## THE HONORABLE RONALD B. LEIGHTON

# UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON AT TACOMA

THE NEIMAN MARCUS GROUP, INC.; BERGDORF GOODMAN, INC.; AND NM NEVADA TRUST,

Plaintiffs,

VS.

DOTSTER, INC. A/K/A REVENUEDIRECT; REGISTRARADS, INC.; AND SCOTT FISH,

Defendants.

NO. C06-5292RBL

PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION

NOTE FOR MOTION CALENDAR: JANUARY 12, 2007

ORAL ARGUMENT REQUESTED

# I. <u>INTRODUCTION</u>

Plaintiffs NM Nevada Trust, The Neiman Marcus Group, Inc. and Bergdorf Goodman, Inc. (collectively "Plaintiffs") move this Court pursuant to Federal Rule of Civil Procedure 65 for entry of an order enjoining Defendants Dotster, Inc., RegistrarAds, Inc., and Scott Fish. This Motion is supported by authorities set forth below and the declaration of Nelson A. Bangs, Benjamin G. Edelman, and David J. Steele, filed concurrently herewith. A proposed form of order also accompanies this Motion.

Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

Fax: (503) 727-2222

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Plaintiffs are the owners or licensees of the famous trade names, trademarks and service marks NEIMAN-MARCUS, NEIMAN MARCUS and BERGDORF GOODMAN (collectively, "Plaintiffs' Famous Marks"). Defendants Dotster, Inc., Dotster's employee, Scott Fish, and Dotster's affiliate, RegistrarAds, Inc. (collectively, "Defendants"), operate one of the largest and most nefarious cybersquatting operations the Internet has ever seen, having registered and used thousands of domain names that are confusingly similar to famous marks. Defendants' portfolio of domain names reads like a who's who of corporate America, including obvious misspellings of many famous marks, including Plaintiffs' Famous Marks. Defendants also employ a number of devices to cloak their unlawful activities and the true scope of their efforts, and have gone to great lengths to conceal their true identities.

Plaintiffs require immediate injunctive relief because Defendants continue to unlawfully register and use domain names that are confusingly similar to Plaintiffs' Famous Marks even after notice of Plaintiffs' rights, and even after service of Plaintiffs' Original Complaint. Some examples of domain names Defendants registered after notice of Plaintiffs' rights in its famous marks include: neamannmarcus.com, neimanmaracus.com, neimanmarcuse.com, neimanmarcuslastchance.com, neimanmarisu.com, neimanns.com, neimansjewlery.com, nemammarcus.com, nemninmarcus.com, neumanmarcos.com, neumenmarcos.com, newmenmarcus.com, ninemmarcus.com, emanmarcus.com, neimanscatalog.com and niemanstores.com.

<sup>&</sup>lt;sup>1</sup> Dotster, Inc. is a registrar of Internet domain names and is accredited by the Internet Corporation for Assigned Names and Numbers ("ICANN"). However, the domain names at issue in this case were registered by Dotster, Inc. or its affiliate company, RegistrarAds, Inc., for Defendants' own direct use and benefit. Dotster Inc.'s

Defendants are serial cybersquatters who, even after notice of their unlawful acts, refuse to yield.<sup>2</sup> Accordingly, an injunction from this Court is the only way to prevent Plaintiffs from suffering irreparable harm as a result of Defendants' further unlawful registrations of confusingly similar domain names to Plaintiffs' Famous Marks.

## II. STATEMENT OF FACTS

# A. Plaintiffs' Business and its Famous Marks

Over the past century, the Neiman Marcus and Bergdorf Goodman retail businesses have grown into two of the nation's best-known retail stores and each operates a worldwide mail order catalog retail business. For nearly a century, Plaintiffs and their predecessors have worked tirelessly to build and maintain the goodwill associated with Plaintiffs' Famous Marks.

(Declaration of Nelson A. Bangs ("Bangs Decl.") at ¶4, 21).

Hundreds of thousands of consumers hold Neiman Marcus charge accounts and sales revenues from the Neiman Marcus stores, catalogs, and its interactive e-commerce website totaled in the billions of dollars in the past fiscal year. (Bangs Decl. at ¶7-8). Sales revenues from the Bergdorf Goodman stores, catalogs, and its interactive e-commerce website totaled in the hundreds of millions of dollars in the past fiscal year. (Bangs Decl. at ¶24). Neiman Marcus, in 1999, and Bergdorf Goodman, in 2001, expanded their retailing strategy by launching e-commerce websites at www.neimanmarcus.com and www.bergdorfgoodman.com, respectively.

role as an ICANN registrar is not at issue in this case, except that Dotster, Inc. has used this position of trust to conceal its unlawful activities.

