22-1810

IN THE

United States Court of Appeals

FOR THE SECOND CIRCUIT

SMART STUDY CO., LTD.,

Plaintiff-Appellant,

ABC,

Plaintiff,

—against—

HAPPY PARTY-001, SALIMHIB-US, GEGEONLY, NA-AMZ001, LICHE CUPCAKE STAND, BEIJINGKANGXINTANGSHANGMAOYOUXIANGONGSI, QINGSHU, CKYPEE, WCH-US, THEGUARD, SUJIUMAISUSU, MARY GOOD SHOP, HEARTLAND GO, BLUE VIVI, SMSCHHX, NAGIWART, XUANNINGSHANGWU, QT-US, LADYBEETLE, TONGMUMY, WONDERFUL MEMORIES, KANGXINSHENG1, ACUTEYE-US, NUOTING, TELIKE, HAOCHENG-TRADE, YAMMO202, SHENZHENSHIXINDAJIXIEYOUXIANGONGSI, UNE PETITE MOUETTE, JOYSAIL, XUIYUI7I, ZINGON US, HAITING$, YONGCHUNCHENGQINGMAOYIYOUXIANGONGSI, HUIBI-US, FAMING, BONUSWEN, APZNOE-US, DAZZPARTY, DAFA INTERNATIONAL, YICHENY US, WOW GIFT, JYOKER-US1, SAM CLAYTONDDG, CITIHOMY, WEN MIKE, YOOFLY, CHANGGESHANGMAOYOUXIANGONGSI, SENSIAMZ BACKDROP, VETERANS CLUB,

Defendants-Appellees,

DEF, TUOYI TOYS, TOPIVOT, LVYUN, SUNNYLIFYAU, XUEHUA INC., SMASSY US, YLILILY, GAIFEI TRADE CO LTD.,

Defendants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

BRIEF AND SPECIAL APPENDIX FOR PLAINTIFF-APPELLANT

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Fed. R. App. P. 26.1, undersigned counsel for Plaintiff-Appellant hereby certifies that Plaintiff-Appellant has no parent entity and that no publicly held corporation or other publicly held business entity owns ten percent or more of its stock.

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I. PRELIMINARY STATEMENT

On July 21, 2022, Judge Woods of the District Court (as defined below) denied Appellant's motion for default judgment and permanent injunction, finding that the Defaulting Defendants were not properly served and the Court therefore lacked personal jurisdiction over them (the "Opinion & Order"). After initially finding just cause for service of ***all*** pleadings and orders in the District Case by alternate means (i.e., email), and over one year after the District Case was filed, the District Court determined that service by email on individuals or entities located in China is not permitted under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters ("Hague") or the Federal Rules of Civil Procedure. In denying Appellant's request for a default judgment and permanent injunction, the District Court also effectively dissolved the TRO, including an asset freeze, and the PI Order previously granted, despite its prior findings that such urgent relief was warranted.

Appellant respectfully submits that the Opinion & Order cannot stand, as Defendants were properly served pursuant to Fed. R. Civ. P. 4(f)(3) and/or Fed. R. Civ. P. 4(f)(2)(A). The relief sought by Appellant in the District Case was unquestionably urgent, given that Appellant was granted a TRO and PI Order, and such urgency was not extinguished by Defendants' defaults. Thus, it is clear that service under, at a minimum, Fed. R. Civ. P. 4(f)(3) was justified. Appellant further

submits that the District Court's conclusion that service by email on Chinese defendants is improper is not only erroneous, but also is so overbroad that it effectively prevents an American plaintiff from being able to sue and serve a Chinese defendant (or a defendant located in any other country that is a signatory to Hague for that matter) in numerous cases, including counterfeiting cases like the instant one, where expedited legal action is necessary and the defendants have the motivation and propensity to conceal their identities and locations and/or display false information regarding their identities and whereabouts. Third-party merchants on platforms such as Amazon, like Defendants, have been known to use aliases, false addresses and other incomplete identification information to shield their true identities. It is, however, required for every Defendant to have a current and operational email address to operate their Merchant Storefronts[1] and conduct their businesses. A132-A133. Further, Covid-19 is still currently rampant in China, which has further delayed or derailed service via the Hague.[2]

[1]All capitalized terms, unless otherwise indicated, shall be given the definitions set forth in A595-A599.

[2] *See Tevra Brands LLC v. Bayer Healthcare LLC*, No. 19 Civ. 4312, 2020 U.S. Dist. LEXIS 109919, at *5 (N.D. Cal. June 23, 2020) (delays to service via the Hague "may arise due to COVID-19 pandemic...."); *Victaulic Co. v. Allied Rubber & Gasket Co.*, No. 3:17-cv-01006-BEN-JLB, 2020 U.S. Dist. LEXIS 82150, at *3-4 (S.D. Cal. May 8, 2020) (ordering alternative service via email where "the Ministry of Justice in China noted that service is 'time-consuming and not efficient' and confirmed that it often takes more than two years to complete," and this combined with the "current global COVID-19 pandemic has likely complicated service efforts in China and will undoubtably result in additional service delays in the future.").

The issues presented by the Opinion & Order, and the implications thereof, are particularly important in this Circuit, which is home to many of the most famous brands in the world, given that the position of Judge Woods in the District Case (as defined below) is contrary to, and undermines, established precedent in this Circuit, certain sister circuits, as well as in many district courts in sister circuits, on which such brand owners rely to enforce their rights. Moreover, other judges in the District Court have since issued conflicting decisions, while others have held off on issuing opinions pending this appeal, thereby demonstrating the need for this Court to resolve such uncertainty.

II. JURISDICTIONAL STATEMENT

This Court has jurisdiction over this appeal pursuant to 28 U.S.C. § 1292(a)(1), given that the District Court denied Appellant's request for a permanent injunction, thereby also effectively dissolving the TRO and PI Order previously granted. Alternatively, although the District Court did not dismiss the case, under 28 U.S.C. § 1291, it effectively issued a final decision when it ruled that there was a lack of personal jurisdiction because of insufficient service of process and as such, a default judgment and permanent injunction could not be entered. This is evidenced by Judge Woods' issuance of an order to show cause why the case should not be dismissed, after the Opinion & Order was entered, and prior to Appellant's filing of the Notice of Appeal.

This appeal is timely under Rule 4(a)(1) of the Federal Rules of Appellate Procedure because the District Court's Opinion & Order was issued on July 21, 2022, and the Notice of Appeal was filed on August 18, 2022 (i.e., within 30 days of the Opinion & Order).

III. ISSUES PRESENTED

The issues on appeal are the following:

1. Did the District Court err in finding that the Hague applied to all Defaulting Defendants, including the eleven (11) Defaulting Defendants whose storefronts lacked any physical addresses?
2. Did the District Court err in finding that service by email on Chinese defendants, including the Defaulting Defendants, is impermissible under Fed. R. Civ. P. 4(f)(3) because it is not permitted under the Hague, and there is no exigent circumstances exception?
3. Did the District Court err in finding that email is an impermissible method of service in China generally under the Hague because of China's objection to service by "postal channels" under Article 10(a)?
4. Did the District Court err in finding that service by email on Chinese defendants, including the Defaulting Defendants, is impermissible under Fed. R. Civ. P. 4(f)(2) because Chinese law prohibits a foreign party from serving defendants located in China by email?

5. Did the District Court err in finding that Appellant did not establish that it is entitled to entry of default judgment under Article 15 of the Hague Convention?

IV. STATEMENT OF THE CASE AND THE FACTS

Appellant brought the District Case, under seal, against fifty-eight (58) sellers on Amazon, for registered and unregistered trademark infringement, counterfeiting, false designation of origin, passing off and unfair competition, copyright infringement, and a related common law claim arising from Defendants' infringement of Appellant's trademarks and Appellant's copyrighted works.

When Appellant filed its Complaint in the District Court, Appellant simultaneously filed an *ex parte* Application requesting that the District Court seal the file, and issue: 1) a TRO restraining Defendants' Merchant Storefronts and Defendants' Assets with the Financial Institutions; 2) an order to show cause why a preliminary injunction should not issue; 3) an order authorizing bifurcated and alternative service; and 4) an order authorizing expedited discovery. A68, A89, A128, A142. On July 9, 2021, the District Court granted Appellant's Application and entered the TRO. A224.

The TRO specifically provided for the following alternative methods of service of the Summons, Complaint, TRO and all documents filed in support of Appellant's Application on Defendants: 1) delivery of (i) PDF copies, and (ii) a link to a secure website where each Defendant was able to download PDF copies of the

aforementioned documents, to Defendants' email addresses determined after having been identified by Amazon pursuant to Paragraph V(C) of the TRO. Pursuant to the alternative methods of service authorized by the TRO, Appellant served all Defendants with the TRO, all documents filed in support of Appellant's Application, and the Complaint and Summons on July 22, 2021 (with the exception of Defendant WOW GIFT, who was served on August 3, 2021), thereby making Defendants' answers or responses to the Complaint due by August 12, 2021 (August 24, 2021 for Defendant WOW GIFT). On July 30, 2021, the day of the PI Show Cause Hearing at which no Defendants appeared, the Court entered the PI Order against all Defendants mirroring the terms of the TRO and extending through the pendency of the District Case. Thereafter, on August 2, 2021, pursuant to the alternative methods of service authorized by the TRO and PI Order, Appellant served a copy of the PI Order on all Defendants.

On October 3, 2021 Defendant YLILILY moved *pro se* to dismiss the case against it ("YLILILY MTD") and on October 4, 2021 Defendant Topivot moved *pro se* to dissolve the PI Order ("Topivot MTD"). After the YLILILY MTD and Topivot MTD were briefed, on December 21, 2021, the District Court held an oral argument on the same ("Oral Argument"). During the Oral Argument, Judge Woods raised an issue that was not raised by either defendant, but rather was raised in a case cited by Defendant Topivot in the Topivot MTD for another point of law. Namely, Judge

Woods suggested: (1) that service by email is inconsistent with the Hague, and, therefore, is not permitted under Fed. R. Civ. P. 4(f)(3); and (2) even if alternative electronic service is permissible under Fed. R. Civ. P. 4(f)(3), Article 15 of the Hague may not allow for imposition of a default judgment.

Given that fifty-three (53) of the Defendants failed to answer or otherwise move by the above-mentioned deadlines (the "Defaulting Defendants")[3], on December 21, 2021, Appellant requested an entry of default against them, which was entered by the Clerk of the Court on that same day. A364, A366, A381. Thereafter, Appellant filed a motion for default judgment and a permanent injunction against Defaulting Defendants (the "Motion"). A386, A395, A585, A660.

On March 4, 2022, Judge Woods issued an order indicating that "[o]n March 1, 2022, the Court wrote Professor Benjamin L. Liebman, the Director of the Hong Yen Chang Center for Chinese Legal Studies at Columbia Law School, seeking his assistance to obtain disinterested legal advice regarding whether a foreign plaintiff may, under relevant Chinese law, properly serve via email a defendant located in the People's Republic of China. The Court will share any advice provided to the Court with Plaintiff and will afford Plaintiff time to respond to that advice." A672. On June

[3] On January 1, 2022 and January 11, 2022, respectively Defendant YLILILY and Defendant Topivot were dismissed from the District Case and no decision was rendered by Judge Woods on the YLILILY MTD and the Topivot MTD. Further Appellant settled with and dismissed two additional defendants, Defendant XueHua Inc. and Defendant SMASSY US after Appellant filed its Motion.

7, 2022, Geoffrey Sant of Pillsbury Winthrop Shaw Pittman LLP filed an amicus brief on behalf of Benjamin L. Liebman in response to Judge Woods' request. *District Court Dkt. No. 94*. In response, Appellant engaged Richard K. Wagner, Of Counsel to Allen & Overy in Hong Kong as an expert in on Chinese civil procedure, and on June 24, 2022, Appellant filed the Declaration of Richard K. Wagner[4] in response to Sant's amicus brief. A774.

On July 21, 2022, the District Court issued the Opinion & Order, and denied Appellant's Motion, given the District Court's finding that the Defaulting Defendants were not properly served and the Court therefore lacked personal jurisdiction over them. A937. The District Court then issued an order requesting that Appellant show cause why the case should not be dismissed. A965. On August 18, 2022, Appellant filed its Notice of Appeal. A967.

V. SUMMARY OF THE ARGUMENT

Regardless of whether or not the Hague applies to each of the Defaulting Defendants in the District Case, all Defendants were properly served via alternative means (specifically, email) pursuant to Fed. R. Civ. P. 4(f)(3), which, as sister circuits, including the Ninth, Fifth and Federal Circuits, have found, is, and always has been, intended as an alternative to, and no less favored than, service through the

[4] Appellant filed a Supplemental Declaration of Richard K. Wagner ("Supplemental Wagner Dec.") in connection with subsequent briefings regarding the issues on appeal in similar cases filed by Appellant's attorneys. *Moonbug Entertainment Limited et al. v. Akwugfdfo1 ddc et al.*, No. 22 Civ. 5044 (PKC) (S.D.N.Y. Jul. 7, 2022), Nastasi Decl., Ex. A, ECF No. 25-1, 2.

Hague under Fed. R. Civ. P. 4(f)(1). The sole requirements of Rule 4(f)(3)—which involves a discretionary determination by the court and are met here—are that the selected alternative means of service (1) is not prohibited by international agreement; and (2) comports with constitutional notions of due process.

With respect to service by email specifically, contrary to the District Court's determination, it does not violate any international agreement, even when a country objects to service via another method under Article 10 of the Hague, and it satisfies due process. There is simply no provision in the Hague that expressly limits service to the methods delineated—of which email is clearly not one, given that it was not in existence when the Hague was established in 1965. Moreover, an objection to "postal channels" under Article 10(a) does not amount to an objection to service via electronic means, since, as the majority of judges in the District Court, as well as those in the district courts in sister circuits, have held, such an objection does not encompass service via e-mail, social media, return-receipt mail, website posting, or even by NFT—all of which have been deemed to be acceptable methods of service, even in the face of an Article 10(a) objection to mail.

Appellant submits that the Hague is inapplicable with respect to at least some of the Defaulting Defendants, and likely all Defaulting Defendants, all of which are rampant counterfeiters that often use evasive tactics, such as aliases, false addresses and other incomplete identification information to conceal their identities, avoid

detection and circumvent restraining orders, among other remedies. The plain language of the Hague is silent with respect to how a signatory must determine whether a defendant's physical address is "not known" for the purpose of determining the applicability of the Hague, and courts have inconsistently grappled with making such determinations, with some adopting a so-called "reasonable diligence standard" emanating from a non-binding California State Court decision. Even to the extent that "reasonable diligence" is required, Appellant exercised the same in attempting to locate Defendants' physical addresses.

Nonetheless, even if the Hague applies to all Defendants, both the Hague and the Federal Rules expressly provide for a court, in its discretion, to authorize alternative service where there are exigent circumstances. *See* Hague, Art. 15; Fed. R. Civ. P. 1. In fact, the 1993 Advisory Committee Notes to Fed. R. Civ. P. 4 recognized the Hague's allowance for "special forms of service in cases of urgency if convention methods will not permit service within the time required by the circumstances". In ordering the TRO and PI in the District Case, the District Court unquestionably found that Appellant demonstrated exigent circumstances justifying the urgent injunctive relief sought, and accordingly alternative service was warranted under Fed. R. Civ. P. 4(f)(3) and the urgency exception to Article 15. Such exigent circumstances did not dissipate by virtue of Defendants' defaults.

Finally, to the extent that the Hague is inapplicable to any or all of the Defendants, Article 15 is entirely irrelevant for the purpose of entering a default judgement against such Defendants. Should this Court find that the Hague is applicable, it defies logic that if a judge has broad authority under Article 15 to order alternative measures at the early stages of a case—such as at a case's infancy or in connection with a temporary restraining order, like in the District Case—that Article 15 would prohibit such measures at the default judgment stage. Thus, in either scenario, all Defendants were properly served via alternative means, and a default judgment and permanent injunction should have been, and can be, entered against them.

