



DESIGN
LAW
2024

Design Patent Enforcement Against Online Infringers

Deirdre Wells, Director, *Sterne Kessler*
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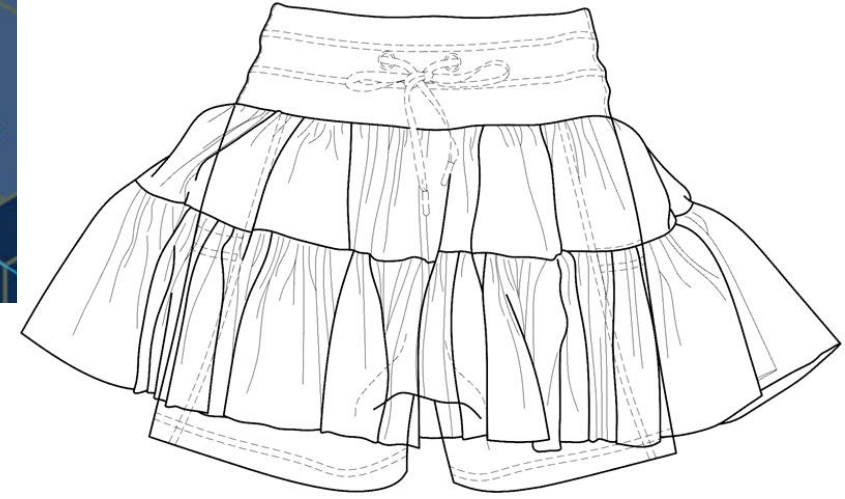


Infringement Evolved

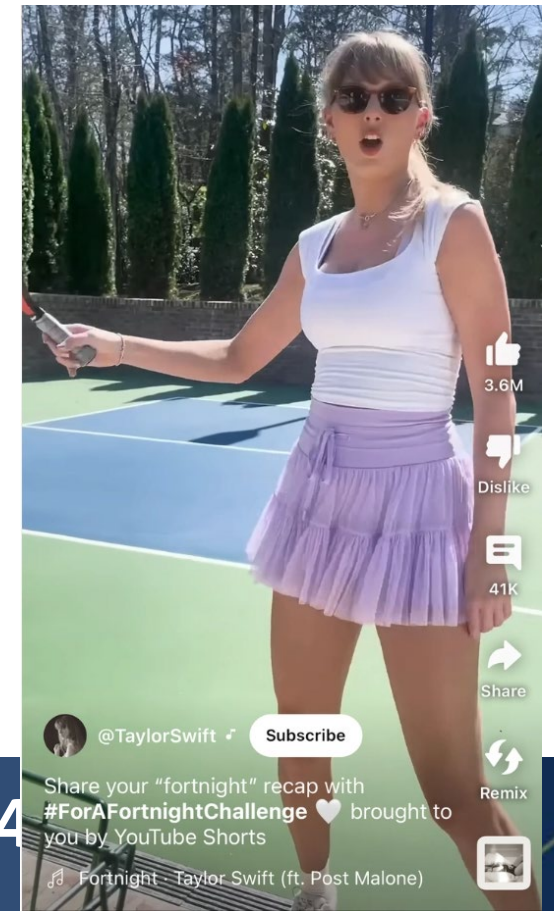


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Skort



- Cassey Ho, founder of Blogilates, created the “Pirouette Skort”
- Taylor Swift released a YouTube short video of her wearing it for only a second (> 91 million views)
- The \$60 skort saw a 700% sales lift, selling out in every color and size in a matter of minutes
- Procured a design patent (USD1,010,983)
- <https://www.popflexactive.com/products/pirouette-skort-with-pockets-digital-lavender>



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Skort



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byrdie.com

TikTok Is Obsessed With Taylor Swift's Lilac Tennis Skirt, and I Found 6 Similar Styles From \$25



Taylor Swift's viral tennis skirt from Popflex Active won't ship

- “[Duping had] been bad before that. And now with Taylor, it’s astronomically bad,” she said.
- Found brands duping the skort often use photos and videos of its models, customers, or even Ho herself wearing the skort to promote the rip-off product, she noted. “Right now it is whack-a-mole trying to get everything down,” she said.