<sup>2</sup> Similarly, Defendants continue to cybersquat on numerous other famous trademarks even **after** notice of these other famous marks. Examples include: aberconbiandficth.com, ballyhealthspa.com, disneychammle.com, expediance.com, google-satellite.com, jcp-photo.com, marriotcouryard.com, playboymanshen.com, randmcannly.com, searsphotgraphy.com, toyotaofnorthampton.com, and unitediar.com, to list just a few.

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(Bangs Decl. at ¶¶9, 26). A substantial portion of Neiman Marcus's and Bergdorf Goodman's sales are conducted on these websites. (Bangs Decl. at ¶¶10, 27).

Plaintiff NM Nevada Trust owns the Neiman Marcus trade name, and the NEIMAN-MARCUS and NEIMAN MARCUS trade and service marks (collectively, the "Neiman Marcus Marks"), which it licenses to Plaintiff The Neiman Marcus Group, Inc. (Bangs Decl. at ¶2-3). Plaintiff NM Nevada Trust also owns the Bergdorf Goodman trade name, and the BERGDORF GOODMAN trade and service marks (collectively, the "Bergdorf Goodman Marks"), which it licenses to Plaintiff Bergdorf Goodman, Inc. (Bangs Decl. at ¶19-20).

The Neiman Marcus Marks and the Bergdorf Goodman Marks are highly distinctive and valid marks. (Bangs Decl. at ¶12, 19). Plaintiffs own numerous United States trademark registrations for the Neiman Marcus Marks and for the Bergdorf Goodman Marks. (Bangs Decl. at ¶12, 19). A table summarizing these registrations and copies of the Registration Certificates for each mark is attached as Exhibits 1 and 2 to the Bangs Declaration. Many of these registrations are incontestable under the provisions of 15 U.S.C. section 1065. (Bangs Decl. at ¶12, 19).

Plaintiffs diligently police and vigorously protect their rights in the Neiman Marcus Marks and Bergdorf Goodman Marks, and strictly control any use by licensees of these marks. (Bangs Decl. at ¶¶17, 33).

# B. <u>Defendants Unlawful Cybersquatting Operations</u>

Defendants operate a massive cybersquatting operation and have registered and use hundreds of thousands of domain names. (Declaration of Benjamin Edelman ("Edelman Decl.") at ¶21, 32). Many of these domain names are confusingly similar to famous or distinctive trademarks owned by others, including Plaintiffs' Famous Marks. (Declaration of David Steele

Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

Phone: (503) 727-2000 Fax: (503) 727-2222

("Steele Decl.") at ¶4, Ex. 2). In fact, Defendants' portfolio of domain names is so infested with domain names, which infringe famous trademarks that the representative list filed in support of Plaintiffs' Original Complaint was ten pages long—and this representative list only included the infringing domain names for one famous mark for each letter of the alphabet (i.e., Abercrombie and Fitch, Bally's Total Fitness, Cingular Wireless, Disney, Expedia, etc.). (Steele Decl. at ¶4, Ex. 2). This representative list contains nearly one thousand domain names. (Steele Decl. at ¶4, Ex. 2).

Defendants use these domain names, which are confusingly similar to famous marks, to lure Internet users searching for those famous or distinctive trademarks. Defendants host websites at each domain name that (1) display links featuring goods or services directly competitive with those sold or provided in connection with the famous or distinctive trademarks, and (2) display pop-up advertisements. (Steele Decl. at ¶5, Ex. 3-4); (Edleman Decl. at ¶34, Ex. 5-6). Defendants receive payment from advertisers, search engines, and affiliate programs each time an advertisement is displayed or a link is clicked. (Edleman Decl. at ¶26).

Defendants use and operate an automated process in order to identify available domain names that Defendants believe will be profitable because of anticipated Internet traffic. As a result of this automated process, Defendants register thousands of domain names each day, many of which are confusingly similar to famous marks because they involve misspellings or mistypings of famous marks. Defendants are unable or unwilling to operate their automated process such that famous marks are not being infringed.

At the time the Original Complaint was filed on May 30, 2006, each domain name featured a link that read "Offer to Buy This Domain." (Steele Decl. at ¶5, Ex. 3; Edleman Decl.

