

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

HONG KONG LEYUZHEN TECHNOLOGY
CO. LIMITED,

Plaintiff,

v.

THE INDIVIDUALS, CORPORATIONS,
LIMITED LIABILITY COMPANIES,
PARTNERSHIPS AND
UNINCORPORATED ASSOCIATIONS
IDENTIFIED IN SCHEDULE “A” HERETO,

Defendants.

Case No.: 1:24-cv-03191-VMK-GAF

Honorable Virginia M. Kendall

Magistrate Gabriel A. Fuentes

PLAINTIFF’S MOTION FOR PRELIMINARY INJUNCTION

Plaintiff hereby moves this Honorable Court for entry of a Preliminary Injunction (the “Motion”). The scope of the requested Preliminary Injunction is substantially identical to the Temporary Restraining Order (the “TRO”) entered June 20, 2024. [Dkt. No. 18.] The current TRO has previously been extended up to and including July 18, 2024. [Dkt. No. 26.] On July 16, 2024, Plaintiff effectuated electronic service of process on the named Schedule “A” Defendants for which the Aliexpress online sales platform provided email addresses. Accordingly, Plaintiff’s Motion, for which notice will be provided, is properly submitted to the Court on a non-*ex parte* basis.

This Motion is made and based on the accompanying Memorandum of Law in Support of Plaintiff’s Motion for Preliminary Injunction, the Declaration of Shawn A. Mangano, Esq. (the “Mangano Decl.”), the Declaration of Liangjie Li (the “Li Decl.”), and any arguments of counsel entertained by the Court.

DATED: July 17, 2024

Respectfully submitted,

By: /s/ Shawn A. Mangano
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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of July 2024, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Illinois, Eastern Division, using the electronic case filing system. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. Notice of this filing is provided to unrepresented parties for whom contact information has been provided via email and by posting the filing on a URL contained on our website <http://blointernetenforcement.com>, and distributed to ecommerce platform, Aliexpress.

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Honorable Virginia M. Kendall

Magistrate Gabriel A. Fuentes

**MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF’S MOTION FOR
PRELIMINARY INJUNCTION**

Plaintiff HONG KONG LEYUZHEN TECHNOLOGY CO. LIMITED (“Plaintiff”) submits this Memorandum of Law in support of its Motion for Preliminary Injunction (the “Motion”).

The Motion is supported by the pleadings and papers on file in this action, including the Motion for Temporary Restraining Order [Dkt. 7 through 7-8], the Declaration of Shawn A. Mangano, Esq. (the “Mangano Decl.”), the Declaration of Liangjie Li (the “Li Decl.”), together with the arguments set forth herein and any oral argument by counsel entertained by the Court at the hearing set on this matter.

I. INTRODUCTION

Plaintiff has previously been granted a preliminary injunction by this Court against the “sister” online sales platform, Alibaba, to the online platform at issue in this action, Aliexpress

(Case No. 1:24-cv-01807, Dkt. No. 63) (the “Alibaba Case”). The preliminary injunction granted in your Honor’s case, the Alibaba Case, was based on virtually identical facts to those presented to the Court in this action.

Specifically, Plaintiff’s Motion requests entry of a Preliminary Injunction after a hearing. On July 16, 2024, the named Schedule “A” Defendants for which the Aliexpress online sales platform (the “Platform”) provided email addresses associated with their storefronts/accounts were served electronically as authorized by the Temporary Restraining Order (the “TRO”) entered by the Court [Dkt. No. 18]. (Mangano Decl. ¶ 5.) As such, Plaintiff’s Motion is properly submitted to the Court on a non-*ex parte* basis.

Substantively, the Motion is based on Plaintiff’s demonstration of a high likelihood of success on the merits of its claims for relief, including its copyright infringement allegations based on direct, unauthorized copying of its federally registered copyright protected images, the fact that the company would clearly suffer irreparable harm absent entry of injunctive relief, because the balance of the hardships tips decidedly in the company’s favor, and granting the requested relief is in the public interest. *See, e.g., Columbia Pictures Indus., Inc. v. Jasso*, 927 F. Supp. 1075, 1076 (N.D. Ill. 1996). This is the same irreparable harm showing that supported the Court’s entry of a preliminary injunction in the Alibaba Case (Case No. 1:24-cv-01807, Dkt. No. 63). Accordingly, and as argued below, Plaintiff asserts that the Court should grant the Motion and enter a Preliminary Injunction against the Defendants, which is consistent with its prior ruling in the Alibaba Case.

a. Plaintiff’s Brand is Highly Successful and the Company Spends Considerable Funds in the United States to Protect and Promote It.