VI. ARGUMENT

A. Standard of Review

As a general matter, the Second Circuit reviews the denial of a default judgment or a permanent injunction for abuse of discretion, which "can be found if the district court relied upon a clearly erroneous finding of fact or incorrectly applied the law." *Carlos v. Santos*, 123 F.3d 6, 67 (2d Cir. 1997) (internal citations omitted); *RSM Prod. Corp. v. Fridman*, 387 F.App'x 72 (2d Cir. 2010) (denial of default judgment reviewed for abuse of discretion). Likewise, a dismissal for improper service is generally reviewed for abuse of discretion. *Corley v. United States*, 11 F.4th 79, 83 (2d Cir. 2021). Here, however, it must be noted that the District Court

did not dismiss the case but ruled that there was a lack of personal jurisdiction because of insufficient service of process and as such, a default judgment and permanent injunction could not be entered.

However, the Opinion & Order in this case, along with the proposed issues to be raised on appeal set forth above, hinge upon questions of the interpretation of the Hague, an international treaty, and thus, the District Court's interpretation thereof is subject to de novo review. *See Swarna v. Al-Awadi*, 622 F.3d 123, 132 (2d Cir. 2010) (noting that a district court's interpretation of a treaty is subject to de novo review); and *Saada v. Golan*, 930 F.3d 533, 538 (2d Cir. 2019) (noting that "[i]n cases arising under the Hague Convention [on the Civil Aspects of International Child Abduction], we review a district court's factual findings for clear error and its legal conclusions—including its interpretation of the Convention and its application of relevant legal standards to the facts—de novo.").

B. The District Court Erred in Finding that the Hague Applied to All Defaulting Defendants

Without any binding precedent regarding the "reasonable diligence" standard, the District Court held that the Hague applied to all Defaulting Defendants, based on an erroneous finding that Appellant failed to demonstrate that it used reasonable diligence to determine Defendants' physical addresses, and that "the only investigation done into the defendants' physical address in the twelve months since this action was filed was a mere perusal of a defendant's storefront". *Smart Study*

Co. v. Acuteye-US, No. 21 Civ. 5860 (GHW), 2022 U.S. Dist. LEXIS 129872 at *15 (S.D.N.Y. July 21, 2022). Not only is there a question regarding the applicability of the "reasonable diligence" standard, and the requirements thereof, even to the extent it applies, Appellant's investigative efforts were surely reasonable under the circumstances and in line with Second Circuit precedent, as detailed below.

1. <u>The Hague Does Not Apply Where the Addresses of Certain Defaulting Defendants Were Not Known</u>

Pursuant to the plain language of Article 1 of the Hague, "[t]his Convention shall not apply where the address of the person to be served with the document is not known." *See* Hague, Art. 1.; *see also Advanced Access Content Sys. Licensing Adm'r, LLC v. Shen*, No. 14 Civ. 1112 (VSB), 2018 U.S. Dist. LEXIS 169603, at *7 (S.D.N.Y. Sep. 30, 2018) and *Kelly Toys Holdings, LLC v. Top Dep't Store*, No. 22 Civ. 558 (PAE), 2022 U.S. Dist. LEXIS 154175, at *17 (S.D.N.Y. Aug. 26, 2022) (collecting cases); *see also Future Motion, Inc. v. Doe*, No. 21-cv-03022-JSC, 2021 U.S. Dist. LEXIS 135261, at *5-6 (N.D. Cal. July 20, 2021) (finding that Plaintiff met its burden to demonstrate that the defendant's address was "not known" and the Hague was inapplicable where the plaintiff "utilized a Chinese speaking partner to conduct an online search to attempt to obtain Defendant's address."). "Courts in this Circuit have found an address is 'not known' if the plaintiff exercised reasonable diligence in attempting to discover a physical address for service of process and was unsuccessful in doing so." *Id.* at *19-21 (quoting *Advanced Access*, 2018 U.S. Dist.

LEXIS 169603, at *7-8) (citing *Opella v. Rullan*, No. 10 Civ. 21134, 2011 U.S. Dist. LEXIS 69634, at *5 (S.D. Fla. June 29, 2011)).

a) <u>The Propriety and Meaning of "Reasonable Diligence" Is Unsettled</u>

The use of a "reasonable diligence" standard in connection with the determination of whether an address is "not known" pursuant to the Hague seems to have originated from a singular California state appellate division case. *See Opella*, 2011 U.S. Dist. LEXIS 69634, at *14-15 (quoting *Kott v. Brachport Enter. Corp.*, 45 Cal. App. 4th 1126, 1137-39 (Cal. Ct. App. 1996) ("*Kott*") ("I am aware of no binding precedent that establishes a standard for determining when a plaintiff 'knew' the address of the person to be served, in the context of the exemption in Article 1 of the Hague Service Convention. However, I am persuaded by the reasoning and standard expressed by a California appellate court in [*Kott*], and choose to apply it here: an address is not 'known' within Article I of the Convention only when it is unknown to the plaintiff after the plaintiff exercised reasonable diligence in attempting to discover that address.")). The *Kott* court held that "reasonable diligence" "denotes a thorough, systematic investigation and inquiry conducted in good faith by the party or his agent or attorney." *United Fin. Cas. Co. v. R.U.R. Transportation, Inc.*, No. 22cv333-LL-WVG, 2022 U.S. Dist. LEXIS 202831, at *4-5 (S.D. Cal. Nov. 7, 2022) (quoting *Kott*) (citations omitted)). "To satisfy the reasonable diligence standard, it is generally sufficient [] for a plaintiff to show: '[a]

number of honest attempts to learn defendant's whereabouts or his address by inquiry of relatives, friends, and acquaintances, or of his employer, and by investigation of appropriate city and telephone directories, the voters' register, and the real and personal property index in the assessor's office, near the defendant's last known location[.]'" *Id.*

The plain language of the Hague contains no mention of how a signatory must determine whether or not an address is "known" for the purposes of applying the Hague in a given case. *Lebel v. Mai*, 148 Cal. Rptr. 3d 893, 898 (2012) (Article 1 does not contain any express language imposing a reasonable diligence requirement). In determining whether or not an address is "known" for the purposes of the Hague, to the extent the "reasonable diligence" standard has been acknowledged and applied, judges in the District Court and throughout the United States have done so inconsistently. Meanwhile, others have completely ignored and/or chosen not to apply the standard and have held that a defendant's address is unknown simply by acknowledging the impossibility of serving foreign defendants without reliable physical addresses. For example, in *Dama S.P.A. v. Does*, No. 15 Civ. 4528 (RJS), 2015 U.S. Dist. LEXIS 178076 (S.D.N.Y. June 15, 2015), Judge Sullivan granted the plaintiff's request to serve online infringers based in China via email, citing other District Court cases against China-based counterfeiters and agreeing with the plaintiff's argument that because the defendants used false names

and addresses, electronic service was the only viable option. *Id.* (citing *Burberry Ltd., et al., v. Burberry–Scarves.com, et al.*, No. 10 Civ. 9240 (TPG), at Dkt. No. 10 (S.D.N.Y. Dec. 29, 2010) and *Chanel Inc. v. Cui*, No. 10 Civ. 1142 (PKC), at Doc. No. 11 (S.D.N.Y. May 3, 2010)). In 2019, in *WowWee Grp. Ltd. v. Haoqin*, No. 17 Civ. 9893 (WHP), 2019 U.S. Dist. LEXIS 48408 (S.D.N.Y. Mar. 22, 2019) ("*WowWee Grp.*"), Judge Pauley expressly held that service by plaintiff on anonymous merchants on Wish, who were selling counterfeit goods largely out of China was appropriate. *WowWee Grp.*, 2019 U.S. Dist. LEXIS 48408 , at *2. In reaching his decision, Judge Pauley stressed that because the defendants were e-commerce sellers that consist of usernames and corresponding email addresses, there was a "practical inability to reach such elusive Defendants by traditional methods" that justified the Court's authorization of service via electronic means. *Id.* More recently, in *FoxMind Canada Enterprises Ltd. v. Abctec, et al.*, No. 21 Civ. 5146 (KPF) (S.D.N.Y. July 14, 2022), Judge Failla chose to apply the reasonable diligence standard, and found that under the circumstances of that case, which, like here, "include a suit against a voluminous number of defendants operating online storefronts, a significant portion of whom posted demonstrably incurred address information in a space where false information is known to abound", the plaintiff, who engaged in similar investigative efforts as Appellant, had exercised reasonable diligence. *Moonbug Entertainment Limited et al. v. Akwugfdfo1 ddc et al.*, No. 22

Civ. 5044 (PKC), Nastasi Decl., Ex. B, ECF No. 25-3. In holding as such, Judge Failla noted that "[t]he Court does not believe that the law compels plaintiff to attempt to effectuate service under the Hague Convention using address information that it has a reasoned basis to believe [] [is] faulty." *Id.* at 18:6-10; *see also Spin Master, Ltd., et al. v. Run Duck, et al.*, No. 1:21-cv-4369 (RMD) (N.D.I.L. Sept. 27, 2022) (holding that "service of process under Rule 4(f)(3) is permissible in lieu of service under the Hague Convention" and denying defendants' motion to dismiss although "Plaintiff either knew or easily could have known each entity's proper mailing address"). Further, in a decision issued yesterday in the Western District of Washington (Amazon's home), the Court permitted alternative service by email pursuant to Rule 4(f)(3) on Chinese platform sellers, without requiring any diligence on the part of plaintiff to locate defendants' physical addresses, reasoning that:

> the address [provided by the Defendants] appears to be a sham on its face, such that an investigation would only result in wasted resources and delay. For example, the address is a string of unbroken letters and numbers, making it not only difficult to parse but unlikely to be an actual address.

Popparties LLC v. Defendants, 2022 U.S. Dist. LEXIS 214729 (W.D. Wash., November 29, 2022); *see also Will Co. v. Kam Keung Fung*, No. C20-5666, 2020 WL 6709712, at *2 (W.D. Wash. Nov. 16, 2020) (permitting email service where no physical addresses were available because "only partial addresses . . . or addresses [that] are clearly unrelated to the defendants were provided"). The obvious reason for the difference in

various courts' use and application (or lack of application) of the reasonable diligence standard is that the decision is entirely within the discretion of the district court. In fact, the same California appellate court that first adopted the "reasonable diligence" standard made clear that a determination of whether the standard had been met would have to be made on a case-by-case basis. *See Lebel v. Mai*, 148 Cal. Rptr. 3d 893, 899 (2012) ("No bright-line rule or singular test can be articulated identifying or quantifying what good faith efforts would amount to a proper showing of reasonable diligence. Such a determination necessarily would have to be made on a case-by-case basis—a factual inquiry appropriately left to resolution in the trial court. "[T]he showing of diligence in a given case must rest on its own facts and '[n]o single formula nor mode of search can be said to constitute due diligence in every case.'") (quoting *Kott,* 45 Cal. App. 4th at 1138, quoting *Donel, Inc. v. Badalian,*150 Cal Rptr. 855, 858 (Cal. Ct. App. 1978))).

Prior to the filing of the District Case, counsel for Appellant had filed nearly 200 similar cases, including *WowWee Grp.*, in which judges in the District Court had systematically granted alternative service based on Appellant's allegations—without assessing any "reasonable diligence"—instead relying upon counsel for Appellant's significant experience in combatting online, rampant counterfeiters, like Defendants, who take advantage of the anonymity provided by selling on online platforms such as Amazon, and representations that said counterfeiters often use evasive tactics like aliases, false addresses and other incomplete identification

information to deliberately conceal their identities and avoid detection. A131-A133, A135. Thus, although Appellant did conduct investigative research into Defendants' addresses, prior precedent within this Circuit did not necessarily even require the same, let alone that a "reasonable diligence" standard be satisfied.

b) Appellant Exercised Reasonable Diligence

Even to the extent that "reasonable diligence" is required, Appellant exercised the same in attempting to locate Defendants' physical addresses. As an initial matter, based on Appellant's counsel's experience with counterfeiters like Defendants, such counterfeiters often use evasive tactics, such as aliases, false addresses and other incomplete identification information to conceal their identities and avoid detection. A132. This is the reason why counterfeiters, like Defendants, rarely, if ever, provide registered business names or trade names, contact names, complete addresses or any other verifiable contact information on their Merchant Storefronts. A133. While a miniscule number of Defendants in this case had business names on their Merchant Storefronts, regardless of any amount of diligence Appellant exercised, it was impossible for it to verify with certainty that any of the addresses on Defendants' Merchant Storefronts (to the extent any addresses were displayed), or those provided by Amazon pursuant to the TRO, were connected to each of the respective Defendants.

Further, despite the District Court's assertions otherwise, Appellant's diligence was in no way limited to "a mere perusal of a defendant's storefront".

First, Appellant requested, and Paragraph V of the TRO provided for, expedited discovery from Defendants themselves as well as from Amazon (among other Third Party Service Providers and Financial Institutions) including identifying information, contact information and physical addresses, etc. for all Defendants. Second, prior to filing Appellant's Motion in the District Case, Epstein Drangel's Beijing office researched the addresses displayed on Defendants' Merchant Storefronts.[5] Despite Epstein Drangel's Beijing Office's investigation and discovery received from Third Party Service Providers and Financial Institutions as ordered by the TRO, Appellant was still unable to confirm the accuracy of Defendants' addresses – not only because of inherent discrepancies in the information uncovered or received, but also, as discussed *supra*, because it is impossible to match an alias to a registered company (and a corresponding verifiable address) with any certainty. Accordingly, despite Appellant's reasonable diligence in attempting to confirm the accuracy of Defendants' physical addresses, it was understandably unable to do so. In similar cases, courts have found that a plaintiff exercised reasonable diligence to discover a defendant's address when it conducted an investigation similar to Appellant. *See, e.g., Kelly Toys Holdings*, 2022 U.S. Dist. LEXIS 154175, at *21

[5] *See* A402 (denoting that Epstein Drangel's Beijing Office translated certain addresses and conducted investigative research). Although the precise efforts of Epstein Drangel's Beijing Office were not detailed by Appellant in the Motion, it conducted research via a variety of reliable methods, including baidu.com, a Chinese company registration website QiChaCha, i.e. qcc.com, and a further search on the National Enterprise Credit Information Publicity System.

(holding plaintiff was not required to hire a private investigator in China to verify whether a physical address associated with a domain name is in fact authentic and that the extensive and multi-dimensional efforts taken established plaintiff exercised reasonable diligence in attempting to discover a physical address for service of process) (internal citations omitted); *Advanced Access*, 2018 U.S. Dist. LEXIS 169603, at *4 (finding efforts reasonably diligent, and approving service by email, where plaintiff "investigat[ed]" the physical addresses associated with Chinese online retailer's domain names, searched the internet, "called known phone numbers, and conducted in-person visits where reasonable"); *Prediction Co. v. Rajgarhia*, No. 09 Civ. 7459 (SAS), 2010 U.S. Dist. LEXIS 26536, at *2 (S.D.N.Y. Mar. 22, 2010) (finding plaintiff's address was "not known," and that the Hague was thus inapplicable, where plaintiff had "actively, though unsuccessfully, attempted to obtain [Indian defendant's] address in a variety of ways"). Recently in *Zuru*, Judge Schofield found that the Hague did not apply where, as here, the plaintiff took many of the same actions as Appellant to ascertain whether not any of the defendants' physical addresses listed on their Merchant Storefronts were accurate and could be used for service, and also where, as here, many of the addresses displayed on the defendants' Merchant Storefronts were different from those provided in the expedited discovery from Third-Party Service Providers pursuant to the TRO (which, here, despite Judge Woods' misstatement, Appellant sought and received

from Amazon). *Zuru (Singapore) PTE., Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Unincorporated Ass'ns Identified on Schedule A Hereto*, 22 Civ. 2483 (LGS), 2022 U.S. Dist. LEXIS 195268, at *3-4 (S.D.N.Y. Oct. 26, 2022).[6] Therefore, in light of the foregoing, Appellant respectfully submits that the District Court's finding that the Hague applies to all Defaulting Defendants is erroneous, given the unknown nature of the majority of Defendant's addresses, despite Appellant's efforts to ascertain the same.