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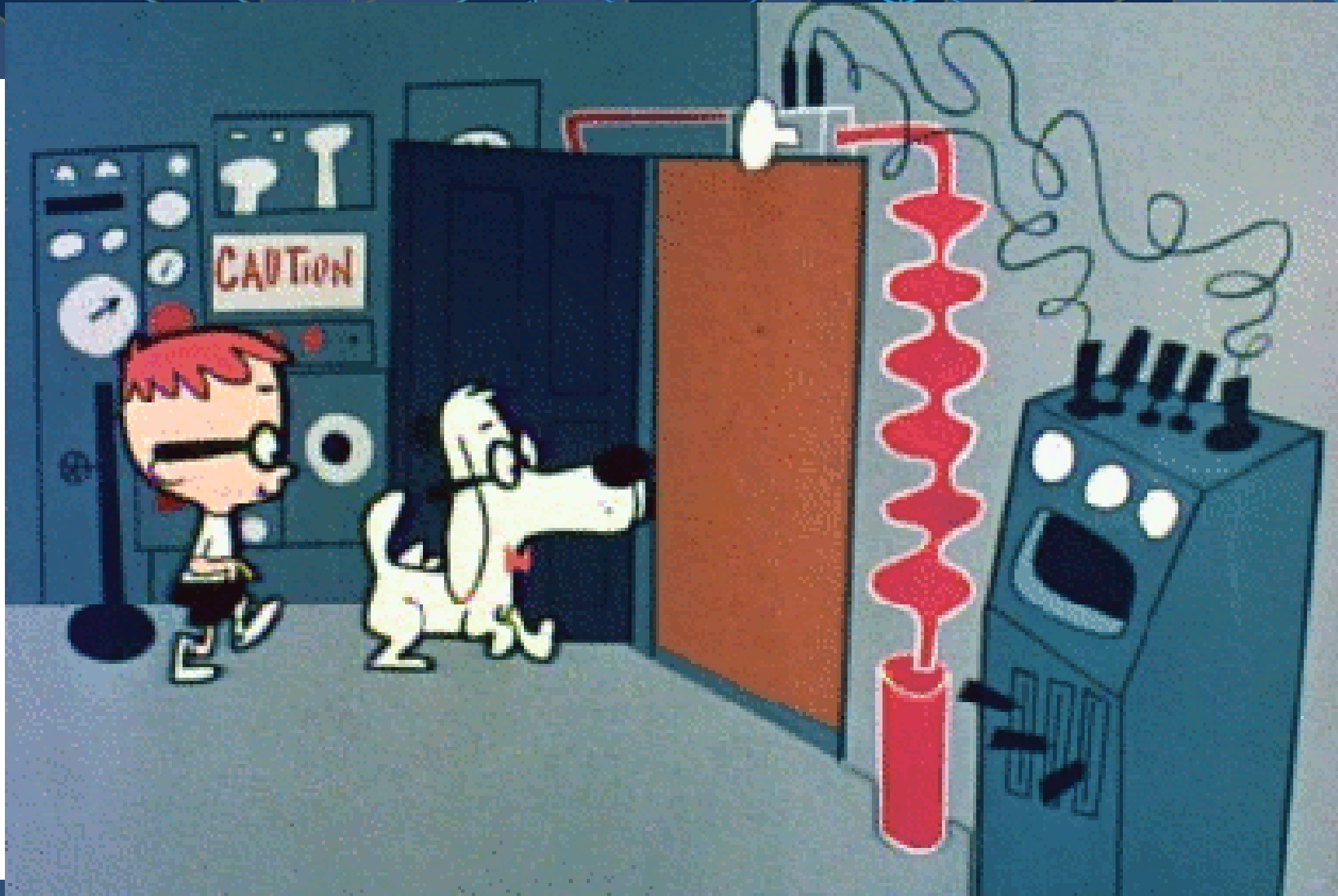
Katie Laatsch Fink
Banner Witcoff



Deirdre Wells
Sterne, Kessler, Goldstein & Fox

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A quick trip back in time...