This action involves enforcement of Plaintiff’s “Rotita” brand (“Rotita”). (Mangano Decl. ¶ 6; Li Decl. ¶¶ 4-5.) Rotita is an extremely well-known source of women’s clothing in the United

States and has been the subject of rampant counterfeit sales through online platforms such as Amazon, Temu, Alibaba, eBay, Walmart, and Aliexpress, which is at issue in this action. (Mangano Decl. ¶ 6; Li Decl. ¶¶ 4-5.) These are the six largest online retailers in the World – and Plaintiff does not sell its products through any one of them. (*Ibid.*) Rather, Plaintiff only sells its genuine Rotita brand products through its website (rotita.com). (*Ibid.*)

Plaintiff derives a significant amount of revenue from the sale of Rotita branded products in the United States. Plaintiff's estimated gross revenue from United States sales likely exceeds \$20,000,000 USD per year. (Li Decl. ¶ 6.) Of this amount, Plaintiff estimates that well over \$1,000,000 is derived from sales in the State of Illinois. (*Id.*) In sum, Plaintiff is a highly successful company that services a considerable number of patrons in the United States and, more specifically, in the State of Illinois.

Commensurate with these sales, Plaintiff spends a considerable amount of the operating capital in the United States to protect and promote the Rotita brand. Specifically, Plaintiff estimates that it spends anywhere from \$8,000,000 to \$12,000,000 USD each year to advertise its Rotita brand in the United States through such online advertising sources as Google Ads, Facebook, and Bing. (Li Decl. ¶ 6.) Furthermore, the company has spent more than \$80,000 in filing fees paid to the United States Copyright Office just to secure registration of copyright protected works being asserted in eleven (11) enforcement actions initiated in this judicial district. (*Id.*) Simply put, Plaintiff is an extremely successful company that earns millions of dollars from product sales in the United States – including within the State of Illinois. (*Id.*) To do so, Plaintiff annually spends tens of millions of dollars advertising in the United States to promote the sale of its brand. (*Id.*)

Succinctly stated, Plaintiff simply will no longer tolerate the proliferation of counterfeit sales through the unauthorized use of its federally registered copyright images on online platforms

through which it does not offer its genuine products. These counterfeit operators must be stopped. Otherwise, Plaintiff's intellectual property rights, which it has paid significantly to secure, are worthless. (Li Decl. ¶ 6.)

b. This Case is Part of a Multi-Action Copyright Enforcement Campaign.

Plaintiff's operative Complaint in this action is but one piece in a multi-action copyright enforcement campaign that seeks to dismantle a criminal network that operates through six (6) of the largest online retail platforms in existence and includes over 2,500 named Schedule "A" Defendants in actions pending in this judicial district. (Mangano Decl. ¶ 7.) This criminal network is alleged to have operated, and continue to operate, in concert promoting the sale of counterfeit or knockoff Rotita brand products by using the Company's copyright protected product images to do so. (Mangano Decl. ¶ 7; Li Decl. ¶ 7.)

More specifically, the named Schedule "A" Defendants are alleged to be engaged in the practice of directly, and intentionally, copying, without authorization, Plaintiff's copyright protected product images almost instantaneously after they are first displayed on the company's website and then associating these images on their storefronts maintained on the Platform in connection with the sale and promotion of counterfeit products of substandard quality, thereby deceiving consumers – including the citizens of the State of Illinois. (*Ibid.*) Moreover, given the nature of Plaintiff's textile manufactured women's clothing products, such large-scale counterfeit sales operations over multiple online retail platforms require considerable supply chain coordination efforts that could not reasonably be accomplished independently by any of the named Defendants. (*Ibid.*) In fact, several Schedule "A" defendants and counsel in other pending copyright enforcement actions in this judicial district have asserted that they obtained both the

unauthorized images and the counterfeit products from the same manufacturing source.¹ (Mangano Decl. ¶ 9.)

In short, these counterfeit sales operations require one or more textile manufacturing factories, the sourcing of identical, counterfeit fabrics and patterns, distribution networks to fulfill retail orders for these counterfeit goods, and the end sellers needed to promote and solicit sales. (*Id.* ¶ 10.) Plaintiff's copyright infringement allegations against the Defendants in this action, and in all other actions pending in this judicial district, simply could not be accomplished alone. (*Id.*) Rather, the level of counterfeit operations presented to this Court requires the Defendants to rely upon the same, coordinated, common black market manufacturing supply chain to successfully promote, sell, and fill the orders placed because of their infringing conduct. (Mangano Decl. ¶ 10; Li Decl. ¶ 7.)

c. Plaintiff has Presented Substantial Evidence of Copyright Infringement.

As previously presented to this Court in connection with the company's request for entry of a temporary restraining order [Dkt. Nos. 8-03, 8-04], Plaintiff has presented substantial evidence that Defendants have intentionally copied its copyright protected works. [*Id.*] This evidence includes a literal one-for-one copying of these protected works and their unauthorized display on Defendants' online storefronts, which are offering substandard, counterfeit products for sale to United States citizens, including those residing in the State of Illinois. [*Id.*]

¹ In fact, defense counsel made this assertion before Judge Kennelly at in-person oral argument on Plaintiff's motion for summary judgment. *See Hong Kong Leyuzhen Tech. Co., Ltd. v. P'ships & Unincorporated Ass'ns Identified on Schedule "A"*, Case No. 1:24-cv-02939-MFK-BWJ [Dkt. No. 80.] In response, the Court specifically found that Plaintiff had satisfied the joinder requirements of Rule 20(a)(2) based on the presence of an alleged common manufacturing source. [*Id.*]

Substantively, this evidence clearly demonstrates that Plaintiff has an extremely high likelihood of success on the merits of its copyright infringement claim, as well as its associated claims for false designation of origin and violation of Illinois' deceptive trade practices act. [Dkt. No. 1.]

