

CAUGHT IN A BIND: REASSESSING JUDICIAL
AUTHORITY TO BIND NON-PARTY SEARCH
ENGINES UNDER RULE 65 IN COUNTERFEIT
GOODS CASES^{*}

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INTRODUCTION

With the rise of the Internet has come the rise of counterfeit goods sales online¹ and it has created a new set of issues for those trying to

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¹ See, e.g., Tamlin H. Bason, *Explosion of Online Counterfeiting Requires Diligence, Awareness of Evolving Schemes*, BLOOMBERG BNA (Oct. 12, 2011), <http://www.bna.com/explosion-online-counterfeiting-n12884903849/>.

combat the sale of fake luxury handbags and accessories.² The Internet is responsible for the steep increase in the rate at which counterfeit goods can be sold; over the last two decades the sale of counterfeit goods has increased 10,000 percent due to the popularity of the Internet and its ability to reach people in a global manner.³ With this rise also came an increase in cybersquatting,⁴ which is when a person, with bad faith intent to make a profit, registers or uses a domain name either containing someone's trademark or something confusingly similar to that trademark.⁵

The vastness of the Internet has made it tougher to police and stop the sale of counterfeit goods;⁶ even once a domain name is seized and the website disabled, there is nothing stopping counterfeiters from turning around and registering a new domain name.⁷ Because domain names registered to counterfeiters are more often than not registered

² See, e.g., *Addressing the Sale of Counterfeits on the Internet*, INTERNATIONAL TRADEMARK ASSOCIATION (Sept. 2009), <http://www.inta.org/Advocacy/Documents/INTA%20Best%20Practices%20for%20Addressing%20the%20Sale%20of%20Counterfeits%20on%20the%20Internet.pdf>.

³ Bason, *supra* note 1.

⁴ See, e.g., Maura Kutner, *The Fight Against Fakes Online*, HARPER'S BAZAAR (Dec. 14, 2010), <http://www.harpersbazaar.com/fashion/fashion-articles/fight-against-fakes-online-0111>.

⁵ 15 U.S.C. § 1125(d)(1)(A) (2012) ("A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person . . . has a bad faith intent to profit from that mark, . . . and . . . registers, traffics in, or uses a domain name that . . . is identical or confusingly similar to [a distinctive] mark; . . . is identical or confusingly similar to or dilutive of [a famous] mark; or . . . is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.").

⁶ Domain names containing a brand's trademark enable consumers to more easily find websites selling counterfeit goods. See, e.g., *Addressing the Sale of Counterfeits on the Internet*, *supra* note 2. For instance, when a consumer enters "Louis Vuitton" into a search engine, not only does "www.louisvuitton.com," the genuine website of the brand, appear, but the counterfeit website, www.cheaplouisvuitton.co.uk, appears as well. This makes it easier for consumers to compare the websites and to purchase from the counterfeit site because there the goods are being sold at a fraction of the price. See *Counterfeit Websites*, OUCH! (Aug. 2012), http://www.securingthehuman.org/newsletters/ouch/issues/OUCH-201208_en.pdf.

⁷ See *Apple "Wins," but Plays Whac-A-Mole With Counterfeiters*, DOMAIN NAME WIRE (Dec. 29, 2011), <http://domainnamewire.com/2011/12/29/apple-wins-but-plays-whac-a-mole-with-counterfeiters/> [hereinafter *Apple "Wins"*] ("The problem . . . is that some of these domain names were registered immediately after the decision in the first case was handed down. This means that the group behind the registrations is likely to just move on to other domains, and Apple will be forced to file more domain disputes."); Andrew Grossman, *Google & Facebook Forced to Remove Counterfeit Sites, but Does it Help Consumers?*, SITEJABBER (Dec. 16, 2011), <http://www.sitejabber.com/blog/2011/12/16/google-forced-to-remove-counterfeit-sites/> [hereinafter Grossman, *Google & Facebook Forced to Remove Counterfeit Sites*] ("Counterfeiters who lose a domain can often simply register a new one (sometimes this is done by the thousands) to hawk their fake goods."); *Oakley finds that UDRP is not a surefire way to take down a counterfeit web site*, DOMAIN NAME WIRE (Aug. 23, 2012), <http://domainnamewire.com/2012/08/23/oakley-udrp-counterfeit/> [hereinafter *Oakley*] ("[I]t's really a game of whack-a-mole anyway. If someone is so brazen to sell fake goods . . . don't you think they'll just create another similar site if you get control of their domain name?").

with false contact information,⁸ neither courts nor the Internet Corporation for Assigned Names and Numbers (“ICANN”) can find and take counterfeiters’ assets. This makes it simple for them to use their untouched funds to register new domain names and continue selling their counterfeit products. In addition, counterfeiters and their assets are often located outside of the United States,⁹ so even if they can be tracked down, it is still difficult to seize their assets.¹⁰ The jurisdictional issue created by the Internet in regards to foreign defendants’ assets further incentivizes counterfeiting because counterfeiters know that there will be no real repercussions for their illegal actions. This is often referred to as the “whac-a-mole” problem,¹¹ and due to the current nature of the Internet there is no remedy.

Because courts have not been able to locate or seize counterfeiters’ assets, judges in recent cases¹² have been using a different method to disable counterfeiters. They have been ordering that, in addition to an injunction against the counterfeiter and the transfer of ownership of domain names to the trademark holder, search engines must block access to the counterfeiting sites and additional counterfeiting sites registered by recurring counterfeiters in the future by excluding those sites from their search results.¹³ However, search engines have not been included as parties in these suits.¹⁴ When a judge or a party to a lawsuit wants to bind a non-party to an injunction, Federal Rule of Civil Procedure 65 (“Rule 65”) is the vehicle to do so.¹⁵ However, Rule 65

⁸ See, e.g., Susan M. Freedman & Mark Sommers, *Counterfeits in the Internet Age*, FINNEGAN (Apr. 2001), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=d9e39096-ac4a-4e99-888f-bdfef7d31a96>.

⁹ See, e.g., Scott Gelin, *27th Annual Intellectual Property Law Conference: The Importance of Asset Restraint in Combating Anonymous Online Counterfeiters*, AMERICAN BAR ASSOCIATION (Mar. 28–30, 2011), http://apps.americanbar.org/intelprop/spring2012/coursematerials/docs/Obtaining_and_EnforcingAssetFreezeOrders/The_Importance_of_Asset-ScottGelin.pdf.

¹⁰ Seizing assets can be difficult because banks in foreign countries may not hand over requested bank documents without appealing an order first. But just because it will be difficult does not mean it will be impossible. See Naresh Kilaru & Mark Sommers, *Testing the Extraterritorial Limits of the Lanham Act: Are Counterfeiters’ Overseas Assets and Bank Records Within Reach?*, FINNEGAN (July/Aug. 2012), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=b7227f70-9ef2-41fd-a66e-02c7c8ce4eeb> (stating that it appears that “US courts have the authority to freeze assets located in overseas bank accounts. . . . so long as personal jurisdiction exists over the account holder,” so this may be an available option).

¹¹ *Apple “Wins,” supra note 7; Oakley, supra note 7.*

¹² Such cases include *Hermès v. Doe*, No. 12 Civ. 1623 (DLC) (S.D.N.Y. Apr. 30, 2012) [hereinafter Default Judgment, *Hermès*]; *Tory Burch LLC v. Doe*, No. 12 C 7163 (N.D. Ill. Oct. 2, 2012) [hereinafter Order, *Tory Burch*]; and *Burberry v. Doe*, No. 12 Civ. 0479 (TPG) (S.D.N.Y. May 15, 2012) [hereinafter Default Judgment, *Burberry*], in which the brand owners named dozens of domain names selling counterfeit goods bearing their trademark(s) as defendants in a single lawsuit.

¹³ Order, *Tory Burch, supra note 12*; Default Judgment, *Burberry, supra note 12*; Default Judgment, *Hermès, supra note 12*, at 7–10.

¹⁴ Order, *Tory Burch, supra note 12*; Default Judgment, *Burberry, supra note 12*, at 1–2; Default Judgment, *Hermès, supra note 12*, at 1.

¹⁵ FED. R. CIV. P. 65(d)(2).

cannot bind just anyone; the non-party must fall within one of three categories of people.¹⁶ Binding a non-party that does not fall within any of these categories creates the due process concerns of lack of notice and opportunity to be heard, and thus may be unenforceable.¹⁷ Here, search engines are not being given their day in court to contest an order that involves them and requires them to take actions. This is a problem for brand owners because if search engines refuse to comply with the court's order, and the search engines are found not to fall within any of the three categories of Rule 65, the injunction will not be enforceable against them and thus the brand owners will suffer. Search engines are a crucial tool for brand owners in fighting counterfeiters, and thus, there must be a way to legitimately bind search engines as non-parties in cases against counterfeiters.