C. The District Court Erred in Finding that The Hague Prohibits Service Through Electronic Means Under Fed. R. Civ. P. 4(f)(3)

Federal Rule of Civil Procedure 4(f) establishes three mechanisms for serving an individual in a foreign country: (1) by an internationally agreed means of service that is reasonably calculated to give notice, such as those provided by the Hague, (2) if there is no international means or no means specified then by means reasonably calculated to give notice, or (3) by other means not prohibited by international agreement, as the court orders. *See* Fed. R. Civ. P. 4(f). Regardless of whether or not the Hague applies, however, email service is permissible under Fed. R. Civ. P. 4(f)(3) in either scenario, given that email "(1) is not prohibited by international agreement; and (2) comports with constitutional notions of due process." *SEC v.*

[6] Contrary to Judge Schofield's suggestion in *Zuru*, in the District Case, Appellant did conduct further online research via Epstein Drangel's Beijing Office, and like in *Zuru*, sought and was provided conflicting information from Amazon. *Id.* at *3-*4.

Anticevic, No. 05 Civ. 6991 (KMW), 2009 U.S. Dist. LEXIS 11480, at *7 (S.D.N.Y. Feb. 8, 2009).

1. Service Under Fed. R. Civ. P. 4(f)(3) Is An Alternative, Not A Last Resort

By its terms, the decision whether to authorize alternative service under Rule 4(f)(3) is left to the Court's discretion. *See Elsevier, Inc. v. Siew Yee Chew*, 287 F. Supp. 3d 374, 377 (S.D.N.Y. 2018). "Where service may be authorized by Rule 4(f)(3), Plaintiff need not attempt, and courts need not give preference to, means of service under Rule 4(f)(1) or 4(f)(2)." *Zuru (Singapore) PTE., Ltd.*, 2022 U.S. Dist. LEXIS 195268, at *2 (citing *Restoration Hardware, Inc. v. Lighting Design Wholesalers, Inc.*, No. 17 Civ. 5553 (LGS), 2020 U.S. Dist. LEXIS 228149, at *4 (S.D.N.Y. Dec. 4, 2020) (noting that "Rule 4(f) is not hierarchical" and service may be authorized under Rule 4(f)(3) "even if the method of service is in contravention of the laws of the foreign country" and thus precluded under 4(f)(2)); *see also Sulzer Mixpac AG v. Medenstar Indus. Co.*, 312 F.R.D. 329, 330 (S.D.N.Y. 2015) ("[s]ervice under subsection [4(f)] (3) is neither a last resort nor extraordinary relief. It is merely one means among several which enables service of process on an international defendant."). Although compliance with the Hague is required when it is applicable, and as such, a court is "'prohibited from issuing a Rule 4(f)(3) order in contravention of ... the Hague'. . .the Ninth Circuit [among other circuits, as noted herein] has rejected the contention that Rule 4(f)(3) can only be utilized if other

methods of service have failed or been shown to be unduly burdensome." *Victaulic Co. v. Allied Rubber & Gasket Co.*, No. 3:17-cv-01006-BEN-JLB, 2020 U.S. Dist. LEXIS 82150, at *6-7 (S.D. Cal. May 8, 2020) (citing *Rio Properties, Inc.*, 284 F.3d at 1016). In finding alternative service was proper on Chinese defendants, the Fifth Circuit recently confirmed, even where the Hague does apply, "[s]ervice pursuant to the Hague Convention listed in subsection (f)(1), does not displace subsection (f)(3), which permits service by other means." *Viahart, L.L.C. v. GangPeng*, No. 21-40166 (JEG), 2022 U.S. App. LEXIS 3974, at *3 (5th Cir. Feb. 14, 2022). Most recently, the Federal Circuit, on appeal from the District Court similarly found that no blanket requirement exists to attempt service by conventional means before alternative service is permitted. *Hudson Furniture, Inc. v. Mizrahi*, No. 2022-1290, 2022 U.S. App. LEXIS 31590, at *6-7 (Fed. Cir. Nov. 16, 2022).

2. <u>Email Is Not Prohibited By International Agreement</u>

Moreover, service under Rule 4(f)(3) is not prohibited by the Hague, or otherwise, and as such, is proper, as set forth further below.

a) <u>The Hague Does Not Prohibit Any Method of Service That is Not Specified Therein</u>

In reliance on *Water Splash, Inc. v. Menon*, 581 U.S. 271 (2017), the District Court opined, but notably, declined to explicitly hold[7], that the only permissible

[7] Ultimately, the District Court never made a determination as to whether the Hague prohibits service via email, admitting that "*Water Splash* and *Schlunk* do not expressly state whether service

methods of service are those "specified" in the Hague. Notably, *Water Splash* concerned neither Fed. R. Civ. P. 4(f)(3) nor service via email. The District Court reached this conclusion based on a single quotation to *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 699 (1988)) in the nonbinding dicta of *Water Splash*. More specifically, in the opening of the *Water Splash* opinion, prior to the Supreme Court's identification of the operative question in the case, it recited an excerpt of *Volkswagenwerk*, namely, "the Hague Service Convention specifies certain approved methods of service and 'pre-empts inconsistent methods of service' wherever it applies.'" *Smart Study*, 2022 U.S. Dist. LEXIS 129872, at *19-20 (quoting *Water Splash.*, 581 U.S. at 273) (quoting *Volkswagenwerk*). "*Water Splash* recited this excerpt of *Volkswagenwerk* in an effort to provide background information not in any way connected to the Court's substantive analysis… It is quintessential dicta…" *Patrick's Rest., LLC v. Singh*, No. 18-cv-00764 (ECT/KMM), 2019 U.S. Dist. LEXIS 2535, at *6-7 (D. Minn. Jan. 7, 2019); *see also NBA Props. v. P'ships & Unincorporated Ass'ns*, 549 F. Supp. 3d 790, 797 (N.D. Ill. 2021) ("With respect, the Court declines to adopt Defendant's interpretation of *Schlunk* and *Water Splash*. As the *MacLean—Fogg, Sulzer Mixpac*, and *Ouyeinc* courts observed, the Convention

via email – especially for a country that has objected to Article 10(a) – is permitted under the Convention." *Smart Study*, 2022 U.S. Dist. LEXIS 129872, at *20. Despite focusing in several instances on the question of whether email is a permissible method of service under the Hague generally, the District Court did not explicitly rule on the question, and instead held that because China's objection to service via "postal channels" under Article 10(a) amounts to an objection to service via email, email service was impermissible, as further addressed *infra*.

neither authorizes nor prohibits service by email—it is entirely silent on the issue.") (citing *MacLean—Fogg Co. v. Ningbo Fastlink Equip. Co.*, No. 08 CV 2593, 2008 U.S. Dist. LEXIS 97241, at *2 (N.D. Ill. Dec. 1, 2008)); *Ouyeinc Ltd. v. Alucy*, No. 20 C 3490, 2021 U.S. Dist. LEXIS 118876, at *3 (N.D. Ill. June 25, 2021)). Respectfully, not only is the District Court's reliance on non-binding dicta questionable, but there is simply no provision in the Hague that expressly limits service to the methods delineated—of which email is clearly not one, given that it was not in existence when the Hague was drafted. *See Oakley, Inc. v. P'ships & Unincorporated Ass'ns Identified in Schedule "A"*, No. 20-cv-05049, 2021 U.S. Dist. LEXIS 128234 (N.D. Ill. July 9, 2021) ("Defendant has not directed the Court to any provision of the Convention that limits a party to the methods of service enumerated in the Convention or that requires a party to exhaust the Convention's methods before pursuing other methods"); *see also Patrick's Rest.*, 2019 U.S. Dist. LEXIS 2535, at *2-3 (noting that the Hague and Fed. R. Civ. P. 4(f)(3) do not contain an exhaustion requirement and holding that service by email may be unenumerated in the Convention while "still not inconsistent with" the Hague); and *Aircraft Engine Lease Finance, Inc. v. Plus Ultra Lineas Aereas, S.A.*, 21 Civ. 1758 (JSR), 2021 U.S. Dist. LEXIS 251935, at *2 (S.D.N.Y. Apr. 23, 2021) ("[T]he Hague Convention does not address service by email, and therefore does not prohibit such service.").

b) China's Objection to Article 10(a) of the Hague Does Not Encompass Email

Further, the District Court erred in holding that "service via email on litigants located in China is not permitted by the Hague Convention," on the basis that there is "little doubt that China's objection to service by mail [under Article 10(a) of the Hague] would encapsulate service by email." *Smart Study*, 2022 U.S. Dist. LEXIS 129872, at *18, 23. Not only is this conclusion so broad in that it extends to every signatory that has made an objection to 10(a), but it presumes that those signatories had an opinion on the use of email (which notably was not in existence, or at the very least not widely available for use) to serve documents abroad when the Hague was promulgated on November 15, 1965. Despite China's objection to service by postal channels under Article 10, China's governing bodies (i.e. the National People's Congress and its Standing Committee)[8] have not made any interpretations regarding whether the reservation to Article 10(a) includes email and this Court, along with many others, has held that such objection does not include service by

[8] The District Court incorrectly found that, "Chinese authorities opine that an objection to service by postal channels includes an implicit objection to service by email…," in reliance on "guidance" posted by the Supreme People's Court of China. *Smart Study*, 2022 U.S. Dist. LEXIS 129872, *23-24. It was based on this "guidance" that the District Court found that there is "little doubt that China's objection to service by mail [under Article 10(a) of the Hague] would encapsulate service by email." The District Court's reliance on such "guidance" was clearly misplaced, since, unlike U.S. courts, "Chinese People's Court opinions do not provide primary source authority in the PRC." *Moonbug Entertainment Limited et al. v. Akwugfdfo1ddc et al.*, No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. A, ECF No. 25-1, 2.

email[9] and further, that service by email is not prohibited by any international agreement. *See, e.g. Equipav S.A. Pavimentação, Engenharia e Comercia Ltda. v. Bertin*, No. 22-CV-04594 (PGG), 2022 U.S. Dist. LEXIS 124987, at *5 (S.D.N.Y. Jul. 14, 2022) (finding that the Hague does not prohibit service via email despite the fact that Brazil has objected under Article 10 to service by mail); *ShelterZoom Corp. v. Goroshevsky*, 19-cv-10162 (AJN), 2020 U.S. Dist. LEXIS 131226 , at *2 (S.D.N.Y. July 23, 2020) ("[N]umerous courts have held that service by email does not violate any international agreement, even when a country objects to Article 10 of the Hague Convention[.]" (quotation marks and citation omitted)); *Grp. One Ltd.*

[9] U.S. Courts have also found that since China allows its own courts to "order service of Chinese process by email on defendants outside China, it cannot credibly object to U.S. courts ordering the same on defendants located in China". *See Hangzhou Chic Intelligent Tech. Co. v. P'ships & Unincorporated Ass'n Identified on Schedule A*, No. 20 C 4806, 2021 U.S. Dist. LEXIS 64064, at *11-12 (N.D. Ill. Apr. 1, 2021) ("Chinese law permits its courts to order service by email on a party outside of China, in part because email permits the person to be served to 'acknowledge' receipt." *See id.* at 8 (p. 47, Article 267) ("A people's court may serve procedural documents on a party without a domicile within the People's Republic of China in the following ways: . . . Service by . . . e-mail and any other means through which the receipt of the document may be acknowledged."); *see also Chanel, Inc. v. Handbagstore*, No. 20-CV-62121-RUIZ/STRAUSS, 2021 U.S. Dist. LEXIS 122842, at *25-30 (S.D. Fla. June 30, 2021); *see also* A778,. Further, Article 274 of the PRC Civil Procedure Law contains the service methods that are applicable and permissible when there is an international case, and there is an occasion to serve documents internationally. A779, A782-A784, A874-A879; *Moonbug Entertainment Limited et al. v. Akwugfdfo1ddc et al.*, No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. A, ¶¶ 21-22, ECF No. 25-1, 2. Pursuant to Article 274 (formerly Article 267) of the PRC Civil Procedure Law ("PRC Article 274"), in foreign-related or international cases, Chinese courts may serve by email without complying with the Hague mechanism(s), with or without consent. *Id.*; Article 274(7). In addition to Article 274, under the doctrine of "deemed service" (视为送达, in Chinese), a Chinese court may find that service has been achieved even if a foreign defendant does not return a service receipt or fails to defend the action in court, if it can be inferred from the circumstances that the defendant has become aware of the litigation. A779-A780, A785-AA786; *Moonbug Entertainment Limited et al. v. Akwugfdfo1ddc et al.*, No. 22 Civ. 5044 (PKC), Ex. A, ¶¶ 21-22, ECF No. 25-1, 2.

v. GTE GmbH, 523 F. Supp. 3d 323, 343 (E.D.N.Y. 2021) ("Courts in the Second Circuit have generally found that email is not a postal channel and that service by email is authorized if the signatory country has not explicitly objected to service by electronic means.") (collecting cases); *Doe v. Hyassat*, 342 F.R.D. 53 (S.D.N.Y. 2022) ("Although Austria has objected to Article 10(a) of the Hague Service Convention — which permits service via 'postal channels' — such an objection does not extend to service via email.") (citing *F.T.C. v. Pecon Software Ltd.*, No. 12-cv-7186 (PAE), 2013 U.S. Dist. LEXIS 111375, at *5 (S.D.N.Y. Aug. 7, 2013) ("Numerous courts have held that service by email does not violate any international agreement where the objections of the recipient nation are limited to those means enumerated in Article 10." (citations omitted)); *Bandyopadhyay v. Defendant 1*, No. 22-cv-22907-BLOOM/Otazo-Reyes, 2022 U.S. Dist. LEXIS 212221 (S.D. Fla. Nov. 22, 2022) (noting that "[w]here a signatory nation has objected to the alternative means of service provided by the Hague Convention, that objection is expressly limited to those means and does not represent an objection to other forms of service, such as e-mail or website posting", and finding service via NFT and posting on a designated website was permissible on Chinese defendants); *see also, e.g. Sulzer*, 312 F.R.D. at 332; *Anova Applied Elecs., Inc. v. Hong King Grp., Ltd.*, 334 F.R.D. 465, 471 (D. Mass. 2020); *The Neck Hammock, Inc v. Danezen.com*, 2020 U.S. Dist. LEXIS 202808, at *4 (D. Utah Oct. 29, 2020); *Moonbug Entertainment Limited et*

al. v. Akwugfdfo1ddc et al., No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. A, ¶¶ 3-10, Exs. 8-11, ECF No. 25-1, 2. In *Luxottica Grp. S.p.A. v. P'ships, et al.*, 391 F. Supp. 3d 816 (N.D. Ill. 2019), the Court disagreed with the District Court's holding in *Sulzer*, finding China's objection to service via postal channels is an objection to service by email in reliance on *Water Splash*. Yet, on a motion for reconsideration, the *Luxottica* court conceded that the Supreme Court did not "conclusively settle the precise questions" because neither *Water Splash* nor *Volkswagenwerk* involved Rule 4(f)(3) or email service. *Luxottica Grp. S.p.A. v. P'ships, et al.*, 18 Civ. 2188, 2019 U.S. Dist. LEXIS 93466, at *3 (N.D. Ill. June 4, 2019); *see also In re Bibox Grp. Holdings Sec. Litig.*, No. 20cv2807(DLC), 2020 U.S. Dist. LEXIS 142802, at *5 (S.D.N.Y. Aug. 10, 2020) ("Service by email or social media are not among those listed in Article 10. Courts have understood objections to the alternative channels of service in Article 10 to be limited to the methods specifically enumerated therein."); *see also Moonbug Entertainment Limited et al. v. Akwugfdfo1ddc et al.*, No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. A, ¶¶ 3-10, Exs. 8-11, ECF No. 25-1, 2. Consequently, it is clear that China's objection to service via postal channels does not encompass email, and as such, service via email is permissible under Rule 4(f)(3).

c) Email Service Comports With Due Process

Additionally, service on Defendants via email (or other electronic means) comports with due process, as it is "reasonably calculated, under all circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 309 (1950); *see also Zanghi v. Ritella*, 19 Civ. 5830 (NRB), 2020 U.S. Dist. LEXIS 20279, at *6 (S.D.N.Y. Feb. 5, 2020) (judicial approval of service via email is generally supported by facts indicating that the person to be served will likely receive the documents); *Pearson Educ. Inc. v. Doe 1*, 18 Civ. 7380 (PGG)(OTW), 2019 U.S. Dist. LEXIS 210349, at *3 (S.D.N.Y. Dec. 2, 2019) ("Email service has also repeatedly been found by courts to meet the requirements of due process.") (internal citation omitted). Judges in the District Court have frequently held that email is a particularly reliable method of service where, as in the District Case, the defendants engaged in online business and regularly communicated with customers via email. *Mattel, Inc. v. Animefunstore, et al.*, 18 Civ. 8824 (LAP) (Dkt. 81) (S.D.N.Y. May 1, 2020); *see also Sulzer*, 312 F.R.D. at 332 (service through email was appropriate where the "email address in question is listed prominently on [defendant's internet homepage…[,] [the defendant] presumably relies at least partially on contact through [its email] to conduct overseas business, and it is reasonable to expect [defendant] to learn of the suit against it through this email address."); *Kaneka Corp. v. Purestart*

Chem Enter. Co., 16 Civ. 4861 (MKB) (SIL), 2017 U.S. Dist. LEXIS 228150 at *9 (E.D.N.Y. Oct. 17, 2017) (email service appropriate where defendant conducted its business through email."); *see also Rio Props, Inc. v. Rio International Interlink*, 284 F.3d 1007 at 1018 (9th Cir. 2002) (finding alternative service proper when the defendant had "structured its business such that it could be contacted *only* via its email address"). Moreover, in *NBA*, the court held that "email was a more reliable method of service…because Defendant's email address was verified by the sales platform, while their physical addresses were not." *NBA Props.*, 549 F. Supp. 3d at 797; *see also Restoration Hardware*, 2020 U.S. Dist. LEXIS 228149, at *23 (finding that in light of the evidence that the defendant was associated with certain electronic email accounts, due process was "easily satisfied"); *see also Ouyeinc*, 2021 U.S. Dist. LEXIS 118876, at *3 (courts have routinely upheld service by email in infringement actions where online stores' "business appeared to be conducted entirely through electronic communications").