As also previously argued to this Court in support of its request for entry of a temporary restraining order [Dkt. 7 through 7-8], Plaintiff would unquestionably suffer irreparable harm absent entry of injunctive relief through the spoliation of essential evidence and Defendants absconding with significant ill-gotten gains derived from their intentional infringement of Plaintiff's federally secured copyright protected works. These facts still exist today and support entry of preliminary injunctive relief effective until full adjudication of this matter. (Mangano Decl. ¶ 11; Li Decl. ¶ 10.) In fact, the presentation of virtually identical facts has resulted in Plaintiff being granted preliminary injunctive relief by the following judges, in addition to this Court for the sister platform to the Platform at issue (Case No. 1:24-cv-01807), in this judicial district: (1) this Court Judge Kennelly (Case No. 1:24-cv-02939); (2) Judge Pacold (Case No. 1:24-cv-03210); and (3) Judge Daniel (Case No. 1:24-cv-01652). (Mangano Decl. ¶ 12.) Accordingly, as argued herein, Plaintiff respectfully requests the Court further enjoin the Defendants through entry of a Preliminary Injunction.

d. Procedural History

On June 20, 2024, this Court granted Plaintiff's TRO request on an *ex parte* basis. [Dkt. No. 18]. Substantively, the TRO authorized and directed Plaintiff to provide notice of these proceedings and the preliminary injunction hearing to Defendants by electronically publishing a link to the Complaint, the TRO, and other relevant documents on a website, together with

effectuating electronic service by email transmission to any addresses provided for Defendants by third party online platforms. [*Id.* ¶ 7.]

The TRO was thereafter initially extended for a period of 14 days due to non-compliance by the Platform up to and including July 18, 2024, which had not produced the email addresses associated with the Defendants required to effectuate electronic service of process as authorized by the Court. [Dkt. No. 26.]

Plaintiff has complied with these requirements by serving the designated online platform with a copy of the TRO and the related subpoena requesting information, including that required to effectuate electronic service, for the named Defendants. (Mangano Decl. ¶ 5.) On July 16, 2024, the Platform provided Plaintiff with the requested email addresses associated with Defendants' online accounts necessary to effectuate electronic service of process. (*Id.*) The same day, Plaintiff completed electronic service of process by e-mail on the named Schedule "A" Defendants as required by the TRO. (*Id.*)

Based on the foregoing procedural history, including having effectuated electronic service of process to the named Schedule "A" Defendants as required by the TRO, Plaintiff respectfully requests the Court now enter a Preliminary Injunction in this matter after a hearing is conducted. As stated earlier, and as argued below, Plaintiff's request is in full compliance with the applicable standards for granting such relief.

II. APPLICABLE LEGAL STANDARDS

To be entitled to preliminary injunctive relief, the moving party must first show that it has (1) a reasonable likelihood of success on the merits of its claims for relief, and (2) that it would suffer irreparable harm absent entry of injunctive relief. *See Publications Int'l v. Meredith Corp.*, 88 F.3d 473, 478 (7th Cir. 1996).

If these threshold requirements are met by the moving party, the court then “exercise[s] its discretion whether the balance of the harms weighs in favor of the moving party or whether the nonmoving party or the public interest will be harmed sufficiently such that the injunction should be denied.” *Christian Legal Soc’y v. Walker*, 453 F.3d 853, 859 (7th Cir. 2018). “This process involves engaging in what we term the sliding scale approach; the more likely the [moving party] will succeed on the merits, the less the balance of irreparable harms need favor the [moving party’s] position.” *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 895 (7th Cir. 2001).

Application of the foregoing legal standards to Plaintiff’s Motion demonstrates that it is entitled to entry of a Preliminary Injunction.

III. ARGUMENT

Plaintiff’s Motion essentially asks the Court to enter a Preliminary Injunction after having granted it prior request for entry of the TRO. [Dkt. No. 18] Courts in this judicial district addressing similar allegations of Internet-based intellectual property infringement and associated counterfeiting activity have issued preliminary injunctive relief after entering a temporary restraining order. *See, e.g., Alicia Vannoy Call v. The P’ships*, No. 23-cv-04043 (N.D. Ill. July 25, 2023) (unpublished). Moreover, Plaintiff has already be granted injunctive relief on essentially the same facts presented to this Court in actions pending before the following judges in this judicial district: (1) Judge Kendall (Case No. 1:24-cv-01807); (2) Judge Kennelly (Case No. 1:24-cv-02939); (3) Judge Pacold (Case No. 1:24-cv-03210); and (4) Judge Daniel (Case No. 1:24-cv-01652). (Mangano Decl. ¶ 12.) These circumstances aside, and as argued below, Plaintiff is independently entitled to entry of preliminary injunctive relief in this action based on the record presented.

a. Plaintiff Has Demonstrated a High Likelihood of Success on The Merits.

