or required."

26 **2. Vuitton Cannot Satisfy the Legal Standard for Issuance of a Permanent**
27 **Injunction For Future Infringements.**

28 Vuitton must satisfy a four-part test to be entitled to a permanent injunction in this case even

1 if liability is proven at trial. In *eBay Inc., v. MercExchange, LLC*, 547 U.S. 388, 126 S.Ct. 1837
 2 (2006), the Supreme Court unanimously held that a mere finding of infringement (there, of a patent)
 3 does **not** automatically entitle the owner of an intellectual property right to receive an injunction.
 4 Rather, like any other plaintiff, the owner of an infringed property right must satisfy a four-part test
 5 to invoke a federal court’s equitable powers. Vuitton must prove **(1) irreparable injury (2) the**
 6 **remedies available at law, such as monetary damages, are inadequate to compensate for that**
 7 **injury; (3) an injunction is warranted because the balance of hardships favors Vuitton; and (4)**
 8 **the public interest would not be disserved by a permanent injunction.** *Id.* at 391

9 *Grokster, Ltd.*, 518 F.Supp.2d 1197, confirmed that this standard applies in copyright cases.
 10 The Ninth Circuit has applied the *eBay* factors to Lanham Act claims. *Reno Air Racing Ass’n., Inc.*
 11 *v. McCord*. 452 F.3d 1126, 1137-38 (9th Cir. 2006).

12 The *Grokster* court quoted the Supreme Court’s admonishment in *Weinberger v. Romero-*
 13 *Barcelo*, 456 U.S. 305, 312 (1982) that “[a]n injunction should issue only where the intervention of a
 14 court of equity is essential in order effectually to protect property rights against injuries otherwise
 15 irremediable. . . .” and continued:

16 As recently confirmed by the Supreme Court [in *eBay*], **Plaintiffs**
 17 **must meet their burden with respect to the traditional four-part**
 18 **test.** . . . Further, the Supreme Court has consistently rejected
 19 invitations to replace traditional equitable considerations with a rule
 20 that an injunction automatically follows a determination that a
 21 copyright has been infringed.

20 *Grokster*, 518 F.Supp.2d at 1208 (internal quotes and citations omitted).

21 3. Vuitton Cannot Satisfy *eBay* Four-Part Test

22 ***Irreparable Harm:*** The *Grokster* court confirmed that post-*eBay* “there can be no
 23 presumption of irreparable harm in the permanent injunction context” even if a plaintiff is successful
 24 on the merits. *Id.* at 1211 Moreover, “[i]rreparable harm cannot be established solely on the
 25 **fact of past infringement.** Additionally, it must also be true that the mere likelihood of future
 26 infringement by a defendant does not by itself allow for an inference of irreparable harm. . . . [T]he
 27 **onus is on Plaintiffs to explain why future infringements would cause irreparable harm.** It
 28 cannot be presumed.” *Id.* at 1214-1215

1 At trial Vuitton will be unable to prove irreparable harm caused by websites listed in its first
 2 amended complaint. Among other considerations, Vuitton has admitted that it cannot identify any
 3 lost sales from the past infringement alleged in this case. Despite its complaints about alleged
 4 “counterfeiters” in this case, Louis Vuitton sales have been increasing dramatically in the period of
 5 this lawsuit. Attached as exhibits to the supporting Declaration of James Lowe are excerpts from the
 6 public financial reports of LVMH, Louis Vuitton’s parent company. These reports show Louis
 7 Vuitton quarter by quarter “double-digit organic revenue growth,” “strong momentum continued”
 8 and “excellent performance in Europe, U.S. and Asia, especially China. For example, in the latest
 9 quarterly report (Quarter 1, 2009) LVMH reports “good momentum in fashion and leather goods” in
 10 Asia, in the U.S. and in Europe. “Louis Vuitton: Double digit revenue growth. All regions
 11 showing positive revenue growth in Euros. Continued strong momentum in Europe and Asia.” This
 12 reported positive revenue growth is occurring during the worst world wide recession in memory.³

13 Since Vuitton cannot establish any actual damages it seeks in this case only statutory
 14 damages. Since Vuitton cannot show any damages over the past several years, it is speculative and
 15 unreasonable for Vuitton to assert that it will be irreparably injured by future “counterfeiters.” It is
 16 just as likely that Vuitton is actually benefitting from counterfeiters’ advertising. But even if Vuitton
 17 could show harm at all, that does not prove irreparable injury as to purported future infringements.
 18 Unless Vuitton can prove that it will be irreparably harmed by actual infringements occurring in the
 19 future at particular websites (and it cannot), its proposed injunction should be denied out of hand.