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An example of brand protection ~10-years ago...

Identify the products...



Identify the people and
serve the papers...



Seize the goods...



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Today...



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Online infringement is fundamentally different

- Third party e-commerce service providers
 - Require little verifying information to open online stores
 - Erect technical and bureaucratic hurdles to brand protection
- Online infringers
 - Establish numerous virtual stores appearing to be authorized online retailers
 - Use fake seller aliases for the same underlying entity
 - Accept payment through service providers
 - Leverage social media to bolster the ruse

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Ports of entry?

> 90% of seizures from e-commerce sales are now drop shipments

E-Commerce

E-Commerce sales have contributed to large volumes of low-value, small packages being imported into the United States. Over 90 percent of all counterfeit seizures occur in the international mail and express environments which are channels that small, e-commerce packages destined for U.S. addresses travel through. Many of these shipments contain counterfeit goods that pose the same health, safety, and economic security risks as large, containerized shipments. Make sure to shop from reputable sources online. To learn more about CBP's E-Commerce strategy, visit [CBP's E-Commerce website](#).



Source: U.S. Customs and Border Protection, 2021 Annual Report (CBP.gov)

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The result: A proliferation of online infringements

abc7 WATCH LIVE

\$1B worth of counterfeit items seized by U.S. Customs and Border Protection in 2022

By Sid Garcia
Friday, November 18, 2022



CNN US Crime + Justice Energy + Environment Extreme Weather Space + Science

Customs officers seize more than \$700,000 of knockoff Gucci, Chanel, other designer brands

By Zoe Sottile, CNN
Published 6:22 PM EDT, Mon March 27, 2023



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Technology Marketing DTC Operations Distressed Retail Store Concepts

Over a quarter of US shoppers have purchased counterfeit goods: Report

Published Dec. 9, 2019


By Tatiana Walk-Morris



CBS NEWS NEWS SHOWS LIVE LOCAL

Counterfeit products flood internet ahead of holidays


BY MEGAN CERULLO
NOVEMBER 3, 2021 / 4:38 PM / MONEYWATCH



amazon

Crazy Aaron's Thinking Putty

Explore your creativity with Crazy Aaron's putty




Product	Price
Crazy Aaron's Thinking Putty - GlowBrights	\$12.99
Crazy Aaron's Thinking Putty - Wizard's Wand	\$14.99
Crazy Aaron's Thinking Putty - Fidget Toy	\$14.99
Crazy Aaron's Thinking Putty - Glow in the Dark	\$14.99

FOX 32 CHICAGO Live News Weather Good Day Sports Contests Email More

Air Quality Alert until SAT 1:15 PM CDT, DeKalb County, Kankakee County, La Salle County

Chicago CBP officers intercept counterfeit designer products at O'Hare

In the first half of 2022, Customs and Border Protection officers nationwide intercepted over 24.5 million shipments of Intellectual Property Rights violations worth almost \$3 billion.



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What are the options?

- Traditional tools need to be part of the repertoire
 - Trade shows / human intelligence gathering
 - C&D letters
 - Registering trademarks with Customs and Border Protection
 - Lawsuits and ITC investigations
- New tools are available
 - “Schedule A” litigation (NDIL, SDFL)
 - Online monitoring and takedowns

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What is a “Schedule A” lawsuit?

- Numerous (100s) of targets operating as online stores
- Defendants’ identities are unknown, often only contact info is an email, likely no domestic presence
- Violations are the same – infringing products being made by and coming from a common source
- Infringement is obvious and easy to prove, e.g., counterfeits of registered trademarks/trade dress, design patent violations, copyrights, cyber-squatting on domains

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How it works

- File a “John Doe” complaint identifying defendants in “Schedule A” exhibit; sometimes plaintiff is anonymous too
- Seal everything but the complaint
- Seek an *ex parte* temporary restraining order
- Secure an order allowing service by email and/or e-publication on individuals in foreign countries (FRCP 4(f)3)

→ ***Hundreds of defendants are likely to be enjoined before they even know they were sued***

- Pursue settlements and default judgments

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Outcomes

- Injunctions secured within days/weeks of filing
- Domains transferred to plaintiff or disabled
- Online marketplaces and domain registries directed to comply
 - Takedowns
 - Domain transfers
 - Freezing assets
- Damages (e.g., statutory anticounterfeiting)
- Plaintiff authorized to seize financial accounts to satisfy judgments

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Who's filing?