This Note analyzes (1) whether search engines, as non-parties, are bound by injunctions against counterfeiters under Rule 65 and (2) whether better methods can be implemented to more adequately bind search engines as non-parties in order to aid in the prevention of the unlawful use of trademarks by counterfeiters. Part I presents a brief introduction of counterfeiting and how the problem has been addressed recently. Part II analyzes *Hermès v. Doe* and other similar cases employing the remedy of ordering search engines to de-list counterfeiting sites. Part III analyzes whether search engines are in fact bound by injunctions as non-parties under Rule 65(d)(2)(C) and suggests that they are not. Part IV addresses the whac-a-mole problem and the inability of Rule 65(d)(2)(C), as it is currently written, to remedy it. Part IV further suggests various methods to stop counterfeiting websites from being accessed through search engines on computers in the United States, and ultimately advocates that Rule 65 should be amended to include those who involuntarily “enable” the parties being enjoined.

I. BACKGROUND OF COUNTERFEITING

In our modern society, everything from pharmaceuticals to cell phones to apparel is counterfeited. In 2010, it was estimated that \$600 billion, or seven percent, of the annual world trade was made up of counterfeit goods.¹⁸ The federal government defines counterfeit

¹⁶ *Id.* For a list of the three categories, see *infra* Part III.A.

¹⁷ See U.S. CONST. amend. XIV, § 1 (“No State shall . . . deprive any person of life, liberty, or property, without due process of law”); *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950) (The Court held “that “[t]he fundamental requisite of due process of law is the opportunity to be heard,” and stated that “[t]his right to be heard has little reality or worth unless one is informed that the matter is pending and can choose for himself whether to appear or default, acquiesce or contest.” (quoting *Grannis v. Ordean*, 234 U.S. 385, 394 (1914))).

¹⁸ Kutner, *supra* note 4. “Spurious” is defined as “[d]eceptively suggesting an erroneous origin; fake.” BLACK’S LAW DICTIONARY (9th ed. 2009).

merchandise as bearing “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.”¹⁹ Counterfeit goods are made of lower quality materials meant to imitate the products they are modeled after in such a close way as to confuse the consumer into believing that they are buying the genuine version.²⁰ They typically lack important attention to detail and, at the extreme end of the spectrum, inferior materials can even at times harm the consumer.²¹ It is such inferior materials that enable counterfeit goods to be sold at a significantly lower cost than their genuine counterparts.²² Goods sold on the Internet cannot be physically inspected before purchase, thereby increasing the chance a person buys a counterfeit product.²³ Furthermore, online consumers are unable to discover the poor quality of counterfeit goods, which makes it easier for counterfeiters to pass off such goods as genuine or at least high-quality replicas.²⁴

Counterfeit goods do not only come in the form of fake designer handbags and accessories; potentially dangerous products, such as pharmaceuticals, drugs, and airplane and automotive parts, can also be falsely manufactured.²⁵ Counterfeit perfumes, which one may not think to be inherently dangerous, have been said to contain dangerous materials such as bacteria, antifreeze, or urine.²⁶

The profits from sales of counterfeit goods reward those who infringe upon others’ trademarks at the expense of the brand owner. Stealing someone else’s successful designs and trademarks is faster and cheaper than developing one’s own, so this incentivizes counterfeiters to continue. Brand owners advertise their products in order to gain recognition and become sought after by the public;²⁷ for example,

¹⁹ 15 U.S.C. § 1127 (2006).

²⁰ See, e.g., J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:10 (4th ed. 2012). Also, counterfeit goods are not sold just to confuse the consumer into buying a fake, but often times consumers are aware that what they are buying is counterfeit but want to deceive others into thinking that what they own is a genuine luxury good. See Ariel Adams, *The Truth About Replica Watches*, FORBES (May 30, 2013, 9:26 AM), <http://www.forbes.com/sites/arieladams/2013/05/30/the-truth-about-replica-watches/> (“Fake watches exist to satisfy the desires of people who cannot afford ‘the real thing’ but want to portray the same status symbols as those who can.”).

²¹ 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:10 (4th ed. 2012).

²² *Id.*

²³ *Addressing the Sale of Counterfeits on the Internet*, *supra* note 2.

²⁴ *Id.*; see also *supra* Introduction.

²⁵ *Id.*

²⁶ See, e.g., Elisabeth Leamy & Vanessa Weber, *Fake Fragrances: What is Really in Them?*, ABC NEWS (Jan. 27, 2010), <http://abcnews.go.com/GMA/ConsumerNews/counterfeit-perfumes/story?id=9670448>.

²⁷ Just one example of this is Gucci, a luxury brand that “has expended substantial time, money, and other resources developing, advertising and otherwise promoting the Gucci Marks. The Gucci Marks qualify as famous marks as that term is used in 15 U.S.C. § 1125(c)(1).” Complaint for Damages and Injunctive Relief at 6, *Gucci Am., Inc. v. Doe*, 2012 WL 3599118 (S.D. Fla. 2012) (No. 1:12CV23061) [hereinafter Complaint, *Gucci*]. Under U.S. federal law, a famous mark is

luxury brands spend millions of dollars per year on advertising to promote their goods.²⁸ Counterfeiters benefit from this brand exposure because they do not have to pay for the advertising in order to make their products sought after. In 2010, it was estimated that companies lose \$250 billion in revenue in the United States every year due to the sale of counterfeit goods.²⁹

There have been many laws over the years that have focused on preventing counterfeiting.³⁰ More recently, these laws have focused on Internet-based counterfeiting.³¹ The Stop Online Piracy Act (“SOPA”), that was recently abandoned, tried to provide a solution for counterfeiting on the Internet.³² It attempted to remedy the whac-a-mole problem by proposing that foreign sites found to be infringing upon United States intellectual property rights would be cut off from American service providers, Internet search engines, payment network providers, and Internet advertising services at the direction of a court order.³³ The significant feature of this proposed law was that it would have protected brand owners against *foreign* counterfeiting sites, distinguishing it from other laws that are useless against foreign websites.³⁴ However, the bill was strongly criticized by citizens and technology companies³⁵ as being overly broad and having the potential to chill free speech;³⁶ it quickly lost its necessary congressional support

defined as one that “is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” 15 U.S.C. § 1125(c)(2)(A).

²⁸ See *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.* 50 F.Supp.2d 212, 215 (S.D.N.Y. 1999) (“Hermès budgeted over \$2 million for advertising in magazines, such as Elle, Vogue, Forbes, and the New Yorker.”). See also Complaint, *Gucci*, *supra* note 27, at 6 (“Gucci has spent millions of dollars promoting the Gucci Marks and products bearing the Gucci Marks.”); Complaint at 7, *Hermès Int’l v. Doe*, 2012 WL 707685 (S.D.N.Y. 2012) (No. 12 CIV 1623) [hereinafter Complaint, *Hermès*] (“Hermès has spent millions of dollars promoting the distinctive design of [the ‘Kelly’ and ‘Birkin’] handbags.”); Complaint for Damages and Injunctive Relief at 4, *Tiffany (NJ), LLC v. Yaoqiang*, 2011 WL 5835180 (S.D. Fla. 2011) (No. 11CV24116) (“Tiffany has spent millions of dollars promoting the Tiffany Marks and products bearing the Tiffany Marks.”).

²⁹ Kutner, *supra* note 4.

³⁰ These include the Lanham Act, Anti-Counterfeiting Trade Agreement (“ACTA”), the Stop Counterfeiting in Manufactured Goods Act, and 18 U.S.C. § 2320, the Trafficking in Counterfeit Goods or Services Anticounterfeiting Consumer Protection Act of 1996. FASHION LAW: A GUIDE FOR DESIGNERS, FASHION EXECUTIVES, AND ATTORNEYS 107–08, 122–23 (Guillermo C. Jimenez & Barbara Kolsun eds., 2010).

³¹ These include the Stop Online Piracy Act (“SOPA”), the Protect Intellectual Property Act (“PIPA”), and the Online Protection and Enforcement of Digital Trade Act (“OPEN”). Julianne Pepitone, *SOPA Explained: What it is and Why it Matters*, CNN MONEY (Jan. 20, 2012, 12:44 PM), http://money.cnn.com/2012/01/17/technology/sopa_explained/index.htm.

³² Stop Online Piracy Act, H.R. 3261, 112th Congress (2011).

³³ *Id.*

³⁴ One example of a law that has no effect on overseas sites is the Digital Millennium Copyright Act (“DMCA”). Pepitone, *supra* note 31.