20 Vuitton’s trial proofs will also fail regarding the remaining factors:

21 ***Monetary Damages Inadequate to Compensate for Injury:*** Vuitton has made no effort to
 22 demonstrate that only equity can provide “compensation” for a harm beyond money damages.
 23 Where, as here, there is no injury, discussion of compensation makes no sense. Vuitton cannot
 24 establish that an injunction must issue to increase its revenue growth beyond “double digits.”

25 ***Balance of Hardships:*** Vuitton’s proposed injunction attempts to abdicate Vuitton’s duty to
 26 police its marks and copyrighted works and force the defendants to do so for them. In doing so,
 27

28 ³Unsurprisingly Vuitton has recently filed a motion in limine to exclude these financial reports.

1 Vuitton ignores the fact that there is no lawful or practical way for Defendants to monitor
 2 information transmitted through or stored on the servers they rent to resellers. With 40,000 IP
 3 addresses accessing 1,500 Internet servers constantly, there is no practical means to wiretap
 4 communication or monitor content in such a way that can prevent or identify every appearance of a
 5 copyrighted work or a trademark appearing on the servers. Such monitoring would not only be
 6 unlawful but would be a criminal offense.

7 MSG and Akanoc are prohibited by U.S. law from monitoring or viewing customer activity
 8 except for maintenance purposes or upon issuance of a search warrant. Section 2511(2)(a)(i) of the
 9 Stored Communications Act, 18 U.S.C. § 2511(2)(a)(i) (“**[A] provider** of wire communication
 10 service to the public **shall not utilize service observing or random monitoring** except for
 11 mechanical or service quality control checks.”(emphasis added)) Additionally, section 2702(a)(1) of
 12 the SCA, 18 U.S.C. § 2702(a)(1), then prohibits Defendants from disclosing the contents of
 13 communications in electronic storage to Vuitton or anyone else:

14 A person or entity providing an electronic communication⁴ service to
 15 the public **shall not** knowingly **divulge** to any person or entity the
 16 **contents** of a **communication** while **in electronic storage** by that
 service. (emphasis added)

17 The monitoring Vuitton demands in its injunction is a criminal act. Sections 2701(a) and (b)
 18 of the SCA , 18 U.S.C. § 2701(a) and (b), create the criminal offense of accessing communications
 19 in electronic storage:

20 (a) Offense. Except as provided in subsection (c) of this section
 21 whoever—
 22 (1) intentionally accesses without authorization a facility through
 23 which an electronic communication service is provided; or
 24 (2) intentionally **exceeds an authorization** to access that facility;
 and thereby **obtains**, alters, or prevents authorized **access to a wire or
 electronic communication while it is in electronic storage** in such
 system shall be punished as provided in subsection (b) of this section.

* * *

25 (b) Punishment. The punishment for an offense under subsection (a) of

26 ⁴An “ ‘electronic communication’ [is defined as:] any transfer of signs, signals, writing, images,
 27 sounds, data, or intelligence of any nature transmitted in whole or in part by a wire, radio,
 28 electromagnetic, photoelectronic or photooptical system that affects interstate or foreign
 commerce...” 18 U.S.C. § 2510(12).

1 this section is-
 2 (2) in any other case—
 3 (A) a fine under this title or **imprisonment for not more than 1 year**
 4 or both, **in the case of a first offense** under this paragraph.

5 Vuitton has no right to demand and this Court cannot order the defendants to perform
 6 criminal acts, regardless of any alleged benefits to Vuitton for doing so. The defendants simply are
 7 prohibited from doing the monitoring or “service observing” that would be necessary to prevent an
 8 infringer from communicating or storing allegedly infringing works or marks on its Internet servers.
 9 This is why Vuitton can show no precedent for the suit it brings or the relief it demands. This
 10 plaintiff is not entitled to drive the defendants out of business or to seek enormous damages because
 11 the defendants will not commit crimes to protect the sales of its luxury goods.