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Phone: (503) 727-2000 Fax: (503) 727-2222 at ¶24, Ex. 5). Defendants also sold domain names to Plaintiffs' investigator, among them, bergmangoodman.com. (Steele Decl. at ¶6, Ex. 5-6.).

Defendants also employ a number of devices to hide their unlawful activities and to conceal their true identities. Defendants failed to list any contact information in the whois data<sup>3</sup> for many of the domain names they registered and used, and do not list the name of the registrant for any of the domain names they have registered. (Steele Decl. at ¶3, Ex. 1). An analysis of a representative sample of domain names owned by Defendants found that not a single one had any whois data. (Edleman Decl. at ¶23). Defendants used a non-identifying email service provider, gmail.com, to hide any association with Dotster. (Steele Decl. at ¶5). Defendants also held themselves out as "Revenue Direct" and used the email address domains@revenuedirect.com to hide any association with Dotster. (Steele Decl. at ¶6, Ex. 6). Defendants requested that checks for sales of domain names be made payable to "DOMAIN REGISTRATION." (Steele Decl. at ¶7, Ex. 5). In addition, Defendants' legal counsel made materially misleading statements to Plaintiffs' counsel that Dotster was not the registrant of the domain names and that Dotster did not know the identity of the registrant. (Steele Decl. at ¶10, Ex. 10).

<sup>&</sup>lt;sup>3</sup> Whois data provides, among other information, the full name of the registrant of the domain name and the registrant's contact information. Defendants are required to provide accurate and reliable contact details, including the full name of the registrant, in the whois data. See Registrar's Accreditation Agreement, paragraph 3.7.7.1, attached as Exhibit 14 to the Steele Decl. See also, 15 USC §1117(e) (providing a rebuttable presumption that a Lanham Act violation is willful if the violator knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar); 15 USC §1125(d)(1)(B)(i)(VII) (one factor in determining bad faith cybersquatting is the registrant's "provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct").

### C. **Defendants Continued Unlawful Cybersquatting Operations After Notice**

On January 21, 2006, Defendants' counsel was advised of Plaintiffs' rights in its famous Neiman Marcus Marks and that Defendants' registration of neimanmarqus.com infringed Plaintiffs' rights. (Steele Decl. at ¶8, Ex. 8). On January 22, 2006, Defendants' counsel acknowledged Plaintiffs' rights and agreed to delete or transfer the neimanmarqus.com domain name to Plaintiffs.<sup>4</sup> (Steele Decl. at ¶9, Ex. 9). Yet, even after this notice, Defendants did not stop their cybersquatting behavior. Instead, after January 22, 2006, Defendants registered or renewed at least<sup>5</sup> the following domain names which are confusingly similar to the Neiman Marcus Marks:6

neamannmarcus.com neimanmaracus.com neimanmarcuse.com neimanmarcuslastchance.com neimanmarisu.com neimanns.com neimansjewelry.com (Steele Decl. at ¶11, Ex. 1)

nemammarcus.com nemninmarcus.com neumanmarcos.com neumenmarcos.com newmenmarcus.com ninemmarcus.com emanmarcus.com

Even after being served with the Original Complaint on June 1, 2006, Defendants' cybersquatting activities continued unabated. For example, on October, 13, 2006, more than four

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<sup>&</sup>lt;sup>4</sup> Defendants admitted in their Original Answer that this email correspondence provided notice of the Neiman Marcus Marks to them. (Original Answer, ¶ 69).

<sup>&</sup>lt;sup>5</sup> Plaintiffs have had to utilize experts and forensic tools to unearth Defendants' unlawful cybersquatting because of Defendants efforts to hide the scope of their operation and their true identities. (Edelman Decl. at ¶24). Accordingly, Plaintiffs expect that an accurate count of infringing domain names, and the full measure of Defendants' unlawful activities will remain unknown until after discovery.

<sup>&</sup>lt;sup>6</sup> Prior to Plaintiffs' January 22, 2006 notice, Defendants already had registered at least the following domain names that are confusingly similar to the Neiman Marcus Marks: neimanmarqus.com; nehmanmarcus.com; neimanmarcurs.com; neimenmarus.com; neimumarcus.com; nelmanmarcus.com; nemimarcus.com; and miumanmarcus.com. Defendants also registered the following domain names that are confusingly similar to the Bergdorf Goodman Marks: bergdorfgoddman.com; begrdorfgoodmon.com; bergdorfgoogman.com; bergerdorfgoodman.com; bergmangoodman.com; and borgdorfgoodman.com.

months after they were served with the Original Complaint, Defendants registered neimanscatalog.com and niemanstores.com, which are confusingly similar domain names to the Neiman Marcus Marks. (Steele Decl. at ¶12, Ex. 1 at p. 11-12).