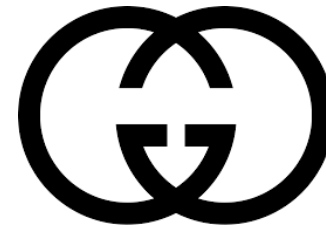
French video game company (Assassin's Creed)



Spanish licensing agency (Age of Dragons)

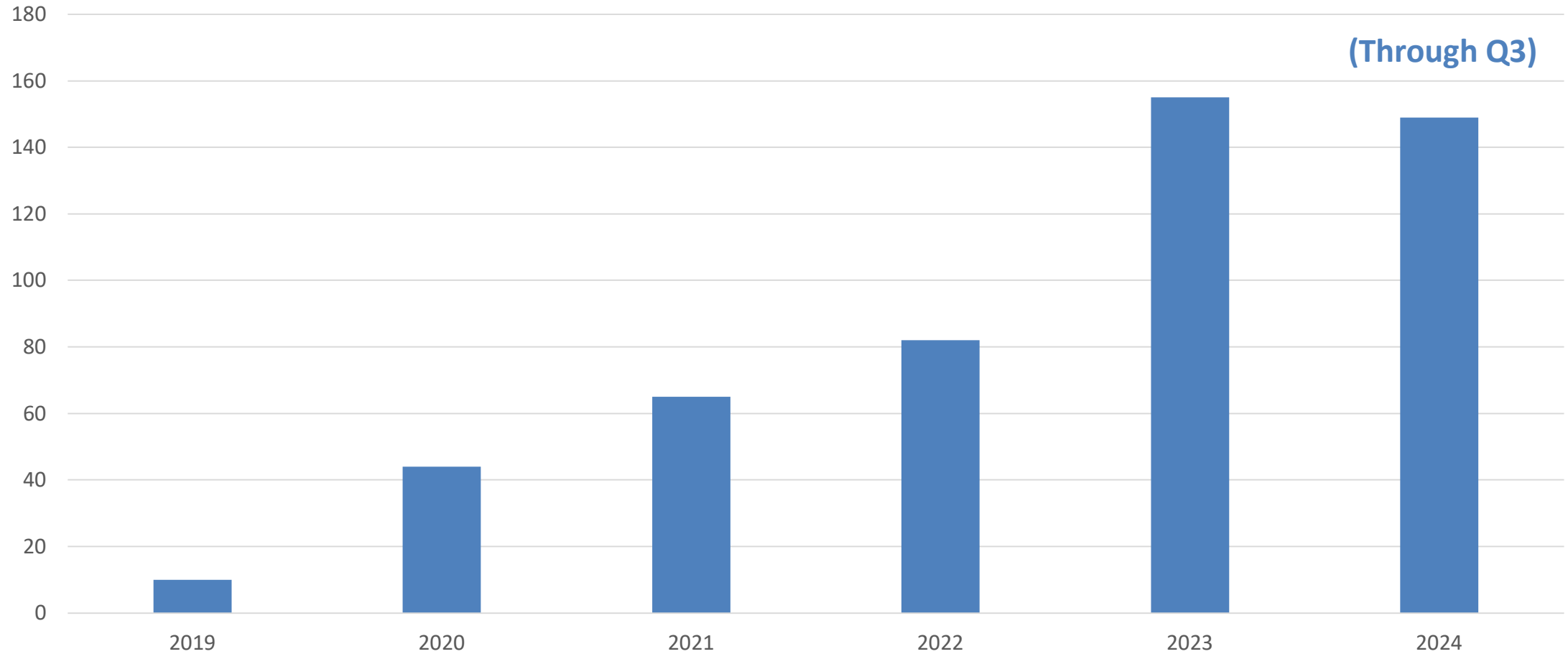


German lifestyle brand (literally, emojis)



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Design Patent “Schedule A” Cases Filed



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NDIL stats, 2021-present

- Over 500 Schedule A cases
 - Design Patent
 - Trademark
 - Copyright
 - Utility Patent
- Median days to...
 - Temporary restraining order: 8
 - Preliminary injunction: 41
 - Permanent injunction: 156
 - Termination: 160

What does the future hold?