³⁵ Such companies included YouTube, Google, Facebook, Wikipedia, and Reddit. *Id.*

³⁶ See *id.* (“[O]pponents say that the way SOPA is written effectively promotes censorship and is rife with the potential for unintended consequences.”).

just two days after protests erupted in multiple cities and after Wikipedia and Reddit blacked out their websites in protest.³⁷ One of the bill's biggest criticisms was that a site "dedicated to theft of U.S. property" was defined as one that is "designed or operated for the purpose of, [or] has only limited purpose or use other than . . . offering goods or services in a manner that engages in, enables, or facilitates [infringement]."³⁸ Additionally, it seemed to require minimal investigation into whether the allegedly infringing sites were in fact infringing, or if the infringement was more than just a trivial amount to warrant blocking.³⁹ Between the overly broad definition of what constituted an infringing site and the lax standards for investigating such sites, many thought SOPA had the potential to be vastly overinclusive by potentially blocking sites that only had a single small instance of infringement or that were using intellectual property in a fair use sense.⁴⁰

Because SOPA has been tabled, there currently is no law on the books that gives judges the authority to order search engines, as non-parties, to de-list infringing domain names, unless the search engines are found to fall under Rule 65. Thus, there has yet to be any action brought by a search engine or defendant arguing that the search engine is not bound by such an order, so whether such an order would be enforceable remains unresolved. Without the assistance of search engines and other third-party intermediaries, brand owners may not be able to fully protect themselves from counterfeiters. With the fast pace of technology and the inability of the law to quickly adapt, there may always be a way for counterfeiters to survive,⁴¹ unless there is a binding authority in place to ensure third-party compliance.⁴²

II. HERMÈS, TORY BURCH, AND BURBERRY

A. Hermès v. Doe

In March 2012, Hermès filed a lawsuit against individuals and entities operating thirty-four websites selling counterfeit Hermès

³⁷ *Id.*

³⁸ Stop Online Piracy Act, H.R. 3261, 112th Congress (2011).

³⁹ See, e.g., Mike Masnick, *An Updated Analysis: Why SOPA & PIPA Are a Bad Idea, Dangerous & Unnecessary*, TECHDIRT (Jan. 18, 2012, 7:32 AM), <http://www.techdirt.com/articles/20120117/23002717445/updated-analysis-why-sopa-pipa-are-bad-idea-dangerous-unnecessary.shtml>.

⁴⁰ *Id.*

⁴¹ For instance, counterfeiters often use social media sites to advertise and sell their fake products. See Camille M. Miller et al., *IP: Protecting Your Brands Against Online Counterfeit Sellers*, INSIDECOUNSEL (Mar. 5, 2013), <http://www.insidecounsel.com/2013/03/05/ip-protecting-your-brands-against-online-counterfe>.

⁴² A binding law is necessary because although third parties can voluntarily comply, and none have protested yet, there is no guarantee that they will continue to do so in the future.

goods.⁴³ The domain names all ended in .net, .com, .org, or .info, so none were explicitly registered outside of the United States.⁴⁴ The defendants infringed upon eleven trademarks and eleven designs/symbols owned by Hermès.⁴⁵ On March 6, Hermès filed a complaint asking that the court “[order] that, upon Hermès request, the Internet Registries shall take alt [sic] actions necessary to ensure that the Infringing Domain names be transferred and or disabled accordingly.”⁴⁶ Only Hermès and the infringing users were parties to the suit.⁴⁷

On April 30, 2012, the Southern District of New York rendered a default judgment in favor of Hermès.⁴⁸ None of the defendants appeared in court to respond to the Complaint, to oppose the Preliminary Injunction, or to oppose a default judgment.⁴⁹ Like the Preliminary Injunction, under the Default Judgment domain name registries were ordered to transfer all infringing domain names to Hermès.⁵⁰ It was also ordered that

any domain name registry or other third party providers, including without limitation registrars, Internet Service Providers (“ISP”), back-end service providers, web designers, sponsored search engine or ad-word providers . . . who receive actual notice of the terms of this Permanent Injunction, immediately and permanently cease rendering any services to the Defendant in connection with any of the Infringing Websites and Infringing Domain Names owned or operated by Defendants[.]⁵¹

This order is arguably quite broad.⁵² Imposing such a broad remedy, especially in a default judgment, is unusual because it creates due process issues, namely lack of notice and opportunity to be heard, because the intermediaries included in and affected by the injunction were given neither notice of the proceedings nor their day in court.⁵³

The judge also ordered that if Hermès discovers new infringing domain names registered to the defendants, it may bring them to the court’s attention.⁵⁴ The court may then confirm that these are registered

⁴³ Complaint, *Hermès*, *supra* note 28, at 1–3.

⁴⁴ *Id.* at 2–3.

⁴⁵ Temporary Restraining Order at 2–4, *Hermès Int’l v. Doe*, No. 12 Civ. 1623 (S.D.N.Y. 2012).

⁴⁶ Complaint, *Hermès*, *supra* note 28, at 1, 20.

⁴⁷ *Id.* at 1.

⁴⁸ Default Judgment, *Hermès*, *supra* note 12, at 1.

⁴⁹ *Id.* at 2.

⁵⁰ *Id.* at 9 (“[Ordered] that the Internet registry for each of the Infringing Domain Names transfer the Infringing Domain Names to a registrar of Plaintiffs’ choice. . . . [T]he Infringing Domain Names that were transferred to Plaintiffs pending trial pursuant to the TRO and/or Preliminary Injunction shall remain permanently in the Plaintiffs’ control[.]”).

⁵¹ *Id.*

⁵² *Id.*

⁵³ See *supra* note 17 and accompanying text.

⁵⁴ Default Judgment, *Hermès*, *supra* note 12, at 10.

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to the defendants, constituting a violation of the Default Judgment and Permanent Injunction.⁵⁵ Should this happen, domain name registries would be ordered to transfer the domain names to Hermès,⁵⁶ and third-party service providers with actual notice would be ordered to stop providing services to the defendants' infringing domain names.⁵⁷ Subsequently, it was ordered that

upon giving actual notice of such an Order to any Internet search engines including, but not limited to, Google, Bing, and Yahoo, and any social media websites including, but not limited to, Facebook, Google+, and Twitter, (collectively "Internet Search and Social Media Websites"), such Internet Search and Social Media Websites shall de-index and remove from any search results pages any Additional Infringing Domain Names and websites connected thereto.⁵⁸

It should be noted that there is nothing in Hermès' complaint asking that search engines de-list infringing sites.⁵⁹

At first glance, the above portion of the order seems redundant. If the domain names are transferred to Hermès' possession, and they subsequently shut down the infringing websites, there is really no need to also de-list them from search engines. But upon closer examination, de-listing seems to function as a back-up measure for the remedy of transferring the infringing domain names to Hermès' possession. The United States government cannot seize country-specific domain names.⁶⁰ It seems that the thirty-four domain names in this suit are domestically registered because they do not have a country-specific domain. This passage of the order, therefore, does not apply to them because they are not country-specific domain names and thus have

⁵⁵ *Id.*

⁵⁶ *Id.* ("Internet Registries . . . shall place such Additional Infringing Domain Names on Registry Lock and Registry Hold, and transfer them to a registrar of the Plaintiffs' choosing.")

⁵⁷ *Id.* ("Plaintiffs may provide actual notice of such an Order to third party providers, including without limitation Internet registrars, Internet Service Providers ('ISP's'), back-end service providers, web designer, sponsored search engine or ad-word providers, merchant account providers, third party payment processors and other payment processing services, or shippers, who, upon receiving actual notice thereof, shall immediately and permanently cease rendering any services to the Defendants in connection with the Additional Infringing Domain Names and websites connected thereto.")

⁵⁸ *Id.*

⁵⁹ Complaint, *Hermès*, *supra* note 28.

⁶⁰ "[O]ne of the key reasons why we were told SOPA was needed was that for all of ICE's previous domain takedowns it was 'impossible' for it to take down foreign domains." Mike Masnick, *Apparently All That Stuff About Needing SOPA to Go After Foreign Sites was Bogus*, TECHDIRT (Nov. 27, 2012, 8:27 AM), <https://www.techdirt.com/articles/20121126/17190821152/apparently-all-that-stuff-about-need-sopa-to-go-after-foreign-sites-was-bogus.shtml>. However, this is apparently not completely true: "[ICE] seems to have had no difficulty finding willing law enforcement partners around the globe to seize websites without any due process . . ." *Id.*

already been shut down via their transfer to Hermès.⁶¹ But there is no guarantee that any additional infringing domain names found to be registered by the defendants will be domestically registered. If they are not, the portion of the order requiring domain name registries to transfer the domain names to Hermès is rendered useless and the back-up measure takes effect. If the domain names cannot be transferred by the court due to a lack of jurisdiction,⁶² the only way to try to cut off access to them is by forcing search engines to stop including them in their search results.⁶³ Additionally, this back-up measure hastens the procedure that Hermès will have to go through to have additional infringing domain names removed in the future. Instead of having to bring a new suit and file a new complaint, etc., all it must do is report the additional infringing domain names to the search engines in order to have them de-listed. While this does not completely solve the whac-a-mole problem, it creates a quicker procedure for taking care of infringers who turn around and register new domain names to continue selling their counterfeit goods.