As demonstrated in through its TRO submissions, Plaintiff has a high likelihood of success on the merits of, at least, its copyright infringement claim for relief. [Dkt. 7 through 7-8] In this regard, Plaintiff has shown the one-for-one unauthorized copying of its federally registered, copyright protected images. [*Id.*]

To prevail on a copyright infringement claim, a party must prove: (1) ownership of a valid copyright protected work; and (2) the unauthorized copying, display, or other use in violation of the exclusive rights granted to the owner under the Copyright Act. *See, e.g., Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). “A certificate of registration from the U.S. Register of Copyrights constitutes *prima facie* evidence of validity of the copyright.” *Wildlife Exp. Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 507 (7th Cir. 1994).

Here, Plaintiff has submitted evidence to the Court demonstrating it holds copyright registrations over the images at issue in this action. [Dkt. 8-1] This evidence includes further includes a list of the images covered by these copyright registrations, and a replication of the unauthorized images displayed by the Defendants on their online storefronts in connection with offering counterfeit Rotita products for sale on the Platform. [Dkt. 8-5] This evidence, while it may be contested by one or more Defendants should they appear in this action, is highly persuasive evidence that Plaintiff stands a high likelihood of success on the merits of its copyright infringement claim. Accordingly, Plaintiff submits that it has more than satisfied the first element necessary of issuance of preliminary injunctive relief.

b. Plaintiff would suffer irreparable harm absent entry of injunctive relief.

Next, Plaintiff would unquestionably suffer irreparable harm is preliminary injunctive relief is not granted. In this regard, the Copyright Act expressly authorizes courts to issue “grant

temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. § 502(a).

As with the issued TRO, Plaintiff requests issuance of the preliminary injunction to prevent the Defendants from using, without authorization, the company’s copyright protected images in connection with the manufacture, importation, distribution, offering for sale, and sale of counterfeit products. (Mangano Decl. ¶ 14.) This results in the direct harm to Plaintiff’s brand reputation and loss of consumer goodwill, both of which are harms that are virtually impossible to ascertain the resulting economic loss (*Id.*; Li Decl. ¶ 10.) *See Life Spine, Inc. v. Aegis Spine, Inc.*, 8 F.4th 531, 546 (7th Cir. 2021); *Ty, Inc.*, 237 F.3d at 902. As such, these harms constitute irreparable harm. (*Ibid.*) Absent issuance of this requested preliminary injunctive relief, Defendants’ intentional infringement of Plaintiff’s federally secured rights will unquestionably continue. (Mangano Decl. ¶ 14.)

Plaintiff’s demonstration of irreparable harm is also based the high likelihood that Defendants would delete links to their online stores, thereby erasing key evidence related to their online accounts such as product sales information and ill-gotten funds derived from their intentional infringement of the company’s copyright protected works, that would otherwise be deleted, or transferred to unknown locales, unless they remain frozen until conclusion of this action. (Mangano Decl. ¶ 15.) This harm simply cannot be monetarily quantified and, as such, supports a finding of irreparable harm. *See Graphic Design Marketing, Inc. v. Xtreme Enterprises, Inc.*, 772 F.Supp.2d 1029, 1034 (E.D. Wis. 2011). This same harm justified entry of the TRO and it continues to exist today, which clearly justifies entry of the requested preliminary injunction. (*Id.*) Simply put, absent granting the requested injunctive relief, Plaintiff would be irreparably harmed through Defendants’ efforts to avoid enforcement of the company federally protected

rights by this Court. (*Id.*; Li Decl. ¶ 10.)

c. The Balance of The Hardships Tips Strongly in Favor of Plaintiff And Entry of Injunctive Relief is in The Public Interest.

Having satisfied the first two requirements for issuance of preliminary injunctive relief, the next two inquiries presented consider the balance of the hardships between the Plaintiff and the parties being restrained, and whether the issuing the injunction would be in the public's interest. *See Columbia Pictures Indus., Inc.*, 927 F. Supp. at 1076. Here, both factors support granting Plaintiff's Motion.

Turning first to the balance of the hardships, Plaintiff has demonstrated a direct copying of its federally registered copyright protected images. [Dkt. 8-5] In fact, the evidence presented raises an extremely strong inference that Defendants have willfully infringed Plaintiff's copyright protected works. Under these circumstances, very little, if any, deference should be given to any hardships experienced by Defendants should injunctive relief be entered in Plaintiff's favor. Accordingly, the balance of the hardships tips strongly in Plaintiff's favor.