In addition, even though the Original Complaint identified numerous other famous marks on which Defendants were cybersquatting, Defendants, after June 1, 2006, continued registering, renewing and using domain names that are confusingly similar to those famous marks, including:

aberconbiandficth.com abercrumbieandfinch.com ballyhealthspa.com ballynutrient.com disneyblockoutdates.com disneycampground.com disneychammle.com disneychanelchanel.com disneychanelsohotsummer.com disneychannelauditions.com disneychannelfathersday.com disneychannelhotsummer.com disneychannelnnel.com disneychannelsohotsummer.com

disneychannel-sohotsummer.com disneychannelssohotsummer.com disneyfireworks.com

disneylandcaliforniaadventures.com disneylandcruises.com disneylandland.com

disneyporncollection.com disneyprencess.com

disneysgrandcaliforniahotel.com disneysohotsummer.com

disneyworldcampgrounds.com

expedee.com expediance.com google-satellite.com googlesexoffender.com

googletrace.com jcp-photo.com marriop.com marriotcouryard.com

neimanscatalog.com niemanstores.com playboymanshen.com randmeannly.com searsesential.com searsphot.com searsphotgraphy.com searspicturestudio.com searsscratchanddent.com toyotaofnorthampton.com

toyotarentals.com toyotasoutheast.com

unitediar.com

walmartdistributioncenters.com

walmartexpress.com xmdelphi.com xmsatliteradio.com

(Steele Decl. at ¶13, Ex. 11).

Any claims that Defendants have ceased their unlawful cybersquatting activity are simply not supported by the facts. Some of the domain names listed above were registered or renewed by Defendants within the past few weeks. Specifically:

> Perkins Coie LLP 1120 NW Couch Street, 10th Floor Portland, Oregon 97209 Phone: (503) 727-2000 Fax: (503) 727-2222

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aberconbiandficth.com which was registered on 05-Oct-2006; abercrumbieandfinch.com which was renewed on 18-Oct-2006; which was renewed on 22-Oct-2006; ballyhealthspa.com ballynutrient.com which was renewed on 01-Nov-2006; jcp-photo.com which was registered on 31-Oct-2006; marriop.com which was registered on 19-Oct-2006; playboymanshen.com which was renewed on 28-Oct-2006; searsphot.com which was renewed on 28-Oct-2006; toyotasoutheast.com which was renewed on 13-Oct-2006; unitediar.com which was renewed on 18-Oct-2006; and xmsatliteradio.com which was renewed on 13-Oct-2006.

(Steele Decl. at ¶13, Ex. 11).

Finally, even after being served with the Original Complaint, Defendants continued their failure to list any contact information in the whois data for many of the domain names they have registered. Some examples of domain names with no contact information include: abercronbiandficth.com, disneychammle.com, google-satellite.com, marriotcouryard.com, toyotaofnorthampton.com, and walmartdistributioncenters.com. (Steele Decl. at 14, Ex.12). For the domain names that do contain contact information, the information is inaccurate and misleading. Instead of listing themselves as the actual registrant of the domain names, Defendants hide their identity by identifying the registrant as "c/o the domain name." For example, the whois data for the domain name ballyhealthspa.com lists the registrant as "c/o ballyhealthspa.com." (Steele Decl. at 15, Ex. 13).

## III. PLAINTIFFS ARE ENTITLED TO A PRELIMINARY INJUNCTION

## A. Standard For Granting Injunctive Relief

Plaintiffs are entitled to preliminary injunctive relief because Plaintiffs are likely to succeed on the merits of their claim that Defendants have violated the Anticybersquatting Consumer Protection Act, 15 U.S.C § 1125(d) (the "ACPA"). In addition, Plaintiffs are entitled to preliminary injunctive relief because Plaintiffs face irreparable harm if Defendants are

Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

Fax: (503) 727-2222

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permitted to continue registering confusingly similar domain names to Plaintiffs' Famous Marks. See Senate of State of California v. Mosbacher, 968 F.2d 974, 977 (9th Cir. 1992) (citations omitted) (a plaintiff seeking preliminary injunctive relief must prove either: "(1) a combination of probable success on the merits and the possibility of irreparable harm, or (2) the existence of serious questions going to the merits, the balance of hardships tipping sharply in [plaintiff's] favor, and at least a fair chance of success on the merits"). The alternative standards represent a sliding scale under which "a lesser showing of probability of success requires a greater showing of harm, and vice versa." Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc., 900 F. Supp. 1287, 1292 (C.D. Cal. 1995) (citation omitted).