Although there exists a valid purpose, such sweeping orders also raise due process concerns. It is important to remember that no search engine was a party to the suit; the dispute was officially between Hermès and the infringing domain name owners.⁶⁴ Given these circumstances, it is unlikely that search engines were notified of the suit when it commenced, or even when the default judgment was issued.⁶⁵ Realistically, search engines are probably only given notice if Hermès finds additional infringing domain names and needs them to be de-listed.⁶⁶ Due process requires that a party must be given notice of a suit so that it may have its day in court if it so chooses.⁶⁷ The search engines thus have been given no opportunity to appear and defend against being ordered to de-list websites from their search results. Generally, by the

⁶¹ This paragraph of the order begins with “if Plaintiffs discover new domain names registered by the Defendants,” so these thirty-four are not applicable anyway because they are dealt with in the suit. Default Judgment, *Hermès*, *supra* note 12, at 10.

⁶² Masnick, *supra* note 60.

⁶³ Companies accusing another entity of cybersquatting can also take their claim to ICANN and have it evaluated in an administrative proceeding under the Uniform Domain Name Dispute Resolution Policy (“UDRP”). See *infra* Part IV. One could also still find the website if one knew the domain name, but since most websites are found through search engines and social media websites, this would certainly limit their traffic. See, e.g., Chris Sherman, *Search Remains First, Social Second for How People Find Websites*, MARKETING LAND (June 21, 2013, 12:56 PM), <http://marketingland.com/search-remains-first-social-second-for-how-people-find-websites-49394>.

⁶⁴ Default Judgment, *Hermès*, *supra* note 12, at 1.

⁶⁵ *Id.* at 10 (“[U]pon giving actual notice of such an Order to any Internet search engines . . . and any social media websites . . . such Internet Search and Social Media Websites shall de-index and remove from any search results . . .” (emphasis added)). The Order being referred to is the one “finding the Additional Infringing Domain Names in contempt of this Permanent Injunction.” *Id.*

⁶⁶ *Id.* at 10.

⁶⁷ See *supra* note 17 and accompanying text.

time they receive notice, an order has already been issued and they will be held in contempt if they do not comply and de-list the websites.

B. Tory Burch v. Doe

Despite such a potentially serious due process issue, *Hermès v. Doe* is not the only case with such sweeping language. *Tory Burch v. Doe* was a similar case where a luxury brand, Tory Burch, brought suit against multiple defendants operating websites selling counterfeit Tory Burch goods.⁶⁸ The Northern District of Illinois issued a preliminary injunction in October 2012 ordering that

[t]hose in privity with Defendants and those with notice of the injunction, including any online marketplace such as iOffer, Internet search engines, web hosts, domain name registrars and domain name registries that are provided with notice of the injunction, shall immediately cease facilitating access to any and all websites and accounts through which Defendants engage in the sale of counterfeit and infringing goods using the TORY BURCH Trademarks.⁶⁹

This is somewhat of a combination of the two passages from *Hermès* discussed *supra*,⁷⁰ but it is sweeping nonetheless. The court did not explicitly order search engines to de-list the infringing sites in their search results like in *Hermès*.⁷¹ However, it did order search engines to stop providing services to such websites,⁷² which is tantamount to de-listing them because the core service that search engines provide is inclusion in their search results.

C. Burberry v. Doe

Burberry v. Doe involved a similar suit brought by a luxury brand against those operating websites selling counterfeit versions of their goods.⁷³ The Southern District of New York issued a default judgment in May 2012 in favor of Burberry.⁷⁴ In a sweeping order very similar to that in *Hermès*, it was ordered, in addition to the transfer of the infringing domain names to Burberry,⁷⁵

[T]hat on notice to any Internet search engines including, without limitation, Google, Bing, and Yahoo, and any social media websites

⁶⁸ Order, *Tory Burch*, *supra* note 12, at 1.

⁶⁹ *Id.* at 3.

⁷⁰ See *supra* Part II.A.

⁷¹ Order, *Tory Burch*, *supra* note 12, at 3.

⁷² *Id.*

⁷³ Complaint and Demand for Jury Trial at 3, *Burberry Ltd. v. Doe*, No. 12 Civ. 0479 (TPG) (S.D.N.Y. Jan. 20, 2012) [hereinafter Complaint, *Burberry*].

⁷⁴ Default Judgment, *Burberry*, *supra* note 13.

⁷⁵ *Id.* at 8.

including, without limitation, Facebook, Google+, and Twitter, (collectively “Internet Search and Social Media Websites”) of any Additional Infringing Domain Names or Additional Infringing Websites appearing on their websites, such Internet Search and Social Media Websites shall, subject to an order of this Court finding the Defendant(s) in contempt and listing the Additional Infringing Domain Names and Additional Infringing Websites associated with the Defendant(s), de-index and remove from any search results pages any Additional Infringing Domain Names and Additional Infringing Websites.⁷⁶

This wording is almost identical to the passage in *Hermès* that ordered search engines to de-list additional infringing domain names.⁷⁷ Contrary to the case in *Hermès*, Burberry made no request for the infringing domain names to be transferred.⁷⁸ This is especially significant in light of the fact that a large portion of the default judgment opinion discusses the infringing domain names.⁷⁹ Burberry set out a more expansive procedure than that in *Hermès*⁸⁰ for dealing with “Newly-Detected Infringing Domain Names,”⁸¹ including the order that, for registrars “located outside of the United States, within two (2) business days of delivery of the Notice and Order the registry shall place the Newly-Detected Domain Names on Registry Lock, making them non-transferrable by the Defendant-registrants.”⁸² Here, the holding went even further than the holding in *Hermès* by asserting jurisdiction over foreign entities.

D. *Judicial Willingness to Bind Non-Party Search Engines to Injunctions*

Hermès, *Tory Burch*, and *Burberry* illustrate the courts’ willingness to issue broad injunctions ordering search engines to de-list infringing sites when search engines are non-parties. This line of cases creates a problem: although judges can issue whatever orders they like, they may not have the ability to enforce them. The issue is whether search engines that are not parties to the cases, are legally bound by the orders they are included in. If they cannot be bound by these orders, the trademark owners are the ones who suffer. There has not yet been a situation emanating from *Hermès v. Doe*, or any other similar case, where a search engine has refused to comply with an order to de-list infringing domain names. If such a scenario were to happen in the

⁷⁶ *Id.* at 11.

⁷⁷ *Id.*; Default Judgment, *Hermès*, *supra* note 13, at 10.

⁷⁸ Complaint, *Burberry*, *supra* note 73; Complaint, *Hermès*, *supra* note 28.

⁷⁹ Default Judgment, *Burberry*, *supra* note 13, at 8–11.

⁸⁰ Default Judgment, *Hermès*, *supra* note 13, at 9–11.

⁸¹ Default Judgment, *Burberry*, *supra* note 13, at 9–10.

⁸² *Id.* at 9.

future, would a court find that the Southern District of New York in *Hermès v. Doe* had the authority under Rule 65(d)(2)(C) to bind the search engines to the injunction, or could the search engines not be forced to follow the order because they do not fall under any of the categories of non-parties bound by an injunction under that Rule?

III. ARE NON-PARTY SEARCH ENGINES BOUND BY THE INJUNCTION UNDER RULE 65(D)(2)(C)?

A. Rule 65

Rule 65 governs all injunctions and restraining orders in the federal courts, including their procedural rules, contents, and scope.⁸³ Rule 65(d)(2) governs who may be bound by injunctions and restraining orders; it “binds only the following who receive actual notice of it by personal service or otherwise: (A) the parties; (B) the parties’ officers, agents, servants, employees, and attorneys; and (C) other persons who are in active concert or participation with anyone described in Rule 65(d)(2)(A) or (B).”⁸⁴

Nowhere in Rule 65(d)(2) are any of the terms defined,⁸⁵ which may imply that some interpretation is permitted, although the terms in parts (A) and (B) are fairly settled.⁸⁶ With regards to part (C), a person (1) must have “actual notice” and (2) must be “in active concert or participation” with the parties or their “officers, agents, servants, employees, and attorneys.”⁸⁷ “[A] person is in ‘active concert or participation’ with an enjoined party, and thus bound by the injunction, if ‘he aids or abets an enjoined party in violating [the] injunction,’ or if he is in privity with an enjoined party.”⁸⁸ A person is said to be in privity with an enjoined party when he is “so closely identified in interest with the enjoined party that it is reasonable to conclude that their rights and interests were adjudicated in the original proceeding.”⁸⁹

⁸³ FED. R. CIV. P. 65.