3. The Exigent Circumstances Present in the District Case Justified Alternative Service Under Fed. R. Civ. P. 4(f)(3)

Further, contrary to what the District Court determined, Rule 4(f)(3) provides for service in exigent circumstances. Appellant respectfully submits that the District Court's conclusion that "the Court need not determine whether the request was truly urgent because it does not matter. There is no exigent circumstances exception in Rule 4(f)(3)" (*Smart Study*, 2022 U.S. Dist. LEXIS 129872 at *27) is directly belied

by the Hague itself as well as the Advisory Committee notes to Fed. R. Civ. P. 4, which specifically contemplate Rule 4(f)(3)'s use as an alternative to compliance with the Hague.

First, the plain language of Article 15 of the Hague states, "[n]otwithstanding the provisions of the preceding paragraphs the judge may order, in case of urgency, any provisional or protective measures." Hague, Art. 15; *see also Genus Lifesciences Inc. v. Tapaysa Eng'g Works Pvt. Ltd.,* No. 20-CV-3865, 2021 U.S. Dist. LEXIS 76291, at *9 (E.D. Pa. Mar. 10, 2021).

Second, the 1993 Advisory Committee Notes to Fed. R. Civ. P. 4 state, in relevant part, the following:

> The Hague Convention, for example, authorizes special forms of service "in cases of urgency if convention methods will not permit service within the time required by the circumstances. Other circumstances that might justify the use of additional methods include the failure of the foreign country's Central Authority to effect service within the six-month period provided by the Convention . . . . In such cases, the court may direct a special method of service not explicitly authorized by international agreement if not prohibited by the agreement. Inasmuch as our Constitution requires that reasonable notice be given, an earnest effort should be made to devise a method of communication that is consistent with due process and minimizes offense to foreign law.

Fed. R. Civ. P. 4, Advisory Committee Notes, 1993 amendments; *see also Rio Props, Inc.*, 284 F.3d at 1015 ("the advisory notes suggest that in cases of 'urgency,' Rule 4(f)(3) may allow the district court to order a 'special method of service,' even if other methods of service remain incomplete or unattempted."). In line with the

Advisory Committee notes, recently, in an opinion read on the record in *FoxMind*, 21-cv-5146 (KPF), Judge Failla found that the exigencies existing in that particular case counseled in favor of alternative service. Judge Failla held as follows:

> Here the Court concludes that alternative service was necessary on the circumstances of this case. Although plaintiff did not attempt to serve the moving defendants before seeking alternative service, the Court has already explained that plaintiff harbored reasonable doubts about the veracity of the addresses affiliated with their Amazon user accounts. The Court, therefore, does not believe it appropriate to institute a requirement that plaintiff attempt service under the Hague Convention using information that it had reason to believe was erroneous. . .Beyond the questionable authenticity of these addresses, there were also the exigencies of the case, which counsel, in favor of alternative service, plaintiff initiated this suit on an emergency posture picking an ex parte TRO in the hopes of immediately thwarting the sale of allegedly counterfeit goods on online marketplaces. Any other strategy for instituting this action would have afforded the alleged counterfeiters an opportunity to evade enforcement of the trademark laws, thus obviating the release sought by plaintiff before the Court and before this Court had…a chance…to consider the merits of the claims.

Transcript of July 14, 2022 Telephone Conference, 21:11-22:10, [*Moonbug Entertainment Limited et al. v. Akwugfdfo1 ddc et al.*, No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. B, ECF No. 25-3].

Several federal district courts have likewise held that alternative service is appropriate where, as here, the plaintiff demonstrated exigent circumstances justifying the urgent injunctive relief sought, making a quick and effective means of service necessary to prevent further irreparable harm. *See e.g., Equipav S.A.*, 2022 U.S. Dist. LEXIS 124987, at *5 (“As to whether this Court's intervention is

necessary, courts in this District have found that lengthy delays in service under the Hague Convention are sufficient to show that alternative service under Rule 4(f)(3) is warranted.") (citing cases)); *Asia Cube Energy Holdings, LTD v. Inno Energy Tech Co.*, No. 20 Civ. 6203 (AJN), 2020 U.S. Dist. LEXIS 148012, at *10 (S.D.N.Y. Aug. 17, 2020) ("[Plaintiff's] pursuit of emergency relief bears on the question of whether judicial approval of alternative means of service is warranted"); *Aircraft Engine*, 2021 U.S. Dist. LEXIS 251935, at *1 ("[B]ecause service through the Hague Convention would unnecessarily delay this case, the Court finds that intervention is necessary."); *In re GLG Life Tech Corp. Sec. Litig.*, 287 F.R.D. 262, 266 (S.D.N.Y. 2012) ("Courts have frequently cited delays in service under the Hague Convention as supporting an order of alternative service under Rule 4(f)(3)."); *Strabala v. Zhang*, 318 F.R.D. 81, 114 (N.D. Ill. 2016) ("Court-directed service pursuant to Rule 4(f)(3) is appropriate when, for example, 'there is a need for speed that cannot be met by following the Hague Convention methods. . . .'") (internal quotation omitted); *see also* Fed. R. Civ. P. 1 (The Federal Rules "should be construed, administered, and employed by the court and the parties to secure the just, speedy, and inexpensive determination of every action and proceeding."). Similarly, in *NBA*, the court held "[a] speedy method of service…was justified to ensure, among other reasons, that the funds gained by the allegedly infringing conduct would be recoverable." *NBA Props.*, 549 F. Supp. 3d at 797, citing *Strabala*, 318 F.R.D. at 114, quoting 4B FED.

PRAC. & PROC. CIV. § 1134 (4th ed.). Accordingly, Appellant submits that for all of the foregoing reasons, it is clear that the District Court's finding that email service was not permissible pursuant to Fed. R. Civ. P. 4(f)(3) was patently erroneous.

D. The District Court Erred in Finding that Service by Email on Defaulting Defendants Is Impermissible Under Fed. R. Civ. P. 4(f)(2) Because Chinese Law Prohibits a Foreign Party From Serving Defendants Located in China by Email

This Court need not even reach the alternative argument of Fed. R. Civ. P. 4(f)(2)(A), given that service is clearly proper under Fed. R. Civ. P. 4(f)(3), as set forth above. Nevertheless, pursuant to Fed. R. Civ. P. 4(f)(2)(A)[10], service may occur at a place not within any judicial district of the U.S. "if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice . . . as prescribed by the foreign country's law for service in that country in an action in its courts of general jurisdiction." Fed. R. Civ. P. 4(f)(2)(A). "While this precise issue has not been explicitly ruled on by any other court in the Second Circuit, courts have appeared to implicitly accept that Rule 4(f)(2)(A) allows for service through any method…permitted by the recipient country." *Dev. Specialists, Inc. v. Li (In re Coudert Bros. LLP)*, No. 16 Civ. 8237 (KMK), 2017 U.S. Dist. LEXIS 71435, at *34-35 (S.D.N.Y. May 9, 2017); *see also Appel v. Hayut*, 20 Civ.

[10] Notably, while Appellant actually argued that service on the Chinese defendants via email was permitted under Fed. R. Civ. P. 4(f)(2)(A), Judge Woods' Opinion & Order analyzed whether such service was permissible under Rule 4(f)(2)(C), and accordingly, and respectfully, the Opinion & Order did not address the service argument advanced by Appellant in its Motion and Application.

6265 (JPC), 2020 U.S. Dist. LEXIS 229322, at *1 (S.D.N.Y. Dec. 7, 2020) ("Rule 4(f)(2)(A) on its face appears to allow, without limitation, service by mail if the recipient country so allows.").

China's courts of general jurisdiction allow for service electronically. *See e.g. Hangzhou Chic Intelligent Tech. Co.*, 2021 U.S. Dist. LEXIS 64064, at *11; A779, A781-A782; *Moonbug Entertainment Limited et al. v. Akwugfdfo1ddc et al.*, No. 22 Civ. 5044 (PKC), Nastasi Decl., Ex. A, ¶¶ 19-21, Ex. 17, ECF No. 25-1, 2. Accordingly, because the most natural reading of Rule 4(f)(2)(A), on its face and in context, is that service may be effected by any means allowed by the law of the recipient country, and because the law of China permits service via email and other electronic means, Appellant submits that service on Defendants via registered electronic mail with confirmation of delivery by Rmail, and website publication was appropriate and effective under Rule 4(f)(2)(A).

E. The District Court Erred in Finding that Appellant Did Not Establish That It Is Entitled to Default Judgment Under Article 15 of the Hague

1. Article 15 Is Irrelevant Where the Hague Does Not Apply

As discussed in Section VI(B)(1) *supra,* the plain language of the Hague makes clear that "[t]his Convention shall not apply where the address of the person to be served with the document is not known." *See* Hague, Art. 1. Thus, to the extent that the addresses of the Defaulting Defendants were "not known", which again, is Appellant's position, the Hague does not apply, and therefore, Article 15 is

completely irrelevant. As discussed earlier, in *Zuru*, Judge Schofield found that the Hague did not apply, and further—after ordering specific briefing on the issue of whether service by email was proper at the default judgment stage in light of, at least in part, the analysis and authorities cited in the Opinion & Order—held that "consistent with the Order granting Plaintiff default judgment against the Defaulting Defendants, the means of alternative service authorized [ ] for purposes of the temporary restraining order is deemed effective for purposes of entry of default judgment." *Zuru (Singapore) PTE., Ltd.*, 2022 U.S. Dist. LEXIS 195268, at *5.

2. <u>Even If Relevant, Article 15 Allows for Alternative Service at the Default Judgment Stage</u>

Default judgment in the District Case can be entered under Article 15 of the Hague, which sets forth certain service conditions that must be met in order to enter a ***default*** judgment if a defendant has not appeared. In fact, the express purpose of Article 15 is to provide the minimum requirements for obtaining a default judgment. Notably, among the multiple exceptions to the Article 15 service requirements that are provided therein, is the last provision of Article 15, which states "[n]otwithstanding the provisions of the preceding paragraphs, the judge may order, in the case of urgency, **<u>any</u>** provisional or protective measures." Hague, Art. 15 (*emphasis added*). This is the source of the language that allows for alternative service in exigent circumstances, like those that were present in the District Case.

Despite initially granting Appellant's request for alternative email service on China-based defendants in a TRO and a PI Order, at the default judgment stage, Judge Woods found that service by email did not meet the requirements under Article 15, and thus, the Court could not enter default judgment against the Defaulting Defendants. *Smart Study*, 2022 U.S. Dist. LEXIS 129872 at *34-*39. Appellant respectfully submits that the alternative service authorized by Judge Woods in the TRO and PI Order falls under the last provision of Article 15. As articulated in Appellant's Application and as at least one other court has ruled, the circumstances surrounding Appellant's request for a TRO were urgent, and thus, Appellant respectfully submits that alternative service was warranted under Fed. R. Civ. P. 4(f)(3) and the urgency exception to Article 15. *See also, e.g.*, *Lonati, S.P.A. v. Soxnet, Inc.*, CV 20-5539-GW-JPRx, 2021 U.S. Dist. LEXIS 258574 (C.D. Cal. Dec. 27, 2021) (finding alternative service through email and facsimile warranted under the urgency exception of Article 15 and plaintiffs met the requirements of Fed. R. Civ. Pro. 4(f)(3)); *Strabala*, 318 F.R.D. at 114 ("Court-directed service pursuant to Rule 4(f)(3) is appropriate when, for example, 'there is a need for speed that cannot be met by following the Hague Convention methods. . . .'") (quoting 4B FED. PRAC. PROC. CIV. § 1134 (4th ed.))). It simply defies logic that if a judge has broad authority under Article 15 to order alternative measures at the early stages of a case—such as at a case's infancy or in connection with a temporary restraining order,

like in the District Case—that Article 15 would prohibit such measures at the default judgment stage when Article 15, by its terms, defines the circumstances under which a default judgment can be entered.

VII. CONCLUSION & STATEMENT OF RELIEF SOUGHT

For the reasons set forth above, Appellant respectfully requests that this Court reverse the District Court's Opinion & Order in its entirety.

EPSTEIN DRANGEL LLP

Dated: December 1, 2022

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B). The brief contains 10.384 words, as calculated by the word count of the word processing system used in preparing it, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b).

This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). The brief has been prepared in a proportionally spaced typeface using Microsoft® Word for Microsoft 365 MSO (Version 2210 Build 16.0.15726.20188) 64-bit in Times New Roman 14 point font.

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CERTIFICATE OF SERVICE

Pursuant to the methods of alternative service authorized by the TRO and PI Order, including via email, in the District Case, Plaintiff served a copy of the Brief and Special Appendix for Plaintiff-Appellant on each and every Defaulting Defendant on this 1st day of December 2022.

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SPECIAL APPENDIX

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SMART STUDY CO., LTD., Plaintiff, -against- ACUTEYE-US, APZNOE-US, BEIJINGKANGXINTANGSHANGMAOYOUXIAN GONGSI, BLUE VIVI, BONUSWEN, CHANGGESHANGMAOYOUXIANGONGSI, CITIHOMY, CKYPEE, DAFA INTERNATIONAL, DAZZPARTY, FAMING, GEGEONLY, HAITING$, HAOCHENG-TRADE, HAPPY PARTY-001, HEARTLAND GO, HUIBI-US, JOYSAIL, JYOKER-US1, KANGXINSHENG1, LADYBEETLE, LICHE CUPCAKE STAND, LVYUN, MARY GOOD SHOP, NA-AMZ001, NAGIWART, NUOTING, QINGSHU, QT-US, SALIMHIB-US, SAM CLAYTONDDG, SENSIAMZ BACKDROP, SHENZHENSHIXINDAJIXIEYOUXIANGONGSI, SMASSY US, SMSCHHX, SUJIUMAISUSU, SUNNYLIFYAU, TELIKE, THEGUARD, TONGMUMY, TOPIVOT, TUOYI TOYS, UNE PETITE MOUETTE, WCH- US, WEN MIKE, WONDERFUL MEMORIES, WOW GIFT, XUANNINGSHANGWU, XUEHUA INC, XUIYUI7I, YAMMO202, YICHENY US, YONGCHUNCHENGQINGMAOYIYOUXIANGON GSI, YOOFLY, ZINGON US and 老兵俱乐部, Defendants.	1:21-cv-5860-GHW MEMORANDUM OPINION AND ORDER

GREGORY H. WOODS, United States District Judge:

Plaintiff Smart Study Co., Ltd. owns multiple federal trademark and copyright registrations associated with the hit song "Baby Shark." Plaintiff asserts that the defendants in this case, all of which are located in China, marketed and sold counterfeit Baby Shark products via their e-

commerce storefronts on Amazon.com. Plaintiff purported to serve the defendants by email pursuant to Federal Rule of Civil Procedure 4(f).