NDIL has historically been “Schedule A” friendly



United States District Court
NORTHERN DISTRICT OF ILLINOIS

Schedule A Cases



Proposed orders in trademark cases brought against “Schedule A” defendants should conform, to the extent feasible, to the templates posted below. When a plaintiff submits a proposed temporary restraining order, preliminary injunction order, or default order to the court’s Proposed Order Inbox, plaintiff should also submit a document that shows, in red text, any differences between Plaintiff’s proposed order and the relevant template order.

To the extent that a proposed temporary restraining order, preliminary injunction order, or default order requests relief beyond the relief authorized in the templates, the plaintiff’s motion should support that request with citations to legal authority consistent with Seventh Circuit precedent.

[TRO Template Schedule A Cases](#)

[Preliminary Injunction Template for Schedule A Cases](#)

[Default Judgment Template for Schedule A Cases](#)

Source: <https://www.nd.uscourts.gov/judge-cmp-detail.aspx?cmpid=1277>
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What does the future hold?



7th Circuit accepts minimal e-commerce contacts to establish personal jurisdiction

- An NBA investigator made a single test purchase from a defendant in Schedule A case; John Doe fought back and lost...

Over the years, the Supreme Court has refined the doctrine of personal jurisdiction as the practicalities of commercial activity have changed in response to technological developments. Initially, the “long-standing territorial-

CONCLUSION

HANWJH availed itself of the Illinois market **in offering and shipping a product to the forum**. Because of this purposeful direction, and because these contacts are related to the suit, it is subject to jurisdiction in Illinois. We affirm the judgment of the district court.

AFFIRMED

NBA Properties, Incorporated v. HANWJH, 46 F.4th 614 (7th Cir. 2022)

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What does the future hold?



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'Judge Shopping Ain't A Thing Here,' Ill. Judge Warns IP Atty

By Celeste Bott

Law360 (May 2, 2023, 7:00 PM EDT) -- An Illinois federal judge didn't mince words when he discovered Hughes Socol Piers Resnick & Dym Ltd. attorneys amended a trademark infringement suit before his court to drop hundreds of online retailer defendants and filed a new complaint to secure a more favorable restraining order bond ruling with a different judge, warning of "some pretty serious professional consequences" if it happened again.

Because of the potential for abuse, Schedule A plaintiffs need to be especially careful in dotting i's, crossing t's, and being transparent with the Court

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What does the future hold?



Design Patent Infringement Claims Against 125 Online Storefront Defendants in Single Suit Permissible

The court determined that plaintiff's design patent infringement claims against 125 online storefront defendants were properly asserted in the same suit under 35 U.S.C. § 299. "Plaintiff alleges that Defendants 'are all offering for sale the same or substantially similar infringing products and this case will involve common questions of fact to all Defendants. Furthermore, Defendant Internet Stores share unique identifiers, such as using the same or substantially similar product images, same advertising, design elements and similarities of the infringing products offered for sale, establishing a logical relationship between them, and suggesting that Defendants' operation arises out of the same transaction, occurrence, or series of transactions or occurrences.' Plaintiff further alleges that 'Defendants are an interrelated group of infringers working in active concert to knowingly and willfully make, use, offer for sale, sell, and/or import into the United States for subsequent sale or use products that infringe directly and/or indirectly the Patent . . . in the same transaction, occurrence, or series of transactions or occurrences.' . . . The screenshot evidence attached to the complaint supports these allegations. As a result, the Court finds that Plaintiff's allegations satisfy the 'series of transactions or occurrences' requirement of section 299(a)(1), as well as Fed. R. Civ. P. 20(a)(2); Plaintiff may proceed against the identified Defendants in this single action."