⁸⁴ *Id.* at 65(d)(2).

⁸⁵ *Id.*

⁸⁶ The following are definitions from the ninth edition of Black’s Law Dictionary published in 2009: a “party” is defined as “[o]ne by or against whom a lawsuit is brought . . .”; an “officer” is “[a] person who holds an office of trust, authority, or command”; an “agent” is “[o]ne who is authorized to act for or in place of another; a representative . . .”; a “servant” is “[a] person who is employed by another to do work under the control and direction of the employer”; an “employee” is “[a] person who works in the service of another person (the employer) under an express or implied contract of hire, under which the employer has the right to control the details of work performance”; an “attorney” is “[s]trictly, one who is designated to transact business for another; a legal agent” or “[a] person who practices law . . .”

⁸⁷ FED. R. CIV. P. 65(d)(2)(C).

⁸⁸ *Blockowicz v. Williams*, 630 F.3d 563, 567 (7th Cir. 2010) (quoting *Nat’l Spiritual Assembly of the Baha’is of the U.S. of Am. Under the Hereditary Guardianship, Inc. v. Nat’l Spiritual Assembly of the Baha’is of the U.S. of Am., Inc.*, 628 F.3d 837, 848 (7th Cir. 2010)).

⁸⁹ *Nat’l Spiritual Assembly*, 628 F.3d at 841.

In order for actions by others to be considered aiding and abetting, they must occur after the injunction has been issued.⁹⁰ It is important to note that the injunction must not be “so broad as to make punishable the conduct of persons who act independently and whose rights have not been adjudged according to law.”⁹¹

Part (C) of Rule 65 is subject to the limitation that it binds non-parties “only when doing so is consistent with due process.”⁹² In order to be bound, a person must not only be classified as being in privity with or aiding and abetting an enjoined party, but they must also have received notice.⁹³ Due process requires that people be given notice of a suit so that they may have their day in court if they so choose.⁹⁴ Violation of this right creates “serious due process problems”⁹⁵ for non-parties because they are deprived of the opportunity to be heard yet they are still bound by sweeping injunctions.

Rule 65(d)(2) was critical to the decision in *Hermès*. *Hermès*' complaint asked that the court enjoin “the Defendants, and its officers, agents, servants, employees, and attorneys, and all those in active concert or participation with any of them, from [r]egistering or seeking to register any additional Internet domain names that incorporates [sic] any of the *Hermès* Trademarks in whole or in part.”⁹⁶ The Default Judgment enjoined “Defendants, and their officers, agents, servants, employees, attorneys, and all those in active concert or participation with them”⁹⁷ from “[e]ffecting assignments or transfers, forming new entities or associations, or utilizing any other device for the purpose of circumventing or otherwise avoiding the prohibitions set forth in any Final Judgment or Order in this action.”⁹⁸ The language setting forth parties to be enjoined in both the Complaint and Default Judgment mirrors the text of Rule 65(d)(2) nearly verbatim.⁹⁹

Although the Default Judgment references Rule 65(d)(2), this does not mean that the court is able to use it to reach whatever entities they want, which in this case is search engines. In order to be bound by the judgment, the search engines must still fall under either parts (A), (B), or (C).¹⁰⁰ They certainly do not fall under part (A) since they were not

⁹⁰ *Blockowicz*, 630 F.3d at 568.

⁹¹ *Regal Knitwear Co. v. NLRB*, 324 U.S. 9, 13 (1945).

⁹² *Nat'l Spiritual Assembly*, 628 F.3d at 840–41.

⁹³ *Id.* at 841.

⁹⁴ See *supra* note 17 and accompanying text.

⁹⁵ *Tice v. Am. Airlines, Inc.*, 162 F.3d 966, 971 (7th Cir. 1998).

⁹⁶ Complaint, *Hermès*, *supra* note 28, at 18.

⁹⁷ Default Judgment, *Hermès*, *supra* note 12, at 7.

⁹⁸ *Id.* at 9.

⁹⁹ FED. R. CIV. P. 65(d)(2); Default Judgment, *Hermès*, *supra* note 12, at 7; Complaint, *Hermès*, *supra* note 28, at 18.

¹⁰⁰ FED. R. CIV. P. 65(d)(2).

parties to the suit.¹⁰¹ They also do not fall under part (B) because search engines are not “officers, agents, servants, employees, [or] attorneys”¹⁰² of the defendants, those entities operating infringing domain names and selling counterfeit goods. So the real issue is whether search engines can be found to be “in active concert or participation”¹⁰³ with the defendants, so that they can be bound by the injunction under part (C). “[A]ctive concert or participation”¹⁰⁴ has been interpreted as being in privity with the enjoined party or aiding and abetting the enjoined party.¹⁰⁵ Because search engines would not be deemed to be in privity with the trademark owners, the only possible basis upon which search engines could be bound by an injunction to which they were not a party to is if they could be regarded as aiding and abetting the counterfeiters.

B. *Are Search Engines “in Active Concert or Participation”? : Insight From Relevant Case Law*

To determine whether search engines are “in active concert or participation,”¹⁰⁶ an analogy can be drawn from *Blockowicz v. Williams*, the leading case ruling on the application of Rule 65(d)(2)(C).¹⁰⁷ The plaintiffs, the Blockowicz family, were issued an injunction ordering the defendants, the Williams family, to remove defamatory statements they had made about the Blockowiczes from various websites, including ripoffreport.com.¹⁰⁸ When the defendants did not acknowledge the injunction and remove the statements, the Blockowiczes went to each website and asked them to remove the statements.¹⁰⁹ All of the websites complied, except for Ripoff Report.¹¹⁰ The Blockowiczes then went back to court and “filed a ‘Motion for Third Party Enforcement of Injunction.’”¹¹¹ This requested “the district court to compel [Ripoff Report] to remove the defamatory postings by enforcing the injunction against [the website’s host and manager] pursuant to [Rule] 65(d)(2)(C), in spite of the fact that [the website’s host and manager] were not parties to the suit that resulted in the injunction.”¹¹² The district court concluded, and the Seventh Circuit agreed, that Ripoff Report had satisfied the first prong of the test by receiving actual notice of the injunction, but they did not satisfy the second prong because they “did

¹⁰¹ Default Judgment, *Hermès*, *supra* note 12.

¹⁰² FED. R. CIV. P. 65(d)(2)(B).

¹⁰³ *Id.* at 65(d)(2)(C).

¹⁰⁴ *Id.*

¹⁰⁵ *Blockowicz v. Williams*, 630 F.3d 563, 567 (7th Cir. 2010).

¹⁰⁶ FED. R. CIV. P. 65(d)(2)(C).

¹⁰⁷ *Blockowicz*, 630 F.3d at 567.

¹⁰⁸ *Id.* at 565.

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.* at 565–66.

not aid or abet the defendants in violating the injunction.”¹¹³ Just because the host of Ripoff Report was “technologically capable of removing the postings [did] not render its failure to do so aiding and abetting.”¹¹⁴ All Ripoff Report did was fail “to act in any way relevant to this dispute since agreeing to the Terms of Service with the defendants, which they did before the injunction was issued and before the statements at issue were even posted.”¹¹⁵ Therefore, Ripoff Report was not bound by the injunction under Rule 65(d)(2)(C).¹¹⁶

Based on the line of reasoning set forth in *Blockowicz*, it is doubtful that search engines could be said to be “in active concert or participation”¹¹⁷ with defendants by aiding and abetting infringing sites selling counterfeit goods. Similarly to *Blockowicz*, just because search engines have the capability of removing search results that are infringing does not mean that they are aiding and abetting the defendants by not doing so. Search engines display millions of results with every search query, so it is likely not feasible for them to know what each of their users is doing or what each website contained within their search results displays or sells.¹¹⁸ The Third Circuit has defined a search engine as “a system that locates data (or images, etc.) from other web sites; thus, a search engine will retrieve data that is not in the engine operator’s control.”¹¹⁹ They also provide that service—locating data from other websites—to all websites regardless of what is present on them, so they provide service equally to infringers and non-infringers alike.¹²⁰ In terms of its ability to police activity infringing upon intellectual property rights, “Google’s supervisory power is limited because ‘Google’s software lacks the ability to analyze every image on the [I]nternet, compare each image to all the other copyrighted images that exist in the world . . . and determine whether a certain image on the web infringes someone’s copyright.’”¹²¹ Thus, “Google lacks the practical ability to police the infringing activities of third-party websites.”¹²² Therefore, under the reasoning of *Blockowicz*, search engines likely would not be found to fall under Rule 65(d)(2)(C). While *Blockowicz* is not the only case that interprets Rule 65(d)(2)(C), such cases are few in number.