Likewise, issuance of the requested injunctive relief is in the public's interest. "The Copyright Act evidences a public interest in creativity by demonstrating an intent to provide an economic reward for creative expression." *Midway Mfg. Co. v. Artic Intern., Inc.*, 547 F.Supp. 999, 1015 (N.D. Ill. 1982). By granting Plaintiff's Motion, the Court would be furthering that interest by rewarding the company's development and dissemination of new styles, colors, and sizes of women's clothing, which is visually displayed through its advertising and marketing images such as those reflected in its copyright protected works in this action. (*See* Li Decl. ¶¶ 10-11.) On the other hand, there would be no public interest furthered by allowing Defendants to continue to distribute and sell their counterfeit products through the unauthorized use of Plaintiff's

copyright protected images. Accordingly, the public's interest would be strongly served by granting Plaintiff's Motion.

IV. The Current Bond is Sufficient to Protect Defendants' Interests.

The Court has previously required Plaintiff to post a bond in the sum of \$5,000.00 in connection with issuance of the TRO. [Dkt. No. 18]. The exact same circumstances, if not more, supporting the Court's determination of this bond amount apply to Plaintiff's request for entry of a Preliminary Injunction. (Mangano Decl. ¶ 16.) Moreover, the Court is presented with facts and supporting evidence that clearly demonstrates Defendants have infringed Plaintiff's copyright protected works. (*Id.*) This blatant, intentional conduct demonstrates that Plaintiff has an exceptionally high likelihood of success on the merits of its asserted claims for relief. *See Columbia Pictures Indus., Inc.*, 927 F. Supp. at 1076. Such a strong showing militates against a subsequent finding that injunctive relief was improperly granted. Accordingly, Plaintiff requests the Court maintain the current bond amount required for issuance of the TRO for issuance of the preliminary injunction.

V. There is Good Cause to Extend the Temporary Restraining Order Until There is a Ruling on this Motion

In the event that the Court does not rule on this Motion before the current TRO expiration date (July 18, 2024), Plaintiff also seeks to extend the TRO to maintain the status quo until there is a ruling on Plaintiff's Motion for Entry of a Preliminary Injunction. Rule 65 dictates that under ordinary circumstances, a temporary restraining order cannot exceed 14 days, although the court may extend it "for a like period" for good cause. Fed. R. Civ. P. 65(b)(2). However, in *H-D Mich., LLC v. Hellenic Duty Free Shops S.A.*, the Seventh Circuit affirmed that allowing a TRO to remain in effect until a decision on a motion for preliminary injunction was proper. 694 F.3d 827, 843-45

(7th Cir. 2012). In affirming the TRO extension, the Seventh Circuit explicitly recognized that there will be cases where the maximum 28-day limit does not give the parties sufficient time to prepare for a preliminary injunction hearing. *Id.* If the extension exceeds the maximum duration for a TRO under Rule 65(b), the extension “becomes in effect a preliminary injunction that is appealable, but the order remains effective.” *Id.* at 844. See also, *Christian Dior Couture, S.A. v. The Partnerships, et al.*, No. 21-cv-04861 (N.D. Ill. Nov. 19, 2021) (Docket Entry 32) (further extending TRO to and including the date on which the Court would adjudicate the motion for preliminary injunction, exceeding the maximum duration for a TRO under Rule 65(b)); *Luxottica Group S.p.A., et al. v. rbzxr.com, et al.*, No. 20-cv-02297 (N.D. Ill. May 12, 2020) (Docket Entry 52) (same).

Defendants have notice of this case and this pending Motion, and have presented no evidence of hardship that would occur by keeping the TRO in place. In addition, Plaintiff respectfully submits that there is good cause to extend the TRO, since there is a high probability that the Defendants will continue to harm Plaintiff without the TRO in place, especially since Defendants have notice of this case. Specifically, Defendants will likely attempt to move any assets from their financial accounts to off-shore bank accounts without the TRO in place while this Motion is pending.

VI. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests the Court grant its request for entry of a preliminary injunction and maintain the current bond amount required under the TRO, together with issuing any other relief that it deems just and proper.

DATED: July 17, 2024

Respectfully submitted,

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Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of July 2024, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Illinois, Eastern Division, using the electronic case filing system. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. Notice of this filing is provided to unrepresented parties for whom contact information has been provided via email and by posting the filing on a URL contained on our website <http://blointernetenforcement.com>, and distributed to ecommerce platform, Aliexpress.

By: /s/ Shawn A. Mangano
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THE INDIVIDUALS, CORPORATIONS,
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Defendants.

Case No.: 1:24-cv-03191-VMK-GAF

Honorable Virginia M. Kendall

Magistrate Gabriel A. Fuentes

DECLARATION OF SHAWN A. MANGANO, ESQ.
IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

I, Shawn A. Mangano, of the City of Las Vegas, in the State of Nevada, declare as follows:

1. Except as otherwise expressly stated to the contrary, this declaration is based upon my personal knowledge of the following facts and, if called as a witness, I could and would competently testify to the statements made herein.