After a number of those defendants failed to respond timely to Plaintiff's complaint, Plaintiff moved for default judgment. Because the Court determines that service by email on individuals or entities located in China is not permitted under the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial Matters (the "Hague Convention" or the "Convention") or the Federal Rules of Civil Procedure, the defendants were not properly served in this action. Accordingly, the Court lacks personal jurisdiction over those defendants, and Plaintiff's motion for default judgment is denied.

I. BACKGROUND

a. Factual Background

Plaintiff is a "global entertainment company specializing in developing animated gaming content to deliver high-quality entertainment." Memorandum in Support of Default Judgment, Dkt. No. 79 ("Mem.") at 1; *see also* Complaint, Dkt. No. 4 ("Compl.") ¶ 7. Plaintiff's "preschool band," Pinkfong, produces modern-day songs and stories for children. Compl. ¶ 8. One of Pinkfong's "most successful" songs is "Baby Shark." *Id.* ¶ 9. Plaintiff owns multiple federal trademark and copyright registrations related to the Baby Shark products. *Id.* ¶ 13.

"Baby Shark" proved to be quite the earworm. It debuted at No. 32 on the Billboard Hot 100 Chart and had amassed nearly 8.8 billion views as of July 7, 2021. *Id.* ¶ 9–10. Plaintiff "developed and initiated an extensive worldwide licensing program" for consumer products related or associated with the Baby Shark concept. *Id.* ¶ 10. Baby Shark products, including toys, sound books, and t-shirts, are sold through Pinkfong's website, as well as throughout major retailers and online marketplaces, such as Walmart, Target, and Amazon. *Id.* ¶ 11.

The defendants in this case[1] are third-party merchants with user accounts that operate merchant storefronts on websites including Amazon.com, the worldwide e-commerce and digital retail marketplace. *Id.* ¶¶ 26–27. Plaintiff asserts that the defendants "manufactur[e], import[], export [], advertis[e], market[], promot[e], distribut[e], display[], offer[] for sale and/or sell[]" counterfeit Baby Shark products to consumers in the United States. *Id.* ¶ 35. All of the defendants are located in China. *Id.* ¶ 30.

a. Procedural History

On July 6, 2021, Plaintiff filed a complaint under seal, asserting claims for violations of the Lanham Act, 15 U.S.C. § 1051 *et seq.*, United States copyright law, 17 U.S.C. § 501, and unfair competition under New York common law. *See generally* Compl. Two days later, following a playbook regularly utilized by Plaintiff's counsel, Plaintiff filed an application for a temporary restraining order ("TRO"), as well as an order to show cause as to why a preliminary injunction should not be issued, an order to freeze the defendants' assets that could be used to satisfy an equitable accounting in Plaintiff's favor, an order authorizing expedited discovery, and—as is most relevant here—an order authorizing bifurcated and alternative service. *See generally* Dkt. No. 10 ("TRO Application"). The request for an order authorizing bifurcated and alternative service sought to serve the defendants by email pursuant to Federal Rule of Civil Procedure 4(f)(3). *See* Dkt. No. 11 ("TRO Mem.") 21–23. Specifically, Plaintiff requested to deliver to the defendants' email addresses—which were to be identified by Amazon.com—PDF copies of the Court's TRO order together with the Summons and Complaint, as well as a link to a secure website where the

[1] The defendants consist of Acuteye-Us, Apznoe-Us, Beijingkangxintangshangmaoyouxiangongsi, Blue Vivi, Bonuswen, Changgeshangmaoyouxiangongsi, Citihomy, Ckypee, Dafa International, Dazzparty, Faming, Gegeonly, Haiting$, Haocheng-Trade, Happy Party-001, Heartland Go, Huibi-Us, Joysail, Jyoker-Us1, Kangxinsheng1, Ladybeetle, Liche Cupcake Stand, Lvyun, Mary Good Shop, Na-Amz001, Nagiwart, Nuoting, Qingshu, Qt-Us, Salimhib-Us, Sam Claytonddg, Sensiamz Backdrop, Shenzhenshixindajixieyouxiangongsi, Smassy Us, Smschhx, Sujiumaisusu, Sunnylifyau, Telike, Theguard, Tongmumy, Topivot, Tuoyi Toys, Une Petite Mouette, Wch- Us, Wen Mike, Wonderful Memories, Wow Gift, Xuanningshangwu, Xuehua Inc, Xuiyui7i, Yammo202, Yicheny Us, Yongchunchengqingmaoyiyouxiangongsi, Yoofly, Zingon Us, and 老兵俱乐部 (collectively, "Defendants").

defendant could download PDF copies of the Court's order, the summons, and the complaint, and all papers filed in support of Plaintiff's TRO application. Dkt. No. 10 ("Proposed TRO") §§ IV(A), V(C).

The grounds for Plaintiff's request, as laid out in its memorandum in support, were only that courts have discretion to order service by electronic means as a valid means of alternative service under Federal Rule of Civil Procedure 4(f)(3). TRO Mem. at 22. Plaintiff cited *Sulzer Mixpac AG v. Medenstar Industries, Co.*, 312 F.R.D. 329, 330 (S.D.N.Y. 2015) in support of its position. *Id.* Plaintiff mentioned the Hague Convention only once (and in a footnote) arguing first that the Hague Convention did not apply at all in this case, and even if it did, "service by email is not prohibited by any international agreement" for defendants located in China. *Id.* at 22 n.15. Plaintiff did not cite any out-of-district cases that conclude that service by email on defendants in China is prohibited. As will be discussed, there are many such cases.

On July 9, 2022, the Court granted Plaintiff's requested relief and authorized Plaintiff to serve the defendants by email pursuant to Federal Rule of Civil Procedure 4(f)(3), which—as will be discussed in detail—permits service "by other means not prohibited by international agreement, as the Court orders." *See* Dkt. No. 14; *see also* Fed. R. Civ. P. 4(f)(3). Specifically, the Court allowed Plaintiff to email copies of the Court's order, the Summons, and the Complaint to email addresses associated with the defendants' user accounts and merchant storefronts on Amazon.com. *See Id.* § IV. On July 22, 2021, Plaintiff emailed those documents to all but one of the defendants.[2] Dkt. No. 17.

On July 30, 2022, the Court held a hearing on Plaintiff's motion for a preliminary injunction. The Court ordered that the injunctive relief previously granted in the TRO would remain in place pending the final hearing and decision of this action or until further order of this

[2] Defendant WOW GIFT was served on August 3, 2021. *Id.*

Court. Dkt. No. 16.

In October 2021, former defendants YLILLY and Topivot filed motions to dissolve the preliminary injunction. Dkt. Nos. 23, 26. In Topivot's reply brief, Topivot raised the argument that the Court lacked personal jurisdiction over Topivot because service via email on Chinese defendants was not permissible under the Hague Convention, and thus was not permissible under Federal Rule of Civil Procedure 4(f). *See* Dkt. No. 50 at 1–13.

The Court held oral argument on Topivot's motion on December 21, 2021. At oral argument, Plaintiff's counsel admitted that the "[t]he Hague Convention applie[d]" to the service of defendants in this case because they are "Chinese defendants"—thus contravening their previous argument that the Hague Convention did not apply at all. *See* Dkt. No. 71 ("Hearing Trans.") at 8:3–9. Plaintiff's counsel then argued that the "Hague Convention does not prevent service by electronic mail according to the *Sulzer Mixpac* case Judge Rakoff decided in this court." *Id.* But when the Court asked Plaintiff's counsel to respond to the many cases that have come to the opposite conclusion and determined that service by email on Defendants located in China is not permitted, Plaintiff's counsel did not directly respond. Instead, counsel apologized for "not having researched" the issue. *Id.* 19:24–20:13. Moreover, when the Court asked Plaintiff's counsel to address the Supreme Court's decision in *Water Splash, Inc. v. Menon*, 137 S. Ct. 1504, 1505 (2017)—which, as will be discussed, has critical implications for the service of foreign defendants under the Hague Convention—Plaintiff's counsel stated that they were "unaware of the *Water Splash* decision" (which had been decided more than four years before the December 17, 2021 hearing) and needed the "opportunity to review it." *See* Hearing Trans. 11:17–12:10.

After oral argument on Topivot's motion, Plaintiff voluntarily dismissed both YLILLY and Topivot from this action.[3] *See* Dkt. Nos. 67, 69. But the bell had already been rung.

[3] Plaintiff also voluntarily dismissed this action against numerous other defendants from this action. *See* Dkt. Nos. 20, 35, 82, 84.

The remaining defendants did not respond to Plaintiff's complaint by the deadline established in Federal Rule of Civil Procedure 12. Thus, on December 21, 2021, the Clerk of Court issued a certificate of default as to the remaining defendants. Dkt. No. 62. On February 11, 2022, Plaintiff filed a motion for default judgment and supporting papers against the remaining defendants. Dkt. Nos. 77–80. In that motion, Plaintiff again changed tack. Instead of arguing that the defendants had been properly served only pursuant to Federal Rule of Civil Procedure 4(f)(3), Plaintiff instead argued that the defendants had been properly served under *either* Federal Rule of Civil Procedure 4(f)(2)—which, as is discussed in more detail herein, permits service by "a method reasonably calculated to give notice . . . unless prohibited by the foreign country's law," *and* Rule 4(f)(3). Mem. at 6–8.

As to service under Rule 4(f)(2), Plaintiff argued that Article 87 of the Civil Procedure Law of the People's Republic of China ("Article 87") permitted defendants to be served via email "subject to [the defendant's] consent." *Id.* at 7. But the translation of Article 87 provided by the Plaintiff clearly stated that "the People's court may serve litigation documents by . . . email." Dkt. No. 78-7 at 3. There was no dispute that Plaintiff's counsel, and not a "People's court" had attempted to serve the documents. Thus, the Court was left with questions as to whether service by email was appropriate under Chinese law.

Therefore, on March 1, 2022, the Court sought the disinterested legal advice of Professor Benjamin Liebman, the Robert L. Lieff Professor of Law and Director of Columbia Law School's Hong Yen Chang Center for Chinese Legal Studies, regarding whether service via email by foreign litigants on individuals located in China was prohibited by the laws of the People's Republic of China. Dkt. No. 81. Professor Liebman, along with Geoffrey Sant, a partner and co-chair of Pillbury Winthrop Shaw Pittman LLP's China Practice, provided an amicus brief responding to that question. *See Brief Of Amici Curiae On Service By Electronic Means On Chinese Residents Under Chinese Law*, Dkt. No. 94 ("Amicus Brief"). Plaintiff submitted a declaration from Mr. Richard K. Wagner,

who is Of Counsel at international law firm Allen & Overy in Hong Kong, responding to that amicus brief. *See* Declaration of Richard K. Wagner, Dkt. No. 98 ("Wagner Decl."). Notably, Mr. Wagner's submission contradicted Plaintiff's argument that service was permissible under Article 87; instead, he noted that Article 87 "was most applicable to situations where the general service rules [for domestic service in China] govern" and "not to foreign-related/international cases such as that presented by the fact pattern here." *Id.* ¶ 20.

Professor Liebman and Mr. Sant also filed an amended letter on July 1, 2022 that included recently available information pertaining to the Court's question. Dkt. No. 99 ("July 1 Letter").

II. LEGAL STANDARD

"When a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend, and that failure is shown by affidavit or otherwise, the clerk must enter the party's default." Fed. R. Civ. P. 55(a). In evaluating a motion for default judgment, the Court "accept[s] all of the [plaintiff's] factual allegations as true and draw[s] all reasonable inferences in its favor." *Finkel v. Romanowicz*, 577 F.3d 79, 84 (2d Cir. 2009). Nevertheless, the Court is required to determine whether Plaintiff's allegations establish liability as a matter of law, *see id.*, and it "has discretion under Rule 55(b)(2) once a default is determined to require proof of necessary facts and need not agree that the alleged facts constitute a valid cause of action." *Au Bon Pain Corp. v. Artect, Inc.,* 653 F.2d 61, 65 (2d Cir. 1981) (citation omitted).

"[B]efore a court grants a motion for default judgment, it may first assure itself that it has personal jurisdiction over the defendant." *Sinoying Logistics Pte Ltd. v. Yi Da Xin Trading Corp.,* 619 F.3d 207, 213 (2d Cir. 2010). And "[b]efore a federal court may exercise personal jurisdiction over a defendant, the procedural requirement of service of summons must be satisfied." *Omni Capital Int'l, Ltd. v. Rudolf Wolff & Co.,* 484 U.S. 97, 104, 108 S.Ct. 404, 98 L.Ed.2d 415 (1987); *Dynegy Midstream Servs. v. Trammochem*, 451 F.3d 89, 94 (2d Cir. 2006) (same). "The plaintiffs bear the burden of proving that service was adequate." *Lopez v. Yossi's Heimishe Bakery Inc.*, 2015 WL

1469619, at *4 (E.D.N.Y. Mar. 30, 2015); *Chen v. Best Miyako Sushi Corp.*, No. 16CV2012JGKBCM, 2021 WL 707273, at *8 (S.D.N.Y. Feb. 1, 2021), *report and recommendation adopted sub nom. Shiqiu Chen v. Best Miyako Sushi Corp.*, No. 16-CV-2012 (JGK), 2021 WL 706412 (S.D.N.Y. Feb. 19, 2021) (same).

III. DISCUSSION

a. The Court Lacks Personal Jurisdiction over the Defaulting Defendants

The Court lacks personal jurisdiction over the defaulting defendants. In this case, the defendants are located in the People's Republic of China. Compl. ¶ 30. Both China and the United States are parties to the Hague Convention which seeks to "simplify, standardize, and generally improve the process of serving documents abroad." *Water Splash, Inc. v. Menon*, 137 S. Ct. 1504, 1505 (2017); *see also*, The World Organisation for Cross-border Co-operation in Civil and Commercial Matters, HCCH Members, https://www.hcch.net/en/states/ hcch-members (last visited July 20, 2022) (listing both the United States and China as parties to the Convention).

"[C]ompliance with the Convention is mandatory in all cases to which it applies." *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 705 (1988). Here, because the defendants are located in China, a party to the Convention, the Hague Convention applies. "As both the United States and China are signatories to the Hague Convention, that pact governs service of process by transmittal of documents abroad in this case." *Kiss Nail Prod., Inc. v. Shenzhen Jinri Elec. Appliance Co.*, No. CV185625PKCAYS, 2020 WL 4679631, at *3 (E.D.N.Y. July 23, 2020), report and recommendation adopted, No. 18CV5625PKCAYS, 2020 WL 4676415 (E.D.N.Y. Aug. 12, 2020); *see also* Hague Convention art. 1 ("The present Convention shall apply in all cases, in civil or commercial matters, where there is occasion to transmit a judicial or extrajudicial document for service abroad."); Fed. R. Civ. P. 4 advisory committee's note ("Use of the Convention procedures, when available, is mandatory if documents must be transmitted abroad to effect service.").

i. Rule 4(f)

Rule 4(f) gives effect to the Hague Convention and its exceptions. The rule has three subsections, and provides the following:

> Unless federal law provides otherwise, an individual . . . may be served at a place not within any judicial district of the United States:
>
> (1) by any internationally agreed means of service that is reasonably calculated to give notice, such as those authorized by the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents;
>
> (2) if there is no internationally agreed means, or if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice:
>
> (A) as prescribed by the foreign country's law for service in that country in an action in its courts of general jurisdiction;
>
> (B) as the foreign authority directs in response to a letter rogatory or letter of request; or
>
> (C) unless prohibited by the foreign country's law, by:
>
> (i) delivering a copy of the summons and of the complaint to the individual personally; or
>
> (ii) using any form of mail that the clerk addresses and sends to the individual and that requires a signed receipt; or
>
> (3) by other means not prohibited by international agreement, as the court orders.