12 It is not the responsibility of any ISP to police its servers for infringing material. Every court
 13 that has considered the issue has held that it is the responsibility of a copyright or trademark owner
 14 to identify infringement and then send notices to an ISP. *Lockheed Martin v. Network Solutions* 985
 15 F.Supp. 949 (C.D. Cal. 1997) (a domain registrar has “no affirmative duty to police the Internet in
 16 search of potentially infringing uses of domain names.”); *Tiffany, Inc. v. Ebay, Inc.*, 2008 WL
 17 2755787, at *47 (S.D.N.Y. July 14, 2008) (“[W]hile the Court is sympathetic to Tiffany's
 18 frustrations in this regard, the fact remains that rights holders bear the principal responsibility to
 19 police their trademarks.”); *see MDT Corp. v. New York Stock Exch.*, 858 F.Supp. 1028, 1034
 20 (C.D.Cal.1994) (“The owner of a trade name must do its own police work.”); *Hard Rock Cafe*
 21 *Licensing Corp. v. Concession Services, Inc.* 955 F.2d 1143, 1149 (7th Cir. 1992) (defendants are
 22 not required “to be more dutiful guardians of [trademark plaintiffs'] commercial interests).

23 The proposed permanent injunction shifts the burden of policing Vuitton’s marks onto
 24 defendants. It requires that defendants monitor their servers for specific domains in violation of
 25 federal law in order to “bar further access to the domain name on any server owned by Defendant(s)
 26 or any of them.” [3:22-23] As other courts have recognized, it is obviously far less burdensome on
 27 Vuitton, like every other rights holder, to police its own intellectual property on the Internet and give
 28 DMCA-complaint notice of infringement.

Public Interest: The public interest does not favor Vuitton. There is no possibility MSG and
 165707.1-10562-002-8/7/2009

1 Akanoc could ever comply with Vuitton's proposed permanent injunction. Because the inevitable
 2 result of failing to comply is a contempt sanction, Vuitton's real purpose appears to be shutting
 3 down lawful ISP businesses. Vuitton likely wants to put these defendants out of business in order to
 4 use them as object lessons when threatening other ISPs. Provision of ISP services is not only
 5 legitimate, it is necessary to the modern economy. Shutting down an ISP that provides such services
 6 to the public hardly favors the public interest.

7 **C. The Proposed Permanent Injunction Violates the Restrictions on Injunctive**
 8 **Relief Available Against ISPs In Section 512(j) of the DMCA (17 U.S.C. § 512)**

9 Vuitton's proposed injunction violates the restrictions on injunctions in Section 512(j) of the
 10 Digital Millennium Copyright Act ("DMCA"). Section 512(j) limits the form and scope of
 11 injunctive relief against Internet Service Providers, like the defendants, who qualify for safe harbor
 12 under the Act.⁵

13 With respect to conduct other than that which qualifies for the
 14 limitation on remedies set forth in subsection (a), **the court may grant**
 15 **injunctive relief with respect to a service provider only in one or**
 16 **more of the following forms:**

17 (i) An order restraining the service provider from **providing access to**
 18 **infringing material** or activity residing **at a particular online site** on
 19 the provider's system or network.

20 (ii) An order restraining the service provider from providing access to
 21 a subscriber or account holder of the service provider's system or
 22 network who is engaging in infringing activity and **is identified in the**
 23 **order**, by terminating the accounts of the subscriber or account holder
 24 that are specified in the order.

21 ⁵On November 26, 2007 MSG's and Akanoc's Interim Designations of Agent to Receive
 22 Notification of Claimed Infringement, were received by the U.S. Copyright Office. MSG and
 23 Akanoc became eligible to receive the protections afforded by the DMCA. *See* 17 U.S.C.
 24 § 512(c)(2): **Designated agent.** – The limitations on liability established in this subsection apply to
 25 a service provider only if the service provider has designated an agent to receive notifications of
 26 claimed infringement described in paragraph (3), by making available through its service, including
 27 on its website in a location accessible to the public, and by providing to the Copyright Office,
 28 substantially the following information:

(A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for
 inspection, including through the Internet, in both electronic and hard copy formats, and may require
 payment of a fee by service providers to cover the costs of maintaining the directory.

1 (iii) Such other injunctive relief as the court may consider necessary to
 2 prevent or restrain infringement of copyrighted material specified in
 3 the order of the court **at a particular online location**, if such relief is
 the least burdensome to the service provider among the forms of relief
 comparably effective for that purpose.

4 17 U.S.C. § 512(j)(1)(A).