2. I make this declaration in support of Plaintiff's Motion for Preliminary Injunction (the "Motion").

3. I am an attorney at law, duly admitted to practice before the Courts of the State of Illinois and the United States District Court for the Northern District of Illinois. I am lead counsel of for Plaintiff HONG KONG LEYUZHEN TECHNOLOGY CO. LIMITED ("Plaintiff"). I make this declaration from my matters within my own personal knowledge unless stated otherwise.

4. Plaintiff's Motion for Temporary Restraining Order (the "TRO") was granted by the Court on June 20, 2024. [Dkt. No. 18.]

5. Plaintiff has complied with these requirements by serving the designated online platform with a copy of the TRO and the related subpoena requesting information, including that required to effectuate electronic service, for the named Defendants. On July 16, 2024, the Platform provided Plaintiff with the requested email addresses associated with Defendants' online accounts necessary to effectuate electronic service of process. The same day, Plaintiff completed electronic service of process by e-mail on the named Schedule "A" Defendants as required by the TRO. Plaintiff believes that it has electronically served all Defendants subject to the TRO as of the filing of the Motion.

6. This action involves enforcement of Plaintiff's "Rotita" brand ("Rotita"). Rotita is an extremely well-known source of women's clothing in the United States and has been the subject of rampant counterfeit sales through online platforms such as Amazon, Walmart, Alibaba, Temu, eBay, and Aliexpress, which is at issue in this action. These are the six largest online retailers in the World – and Plaintiff does not sell its products through any one of them. Rather, Plaintiff only sells its genuine Rotita brand products through its website (rotita.com).

7. Plaintiff's operative Complaint in this action is but one piece in a multi-action copyright enforcement campaign that seeks to dismantle a criminal network that operates through six (6) of the largest online retail platforms in existence and includes over 2,500 named Schedule "A" Defendants. These named Schedule "A" Defendants are alleged to be engaged in the practice of copying Plaintiff's copyright protected product images almost instantaneously after they are first displayed on the company's website and then associating these images with sale and promotion of unauthorized, counterfeit products of substandard quality, thereby deceiving

consumers – including the citizens of the State of Illinois. Moreover, given the nature of Plaintiff’s goods, such large-scale sales operations over multiple online retail platforms require considerable supply chain coordination that could not reasonably be accomplished independently by any of the named Defendants.

8. The sophistication of Defendants’ online, counterfeit sales network is further demonstrated by the skill with which they identify Schedule “A” plaintiffs, their allegedly infringed products or brands, and then immediately disseminating this information throughout their network by posting on online websites such as “SellerDefense.cn.” The dissemination of this information then immediately results in the named Defendants siphoning off all illicit funds held in their online accounts. This results in plaintiffs being deprived of any meaningful opportunity to redress the harm caused by Defendants’ infringing conduct by attacking their financial resources.

9. Several Schedule “A” defendants and counsel in other pending copyright enforcement actions in this judicial district have asserted that they obtained both the unauthorized images and the counterfeit products from the same manufacturing source. In fact, defense counsel made this assertion before Judge Kennelly at in-person oral argument on Plaintiff’s motion for summary judgment. *See Hong Kong Leyuzhen Tech. Co., Ltd. v. P’ships & Unincorporated Ass’ns Identified on Schedule “A”*, Case No. 1:24-cv-02939-MFK-BWJ [Dkt. No. 80.] In response, the Court specifically found that Plaintiff had satisfied the joinder requirements of Rule 20(a)(2) based on the presence of an alleged common manufacturing source. [*Id.*]

10. In short, these counterfeit sales operations require one or more textile manufacturing factories, the sourcing of identical, counterfeit fabrics and patterns, distribution networks to fulfill retail orders for these counterfeit goods, and the end sellers needed to promote and solicit sales. Plaintiff’s copyright infringement allegations against the Defendants in this

action, and in all other actions pending in this judicial district, simply could not be accomplished alone. Rather, the level of counterfeit operations presented to this Court requires the Defendants to rely upon the same, coordinated, common black market manufacturing supply chain to successfully promote, sell, and fill the orders placed because of their infringing conduct.

11. As also previously argued to this Court in support of its request for entry of a temporary restraining order, Plaintiff would unquestionably suffer irreparable harm absent entry of injunctive relief through the spoliation of essential evidence and Defendants absconding with significant ill-gotten gains derived from their intentional infringement of Plaintiff's federally secured copyright protected works. These facts still exist today and support entry of preliminary injunctive relief effective until full adjudication of this matter.

12. In fact, the presentation of virtually identical facts has resulted in Plaintiff being granted preliminary injunctive relief by the following judges in this judicial district: (1) this Court Judge Kendall (Case No. 1:24-cv-01807); (2) Judge Kennelly (Case No. 1:24-cv-02939); (3) Judge Pacold (Case No. 1:24-cv-03210); and (4) Judge Daniel (Case No. 1:24-cv-01652).