In *Parker v. Franklin County Community School Corp.*, the

¹¹³ *Blockowicz v. Williams*, 630 F.3d 563, 567, 569.

¹¹⁴ *Id.* at 568.

¹¹⁵ *Id.* at 569.

¹¹⁶ *Id.* at 567.

¹¹⁷ FED. R. CIV. P. 65(d)(2)(C).

¹¹⁸ *See e.g.*, *Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701, 731 (9th Cir. 2007).

¹¹⁹ *Video Pipeline, Inc. v. Buena Vista Home Entm’t, Inc.*, 342 F.3d 191, 199 n.7 (3d Cir. 2003).

¹²⁰ *See, e.g.*, *Perfect 10 v. Amazon.com*, 487 F.3d at 731.

¹²¹ *Id.* (alteration in original) (quoting *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 858 (C.D. Cal. 2006)).

¹²² *Id.*

Seventh Circuit held that Rule 65(d)(2)(C) bound not just the high school that the suit was brought against, but also all of the other school districts involved in their basketball schedule because they were “necessary parties in the scheduling of games.”¹²³ They were all found to fall under part (C) as “parties and other persons who are in active concert or participation with a party.”¹²⁴ Although this seems like an attenuated connection because the plaintiff was unhappy with one specific high school (that which her daughter attended) and not other high schools, this cannot be used as an analogy to bind search engines in the case of *Hermès* due to one major difference: in *Parker*, there were contracts between the high school and other school districts that stated when they would play one another.¹²⁵ This is a significant difference from a Rule 65 analysis because the existence of a contract signals that there was privity of contract, making those parties clearly fall under the “privity” requirement of part (C),¹²⁶ and therefore, there is no need to bind the parties as aiders and abettors. Search engines do not fall under the privity classification under part (C) because search engines are not “so closely identified in interest with the enjoined party that it is reasonable to conclude that their rights and interests were adjudicated in the original proceeding,”¹²⁷ which can be seen between the various high schools in *Parker*.

One could argue that *Hermès*, *Tory Burch*, and *Burberry* are analogous to *FTC v. One or More Unknown Parties Misrepresenting Their Affiliation with the Making Home Affordable Program*, a case where search engines, as non-parties, were ordered to take a number of actions, including turning over information about their customers and refusing those that tried to use a domain name containing a certain combination of words.¹²⁸ However, this case involved the use of *paid advertisements*,¹²⁹ which are governed differently than search engines’ natural search results.¹³⁰ Regardless of this important difference between this case and *Blockowicz*, the court unfortunately does not shed any light on whether they are binding search engines as being “in

¹²³ *Parker v. Franklin Cnty. Cmty. Sch. Corp.*, 667 F.3d 910, 924 (7th Cir. 2012).

¹²⁴ *Id.*

¹²⁵ *Id.* at 914.

¹²⁶ FED. R. CIV. P. 65(d)(2)(C).

¹²⁷ *Nat’l Spiritual Assembly of the Baha’is of the U.S. of Am. Under the Hereditary Guardianship, Inc. v. Nat’l Spiritual Assembly of the Baha’is of the U.S. of Am., Inc.*, 628 F.3d 837, 841 (7th Cir. 2010).

¹²⁸ *FTC v. One or More Unknown Parties Misrepresenting Their Affiliation with the Making Home Affordable Program*, No. 09-894(CKK), 2009 WL 1651270, at *3 (D.D.C. May 15, 2009).

¹²⁹ *Id.*

¹³⁰ See Mary Ellen Callahan & Michael T. Borgia, *Pay to Play? New FTC Guidance Warns of Mixing Paid and Natural Search Results*, JENNER & BLOCK (July 8, 2013), http://jenner.com/system/assets/publications/12084/original/Pay_to_Play.pdf?1373382331.

privity”¹³¹ with or “aid[ing] or abet[ting]”¹³² the defendants, but only says that the search engines are being ordered “pursuant to Rule 65(d)(2)(C).”¹³³

Although only appellate court cases interpreting Rule 65(d)(2)(C) are binding, district court cases may shed some light on the rationale of the courts nonetheless. The courts have deemed a number of relationships between parties and non-parties as sufficient to constitute being “in active concert or participation”¹³⁴: the sole shareholder of a dissolved corporation that owned the restaurant franchise in which the lawsuit was centered around,¹³⁵ the defendant’s wife and employers,¹³⁶ and a non-party who was offering classes using the enjoined defendants’ materials.¹³⁷ These examples show that courts are willing to deem a wide variety of relationships as being “in active concert or participation,”¹³⁸ however they do all appear to have a less attenuated connection than a search engine and a counterfeiter.

C. The Voluntary Compliance Argument

It has been argued that even if these orders are not actually binding on search engines, it is very likely that they will comply with them regardless.¹³⁹ Search engines run businesses for profit and they may not want to expend funds “fight[ing] for a third party’s due process rights.”¹⁴⁰ So if they are willing to comply with the orders then no harm will be done; the search engines comply and the brand owners get exactly what they want.¹⁴¹ Also, these orders may be effective in that “the publicity generated by these types of lawsuits and the knowledge that a company will actively pursue infringement and counterfeiters

¹³¹ Blockowicz v. Williams, 630 F.3d 563, 567 (7th Cir. 2010) (quoting *Nat’l Spiritual Assembly*, 628 F.3d at 848).

¹³² *Id.*

¹³³ *FTC*, 2009 WL 1651270, at *3.

¹³⁴ FED. R. CIV. P. 65(d)(2)(C).

¹³⁵ *EEOC v. Mgmt. Hospitality of Racine, Inc.*, 794 F.Supp.2d 921, 923, 925 (E.D. Wis. 2011).

¹³⁶ *Pyro Spectaculars North, Inc. v. Souza*, 861 F.Supp.2d 1079, 1093 (E.D. Cal. 2012).

¹³⁷ *Nat’l League of Junior Cotillions, Inc. v. Porter*, No. 3:06-cv-508-RJC-DSC, 2010 WL 143710, at *4 (W.D.N.C. Jan. 7, 2010).

¹³⁸ FED. R. CIV. P. 65(d)(2)(C).

¹³⁹ “Regardless of whether the court has the authority to issue an injunction binding third parties who are not before the court, and who may not even be subject to the court’s jurisdiction, many service providers will just follow the court order anyway.” Venkat Balasubramani, *If You Dislike SOPA, You’ll Dislike This Case Too—True Religion v. Xiaokang Lei*, ERIC GOLDMAN: TECH. & MKTG. LAW BLOG (Dec. 14, 2011, 11:54 AM), http://blog.ericgoldman.org/archives/2011/12/true_religion_v_1.htm.

¹⁴⁰ *Id.*

¹⁴¹ *But see* Venkat Balasubramani, *Hermès Obtains (Ex Parte) \$100M Award Against Alleged Counterfeiters—Hermès v. Does*, ERIC GOLDMAN: TECH. & MKTG. LAW BLOG (May 2, 2012, 10:11 AM), http://blog.ericgoldman.org/archives/2012/05/hermes_obtains.htm (“[T]he incentives for these service providers are misaligned—especially once they are presented with a court order, even if it’s not binding on them. Odds are the service providers will quietly comply with the requests, irrespective of the requests’ legitimacy.”).

may serve to have a chilling effect on future infringements.”¹⁴² If such orders can deter counterfeiting, then they essentially have the same effect as enacting a law that does the same thing.

D. *Brand Owners and the Need for Third-Party Assistance*

In holding that Ripoff Report could not be bound by Rule 65(d)(2)(C), the Seventh Circuit stated that although the court had “sympathy” for the Blockowicz and their problem, the proper course of action was not to pursue an injunction via Rule 65(d)(2)(C), but rather to pursue a contempt charge against the defendants for not complying with the injunction that had already been issued.¹⁴³ The judge neglected to address the fact that the defendants, those who posted the content, failed to comply with the injunction, which was why the Blockowicz asked every website to remove the content and ultimately pursued enforcement of the injunction against Ripoff Report.¹⁴⁴ Bringing another action against the nonresponsive defendants would likely not have been effective. This is similar to one of the major problems brand owners have experienced when dealing with infringing domain names and their owners: defendants do not appear in court and do not respond to or even acknowledge the allegations against them.¹⁴⁵ As a result, brand owners need the assistance of third parties, such as registrars, Internet service providers, and search engines, in order to obtain effective protection for their intellectual property.