5 Section 512(j) explains that injunctive relief against an ISP is limited to prohibiting access to
 6 a particular website. This standard implicitly acknowledges the realities of the on-line world and the
 7 fact that Internet hosts cannot “accomplish a permanent stop to complained-of infringing activity”
 8 [p. 4:1-2] or “insure that [infringement] is not resumed on servers or using facilities owned by [the
 9 ISP]. [p. 3:10-11] Section 512(j) also recognizes that rights-holders such as Vuitton must police their
 10 own works on the Internet. ISPs cannot be, and *are* not, expected to do the policing job for rights
 11 holders, including even Louis Vuitton.

12 **D. General Prohibitions [pg. 2:11-21]**

13 **1. The Specific Language of the Injunction Fails to Comply With the Law**

14 Paragraph 4(a) of the proposed injunction [pg. 2:11-21] is a “catch-all” provision that appears
 15 to cover any real or imaginary infringing activity, even if Vuitton does not give notice. It burdens
 16 MSG and Akanoc with the impossible task of locating potentially infringing content, and
 17 determining if that content is “unauthorized.” Paragraph 4(a) does not require Vuitton even to give
 18 notice of an infringing site or make a complaint as required under the DMCA or otherwise. This is a
 19 “gotcha” provision with the apparent intent to capture all possible activity in order to be able to
 20 impose additional conditions under paragraph (b) so that the defendants cannot avoid being “found
 21 in violation of paragraph (a) of this Injunction.” [pg. 2:22-23]

22 “Federal Rule of Civil Procedure 65(d) requires that an injunction “state its terms
 23 specifically” and “describe in reasonable detail, and not by reference to the complaint or other
 24 document, the act or acts sought to be restrained.”⁶ An injunction must provide a fair and precisely

25 _____
 26 ⁶ *Pacific R. Co. v. Mower*, 219 F.3d 1069, 1072-73 (9th Cir. (Or.) 2000) “Federal Rule of Civil
 27 Procedure 65 requires that an injunction “be specific in terms” and “describe in reasonable detail,
 28 and not by reference to the complaint or other document, the act or acts sought to be restrained.”
 Fed.R.Civ.P. 65(d). ... The injunction issued against Mower does not even come close to satisfying
 Rule 65's specificity requirements; it provides little, if any, guidance to Mower regarding **how he
 should determine what particular information is confidential or privileged.**”) *Id.* at 1077

1 drawn notice of what the injunction actually prohibits as required by Fed.R.Civ.P. 65.⁷

2 The Ninth Circuit has further held that “an injunction must be narrowly tailored ... to remedy
3 only the **specific harms** shown by the plaintiffs, **rather than ‘to enjoin all possible breaches of the**
4 **law.’”** *Price v. City of Stockton*, 390 F.3d 1105, 1117 (9th Cir.2004); *Microsoft Corp. v. Evans*, 2007
5 WL 3034661 (E.D. Cal. Oct. 17, 2007) (same), citing *Iconix, Inc. v. Tokuda*, 457 F.Supp.2d 969,
6 998-999 (N.D.Cal.2006) (“Plaintiff has succeeded only in showing irreparable harm arising out of
7 **past acts of copyright infringement**. The Court must therefore **narrowly tailor its preliminary**
8 **injunction to remedy that particular harm.**”)

9 The General Prohibitions are improper cannot be included in even a justified injunction. The
10 terms are not stated with sufficient specificity and the language far exceeds the scope of any
11 infringement (even if Vuitton prevails at trial). Rather than tailor its injunction to remedy the
12 specific harms at issue, Vuitton improperly seeks to enjoin all possible infringements by asking the
13 Court to restrict defendants as to alleged future harms involving websites having no connection to
14 this case. Vuitton asks the Court to restrict MSG and Akanoc, as to:

- 15 • **“knowingly infringing, either directly or contributorily, in any manner,**
16 **including generally,”** The meaning of this phrase is unclear and open-ended. It does
17 not qualify as a “fair and precisely drawn notice of what the injunction actually
18 prohibits.” *Granny Goose Foods, Inc. v. Brotherhood of Teamsters & Auto Truck*
19 *Drivers*, 415 U.S. 423, 444, 94 S.Ct. 1113, 39 L.Ed.2d 435 (1974)
- 20 • **“any unauthorized product,”** The scope far exceeds the requirement that an
21 injunction “remedy only the specific harms shown by the plaintiff.” Vuitton has not
22 shown irreparable injury at any unnamed website that may or may not infringe the
23 “Louis Vuitton Properties” sometime in the future. The language is also neither fair
24