13. Substantively, the TRO authorized and directed Plaintiff to provide notice of these proceedings and the preliminary injunction hearing to Defendants by electronically publishing a link to the Complaint, the TRO, and other relevant documents on a website, together with effectuating electronic service by email transmission to any addresses provided for Defendants by third party online platforms. [Dkt. No. 18 ¶ 7.] Plaintiff has complied with these requirements by serving the designated online platform with a copy of the TRO and the related subpoena requesting information, including that required to effectuate electronic service, for the named Defendants.

14. As with the issued TRO, Plaintiff requests issuance of the preliminary injunction to prevent the Defendants from using, without authorization, the company's copyright protected

images in connection with the manufacture, importation, distribution, offering for sale, and sale of counterfeit products. Absent issuance of this requested preliminary injunctive relief, Defendants' intentional infringement of Plaintiff's federally secured rights will unquestionably continue.

15. Plaintiff also requests conversion of the TRO to a preliminary injunction so that Defendants' online accounts, which contain essential illegal product sales information and ill-gotten funds derived from their intentional infringement of the company's copyright protected works that would otherwise be transferred to unknown locales, remain frozen until conclusion of this action. This same harm justified entry of the TRO and it continues to exist today, which clearly justifies entry of the requested preliminary injunction. Simply put, absent extending the relief granted under the TRO to a preliminary injunction, Plaintiff would be irreparably harmed through Defendants' efforts to avoid enforcement of the company federally protected rights by this Court.

16. The Court has previously required Plaintiff to post a bond in the sum of \$5,000.00 in connection with issuance of the TRO. [Dkt. No. 18.] The exact same circumstances supporting the Court's determination of this bond amount apply to Plaintiff's request for entry of a preliminary injunction. Moreover, the Court is presented with facts and supporting evidence that clearly demonstrates Defendants have infringed Plaintiff's copyright protected works.

17. In *Volkswagen AG, et al. v. hkseller*2011, et al.*, No. 18-cv-07621 (N.D. Ill. May 6, 2019), the Court found that the defendants deliberately evaded asset restraint. Despite assurances, defendants depleted their PayPal account before a hearing. When the restraint was reinstated, they swiftly withdrew \$20,000. With their counsel withdrawing and no response to plaintiffs' motion for summary judgment, a \$200,000 judgment was entered, which remains unpaid beyond the restrained funds.

18. In *PopSockets LLC v. Xuebo50, et al.*, No. 17-cv-06101 (N.D. Ill. Oct. 12, 2017), a defendant's PayPal account, initially holding \$1,611,921, was restrained. The account was released under the condition that several hundred thousand dollars, earmarked for potential consumer chargebacks, couldn't be withdrawn. However, due to a misunderstanding with PayPal, the defendant reduced the balance to \$36,469 upon receiving notice of the lawsuit. The defendant didn't appear in the case, resulting in a default judgment entered against them.

19. For these reasons, in the absence of issuance of the requested preliminary injunction, Defendants would likely move any assets from accounts in financial institutions subject to this Court's jurisdiction to offshore accounts outside of this Court's jurisdiction.

20. Furthermore, given that the designated online platform has now fully complied with the terms of the TRO and the related subpoena issued to it, Plaintiff respectfully requests the Court unseal, at least, Plaintiff's identity in this action.

I declare under penalty of perjury under the laws of the United States of America the foregoing is true and correct.

Executed on July 17, 2024, in Las Vegas, Nevada.

By: /s/ Shawn A. Mangano
SHAWN A. MANGANO, ESQ.

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of July 2024, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Illinois, Eastern Division, using the electronic case filing system. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. Notice of this filing is provided to unrepresented parties for whom contact information has been provided via email and by posting the filing on a URL contained on our website <http://blointernetenforcement.com>, and distributed to ecommerce platform, Aliexpress.

By: /s/ Shawn A. Mangano
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Attorneys for Plaintiff

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

HONG KONG LEYUZHEN
TECHNOLOGY CO. LIMITED,

Plaintiff,

v.

THE INDIVIDUALS, CORPORATIONS,
LIMITED LIABILITY COMPANIES,
PARTNERSHIPS AND
UNINCORPORATED ASSOCIATIONS
IDENTIFIED IN SCHEDULE "A"
HERETO,

Defendants.

Case No.: 1:24-cv-03191-VMK-GAF

Honorable Virginia M. Kendall

Magistrate Gabriel A. Fuentes

DECLARATION OF LIANGJIE LI
IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

I, Liangjie Li, of Hong Kong, a special administrative region of the People's Republic of China, declare as follows:

1. Except as otherwise expressly stated to the contrary, this declaration is based upon my personal knowledge of the following facts and, if called as a witness, I could and would competently testify to the statements made herein.