Paragraph 1 "gives effect to the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents." 4B Charles A. Wright, Arthur R. Miller & Adam N. Steinman, Federal Practice and Procedure § 1133 (4th ed. April 2020 update). Paragraph 2 "provides options to the party serving process when internationally agreed process methods are not intended to be exclusive or when no international agreement is applicable, as would be true, for example, when service is to be made in a nation that is not a signatory to the Hague Convention." *Id.* And paragraph 3

"authorizes the district court to approve other methods of service not prohibited by international agreements." *Id.*

To serve Defendants pursuant to Rule 4(f)(1), then, Plaintiff would have been required to follow the procedures expressly laid out in the Hague Convention. Plaintiff did not attempt service pursuant to the methods laid out in the Hague Convention; instead, it sought a Court's order permitting service pursuant to Rule 4(f)(3), and later asserted that Defendants were also properly served pursuant to Rule 4(f)(2). As discussed herein, Plaintiff is incorrect on both counts.

1. The Hague Convention Applies to All Defendants

As an initial matter, Plaintiff claims that the Hague Convention does not apply to eleven defendants whose addresses could not be readily found on their virtual storefronts. *See* Mem. at 4–5. "The Hague Convention does not apply 'where the address of the person to be served with the document is not known.'" *Advanced Access Content Sys. Licensing Adm'r, LLC v. Shen*, No. 14-CV-1112 (VSB), 2018 WL 4757939, at *4 (S.D.N.Y. Sept. 30, 2018) (citing Hague Convention art. 1). "Courts in this Circuit have found that an address is 'not known' if the plaintiff exercised reasonable diligence in attempting to discover a physical address for service of process and was unsuccessful in doing so." *Id.* (collecting cases).

Cases in which plaintiffs have been found to have exercised reasonable diligence to discover a physical address include where the plaintiff "researched [defendant's] websites associated with [defendant's] [d]omain [n]ames, completed multiple Internet-based searched, called known phone numbers, and conducted in-person visits," *id.*, where the plaintiff performed "extensive investigation and [issued] subpoenas to the relevant domain registrars and email providers," *Microsoft Corp. v. Does 1-2*, No. 20CV1217LDHRER, 2021 WL 4755518, at *3 (E.D.N.Y. May 28, 2021), report and recommendation adopted, No. 20CV1217LDHRER, 2021 WL 4260665 (E.D.N.Y. Sept. 20, 2021), and where a plaintiff has "attempted to obtain [the defendant's] address in a variety of ways," *Prediction Co. v. Rajgarhia*, No. 09 Civ. 7459(SAS), 2010 WL 1050307, at *2

(S.D.N.Y. Mar. 22, 2010).

Here, Plaintiff has not demonstrated that it used reasonable diligence to determine the defendants' physical addresses. Plaintiff alleges only that "upon review of Defendants' Merchant Storefronts . . . [Plaintiff's counsel] discovered that . . . eleven (11) of the Defaulting Defendants . . . displayed a partial, incomplete and/or false address."[4] Mem. 4–5. According to Plaintiff, the only investigation done into the defendants' physical address in the twelve months since this action was filed was a mere perusal of a defendant's storefront—Plaintiffs do not claim that they sought information from Amazon regarding the defendants' addresses, nor do they claim to have taken any additional steps to determine the defendants' addresses. As the cases cited above demonstrate, more is required to establish "reasonable diligence" in searching for the defendants' physical addresses. *See Luxottica Grp. S.p.A. v. Partnerships & Unincorporated Associations Identified on Schedule "A"*, 391 F. Supp. 3d 816, 825 (N.D. Ill. 2019) (determining that the plaintiff had not conducted a reasonable search for defendant's addresses where the plaintiff summarily asserted that a website would be unlikely to provide its users addresses).

Accordingly, all of the defendants are subject to the Hague Convention, including those defendants whose physical addresses could not readily be ascertained from their merchant storefronts.

2. Service Was Not Proper Under Rule 4(f)(3)

The defendants in this case were not properly served pursuant to Federal Rule of Procedure 4(f)(3).[5] Rule 4(f)(3) allows litigants in the United States serve an individual or entity outside of the

[4] Those defendants are Acuteye-US, Dazzparty, Joysail, NA-AMZ001, nuoting, Sensiamz Backdrop, SMSCHHX, tongmumy, WEN MIKE, WOW GIFT and XueHua INC. Plaintiff voluntarily dismissed XueHua Inc. from this case after filing its motion for default judgment. Dkt. No. 83.

[5] In the Court's July 9, 2021 order granting Plaintiff's request for a temporary restraining order, the Court authorized service under Rule 4(f)(3). Dkt. No. 14 § IV(A). The Court should not have done so. As discussed herein, service is not permissible under Rule 4(f)(3) in this case. The Court's previous decision was decided in a vacuum—as discussed, Plaintiff's application for a TRO was not opposed, and Plaintiff wholly failed to bring to the Court's attention any

United States "by other means not prohibited by international agreement." Fed. R. Civ. P. 4(f)(3). "The decision whether to allow alternative methods of serving process under Rule 4(f)(3) is committed to the sound discretion of the district court." *Madu, Edozie & Madu, P.C. v. SocketWorks Ltd. Nigeria*, 265 F.R.D. 106, 115 (S.D.N.Y.2010) (internal quotation marks omitted). "In exercising its discretion, the court should look at the case-specific record before it." *Baliga on behalf of Link Motion Inc. v. Link Motion Inc.*, No. 18CV11642 (VM) (DF), 2020 WL 5350271, at *9 (S.D.N.Y. Sept. 4, 2020); *In re GLG Life Tech Corp. Sec. Litig.*, 287 F.R.D. 262, 266 ("Inasmuch as Rule 4(f)(3) calls upon a court to exercise its discretion [ ], each case must be judged on its facts").[6]

Thus, service by a method that is prohibited by international agreement is impermissible under Rule 4(f)(3). And here, service by email on defendants located in China is not permitted under the Hague Convention.

The Hague Convention permits service by multiple methods. "First, an applicant can send a request for service to a receiving country's central authority, an entity that every signatory to the Convention must establish." *Facebook, Inc. v. 9 Xiu Network (Shenzhen) Tech. Co.*, 480 F. Supp. 3d 977, 980 (N.D. Cal. 2020); *see also* Hague Convention, arts. 2–7. "The central authority must

precedent that had determined that service under the Hague Convention was not permitted. It was not until the Court received YLILLY's briefing on its motion to dissolve the preliminary injunction that the Court was clued into the issue of the propriety of service by email on defendants located in China. Now, with the aid of YLILLY's briefing, oral argument, and the input of experts in Chinese law, the Court has more fulsomely considered the issue and realizes that its previous order was in error.

[6] The Court briefly notes that courts in this district disagree regarding whether a Plaintiff must attempt service pursuant to Rule 4(f)(1) or 4(f)(2) prior to attempting service pursuant to Rule 4(f)(3). For instance, in *Shanghai Zhenglang Tech. Co. v. Mengku Tech. Co.*, the Court reasoned

> [P]laintiff initiated this action on October 30, 2020 and moved this Court to authorize alternative service by email eleven days later on November 10, 2020. Based on Plaintiff's submissions, and the short time between the filing of this complaint and the present motion, the Court is unable to conclude that Plaintiff has made the threshold showing required by courts in this Circuit. Specifically, Plaintiff has failed to demonstrate that it 'reasonably attempted to effectuate service on the defendant,' such as through the Hague Service Convention to which China is a signatory Plaintiff.

No. 20-CV-5209(JS)(ARL), 2020 WL 13280555, at *2 (E.D.N.Y. Nov. 18, 2020). By contrast, in *Halvorssen v. Simpson*, 328 F.R.D. 30, 34 (E.D.N.Y. 2018), the court determined that "there is no legal requirement that service be attempted under the Hague Convention prior to seeking an order of alternative service under Rule 4(f)(3)."

attempt to serve the defendant by a method that is compatible with the receiving country's domestic laws, and then provide the applicant with a certificate either confirming that service was successful or listing the reasons that prevented service." *See Facebook*, 480 F. Supp. 3d at 980; Hague Convention, arts. 2–7.

"Second, the Convention permits alternative methods of service unless the receiving country objects." *See Facebook*, 480 F. Supp. 3d at 980; Hague Convention, arts. 8–10. "These methods include service by diplomatic and consular agents, service through consular channels, service on judicial officers in the receiving country, and direct service 'by postal channels.'" *See Facebook*, 480 F. Supp. 3d at 980; Hague Convention, arts. 8–10. China has specifically objected to service "by postal channels." *See China – Central Authority & Practical Information, Hague Conference on Private Int'l Law*, https://www.hcch.net/en/states/en/states/authorities/details3/?aid=243 (last visited July 20, 2022). Thus, there is no dispute that litigants located in China may not be served via postal mail. "Email," however, is not mentioned anywhere in the Convention, which long predates the advent of email. The question is whether or not the lacuna of the Hague Convention means that service by email is permitted or prohibited by the Convention.

3. Service by Email on Litigants in China is Prohibited by the Hague Convention

Here, the Court concludes that service via email on litigants located in China is not permitted by the Hague Convention. *See, e.g.*, *Facebook,* 480 F. Supp. 3d at 978 (concluding that service by email was not proper); *Prem Sales, LLC v. Guangdong Chigo Heating & Ventilation Equip. Co.*, 494 F. Supp. 3d 404, 417 (N.D. Tex. 2020) (same); *Luxottica*, 391 F. Supp. 3d at 825 (same). As numerous courts have recognized, binding Supreme Court precedent indicates that the Hague Convention outlines specific methods of service, and that methods of service that are not specifically authorized are impermissible under the Convention. *See, e.g.*, *Anova Applied Elecs., Inc. v.*

Hong King Grp., Ltd., 334 F.R.D. 465, 472 (D. Mass. 2020) ("To permit service by e-mail would bypass the means of service set forth in the Convention."); *CRS Recovery, Inc. v. Laxton*, No. C 06-7093 CW, 2008 WL 11383537, at *2 (N.D. Cal. Jan. 8, 2008) ("An order allowing email service on a defendant located in China would contravene the treaty, and is not permitted under Rule 4(f)(3).").

In *Water Splash*, the Supreme Court considered whether Article 10(a) of the Convention, which provides that the Convention "shall not interfere with . . . the freedom to *send* judicial documents, by postal channel, directly to persons abroad," permitted *service* of judicial documents via postal mail. 137 S. Ct. at 1508. Prior to *Water Splash*, circuits were split as to whether Article 10(a) permitted service of judicial documents by postal mail, disagreeing over whether Article 10(a)'s text reference to "sending" documents—rather than "serving" documents—was intended to indicate that service by postal mail was permissible. *Id.* After analyzing Convention's text and structure, the Supreme Court concluded that the Convention permits service of judicial documents by mail unless a country lodges an objection to Article 10(a). *Id.* at 1513.

In reaching that conclusion, the Supreme Court reiterated that "the Hague Service Convention specifies certain approved methods of service and 'pre-empts inconsistent methods of service' wherever it applies." *Id.* (quoting *Volkswagenwerk Aktiengesellschaft v. Schlunk,* 486 U.S. 694, 699 (1988)). In other words, *Water Splash* indicated that the only permissible methods of service were those "specified" in the Convention.

Water Splash relied on the Supreme Court's previous decision in *Schlunk*.[7] In *Schlunk*, the Supreme Court held that the "Convention is mandatory in all cases to which it applies." 486 U.S. at 705. Thus, where a country is a signatory to the Hague Convention, and where service of a party in

[7] That case concerned whether compliance with the Hague Convention was required when serving a domestic subsidiary of a foreign corporation. *See generally id.* The Court held that where a country's laws would ordinarily require documents to be transmitted to a foreign country, then the party serving judicial documents must ensure that those documents are served by a method prescribed in the Hague Convention. *Id.* The appellant had argued that relying on the serving parties' country's laws to determine when documents needed to be transmitted overseas would permit countries to create laws that omitted any requirement that documents be transmitted overseas, allowing those countries to avoid service pursuant to the Hague Convention. *Id.* at 702–703.

that country would require the transmission of documents abroad, a party must follow the dictates of the Convention. And as the Supreme Court acknowledged, "the first stated purpose of the Convention is 'to create' appropriate means for service abroad," adding that "[t]he Convention provides simple and certain means by which to serve process on a foreign national." *Id.* at 705–06.

Water Splash and *Schlunk* do not expressly state whether service via email—especially for a country that has objected to Article 10(a)—is a permitted under the Convention. But their logic is clear: the Convention is meant to outline—to "create"—specific methods of service in order to provide "simple and certain means" that may be used to serve individual in a foreign country.

As stated, email is nowhere mentioned in the Convention. Email's absence in the Convention leaves the Court with two questions: (1) whether email is a permissible method of service under the Convention in general; and (2) if so, whether email is a permissible method of service where a country has objected to service by "postal channels."

The Court need not answer the first question because, even assuming it to be true, China has objected to service by postal channels. Nevertheless, the Court acknowledges that some courts have determined that service via email, regardless of a country's objections, is precluded under the Hague Convention. *See Anova*, 334 F.R.D. at 471–72 (concluding that "e-mail service on defendants is prohibited by the Hague Convention."); *Topstone Commc'ns, Inc. v. Xu*, No. 4:22-CV-00048, 2022 WL 1569722, at *4 (S.D. Tex. May 18, 2022) ('[E]mail service is not permitted under the Convention because it is inconsistent with and not authorized by the Convention's delineated service methods."); *Prem Sales, LLC,* 494 F. Supp. 3d at 417 (same).

Again, the Court need not determine whether it agrees with that position here, given China's objection to Article 10(a). But the Court notes that Articles 11 and 19 of the Convention provide some support to the wholesale preclusion of email as a method of service. "Article 11 provides that any two states can agree to methods of service not otherwise specified in the Convention," and "Article 19 clarifies that the Convention does not preempt any internal laws of

its signatories that permit service from abroad via methods not otherwise allowed by the Convention." *Water Splash*, 137 S.Ct. at 1508. "What both these articles have in common is that they leave countries free to consent, either unilaterally or together, to means of service that are not specifically authorized by the Convention." *Anova*, 334 F.R.D. at 471. In other words, Articles 11 and 19 provide ready tools to permit countries to expressly permit service by email. And those articles would be largely superfluous if litigants could serve a party in another country merely by selecting a method that is not expressly listed in the Hague Convention—there would be no need for articles that permit countries to agree to other methods of service, or to legislate to affirmatively authorize other methods of services.

Without deciding that question, the Court turns to whether service by email is permitted for countries that have objected to service via postal channels. Some courts have concluded that service "by postal channels" encompasses service by email, such that service by email is permissible under the Convention. *See e.g.*, *Agha v. Jacobs*, No. C 07-1800 RS, 2008 WL 2051061, at *2 (N.D. Cal. May 13, 2008) ("Agha's attempt to distinguish email and facsimile from the 'postal channels' referred to in the text of Article 10 is unavailing."). If that is the case, however, it must be true that China's objection to service via "postal channels" would necessarily encompass an objection to service via email. *See also Facebook*, 480 F. Supp. 3d at 984 ("[A]though it has been suggested that service by e-mail could conceivably come within an expansive reading of service 'by postal channels,' China has affirmatively objected to service 'by postal channels,' so that reading, even if accepted, wouldn't support service by e-mail on defendants in China.") (citation omitted).

Recent guidance posted by Supreme People's Court of China leaves little doubt that China's objection to service by mail would encapsulate service by email. Article 11 of the Minutes of the

National Symposium on Foreign-related Commercial and Maritime Trial Work provides guidance for Chinese courts serving litigants outside of China.[8] Those minutes state:

> In the event that the country where the person to be served is located is a member state of the Hague Service Convention and objects to the service by mail under the Convention, it shall be presumed that the country does not allow electronic service, and the people's court shall not adopt electronic service.

July 1 Letter. That Chinese authorities opine that an objection to service by postal channels includes an implicit objection to service by email provides significant support for the view that China's objection to service by postal channels would preclude service by email under the Hague Convention.

Nevertheless, some courts, including courts in the Second Circuit, have come to the opposite conclusion, determining that service via email on Chinese defendants is permitted by the Hague Convention. *See, e.g.*, *Sulzer Mixpac AG v. Medenstar Indus. Co.*, 312 F.R.D. 329, 332 (S.D.N.Y. 2015); *Kaneka Corp. v. Purestart Chem Enter. Co.,* No. 16CV4861MKBSIL, 2017 WL 11509784, at *3 (E.D.N.Y. Oct. 17, 2017); *WeWork Cos. Inc. v. WePlus (Shanghai) Tech. Co.*, No. 5:18-CV-04543-EJD, 2019 WL 8810350, at *2–3 (N.D. Cal. Jan. 10, 2019).[9] Those courts typically reason that an objection to service by postal channels does not expressly bar service via email, such that service by

[8] As amici explain, these meeting minutes are not formal law in China. Nonetheless, "the Supreme People's Court uses meeting minutes such as these to distribute its views to lower courts to guide court actions, and lower courts are expected to follow the guidance set forth in meeting minutes." *See* July 1 Letter.