Based on the existing case law interpreting what non-parties do and do not fall under Rule 65(d)(2)(C), as sparse as it is,¹⁴⁶ it seems unlikely that a court would find search engines as being “in active concert or participation”¹⁴⁷ with the defendants and their network of infringing domain names and websites. Therefore, search engines are not bound by an injunction under Rule 65(d)(2)(C) and would not have to comply with the order if they had an objection to it. This in turn creates a problem for the brand owners who need compliance from others in controlling the sale of counterfeit goods.

¹⁴² Safia Anand, *Hermès Wins \$100 Million Judgment Against Websites in Counterfeiting Suit*, OLSHAN (June 19, 2012), <http://www.lfirm.com/blog/2012/06/hermes-wins-100-million-judgment-against-websites-in-counterfeiting-suit.shtml>.

¹⁴³ *Blockowicz v. Williams*, 630 F.3d 563, 569 (7th Cir. 2010).

¹⁴⁴ *Id.* at 564.

¹⁴⁵ *See, e.g.*, Default Judgment, *Hermès*, *supra* note 12, at 2.

¹⁴⁶ The case law interpreting Rule 65 is not extensive by any means, but the cases specifically interpreting Rule 65(d)(2)(C) are even more rare. Few of the cases have reached the appellate level, so there is very little binding precedent regarding the issue. The only cases discussed in this Note that have reached the appellate level are *Blockowicz v. Williams*, 630 F.3d 563 (7th Cir. 2010), and *Parker v. Franklin County Community School Corp.*, 667 F.3d 910 (7th Cir. 2012).

¹⁴⁷ FED. R. CIV. P. 65(d)(2)(C).

IV. REMEDYING THE LACK OF AUTHORITY FOR COURTS TO BIND NON-PARTIES IN COUNTERFEIT GOODS CASES

A. *The Current Lack of Clear or Explicit Authority*

Based on Rule 65(d)(2)(C) and the case law interpreting it, it appears that the courts in *Hermès*, *Burberry*, and *Tory Burch* did not actually have authority to bind non-party search engines and social media websites to injunctions. If Hermès were to notify Google of infringing domain names and Google were to fail to comply and not de-list them from their search results, it is likely that Google would have a good argument for why the injunctions are non-binding.

In issuing these broad injunctions, courts can hope that search engines will voluntarily comply if the situation were to arise where Hermès found additional infringing domain names and wanted them de-listed from search results. If they voluntarily comply, then there would be no issue; they would be waiving their due process right to notice and opportunity to be heard.¹⁴⁸ However, if they were to object for any reason, such as not agreeing with the court's reasoning, not wanting to get involved, or generally not agreeing with the practice of de-listing, they can simply do nothing and it is likely that the court will have no authority to enforce their orders against the search engines. When the domain names are country-specific, it becomes much more difficult for the courts to reach them.¹⁴⁹ In *Hermès* and similar cases, if the domains were country-specific, having the search engines de-list the websites would be the best way for a court to stop infringing websites from selling counterfeit goods to consumers in the United States.

Another available option for an aggrieved party is to bring its claim to ICANN, who will then use the Uniform Domain Name Dispute Resolution Policy ("UDRP") and go through an administrative proceeding to determine whether the allegedly infringing domain names should be transferred to the complainant.¹⁵⁰ However, the UDRP alone is an insufficient solution in many cases. Under this policy, ICANN will not transfer domain names that have the word "fake" in them because it does not satisfy one of the necessary three requirements,¹⁵¹ that the "domain name is identical or confusingly similar to a trademark or

¹⁴⁸ See FED. R. CIV. P. 12.

¹⁴⁹ Masnick, *supra* note 60.

¹⁵⁰ Uniform Domain Name Dispute Resolution Policy, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/en/help/dndr/udrp/policy> (last visited Nov. 2, 2013). For example, ICANN would transfer the domain name "www.hermeshandbags.com," but would not transfer "www.fakehermeshandbags.com." See *infra* notes 151–53 and accompanying text.

¹⁵¹ *Oakley*, *supra* note 7. For example, ICANN would not transfer a domain name like "www.fakehandbags.com," even if it were in fact selling counterfeit handbags because it does not contain a registered trademark.

service mark in which the complainant has rights.”¹⁵² If a domain name discloses that it is selling fake products, then it cannot possibly confuse consumers into thinking they are buying genuine goods on the luxury brand’s real website. ICANN also will not transfer domain names that do not contain an infringing mark.¹⁵³ The UDRP is really only useful in cases of cybersquatting,¹⁵⁴ and not all cases of infringing websites also contain cybersquatting.

B. *Recommended Solutions*

1. Make Buying Illegal

Because the United States cannot control the Internet and the sale of counterfeit goods in other countries, just like no one other country can, the only real permanent remedy is for each country to adopt its own laws making the penalties for knowingly buying counterfeit goods severe. Targeting buyers, as opposed to sellers, goes one step further in that a law deterring people from selling counterfeit goods will just move the demand for them from the country with the law to a country without one. But enacting a law with strict enough penalties will deter people from buying such goods either in their own country, over the Internet where they will be shipped to their country, or by traveling to another foreign country and bringing them back home. As long as the penalty is serious enough for people to be fearful of being caught, the demand for such goods will disappear. This would solve the problem of people buying counterfeit goods in foreign countries and bringing them back to the United States since anyone caught buying counterfeit goods in a country with such a law would be punished, regardless of their citizenship. This may cost counterfeiters enough revenue to force them to shut down their operations.

France and Italy have laws criminalizing the buying of counterfeit goods.¹⁵⁵ In Italy, purchasing counterfeit goods is punishable by up to six months in jail or a fine of 10,000 euros.¹⁵⁶ In France, a fine of up to 300,000 euros and three years in jail is the punishment for those who are found to be in possession of counterfeit goods.¹⁵⁷ Such laws have been praised by those in the fashion industry; “Michael Burke, the CEO of the Italian-based luxury brand Fendi, praised France’s criminal laws against counterfeit goods, which he says successfully deter tourists from

¹⁵² Uniform Domain Name Dispute Resolution Policy, *supra* note 150.

¹⁵³ *Oakley*, *supra* note 7.

¹⁵⁴ *Id.*

¹⁵⁵ Lauren Schmale Estacio, Note, *Showdown in Chinatown: Criminalizing the Purchase of Counterfeit Goods*, 37 SETON HALL LEGIS. J. 381, 400 (2013).

¹⁵⁶ Beverley Earle et al., *Combating the New Drug Trade of Counterfeit Goods: A Proposal for New Legal Remedies*, 20 TRANSNAT’L L. & CONTEMP. PROBS. 677, 720 (2012).

¹⁵⁷ *Id.*

buying such goods.”¹⁵⁸ It’s hardly a coincidence that “two of the world’s fashion capitals”¹⁵⁹ have strict anti-counterfeiting laws, and it only makes sense that as another global fashion capital,¹⁶⁰ New York would follow.

Such a law was proposed in 2011 by New York City Councilwoman Margaret Chin, but stalled until it was recently given a renewed push in April 2013.¹⁶¹ This law would make buying counterfeit goods “a class A misdemeanor if [the consumer] knew or should have known ‘such trademark is counterfeit for reasons including, but not limited to, the quality and price of the purchased item, and/or the condition of the seller and the sale location’” and “would impose a maximum \$1,000 fine and up to a year in prison.”¹⁶² However, there has been much criticism of the bill. The director of the Mayor’s Office of Special Enforcement objected by saying such a bill would scare away consumers from buying from legitimate merchants.¹⁶³ The Brooklyn District Attorney’s Office and the City Council Public Safety Committee Chairman both noted how difficult it would be “to prove that a person knowingly bought counterfeit goods.”¹⁶⁴ Since a June 13, 2013 hearing before the City Council’s Public Safety Committee, no vote has yet taken place to determine whether or not this bill will become law.¹⁶⁵ According to the New York City Counsel website, the status of the bill is that it has been “[I]aid over by committee.”¹⁶⁶

This type of a law would have to be enacted in each country or adopted as a treaty that every country would sign in order for it to maximize effectiveness. In order for such laws to be enacted by such a large number of countries, global brands that conduct business all over the world, such as Hermès, need to pressure the governments of the

¹⁵⁸ Estacio, *supra* note 155, at 401.