25 ⁷*Granny Goose Foods, Inc. v. Brotherhood of Teamsters & Auto Truck Drivers*, 415 U.S. 423, 444,
26 94 S.Ct. 1113, 39 L.Ed.2d 435 (1974) (stating that the party enjoined should “receive fair and
27 precisely drawn notice of what the injunction actually prohibits”); . *Schmidt v. Lessard*, 414 U.S.
28 473, 476, 94 S.Ct. 713, 38 L.Ed.2d 661 (1974) (“The specificity provisions of Rule 65(d) are “no
mere technical requirements. The Rule was designed to prevent uncertainty and confusion on the
part of those faced with injunctive orders, and to avoid the possible founding of a contempt citation
on a decree too vague to be understood.”).

1 or precisely drawn. The defendants cannot determine what is an “unauthorized
2 product.” MSG or Akanoc are not experts on Vuitton’s marks and copyrights and
3 products. If this injunction issued the defendants would be unable to tell if a
4 particular product is “unauthorized.” MSG and Akanoc would therefore have no idea
5 if they were actually in violation of the injunction and would be entirely at the mercy
6 of Vuitton.

- 7 • **“which features any of the Louis Vuitton Properties, copies of the Louis Vuitton**
8 **Properties, or confusingly similar reproductions of the Louis Vuitton**
9 **Properties,”** again MSG and Akanoc have no expertise on the genuineness of
10 Vuitton products for sale on the Internet, or what “copies” of “Louis Vuitton
11 Properties” are, or what a “confusingly similar reproduction” of a Louis Vuitton
12 Property might be.
- 13 • **“Restrained and enjoined from ... hosting websites that are engaged in**
14 **manufacture, import, advertisement, offer for sale, sale or distribution of**
15 **Unauthorized Products,”** apparently including unnamed websites not involved in
16 this case or found by the jury to be involved in infringement in this case. MSG and
17 Akanoc are ISPs – they have no way of knowing if a particular website is infringing
18 Vuitton’s marks and copyrighted works. This is an attempted unconstitutional
19 expansion of the Copyright Act and Lanham Act to extraterritorial acts outside of the
20 United States.

21 Vuitton’s overbroad language covers *future* infringement at any website (not just those
22 involved in this case). The Eastern District of California recently rejected similar overreaching
23 language in a proposed injunction, explaining that it was not sufficiently specific and exceeded the
24 scope of the infringement:

25 [T]he proposed injunction would cover infringement of any other
26 works now or hereafter protected by any of Plaintiff’s trademarks or
27 copyrights. It would also cover the use of names, logos, or “other
28 variations thereof,” terminology which is not sufficiently specific. These aspects of the injunction would be unclear and also would exceed the scope of the infringement. *Microsoft Corp. v. Evans*, 2007 WL 3034661 (E.D. Cal. Oct. 17, 2007)

1 **E. Strict Compliance Obligations (pg. 2:22-4:2)**

2 Beginning at page 2:22, the proposed injunction requires defendants to “strictly comply”
3 with obligations that no ISP can, or has ever been required to, comply with.

4 **First**, the strict compliance obligations improperly apply to **any website in the future that**
5 **Vuitton gives notice of, even if that website actually contains no infringing content.** [pg. 3:12-
6 4:2] The proposed injunction eliminates the requirement that Vuitton prove direct infringement (and
7 therefore suffer irreparable harm) as to alleged future infringements occurring at as yet unknown
8 websites. Instead, under the proposed language Vuitton simply sends an email from which alone
9 direct infringement and irreparable harm are presumed. As written MSG and Akanoc could be held
10 in contempt for failing to permanently remove a website that does not presently exist and never sells
11 *any* counterfeit products, simply because someone at Vuitton may have believed it did.

12 **Second**, because the strict compliance obligations relate directly to potential *future*
13 infringements at unknown websites not involved in this action, the same problems regarding the lack
14 of specificity of the language of the injunction and the fact that the injunction exceeds the scope of
15 the infringement (discussed above under the “General Prohibitions” section above) applies.