[9] *See also ShelterZoom Corp. v. Goroshevsky*, No. 19-CV-10162, 2020 WL 4252722, at *2 (S.D.N.Y. July 23, 2020)(affirming service via email for a defendant residing in Russia as Russia's objection to Article 10 did not explicitly extend to an objection to electronic service); *Mattel, Inc. v. Animefun Store, et al.*,, No. 18–CV–8824, 2020 WL 2097624, at *5 (S.D.N.Y. May 1, 2022)("China's objection to service by postal channels under Article 10 of the Hague Convention does not encompass service by email and ... service by email is not prohibited by any international agreement."); *AMTO v. Bedford Asset Mgmt.* No. 14–CV–9913. *LLC*, 2015 WL 3457452, at *7 (S.D.N.Y. Jun 1, 2015)(authorizing service via email under Rule 4(f)(3) to a defendant residing in Russia where Russia did not explicitly object to electronic service and neither international agreement nor Russian law prohibited service via email); *F.T.C. v. Pecon Software Ltd.*, No. 12 –CIV–7186 2013 WL 4016272, at *5 (S.D.N.Y. Aug. 17, 2013)("Numerous courts have held that service by email does not violate any international agreement where the objections of the recipient nation are limited to those means enumerated in Article 10."); *Gurung*, 279 F.R.D. at 220 ("[India's] objection to service through postal channels does not amount to an express rejection of service via electronic mail ..., [s]everal other courts have found service by electronic mail appropriate where a signatory nation has not objected to that specific means of service").

email is permitted. *See, e.g.*, *In re S. African Apartheid Litig.*, 643 F.Supp.2d 423, 434 (S.D.N.Y. 2009) (permitting service on counsel in Germany and noting that "[a]lthough Germany has objected to specific forms of service otherwise enumerated in the Hague Convention, it has not expressly barred alternative forms of effective service not referenced in the Hague Convention."); *NBA Properties, Inc. v. Partnerships & Unincorporated Associations Identified in Schedule "A"*, 549 F. Supp. 3d 790, 798 (N.D. Ill. 2021), *appeal dismissed sub nom. NBA Properties, Inc. v. HANWJH*, No. 21-2378, 2021 WL 6689526 (7th Cir. Nov. 9, 2021) (determining that service via email was proper because the court did not "interpret the term 'postal channels' to include electronic mail"); *Chanel, Inc. v. Individuals, Partnerships and Unincorporated Associations Identified on Schedule "A"*, 2020 WL 8226841, *2 (S.D. Fla. 2020) ("Where a signatory nation has objected to the alternative means of service provided by the Hague Convention, that objection is expressly limited to those means and does not represent an objection to other forms of service, such as e-mail or website posting.").

To those courts, where a country specifically objects to service by "postal channels," a method of service by means other than postal channels is permissible absent some other prohibition. *Sulzer*—arguably the leading case in this district on this issue—adopts that rationale. *Sulzer*, 312 F.R.D. at 332; *see also e.g.*, *Kaneka*, 2017 WL 11509784 at *3 (relying on *Sulzer*); *La Dolce Vita Fine Dining Co. Ltd. v. Zhang Lan*, No. 1:19-MC-00536-ALC, 2020 WL 7321366, at *6 (S.D.N.Y. Dec. 11, 2020) (same); *Grp. One Ltd. v. GTE GmbH*, No. 20-CV-2205 (MKB), 2021 WL 1727611 (E.D.N.Y. Feb. 3, 2021) (same).

The Court disagrees with *Sulzer* and its progeny. Notably, *Sulzer* was decided before *Water Splash* was issued. And, as is the case here, the motion for alternative service in *Sulzer* was wholly unopposed, such that the court did not have the benefit of briefing that took an alternative position to that advanced by the plaintiff in that case. *See Mixpac AG v. Medenstar Indus. Co.,* Case No. 1:15-cv-1668, Dkt. Nos. 5–9 (S.D.N.Y.). In this Court's view, like that of courts in the Northern District of California, the District of Massachusetts, and the Northern District of Illinois (among

others), *Water Splash* and *Schlunk* clarify that the Convention is meant to set forth simple and certain methods of service that can be used to serve foreign litigants. To infer that the Convention's silence as to a particular method equates to an implied permission to use virtually *any* method of service not proscribed by the Convention contravenes that purpose.

Moreover, the effect of a country's objections under Article 10 would be significantly diminished under *Sulzer's* rationale. If the Convention lays out specific means of service, countries can make specific objections to those means of service—just as a country can object to service by postal channels by objecting to Article 10(a). But if the Convention's silence as to a method of service implicitly authorizes that service, there would be no ready way to object to that method of service. Indeed, there would be nothing affirmative to object to. Simply put, the current force of an objection to a method of service in the Convention would be far less effective. As the court in *Premier Sales* aptly reasoned:

> Countries, including China, objected to Article 10 of the Convention because, by its clear language, the service methods identified were specifically permitted unless objected to. The same cannot be said of email service. There is no reason for a nation to affirmatively object to a service method that is not authorized or identified because the Convention "specifies certain approved methods of service and 'pre-empts inconsistent methods of service' wherever it applies.

494 F. Supp. 3d 404, 416 (N.D. Tex. 2020) (quoting *Water Splash, Inc.*, 137 S. Ct. at 1507).

Plaintiff also argues that service under Rule 4(f)(3) should be permitted given the "exigent" circumstances Plaintiff faced. However, the Court need not determine whether the request was truly urgent because it does not matter. There is no exigent circumstances exception in Rule 4(f)(3): Rule 4(f)(3), by its plain terms, does not permit service by a method prohibited by international agreement. And as discussed, service by email on litigants in China is prohibited by the Hague Convention. Indeed, in support of their argument to the contrary, Plaintiff relies only on cases in which the court first determined that service was permissible under Rule 4(f)(3) before turning to its discussion of urgency. *See Hangzhou Chic Intelligent Tech. Co. v. P'ships & Unincorporated*

Ass'n Identified on Schedule A, No. 20 C 4806, 2021 WL 1222783, at *5 (N.D. Ill. Apr. 1, 2021) (determining that "Hague Convention service is optional under Federal Rule of Civil Procedure 4"); *Microsoft Corp. v. Goldah.com Network Tech. Co.*, No. 17-CV-02896-LHK, 2017 WL 4536417, at *4 (N.D. Cal. Oct. 11, 2017) ("Microsoft was entitled to, and did, effect service according to the terms of Rule 4(f)(3)."). This makes sense because the rules do not permit litigants to craft their own method of service whenever they think the issue is urgent.

Simply put, the Hague Convention prohibits service by email on defendants located in China. Rule 4(f)(3) only permits service by "means not prohibited by international agreement." Fed. R. Civ. P. 4(f)(3). Accordingly, defendants were not properly served pursuant to Rule 4(f)(3), and Plaintiff has not established that the Court has personal jurisdiction over Defendants on that basis.

4. Service Was Not Proper Under Rule 4(f)(2)(C)

Neither was service proper pursuant to Rule 4(f)(2)(c). Rule 4(f)(2)(c) provides that an individual may be served in a foreign country "if there is no internationally agreed means, or if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice . . . unless prohibited by the foreign country's law." Fed. R. Civ. P. 4(f)(2).

Here, there is an internationally agreed upon means—the Hague Convention spells out specific methods that could have been used to serve Defendants. And as discussed, the Hague Convention does not allow service by email on litigants in China. But even if it did, Defendants in this case were not be properly served under Rule 4(f)(2)(c) because Chinese law prohibits a foreign party from serving defendants located in China by email.

Article 284 (formerly Article 277) of the People's Republic of China Civil Procedure Law ("Article 284") directly addresses requests for judicial assistance, including service of process, in China. Article 284 states:

A request for and the provision of judicial assistance shall be conducted through

> channels stipulated in the international treaties concluded or acceded to by the People's Republic of China, and in the absence of treaty relations, shall be conducted through diplomatic channels.
>
> An embassy or consulate of a foreign country in the People's Republic of China may serve documents on, investigate, or collect evidence from the citizens of that country, provided, however, that the laws of the People's Republic of China are not violated and that no compulsory measures are adopted.
>
> *Except for the circumstances specified in the preceding paragraph, no foreign agency or individual may serve documents, conduct investigations.*

Article 284 (formerly Article 277) of the People's Republic of China Civil Procedure Law (emphasis added); *see also* Amicus Brief at 3–4.

Article 284 expressly provides that, subject to exceptions not applicable here, "no foreign agency or individual may serve documents or collect evidence within the territory of the People's Republic of China without the consent of the in-charge authorities." That provision is unambiguous: foreign individuals cannot serve documents unless Chinese authorities consent to their doing so. Moreover, and as previously discussed, China has objected to Article 10(a) of the Hague Convention, thus disallowing service by postal channels. Thus, a foreign individual or entity cannot, as a general rule, directly serve an individual in China by any means—not just email.

Rather, the first paragraph of Article 284 clarifies that service of process can only be made "through channels stipulated in international treaties"—in other words, through the Hague Convention's Central Authority. China has designated its Ministry of Justice as its central authority. *See* Amicus Brief at 4 (citing The World Organisation for Cross-border Co-operation in Civil and Commercial Matters, China – Central Authority & Practical Information, FAQs, https://assets.hcch.net/docs/5bbc302d-532b-40b1-9379-a2ccbd7479d6.pdf (last visited July 20, 2022) ("FAQs")). Thus, the "channel" through which service by a foreign litigant must be made is through the procedures set forth in the Hague Convention—and not by email.

Moreover, as amici explain, "in China, the courts themselves serve documents on litigants." Amicus Brief at 2. Parties do not directly serve judicial documents in China, as Plaintiff attempted

to do here. To serve a party in China, an individual in a foreign country must apply to the Ministry of Justice. *See* FAQs. If the Ministry of Justice approves that request, the Ministry of Justice will forward the material to the Supreme People's Court of China, which will review the request and distribute it to a local court. *Id.* The local court then arranges the service and sends proof of service back to the Ministry of Justice, which forwards that proof along to the serving party. *Id.* Indeed, if there were any doubt that an email sent by a foreign litigant is an impermissible means of service for litigants located in China, foreign litigants are precluded from emailing even *an initial request for service* to the Ministry of Justice. *See* FAQs ("According to the Chinese Civil Procedure Law, the court officer must serve the original hardcopies of the judicial documents on the recipient. Therefore, scanned copies transferred by email or only duplicated copy without the original signature is not acceptable.").

Plaintiff's expert, Mr. Wagner, claims that Article 274, and not Article 284, provides the relevant law to determine whether email service is permitted. But Article 274 outlines the methods for "[s]ervice of litigation documents by People's Courts on litigants without a domicile in the People's Republic of China." *Wagner Decl.* ¶ 24. Thus, Article 274 still requires service "*by People's Courts*." Article 274 does not permit one individual or entity to directly serve another entity, as Plaintiff attempted to do here. The reference to the "People's Court' in Article 274 is to courts of China, not Judge Milian's "People's Court,"[10] or this Court. This Court is obviously not authorized to serve individuals under Article 284. Plaintiff's expert's arguments based on Article 274 are simply not on point because Plaintiff did not and is not seeking to serve the defendants under the auspices of a People's Court.

More broadly, Article 274's text—which again, provides for service of litigation documents by People's Courts on litigants without a domicile in the People's Republic of China—plainly

[10] In the United States, the "People's Court" is a popular daytime television show in which TV-personality Judge Marilyn Milian presides over small claims in a simulated (and often dramatic) courtroom.

applies when a court in the People Republic of China seeks to serve individuals who are not located in China. That is not the case here, where a plaintiff located in a foreign country sought to serve a litigant in China. Article 284, by contrast, expressly addresses the process by which a "foreign agency or individual may serve documents [or] conduct investigations" in the People's Republic of China. It is clear that Article 284 more readily applies in cases like this one: cases where foreign litigants seek to serve individuals in the People's Republic of China. *Cf. Sun Grp. U.S.A. Harmony City, Inc. v. CRRC Corp. Ltd.*, No. 17-CV-02191-SK, 2019 WL 6134958, at *2 (N.D. Cal. Nov. 19, 2019) (accepting defendant's expert's representation that "Article 277 [now Article 284] prohibits foreign entities or individuals from serving documents, investigating and/or conducting discovery in the PRC").

As mentioned, Plaintiff also argues that Article 90 (formerly Article 87) can be construed to permit foreign litigants to serve individuals and entities in China by email. Article 90 states, "[u]pon consent of the party on whom litigation documents are to be served, the People's Court may adopt an electronic method of service of litigation documents the receipt of which can be acknowledged." Amicus Brief at 5. First, as discussed, Plaintiff's own expert disagrees that Article 90 applies in this case. *See supra* § I(b). And second, by its plain text, Article 90 still requires that a "People's Court" serve litigation documents—not the parties.[11]

In sum, Rule 4(f)(2)(C) only permits service via methods that are not "prohibited by the foreign country's law." Here, the law of the People's Republic of China prohibits foreign entities and individuals from serving litigants in China without the consent of the Ministry of Justice. And

[11] Plaintiff, Mr. Wagner, and amici devote significant discussion to the means by which an individual can consent to electronic service under both Article 274 and Article 90. *See* Amicus Br. At 5–13, Wagner Decl. ¶¶ 25–27, Mem. at 7–8. Plaintiff argues that Defendants agreed to electronic service by accepting Amazon's terms and conditions, which required Defendants to agree to receive communications by email. *See* Mem. at 8. Mr. Wagner and amici seem to agree that the Supreme People's Court has not yet addressed whether a party's consent to a standard form contract with an online retailer should be construed as consent to service by a third-party. But here, the Court need not determine what constitutes consent in these circumstances because there is *no dispute* that a People's Court, and not a litigant, must serve a party in China.

there is no dispute that Plaintiff did not apply to the Ministry of Justice to serve the defendants in this case. Accordingly, Plaintiff failed to serve the defendants via Rule 4(f)(2)(C).

Accordingly, Defendants were not properly served in this case, and the Court lacks personal jurisdiction to enter default judgment in Plaintiff's favor.

5. Article 15 of the Hague Convention Prohibits the Entry of Default Judgment

Even if the Court had determined that service by email was permissible under the Hague Convention, it would still not be permitted to enter default judgment. "Article 15 [of the Hague Convention] sets forth certain conditions that must be met prior to the entry of judgment when a defendant has not appeared—i.e., prior to default judgment." *Prince v. Gov't of People's Republic of China*, No. 13-CV-2106 (TPG), 2017 WL 4861988, at *6 (S.D.N.Y. Oct. 25, 2017). Article 15 provides the following:

> Where a writ of summons or an equivalent document had to be transmitted abroad for the purpose of service, under the provisions of the present Convention, and the defendant has not appeared, judgment shall not be given until it is established that
>
> a) the document was served by a method prescribed by the internal law of the State addressed for the service of documents in domestic actions upon persons who are within its territory, or
>
> b) the document was actually delivered to the defendant or to his residence by another method provided for by this Convention, and that in either of these cases the service or the delivery was effected in sufficient time to enable the defendant to defend.
>
> Each Contracting State shall be free to declare that the judge, notwithstanding the provisions of the first paragraph of this Article, may give judgment even if no certificate of service or delivery has been received, if all the following conditions are fulfilled
>
> a) the document was transmitted by one of the methods provided for in this Convention,
>
> b) a period of time of not less than six months, considered adequate by the judge in the particular case, has elapsed since the date of the transmission of the document,
>
> c) no certificate of any kind has been received, even though every

> reasonable effort has been made to obtain it through the competent authorities of the State addressed.
>
> Notwithstanding the provisions of the preceding paragraphs the judge may order, in case of urgency, any provisional or protective measures.

Hague Convention, art. 15 ("Article 15").