2. I make this declaration in support of Plaintiff's Motion for Preliminary Injunction (the "Motion").

3. I am the Chief Operations Officer for Plaintiff Hong Kong Leyuzhen Technology Co. Ltd. ("Plaintiff"). I make this declaration from my matters within my own personal knowledge unless stated otherwise.

4. Plaintiff markets and sells women's clothing and related items under the "Rotita" brand name ("Rotita").

5. Rotita is an extremely well-known source of women's clothing in the United States and has been the subject of rampant counterfeit sales through online platforms such as Amazon, Temu, Alibaba, eBay, Walmart, and Aliexpress (the "Platform"), which is the online sales platform at issue in this action. These are the six largest online retailers in the World – and Plaintiff does not sell its products through any one of them. Rather, Plaintiff only sells its genuine Rotita brand products through its website rotita.com.

6. Plaintiff's rough estimated gross revenue from United States sales likely exceeds \$20,000,000 USD per year. Of this amount, Plaintiff roughly estimates that over \$1,000,000 is derived from sales in the State of Illinois. Moreover, Plaintiff spends roughly anywhere from \$8,000,000 to \$12,000,000 USD each year to specifically advertise its Rotita brand in the United States through such online advertising sources as Google Ads, Facebook, and Bing. Furthermore, the company has spent more than \$80,000 in filing fees paid to the United States Copyright Office just to secure registration of copyright protected works being asserted in, currently, eleven (11) enforcement actions initiated in this judicial district. Simply put, Plaintiff is an extremely successful company that earns millions of dollars from product sales in the United States – including within the State of Illinois. To do so, Plaintiff annually spends tens of millions of dollars advertising in the United States to promote the sale of its brand.

7. The defendants named in the company's copyright infringement enforcement actions are engaged in the practice of copying Plaintiff's copyright protected product images almost instantaneously after they are first displayed on the company's website and then associating these images with sale and promotion of unauthorized, counterfeit products of substandard quality,

thereby deceiving consumers – including the citizens of the State of Illinois. Moreover, given the nature of Plaintiff's goods, such large-scale sales operations over multiple online retail platforms require considerable supply chain coordination that could not reasonably be accomplished independently by any of the named Defendants. Simply put, Plaintiff maintains that Defendants are acting in concert, pursuant to a common scheme, whereby they independently copy the company's copyright protected images, without authorization, from its website or such unauthorized images are being provided by the same common source associated with manufacturing the counterfeit products being sold on the Defendants' Platform storefronts.

8. The sophistication of Defendants' online, counterfeit sales network is further demonstrated by the skill with which they identify Schedule "A" plaintiffs, their allegedly infringed products or brands, and then immediately disseminating this information throughout their network by posting on online websites such as "SellerDefense.cn." The dissemination of this information then immediately results in the named Defendants siphoning off all illicit funds held in their online accounts.

9. Defendants have directly targeted their counterfeit sales activities, through online sales platforms not utilized by Plaintiff, in the United States, including to the residents of the State of Illinois, through, at least, fully interactive, e-commerce stores operating under their designated aliases on the Platform.

10. Plaintiff has suffered, and continues to suffer, irreparable harm through the Defendants' unauthorized use of its federally registered copyright protected images asserted in this action. This results in the direct harm to Plaintiff's brand reputation and loss of consumer goodwill, both of which are harms that are virtually impossible to ascertain the resulting economic loss.

11. Plaintiff expects to earn a net profit of approximately 30% on the sale of its Rotita brand products. This figure, however, includes substantial advertising expenses that Defendants would not have to pay since they are largely capitalizing on Plaintiff's advertising efforts by misappropriating its copyright protected images and imbedding the term "Rotita" in their Amazon.com search engine optimization. Doing so causes their online stores to be displayed whenever someone searches for "Rotita" on Amazon.com despite Plaintiff not selling authentic "Rotita" brand products on the platform. Based on the foregoing, I would estimate that Defendants' online stores operate at a net profit of between 40% to 50%. I believe that a disgorgement of Defendants' profits would fall within the net profit range. It is my understanding that Plaintiff is currently awaiting the Platform's compliance with the Temporary Restraining Order and associated subpoena issued in this action that requires it to produce such sales information. Absent receipt of such information, Plaintiff is forced to assume that all sales made by Defendants through the Platform and all amounts held in their online accounts are the result of infringing activity in violation of the company's intellectual property rights.

I declare under penalty of perjury under the laws of the United States of America the foregoing is true and correct.

Executed on July 18, 2024, in Hong Kong.

By: Liangjie Li
LIANGJIE LI

CERTIFICATE OF SERVICE

I hereby certify that on the 1_{st} day of July 2024, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Illinois, Eastern Division, using the electronic case filing system. The electronic case filing system sent a "Notice of Electronic Filing" to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. Notice of this filing is provided to unrepresented parties for whom contact information has been provided via email and by posting the filing on a URL contained on our website <https://blointernetenforcement.com/>, and distributed to ecommerce platform, Aliexpress.

By: /s/ Shawn A. Mangano

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