16 **Third**, the proposed injunction would require defendants to undertake a probably impossible
17 job of monitoring the Internet for any sign that certain websites had reappeared on their servers.⁸
18 But this is Vuitton’s job.⁹ No ISP can operate their business saddled with these burdensome and
19

20 ⁸ MSG and Akanoc must “bar further access to the domain name on any server owned by
21 Defendant(s) or any of them.” [pg. 3:22-23] Without any notice from Vuitton, they are required to
22 “[t]ake such additional action ... if activity complained of resumes on any server owned by
23 Defendants ... as may be required to accomplish a permanent stop to the complained of infringing
24 activity.” [pg. 3:24-4:2]

25 ⁹ See *Hard Rock Café Lic. Corp. v. Concession Svcs, Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992)
26 (defendants are not required “to be more dutiful guardians of [trademark plaintiffs'] commercial
27 interests); *MDT Corp. v. New York Stock Exch.*, 858 F.Supp. 1028, 1034 (C.D.Cal.1994) (“The
28 owner of a trade name must do its own police work.”); *Lockheed Martin v. Network Solutions* 985
F.Supp. 949 (C.D. Cal. 1997) (a domain registrar has “no affirmative duty to police the internet in
search of potentially infringing uses of domain names.”); *Tiffany, Inc. v. Ebay, Inc.* 2008 WL
2755787 at *47 (S.D.N.Y. 2008).

Whether Defendants are best situated, or it is cheaper for Defendants to police trademark
infringement, it is not their legal responsibility to do so. *Tiffany, Inc.* at *47 (“[E]ven if it were true
that eBay is best situated to staunch the tide of trademark infringement to which Tiffany and
countless other rights owners are subjected, that is not the law.”)

1 impossible requirements.

2 Vuitton's injunction language appears to be an effort to make every outrageous demand it
3 can think of rather than any serious effort to prohibit real harm. For example, Vuitton demands the
4 Court require MSG and Akanoc to:

5 **1. Obtain and Publish Contact Information of Customers [p. 3:3-6]**

6 Paragraph (b)(ii) [p. 3:3-6] requires MSG and Akanoc to “**obtain and publish on their**
7 **website(s) complete and accurate contact information** (including but not limited to name, current
8 and valid email and physical addresses, telephone and facsimile numbers) ... **for their customers.**”

9 This outrageous demand is calculated to put defendants out of business. **First**, the defendants
10 have no way of obtaining this information, and cannot be responsible for its accuracy. The
11 defendants only do business with Internet hosting resellers, not website operators. The information
12 would not be useful because defendants' customers do not operate infringing websites. Resellers
13 cannot practically or legally be required to provide such information. **Second**, this is fundamental
14 trade secret information that is the source of all business and must be protected. Publishing this
15 information would likely drive the defendants' customers away or else invite competitors to steal
16 them. **Third**, it is clearly intended to allow Vuitton (and anyone else, including defendants'
17 competitors) to harass customers. **Fourth**, it goes far beyond the requirements of the DMCA. The
18 DMCA requires only that ISPs designate an agent to receive notifications of claimed infringement
19 and posts the name, address, phone number, and electronic mail address *of the agent* on its website
20 and with the Copyright office.¹⁰ There is no basis in the law for requiring an ISP or any other
21 business to post contact information for its customers on a website. Aside from the blatantly

22 _____
23 ¹⁰17 U.S.C. § 512(c)(2): **Designated agent.**--The limitations on liability established in this
24 subsection apply to a service provider only if the service provider has designated an agent to receive
25 notifications of claimed infringement described in paragraph (3), by making available through its
26 service, including on its website in a location accessible to the public, and by providing to the
27 Copyright Office, substantially the following information:

28 (A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for inspection, including through the Internet, in both electronic and hard copy formats, and may require payment of a fee by service providers to cover the costs of maintaining the directory.

1 outrageous nature of this demand, it would violate the privacy rights of all customers. **Fifth**, no
2 business can be required to publicly publish all contact information about its customers.

3 **2. Procedures When Receiving Complaints From Vuitton [p. 3:12-4-2]**

4 Paragraph (b)(iv) [p. 3:12-6] requires a substantial and unworkable set of procedures beyond
5 what is done in the industry and is fundamentally unworkable. They include:

6 **a. Acknowledge receipt of notice of infringement [p. 3:14]**

7 Paragraph (iv)(1) requires MSG and Akanoc to “promptly acknowledge” receipt of “notice of
8 infringement.” Requiring an ISP to acknowledge receipt is not required under the DMCA, is not
9 typical in the industry, and is burdensome because of the many notices of various types (spam,
10 counterfeiting, illegal content) that are received each day. To hold MSG or Akanoc in contempt if
11 they fail to “promptly” acknowledge receipt is unreasonable.