In this case, as is typical in cases of this type, there is no dispute that Plaintiff's never received a "certificate" of any kind, such that the second paragraph of Article 15 applies. That paragraph permits a judge to enter default judgment in a plaintiff's favor only if at least the following requirements are met: (1) the plaintiff transmitted the relevant documents "by one of the methods provided for in the Convention;" and (2) "every reasonable effort has been made to obtain such a certificate through the competent authorities of the state addressed."[12] *See also Zhang v. Baidu.com Inc.*, 932 F. Supp. 2d 561, 565 (S.D.N.Y. 2013) (Article 15 states that "a judge may give judgment, 'even if no certificate of service or delivery has been received,' if the document was transmitted pursuant to the Convention, a period of time not less than six months has elapsed, and 'no certificate of any kind has been received, even though every reasonable effort has been made to obtain it through the competent authorities.'").

Thus, Article 15 requires judicial documents be "transmitted" according to the procedures laid out in the Convention in order for the Court to enter judgment in a plaintiff's favor—even if the plaintiff ultimately does not receive a certificate of service. As discussed, in this case that would have required Plaintiff to send the relevant judicial documents to the Ministry of Justice. There is no dispute that Plaintiff did not do so. And Plaintiff falls far short of establishing that it made *any* reasonable efforts to obtain a certificate of service through authorities in China—it sought

[12] A plaintiff must also ensure that "the document was served by a method prescribed by the internal law of the state addressed for the service of documents in domestic actions." As amici and Mr. Wagner explain, and as previously mentioned, it is unclear whether parties may consent to electronic service by agreeing to a third-party's terms and conditions, as Plaintiff argues occurred here. However, because the other requirements in Article 15 are not satisfied, the Court need not take up the question of whether Plaintiff demonstrated that documents were served by a method prescribed by the internal law of China addressed for the service of documents in domestic actions upon persons who are within its territory.

permission to serve Defendants directly, via email, only two days after filing its Complaint. Accordingly, the Court lacks the authority to enter default judgment in Plaintiff's favor, and declines to do so. *See Zhang*, 932 F. Supp 2d at 568 (denying a motion for default judgment where defendant was not properly served under the Hague Convention).

Plaintiff asserts that it has satisfied Article 15 because this is a case of "urgency" such that the Court may use any provisional or protective measures, Mem. at 14–15, but that argument has no merit. Plaintiff's position is that Plaintiff's "request for the TRO and PI order was urgent for the reasons demonstrated in Plaintiff's application." Mem. at 14. But even if service by email in China were permitted in "urgent" circumstances—which, as discussed, it is not—Article 15 still would not permit the entry of default judgment unless the plaintiff attempted to transmit the relevant judicial documents pursuant to the methods outlined in the Hague Convention. "Article 15 says that a judgment may not be entered unless a foreign defendant received adequate and timely notice of the lawsuit." *Schlunk*, 486 U.S. at 703. To better ensure that a defendant is given notice of a lawsuit, Article 15 imposes requirements on plaintiffs that are separate from, and in addition to, service upon the defendant: as discussed, Article 15 requires that judicial documents are "transmitted by one of the methods provided for in this Convention." Article 15. Thus, even if a party were initially served by email—a method that is not "provided for in th[e] Convention"—the plain text of Article 15 plainly would require a plaintiff to also "transmit" the documents by a "method provided for in th[e] Convention" before a court could enter a default judgment. In this way, Article 15 serves as a metaphorical backstop to ensure that foreign defendants receive notice of a lawsuit prior to the entry of judgment: if a plaintiff fails to transmit documents via a method in the Hague Convention, it cannot collect a judgment. *See Schlunk*, 486 U.S. at 705 ("Article[] 15 . . . provide[s] an indirect sanction against those who ignore [the Convention]").

Accordingly, Plaintiff has not established that it is entitled to entry of default judgment in under Article 15 of the Hague Convention.

6. CONCLUSION

It does not escape the Court that many requests by plaintiffs to serve a defendant in China by email are unopposed, as was the case here and in *Sulzer*. Indeed, Plaintiff's counsel's firm has filed approximately forty such requests in this district in 2022 alone, the majority of which appear to be wholly unopposed. *See, e.g.*, *Kelly Toys Holdings, Llc V. Children 777 Store et al.*, Case No. 1:22-cv-1857, Dkt No. 17 at 17–19 (requesting to serve defendants in China by email); *The Pinkfong Company Inc. v. 7 Day Store et al.*, Case No. 1:22-cv-4133, Dkt. No. 17 at 17–19 (same, using identical language); *Mattel Inc. v. Agogo Store et al.*, Case No. 1:22-cv-2388, Dkt. No. 11 at 17–19 (same, again using identical language). Thus, courts are unlikely to be alerted to authority that casts doubt on the propriety of their request for email service. In this case, it was not until YLILLY's reply brief shed light on the issue that the Court had any notice that email service might not be permissible on defendants located in China.[13]

The Court acknowledges that the inability to serve defendants in China by email could present obstacles to bringing copyright and trademark enforcement actions against defendants who operate online storefronts from that country. The Court understands that service via the procedures outlined in the Hague Convention can be lengthy, and that there is little ability to monitor the progress of a request for service to the Ministry of Justice. *See In re Bibox Grp. Holdings Ltd. Sec. Litig.*, No. 20CV2807(DLC), 2020 WL 4586819, at *3 (S.D.N.Y. Aug. 10, 2020)

[13] The Court appreciates that *Sulzer* has been the leading case in this district on the issue of service of process by email on entities in China and that counsel for Plaintiff may have taken the position that it was consistent with their duty of candor to the Court not to present the substantial contrary authority from outside of this district with respect to that issue. (It is less clear how counsel could rationalize a decision not to disclose the text of Article 15 of the Convention and the Supreme Court's commentary in *Schlunk* explaining its meaning in seeking default judgment in cases such as this.) Full disclosure of adverse authority is helpful to the court—particularly in cases, where, as here, a motion is unopposed. As the commentary to New York Rule of Professional Responsibility 3.3 states, "[a] tribunal that is fully informed on the applicable law is better able to make a fair and accurate determination of the matter before it." N.Y.R.P.R. 3.3 comment [4]; *see also* Commentary to ABA Model Rule 3.3[4] ("an advocate has a duty to disclose directly adverse authority in the controlling jurisdiction that has not been disclosed by the opposing party. The underlying concept is that legal argument is a discussion seeking to determine the legal premises properly applicable to the case.").

(commenting that service through the procedures in the Hague Convention "poses the risk of significant delay" and that plaintiffs would be unable to check the status of their request). Moreover, the Court agrees that the goal of prosecuting copyright and trademark infringement abroad is a noble one.

However, the Court may not ignore the text of Rule 4(f), the Hague Convention, and Chinese law in order to make service more efficient for Plaintiff. Nor may the Court ignore the implications of the Supreme Court's decisions in *Water Splash* and *Schlunk*. Rather, the Court is bound to those precedential and textual strictures. Indeed, "[t]hose rules are mandatory, and . . . 'the systemic comity interests embodied in the Service Convention' shouldn't be sacrificed in the name of 'concrete case management concerns.'" *See Facebook*, 480 F. Supp. 3d at 987 (quoting Maggie Gardner, Parochial Procedure, 69 Stan. L. Rev. 941, 1000 (2017) (footnote omitted)).

For the reasons stated, Plaintiff's motion for default judgment is denied.

SO ORDERED.

Dated: July 21, 2022
New York, New York

GREGORY H. WOODS
United States District Judge

ADDENDUM

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

SPIN MASTER, LTD., et al.,	)	
	)	
Plaintiffs,	)	
	)	Case No. 21-cv-4369
v.	)	
	)	Judge Robert M. Dow, Jr.
RUN DUCK, et al.,	)	
	)	
Defendants.	)	

ORDER

For the reasons stated below, the motion to dismiss filed by Defendants Run Duck, ZhangTimi, and Qzminsou-US ("Moving Defendants") [68] is denied. This case is set for a telephonic status hearing on October 19, 2022, at 9:00 a.m. Participants should use the Court's toll-free, call-in number 877-336-1829, passcode 6963747. A joint status report is due no later than October 14, 2022.

STATEMENT

This case is one of hundreds like it that have been filed in this jurisdiction over the past few years. Each case begins with the filing of an *ex parte* request for a TRO alleging that the defendants, almost always operating overseas, have engaged in infringing the plaintiff's federally registered trademarks and selling counterfeit versions of the plaintiff's products. Here, as in most cases, Plaintiffs have obtained both a TRO and a preliminary injunction, as well as a final default judgment against the vast majority of the eventually identified and named Defendants, save for those who reached settlements with Plaintiffs prior to the entry of the final default judgment order. At the time that the Court entered the TRO, it gave Plaintiffs leave to complete service of process on Defendants by e-mail. As is typically the case, several Defendants contacted counsel for Plaintiffs and reached agreements to settle the matters in dispute, as evidenced by numerous notices of voluntary dismissal [see 38, 39, 43, 46, 47, 48, 52, 61] prior to the entry of a final judgment order as to the vast majority of Defendants [see 66]. Three Defendants—Run Duck, ZhangTimi, and Qzminsou-US (collectively, the "Moving Defendants")—however, have resisted this course of action. They have filed a motion to dismiss [68] for insufficient service of process under Federal Rule of Civil Procedure 12(b)(5).

Under Federal Rule of Civil Procedure 12(b)(5), defendants may challenge the manner of service of process through a motion to dismiss. A plaintiff bears the "burden to demonstrate that the district court has jurisdiction over each defendant through effective service." *Cardenas v. City of Chicago*, 646 F.3d 1001, 1005 (7th Cir. 2011). If, on its own or on the defendant's motion, a court "finds that the plaintiff has not met that burden and lacks good cause for not

perfecting service, the district court must either dismiss the suit or specify a time within which the plaintiff must serve the defendant." *Id*.

Moving Defendants assert that the case should be dismissed as to them because Plaintiffs unlawfully evaded the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, conventionally known as the Hague Convention. According to Moving Defendants, where (as here) a defendant's mailing address is publicly available, service under the Hague Convention is obligatory. Correspondingly, Moving Defendants say, alternative service under Rule 4(f)(3) is prohibited. Plaintiffs responds that the Moving Defendants overstate the coverage of the Hague Convention, which is entirely silent on the subject of service by e-mail. Rule 4(f)(3), Plaintiffs submit, is not a disfavored process, but instead offers one of several vehicles for service of process on international defendants. Moreover, Plaintiffs maintain, e-mail service is particularly appropriate because it works very fairly and efficiently in the circumstances present here. Moving Defendants and others doing business in this space transact much of their business by email, using platforms like Amazon, and receive instantaneous notice of the litigation. In contrast, as many courts have noted (and experienced), service under the Hague Convention can be "slow and expensive." *In re OnePlus Tech. (Shenzhen) Co., Ltd.*, 2021 WL 4130643, at *3 (Fed. Cir. Sept. 10, 2021).

Fortunately for the parties and the Court, the issue for decision has been decided by several other judges in this District. To be sure, there appears to be a split of authority. Compare *Turnpro LLC v. The Entities and Individuals Identified in Annex A*, Case No. 21-cv-2763, Order [Docket entry 105] at 5 (N.D. Ill. June 24, 2022) (denying motion for relief from judgment under FRCP 60(b) on ground that "service by email under Rule 4(f)(3) was not prohibited by the Hague Convention in this case"); *NBA Properties, Inc. v. The Partnerships and Unincorporated Associations Identified in Schedule "A"*, 549 F. Supp. 3d 790, 796-98 (N.D. Ill. 2021) (denying motion to dismiss under FRCP 4(f)(3) and holding that service by email was proper); *Oakley, Inc. v. The Partnerships and Unincorporated Associations Identified in Schedule "A"*, 2021 WL 2894166, at * 4-*6 (N.D. Ill. July 15, 2021) (same) with *Luxottica Group S.P.A. v. The Partnerships and Unincorporated Associations Identified in Schedule "A"*, 391 F. Supp. 3d 816, 827-28 (N.D. Ill. 2019) (granting motion to dismiss for failure to serve under Hague Convention). As explained below, the Court concludes that Plaintiff has the better of the argument and thus will follow the logic and outcome in *Turnpro*, *NBA Properties*, and *Oakley* in denying Moving Defendants' motion to dismiss.

At the outset, the Court accepts Moving Defendants' contention that Plaintiff either knew or easily could have known each entity's proper mailing address based on Moving Defendants' Amazon verifications and/or profiles. Thus, the exception in Article 1 of the Hague Convention "where the address of the person to be served with the document is not known" is inapplicable.

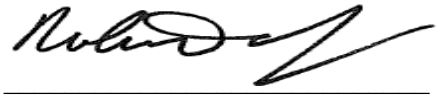
Nevertheless, the Court does not find the Hague Convention to be the exclusive means of effectuating service in the circumstances present here. Rule 4(f)(3) permits courts to approve alternative means of service if the "other means [are] not prohibited by international agreement." Fed. R. Civ. P. 4(f)(3). To be sure, the Moving Defendants are domiciled in China, which is a signatory to the Convention and service under the Hague Convention thus would be proper. But it is not required. As other courts in this District have observed, there "is no indication of a

hierarchy in the text or structure of Rule 4(f)." *NBA Properties*, 549 F. Supp. 3d at 796 (quoting *Flava Works, Inc. v. Does 1-26*, 2013 WL 1751468, at *7 (N.D. Ill. Apr. 19, 2013)). Thus, under the plain language of the rule, "so long as the proposed method of service is 'not prohibited by international agreement[,]' Rule 4(f)(3) does not require a party to attempt service under the Convention before seeking a court order directing alternative service." *NBA Properties*, 549 F. Supp. 3d at 796 (citing *Strabala v. Zhang*, 318 F.R.D. 81, 114 (N.D. Ill. 2016)).

As this Court previously has noted, service by email is neither explicitly provided for in nor forbidden by the Convention. *CFTC v. Caniff*, 2020 WL 956302, at *6 (N.D. Ill. Feb. 27, 2020) ("The Convention does not affirmatively authorize, nor does it prohibit, service by email"). Thus, despite the fact that Plaintiffs had not attempted service under the terms of the Convention, the Court was authorized to order that service be effectuated by an alternative means (*i.e.*, email) so long as Plaintiffs "ma[d]e a showing as to why alternative service should be authorized." *NBA Properties*, 549 F. Supp. 3d at 796 (citing *Flava Works*, 2013 WL 1751468, at *7). Here, there are multiple reasons why service by email is appropriate. To begin, it is much faster and less expensive than under the Hague Convention. See *NBA Properties*, 549 F. Supp. 3d at 797; *Strabala*, 318 F.R.D. at 114. It also is very reliable and effective, as evidenced by the prompt appearances of counsel for Moving Defendants and the communications from other Defendants that led to quick settlements. See *NBA Properties*, 549 F. Supp. 3d at 797; see also *Ouyeinc Ltd. v. Alucy*, 2021 WL 2633317, at *3 (N.D. Ill. June 25, 2021) ("courts have routinely upheld service by email" in infringement actions where online stores' "business appeared to be conducted entirely through electronic communications") (cleaned up) (citing *Rio Props, Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1018 (9th Cir. 2002) ("When faced with an international e-business scofflaw, playing hide-and-seek with the federal court, e-mail may be the only means of effecting service of process")).[1]

In sum, the Court joins what appears to be the majority view in this District in concluding that service of process under Rule 4(f)(3) is permissible in lieu of service under the Hague Convention in a case like this one. Accordingly, Moving Defendants' motion to dismiss [68] is denied. This case is set for a telephonic status hearing on October 19, 2022 at 9:00 a.m. Participants should use the Court's toll-free, call-in number 877-336-1829, passcode 6963747. A joint status report is due no later than October 14, 2022.

Dated: September 27, 2022



Robert M. Dow, Jr.
United States District Judge

[1] Like other courts in this District, this Court also does not read either *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694 (1988), or *Water Splash, Inc. v. Menon*, 137 S. Ct. 1504 (2017), to bar service by email. As noted above, although the Hague Convention "pre-empts inconsistent methods of service [wherever] it applies," *Schlunk*, 486 U.S. at 699; *Water Splash*, 137 S. Ct. at 1507, the Convention says nothing at all, one way or the other, about service by email. See *NBA Properties*, 549 F. Supp. 3d at 797-98; see also *Turnpro*, Order at 5 n.4.