Fujian Mingta Toys Co., Ltd. v. The Partnerships and Unincorporated Associations Identified in Schedule A, 1-24-cv-05625 (NDIL Jul. 9, 2024) (John Robert Blakey)

Design Patent Infringement Claims Against 13 Online Storefront Defendants in Single Suit Impermissible

The court sua sponte dismissed plaintiff's design patent infringement claims against 13 online storefront defendants and found that joinder of all defendants in a single suit was improper. "Plaintiff alleges that Defendants 'are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell Infringing Products in the same transaction, occurrence, or series of transactions or occurrences.' Yet, much of the screenshot evidence attached to the complaint fails to support Plaintiff's claim; some of the evidence shows that the named defendants are selling products that vary in appearance, including by featuring light buttons and magnification enhancements not present in the drawings included in the patent. . . . 'As with utility patents, the patentee must prove infringement of a design patent by a preponderance of the evidence,' and 'where the claimed and accused designs are 'sufficiently distinct' and 'plainly dissimilar,' the patentee fails to meet its burden of proving infringement as a matter of law.' Here, that is the case with respect to many of the allegedly infringing products."

Shenzhen JianYuanDa Mirror Technology Co., Ltd. v. The Entities and Individuals Identified in Annex A, 1-24-cv-04379 (NDIL Jul. 9, 2024) (John Robert Blakey)

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Takedowns

Alibaba Group 知识产权保护平台
ipp.alibabagroup.com

front page | principle policy | Integrity Complaint | Co-construction by rights | Alibaba Anti-Counterfeiting

Meta | Get started | Advertise | Learn | Support

Business Help Center | Get support

Submit a takedown request in Rights Manager

361 views

See how the Anti-Counterfeiting Exchange helps eliminate counterfeits in the retail industry [Read more](#)

Brand Protection Report | English

amazon | Start | Tools | Learn | Sign in | Brand Registry

Let's protect the brand you
You've put everything into building your brand. Let's work together to

[Get started with Brand Registry](#)

wish INTELLECTUAL PROPERTY & BRAND PROTECTION | Log in | Sign up

Protect your brand. Exercise your rights. Drive better user experiences.

Wish has a strict policy against the listing or sale of products that infringe on intellectual property rights. Join Wish's Brand Partner program to access a suite of resources and tools built to protect your brand and keep Wish counterfeit free.

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How it works

- Online platforms have forms for reporting infringement
- Evaluate reported infringements

→ *If found to infringe, the listings are taken down*

- But... they often reappear
- And identifying the infringements takes resources

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Partner with the platforms

- Amazon
 - Brand Registry
 - Project Zero
 - APEX patent evaluation program
 - Partner on lawsuits



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Limitations

- Enforcing design patents on online platforms can be a challenge
- Limitations on asserting unregistered IP, such as common law trademarks, and non-traditional marks
- Nuanced issues may get overlooked
- Platforms do not process requests uniformly
- The process is ongoing ... Infringements will likely continue, but brand owners can take steps to lessen the infringements

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AI Tools can help

CORSEARCH®

Trademark Management ▾

Brand Protection ▾

Content Protection ▾

Resources ▾

About ▾

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Brand Protection: What We Do

Global businesses partner with Corsearch to tackle online IP infringements, safeguard customers, and protect critical e-commerce channels.

Corsearch's Brand Protection solutions enable teams to gain visibility of threats, prioritize what matters, and drive real ROI.

Find out more

Talk to an expert →



Looking for a Brand Protection solution?

Compare different alternatives and decide which one fits you best.

Get 1 month free

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How can AI tools help?

- Identify infringements
- Facilitate takedowns
- Track and monitor actions
- Provide mapping information and analysis to identify repeat offenders or potentially larger networks
- Provide metrics to show the impact of the efforts
- But... limitations as it relates to design patents

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Closing thoughts

- Eliminating copycats requires multi-faceted monitoring and enforcement programs, and willingness to fight on multiple fronts
- Register/patent early and often, work with CBP Centers of Excellence, build a track record
- Consider potential horizontal and vertical industry alliances
- Look for relationships inside e-commerce platforms
- Use social media and “look for” advertising to educate consumers about knock-offs

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Questions





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Thank you!

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