¹⁵⁹ *Id.*; see also Richard Florida & Sara Johnson, *The World’s Leading Cities for Fashion*, ATLANTIC CITIES (Sept. 7, 2012), <http://www.theatlanticcities.com/jobs-and-economy/2012/09/worlds-leading-cities-fashion/3182/>.

¹⁶⁰ Florida & Johnson, *supra* note 159.

¹⁶¹ Arthur Friedman, *New Counterfeit Law for N.Y. in Works*, WOMEN’S WEAR DAILY (Apr. 8, 2013), <http://www.wwd.com/business-news/government-trade/new-counterfeit-law-for-ny-in-works-6885071> (subscription required).

¹⁶² *Id.* For a full text of the bill, see Steven Nelson, *New York City Considers Jail, Fine for Buyers of Fake Designer Goods*, U.S. NEWS & WORLD REPORT (June 14, 2013), <http://www.usnews.com/news/newsgram/articles/2013/06/14/new-york-city-considers-jail-fine-for-buyers-of-fake-designer-goods?page=2>.

¹⁶³ Alfred Ng & Thomas Tracy, *Councilwoman Margaret Chin Wants to Criminalize Purchase of Counterfeit Goods*, NY DAILY NEWS (June 13, 2013, 4:12 PM), <http://www.nydailynews.com/new-york/councilwoman-criminalize-purchase-counterfeit-goods-article-1.1371895>.

¹⁶⁴ *Id.*

¹⁶⁵ *Id.*

¹⁶⁶ *A Local Law to amend the administrative code of the city of New York, in relation to the purchase of counterfeit goods*, THE NEW YORK CITY COUNCIL, <http://legistar.council.nyc.gov/LegislationDetail.aspx?ID=885894&GUID=926F900B-7A1E-48E8-991D-6A3CFE24EA90&Options=ID> (last visited Oct. 11, 2013).

nations where they operate to adopt such a law. The threat of removing stores or moving offices from a country would inevitably hurt a nation's economy by lowering tourism, taking away jobs, and eliminating possible sales tax.

2. The Best Solution: Amending Rule 65

The court orders in counterfeit goods cases, such as those in *Hermès*, *Tory Burch*, and *Burberry*, have been described as “the legal world tr[ying] to keep up with online commerce.”¹⁶⁷ Because the Internet and technology have the ability to evolve so much more rapidly than the law, it can be argued that the law must be able to sometimes stretch its authority to reach new situations that the legislature has not yet had the opportunity to address. In 1985, “judicial preference [was] to enforce Rule 65(d) ‘scrupulously.’”¹⁶⁸ But technology has changed dramatically since 1985, and the Federal Rules of Civil Procedure has not kept up with its rapid development.

Rule 65(d)(2) should be amended to bind third-party intermediaries to injunctions ordered against infringing domain names. In order to do this, Rule 65 should be amended to bind those who enable counterfeiters in their sales to injunctions. To “enable” someone is “[t]o give power to do something” or “to make able.”¹⁶⁹ Search engines can certainly be said to enable counterfeiters in their sale of counterfeit goods over the Internet. As few as ten percent of people go beyond the first page of search results,¹⁷⁰ so without appearing in search results at all, a website's chances of being visited are probably slim to none. The intermediaries said to be enabling would be those who bring to the public's attention the existence of such infringing sites, such as search engines and social media sites, and those who facilitate the actual existence of infringing sites, such as “Internet registrars, Internet Service Providers (“ISP’s”), back-end service providers, web designers, sponsored search engine or ad-word providers.”¹⁷¹ Such intermediaries would be included even if they were enabling involuntarily, meaning without knowing the content of the websites to which they provide services. It would be critical that these intermediaries are given notice of any proceedings and injunctions, so as to honor their due process right to their own day in court.

¹⁶⁷ Rachele Dragani, *Vast Scope of Chanel Counterfeit Ruling May Render it Useless*, TECHNEWSWORLD (Dec. 1, 2011, 10:50 AM), <http://www.technewsworld.com/story/73873.html>.

¹⁶⁸ *Slazengers Ltd. v. Stoller*, No. 88-C-3722, 1989 WL 157984, at *7 (N.D. Ill. Dec. 12, 1989) (quoting Moore's Federal Practice, § 65.11 at 65-101 (2d ed. 1985)).

¹⁶⁹ BLACK'S LAW DICTIONARY (9th ed. 2009).

¹⁷⁰ *How to Get Your Name to the Top of Google*, REPUTATION.COM, <http://www.reputation.com/reputationwatch/articles/how-to-get-your-name-to-the-top-of-google-and-other-search-engines> (last visited Sept. 1, 2013).

¹⁷¹ Default Judgment, *Hermès*, *supra* note 13, at 10.

The Second Circuit has referred to third-party injunctions as “strong medicine” and advised that they should only be used in circumstances where there are no other available “measures that are adequate and *less burdensome on the third parties*.”¹⁷² Because there are currently no other measures that are adequate, and enacting laws criminalizing the act of buying counterfeit goods in every country is something that would take a significant amount of time, amending Rule 65(d)(2) to include “enablers” is the best option. This would allow third-party intermediaries to have a federal standard that they know they will be held by, and it would compel them to assist in the termination of counterfeit sites utilizing their services.

CONCLUSION

“[T]oday, rightsowners are able to go to court and, quickly and at low cost, take down domain names and get an order directing third parties, including service providers, ad networks, and payment processors, not to provide services to various websites. That’s a pretty good deal if you are a rightsholder.”¹⁷³ This is crucial for brand owners, but the day may come where third parties decide to stop complying. Cooperation by third-party providers in suits against those operating websites selling counterfeit goods is essential,¹⁷⁴ and without it, counterfeiters are likely to find ways to slip through the cracks and continue their misappropriation of others’ intellectual property. As more and more of these cases are brought by global luxury brands such as Louis Vuitton,¹⁷⁵ Tiffany & Co.,¹⁷⁶ Chanel,¹⁷⁷ Tory Burch,¹⁷⁸ and Gucci,¹⁷⁹ it is increasingly imperative that there exists a clear legal basis for which search engines can be bound; be it simply including search engines as parties to the suit so that they are given notice and an opportunity to be heard in court, or enacting a new law that would block such infringing sites from search engines and other third-party service providers and thus from the eyes and wallets of United States citizens. It

¹⁷² *United States v. Regan*, 858 F.2d 115, 121 (2d Cir. 1988) (emphasis added).

¹⁷³ Balasubramani, *supra* note 139.

¹⁷⁴ Memorandum of Law in Support of Plaintiffs’ Motion for Entry of Default Judgment Against All Defendants at 3, *Hermès Int’l v. Doe*, No. 12 Civ. 1623 (DLC) (S.D.N.Y. Apr. 13, 2012) (“Indeed, only the Plaintiffs’ ability to secure the cooperation of third party Internet registries and registrars has led to the Defendants’ Infringing Domain Names and Infringing Websites named in the Complaint being disabled and made inaccessible when queried by an Internet browser . . .”).

¹⁷⁵ Julie Zerbo, *Louis Vuitton Files Suit Against Individual Online Sellers*, THE FASHION LAW (July 30, 2013), <http://www.fashion-law.org/2013/07/louis-vuitton-files-suit-against.html>.

¹⁷⁶ Julie Zerbo, *Tiffany Files Suit Against 1,000+ Websites*, THE FASHION LAW (July 9, 2013), <http://www.fashion-law.org/2013/07/tiffany-files-suit-against-1000-websites.html>.

¹⁷⁷ Julie Zerbo, *Chanel Files Another Major Lawsuit Against Fake Sellers*, THE FASHION LAW (May 29, 2013), <http://www.fashion-law.org/2013/05/chanel-files-another-major-lawsuit.html>.

¹⁷⁸ Final Judgment Order, *Tory Burch LLC v. Doe*, No. 13 CV 1396 (N.D. Ill. Apr. 8, 2013).

¹⁷⁹ Julie Zerbo, *Gucci Wins Ownership of 165 Infringing Websites*, THE FASHION LAW (June 11, 2013), <http://www.fashion-law.org/2013/06/gucci-wins-ownership-of-165-infringing.html>.

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seems that the best solution would be to amend Rule 65 making search engines bound to injunctions as enablers of infringers. Such an amendment would allow brand owners to receive the vital assistance of third-party intermediaries, and would establish a standard that such third parties could expect to be required to abide by. The counterfeiting and infringement of intellectual property overall, is a serious economic problem that justifies “strong medicine,”¹⁸⁰ even if such a remedy incidentally burdens third parties.

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¹⁸⁰ *United States v. Regan*, 858 F.2d 115, 121 (2d Cir. 1988).

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