12 **b. “Assign a tracking number” [p. 3:15-16]**

13 Paragraph (iv)(2) requires MSG and Akanoc to “assign a tracking number” to be used on all
14 correspondence. This requirement is not typical in the industry, is a burden on a small business and
15 would entail substantial record keeping obligations without any real benefit.

16 **c. “Notify ... customer of Complaint within 24 hours” [p. 3:17-20]**

17 Paragraph (iv)(3) requires MSG and Akanoc to “notify their customer(s) of the Complaint
18 within twenty-four (24) hours of receipt.” Ordinarily this is not a problem, but some days when there
19 are other activities going on this could be difficult to meet. For example if there are major technical
20 problems (such a denial of service attack, “ddos” when personnel and technical resources must be
21 used elsewhere to help business operating), or when law enforcement requires defendants’ help
22 because of a warrant or subpoena (periodically defendants are contacted by FBI, CIA or Homeland
23 Security for assistance), or when major spam attacks occur, or when customers are having technical
24 difficulties. There are limited personnel to do all the work and it is impractical to give Vuitton
25 complaints absolute priority, especially if failure to do so results in contempt of court.

26 There is no requirement under any statute or case that take-down notices be sent out in a
27 specific period of time. MSG and Akanoc get the complaint notices out as soon as possible, often in
28 less than 24 hours. But to mandate this, under penalty of contempt, ignores the realities of the ISP

1 business model and is inherently unreasonable.

2 **d. Take Disabling Action if Website On Servers 72 hours After**
3 **Vuitton Complains [p. 3:18-22]**

4 Paragraph (iv)(3) also requires that MSG and Akanoc “disable access to the infringing
5 content” if “activity complained of is still accessible ... seventy-two (72) hours after customer
6 notification.”

7 **First**, it is unclear what “infringing content” is being referenced. Fed.R.Civ.P. 65(d) requires
8 that the terms of an injunction be stated with specificity. The proposed language also does not
9 appear to be narrowly tailored to remedy only specific harms, but to enjoin all possible
10 counterfeiting of its intellectual properties now or in the future. *Price v. City of Stockton*, 390 F.3d
11 1105, 1117 (9th Cir.2004) (“[A]n injunction must be narrowly tailored ... to remedy only the **specific**
12 **harms** shown by the plaintiffs, **rather than ‘to enjoin all possible breaches of the law.’**”)

13 **Second**, placing a 72 hour time-limit on this process is unworkable in practice, as sometimes
14 customers may not respond immediately. Disabling access to infringing content requires either
15 disabling the IP address or unplugging an entire server. Either action would likely disrupt service to
16 other legitimate Internet operations. In the defendants experience, a single IP address can be used
17 by up to a hundred separate websites or other domains. Multiple IP addresses are usually directed to
18 a single server (a minimum of ten are provided by defendants with each server rental) so a thousand
19 or more Internet users could be taken out of service simply because a single domain is not
20 immediately responsive to an unverified Vuitton complaint. There is no basis in the DMCA or the
21 law for imposing this draconian requirement. Allegedly infringing websites are normally taken
22 down by the customer within 72 hours, but on those occasions where that is not possible defendants
23 should not punish a thousand or more innocent Internet users to meet an arbitrary deadline (and
24 avoid a contempt citation).

25 **Third**, the harsh consequences to innocent parties of taking down an entire server within 72
26 hours of notice in all cases is heightened by the fact that the injunction applies to *any* website
27 Vuitton decides to complain about, even if the website does not contain infringing content. The only
28

1 requirement is that Vuitton give notice, and everyone's guilt is presumed.¹¹ No specific finding of
 2 actual infringement and irreparable harm need be made by Vuitton before defendants are required to
 3 unplug servers or disable IP addresses.

4 **e. Bar Further Access to the Domain Name if Website On Servers 72**
 5 **hours After Vuitton Complaint [p. 3:18-24]**

6 Paragraph (iv)(3) also requires that MSG and Akanoc "bar further access to the domain name
 7 on any server owned by Defendant(s)" if "activity complained of is still accessible ... seventy-two
 8 (72) hours after customer notification."

