

## Retail Detail



### NFL “Sacks” Websites Selling Counterfeit Merchandise

Retailers concerned about protecting their valuable trademarks recently secured a meaningful victory. On June 28, 2013, a federal court in Manhattan awarded the National Football League (NFL) a \$273 million judgment against the operators of more than 1,000 websites who were selling counterfeit NFL merchandise. This case, while providing a substantial financial award to the trademark owner, was also notable because only two months had elapsed between the time that the NFL filed its complaint and request for a preliminary injunction until the court rendered its judgment.

The defendants in this case were Asian counterfeiters who manufactured counterfeit NFL products outside of the U.S. The defendants then globally marketed and sold the products through their websites, many of which were designed to appear as if the NFL had authorized them. Further, these sites were in English, accepted payment in U.S. dollars through a variety of portals such as PayPal and Western Union, claimed to provide superior customer service, and concealed the fact that the website registrants were not located in the United States.

The NFL, after determining that its valuable brand would incur significant irreparable harm from the defendants’ conduct, sued the defendants alleging federal trademark counterfeiting and infringement, cybersquatting, unfair competition and false designation of origin, as well as other state unlawful deceptive acts and practices. Specifically, the NFL claimed that the defendants: (1) were part of a network of counterfeiters who engaged in the manufacture, importation, distribution, advertising, and sale of products designed to look like genuine NFL products; (2) without the NFL’s authorization and in order to deceive NFL customers, used the NFL’s marks on websites designed by the defendants to appear as if they were authorized by the NFL; (3) registered the domain names with a bad faith intent to profit from the unauthorized use of the NFL’s marks; and (4) used the NFL’s marks in a manner likely to cause, and which has caused, confusion, mistake, and deception by and among consumers.

The NFL sought an injunction to prevent the defendants from using its marks, to have the infringing domain names disabled, and to transfer control of defendants’ registration, ownership, and control of the infringing URLs to the NFL. In addition, the NFL sought disgorgement of defendants’ profits realized from the sale of the counterfeit goods, statutory damages of \$2,000,000 for each and every NFL mark willfully counterfeited by each defendant, as well as statutory damages of \$100,000 per infringing domain name. Finally, the NFL sought its attorney’s fees and costs associated with the litigation.

When the defendants’ failed to appear, the court issued the NFL a default judgment. In so doing, the judge awarded the NFL maximum statutory damages totaling \$150 million for willful counterfeiting of the NFL’s products along with maximum statutory damages totaling \$123.3 million for willful cybersquatting. The Court allowed the NFL to collect money directly from the defendants’ PayPal accounts until the granted monetary relief had been collected in full, and to collect directly from

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the PayPal accounts of any of defendants' newly discovered aliases, businesses, and/or websites. The judge also granted the NFL ownership and control of all the currently infringing domain names. Any newly discovered infringing domain names defendants controlled were also to be transferred to the NFL.

This case is a victory for retailers and others seeking to protect their trademarks from these opportunistic infringers. Because it did not have to engage in the extensive discovery and other related litigation activities that usually accompany a lengthy court proceeding, the NFL only had to invest a small amount of money in order to preserve its brand integrity and reputation. In the end, the NFL was able to recover significant money and maintain its global consumer goodwill.

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