### Plaintiffs Are Likely To Succeed On The Merits Of Their Claim Against B. **Defendants For Cybersquatting**

Pursuant to the ACPA, cybersquatting involves the (1) registration, use, or trafficking in, a domain name (2) that is identical or confusingly similar to a distinctive or famous trademark, (3) with a bad faith intent to profit from the mark. See 15 U.S.C § 1125(d). As will be shown below, Defendants have violated the ACPA and must be enjoined from continuing cybersquatting.

#### 1. Defendants' Registration, Use, And Trafficking In Domain Names

Defendants have registered at least 34 domain names which are confusingly similar to Plaintiffs' Famous Marks. (Steele Decl. at ¶2, Ex. 1). See also Answer to Original Complaint, ¶ 70 ("It is admitted that Dotster registered the domain names identified in Paragraph 70 for an affiliate, which was the registrant"). Dotster identified the affiliate as defendant RegistrarAds, Inc. (Steele Decl. at ¶16).

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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Defendants also used these confusingly similar domain names to host websites that displayed links featuring goods or services that are directly competitive with Plaintiffs' goods and displayed pop-up advertisements. (Steele Decl. at ¶5, Ex. 3-4; Edleman Decl. at ¶34, Ex. 5-6). See also Answer to Original Complaint, ¶90 (admitting that "a Dotster affiliate used certain of the domain names identified in paragraph 70 of the Complaint") (emphasis added). Programming code used within the displayed advertisements, "client=ca dp dotster," identifies Dotster as the client to the advertisers, search engines, or affiliate programs. (Edelman Decl. at ¶26).

In addition, Defendants trafficked in these confusingly similar domain names by selling or offering to sell these confusingly similar domain names. (Steele Decl. at ¶6, Ex. 5-6). Emails regarding the purchase of the domain names were sent to, received by, and responded to by Dotster employee and Defendant Scott Fish. (Steele Decl. at ¶6, Ex. 5-6). Dotster employees offered to sell the domain names. (Steele Decl. at ¶6, Ex. 5-6). Dotster employees instructed that payments be sent to Dotster's paypal account, and to Dotster's office to the attention of the Dotster employees. (Steele Decl. at ¶7, Ex. 5-6). Finally, checks for the purchase of domain names were stamped with Dotster's company banking stamp (complete with Dotster's bank account number) and deposited into Dotster's account. (Steele Decl. at ¶7, Ex. 7).

### 2. The Infringing Domain Names are Confusingly Similar to Plaintiffs' **Distinctive and Famous Marks**

## Plaintiffs' Famous Marks are distinctive and famous.

The Neiman Marcus Marks and Bergdorf Goodman Marks are very distinctive trade and services marks. (Bangs Decl. at ¶2, 19). Both marks continuously have been used in interstate commerce for almost a century to designate Plaintiffs' goods and services. Plaintiffs own

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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numerous United States trademark registrations for the Neiman Marcus Marks and for the Bergdorf Goodman Marks. (Bangs Decl. at ¶¶16, 32, Ex. 1-2). Many of these registrations are incontestable under the provisions of 15 U.S.C. § 1065. (Bangs Decl. at ¶2, 19).

The Neiman Marcus Marks and the Bergdorf Goodman Marks are also famous marks. The newly enacted dilution statutes provides, "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). In determining whether a mark possesses the requisite degree of recognition, courts may consider all relevant factors, including: (1) the duration, extent, and geographic reach of advertising and publicity of the mark; (2) the amount, volume, and geographic extent of sales of goods or services offered under the mark; (3) the extent of actual recognition of the mark; and (4) whether the mark was registered. Id.

Not only are most of the registrations of Plaintiffs' Famous Marks incontestable, but Plaintiffs operate two of the nation's best-known retail stores in the country. See Yarmuth-Dion, Inc., et al. v. D'ion Furs, Inc., 835 F.2d 990, 991 (2nd Cir. 1987) (referring to Bergdorf Goodman and Neiman Marcus as "the country's best known department stores"). These stores have been in operation for almost a century. Neiman Marcus operates thirty-six stores located in premier retail locations in major markets nationwide, while Bergdorf Goodman operates its world famous main retail store in Manhattan, New York. (Bangs Decl. at ¶¶6, 21). In addition, Plaintiffs operate a nationwide mail order catalog retail business under both marks. (Bangs Decl. at  $\P$ 5, 22).