9 **First**, it is unclear what "activity" is being "complained of." Fed.R.Civ.P. 65(d) requires that
 10 the terms of an injunction be stated with specificity. The proposed language is not narrowly tailored
 11 to remedy only specific harms, but improperly seeks to enjoin all possible infringement by anyone of
 12 all Vuitton's intellectual properties at any time in the future. *Price v. City of Stockton*, 390 F.3d
 13 1105, 1117 (9th Cir.2004) ("[A]n injunction must be narrowly tailored ... to remedy only the **specific**
 14 **harms** shown by the plaintiffs, **rather than 'to enjoin all possible breaches of the law.'**")

15 **Second**, it would be impossible for defendants to comply with this requirement. Defendants
 16 cannot block, disable or control any of the domain names on their 1,500 servers. They further have
 17 no way of knowing in advance what domain name might be used on their servers or with any of their
 18 40,000 IP addresses. See *Falstaff Brewing Corp. v. Miller Brewing Co.*, 702 F.2d 770, 782 n.7 (9th
 19 Cir.1983) ("Generally, impossibility is a complete defense to a charge of contempt.")

20 Vuitton has no evidence that any ISP has the ability to block access by a domain. Vuitton
 21 would have to get a domain registrar (responsible to ICANN) to disable a domain name. The
 22 defendants are not domain registrars (unlike some industry giants like Yahoo!). Only a domain
 23 registrar can stop the use of a domain name. But *Lockheed Martin v. Network Solutions*, 194 F.3d at
 24 985 teaches that an IP owner cannot hold a registrar liable for failing to control an abusive domain
 25 name (even if the registrar is in the U.S.).

26 **Third**, after a domain name is taken down or disabled it can easily reappear on a different IP
 27

28 ¹¹This may be a French legal concept but it is not followed in America.

1 **Second**, defendants have no way to “accomplish a permanent stop” to infringement. If this
2 were remotely possible, there would be no infringing activity anywhere in the world. There would be
3 no spam, phishing, child porn, or any other conduct that governments around the try to stop. There
4 would be no “ddos” attacks, no bot nets, no hacking of computer systems, etc. But the Internet is
5 complex and impossible to fully control.

6 **Third**, MSG and Akanoc should not be held in contempt for failing to permanently stop
7 infringement at another ISP’s servers. The language of the proposed injunction assumes that a
8 domain will only resurface on *defendants’* servers. This might happen but often a domain that is
9 taken down will reappear at an IP address assigned to a different ISP. The original ISP cannot do
10 anything. A notice must be sent to the subsequent ISP. The proposed injunction is improper because
11 it would hold defendants in contempt even when a domain moves to another ISP’s servers.

12 **Fourth**, the language of the injunction attempts to transfer the burden of policing the Internet
13 onto defendants’ shoulders. The cases that have considered the issue have all concluded that the
14 rights-holder must police its own intellectual property on the Internet. See *Hard Rock Café Lic.*
15 *Corp. v. Concession Svcs, Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992) (defendants are not required “to
16 be more dutiful guardians of [trademark plaintiffs'] commercial interests); *MDT Corp. v. New York*
17 *Stock Exch.*, 858 F.Supp. 1028, 1034 (C.D.Cal.1994) (“The owner of a trade name must do its own
18 police work.”); *Lockheed Martin v. Network Solutions* 985 F.Supp. 949 (C.D. Cal. 1997) (a domain
19 registrar has “no affirmative duty to police the internet in search of potentially infringing uses of
20 domain names.”); *Tiffany, Inc. v. Ebay, Inc.* 2008 WL 2755787 at *47 (S.D.N.Y. 2008).

21 **Fifth**, even if the defendants could do what Vuitton demands or even if they go out of
22 business, Vuitton cannot possibly suggest that this would stop any counterfeiter from continuing to
23 operate on the Internet. Infringers do not need the defendants to continue doing all the business they
24 desire. The Internet is vast, counterfeiters operate throughout the world, and many means exist to
25 make, advertise, sell, and deliver counterfeit goods. Vuitton’s high prices drive the demand for
26 counterfeit goods and countless people are willing to meet that demand. Infringement will not stop
27 or be affected for even a nanosecond without the defendants’ Internet services. Vuitton is chasing a
28 rainbow and destroying the defendants business will not accomplish anything useful.

1 **II. CONCLUSION**

2 The proposed injunction is entirely unjustified and the terms are impossible, impractical and
3 illegal, even if Vuitton establishes liability at trial.

4
5 Dated: August 7, 2009

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