Neiman Marcus, in 1999, and Bergdorf Goodman, in 2001, expanded their retailing strategy by launching e-commerce websites at www.neimanmarcus.com and

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www.bergdorfgoodman.com, respectively. (Bangs Decl. at ¶¶9, 26). Plaintiffs' Famous Marks are also promoted by Plaintiffs with extensive advertising in the print, radio and television markets. (Bangs Decl. at ¶15, 31). Hundreds of thousands of consumers hold Neiman Marcus charge accounts and sales revenues for Neiman Marcus and Bergdorf Goodman stores and catalogs totaled in the billions of dollars and hundreds of millions of dollars, respectively, during the past year. (Bangs Decl. at ¶¶8, 24).

### b) Defendants have registered at least 34 domain names that are confusingly similar to Plaintiffs' Famous Marks.

Defendants have registered at least 34 domain names each of which is confusingly similar to Plaintiffs' Famous Marks. These confusingly similar domain names are:

1.	bergdorfgoddman.com
2.	bergdorfgoodmon.com
3.	bergdorfgoogman.com
4.	bergerdorfgoodman.com
5.	bergmangoodman.com
6.	borgdorfgoodman.com
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- 7. emanmarcus.com 8. marcusneimen.com 9. neamannmarcus.com
- 10. nehmanmarcus.com 11. nehminmarcus.com 12. neimanmaracus.com
- 13. neimanmarcurs.com 14. neimanmarcuse.com
- 15. neimanmarcuslastchance.com
- 16. neimanmarisu.com
- 17. neimanmarqus.com

18. neimanns.com

19. neimanscatalog.com

20. neimansjewlery.com

21. neimenmarus.com

22. neimumarcus.com

23. nelmanmarcus.com 24. nemammarcus.com

25. nemimarcus.com

26. neminnmarcus.com

27. nemninmarcus.com

28. neumanmarcos.com

29. neumenmarcus.com

30. newmenmarcus.com

31. nhminmarcus.com

32. niemanstores.com

33. ninemmarcus.com

34. niumanmarcus.com Each domain name is confusingly similar to Plaintiffs' Famous Marks because it contains

misspellings of Plaintiffs' Famous Marks intended to catch an Internet user who makes a slight spelling or typing error. For example, bergdorfgoddman.com merely replaced the letter "o" in the "goodman" portion of the mark with the letter "d." "A reasonable interpretation of conduct covered by the phrase 'confusingly similar' is the intentional registration of domain names that are misspellings of distinctive or famous names, causing an Internet user who makes a slight

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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spelling or typing error to reach an unintended site." Shields v. Zuccarini, 254 F.3d 476, 484 (3rd Cir. 2001). See also N. Light Tech., Inc. v. N. Lights Club, 236 F.3d 57, 66 n.14 (1st Cir. 2001) (the identical or confusingly similar requirement of ACPA looks to the facial similarity of the domain name with the mark).

Some of the infringing domain names merely append a generic word associated with Plaintiffs' Famous Marks to the mark or a portion of the mark. For example, the neimanscatalog.com domain name merely appends the word "catalog" to the distinctive "neimans" portion of the Neiman Marcus Marks, Domain names which merely append a generic word to a distinctive or famous mark are also confusingly similar to the mark upon which they prey. Senator Hatch, in support of the passage of the ACPA, cited "attphonecard.com" and "atteallingcard.com" as examples of confusingly similar domain names the bill would protect against. 145 Cong. Rec. S10513, S10515 (daily ed. August 5, 1999) (statement of Sen. Hatch).

Defendants host websites on many of these 34 infringing domain names, which display links to goods and services that are directly competitive to Plaintiffs' goods and services. (Steele Decl. at ¶5, Ex. 3-4) Defendants' efforts to capitalize of the misspellings or mis-typings of Internet users looking for Plaintiffs' websites at neimanmarcus.com and bergdorfgoodman.com is further evidence that each of the domain names is confusingly similar to the Neiman Marcus Marks or Bergdorf Goodman Marks.

#### **Defendants' Bad Faith Intent To Profit From The Marks** 3.

In determining whether Defendants possessed the required bad faith intent to profit from the marks, the ACPA identifies nine separate factors for the courts to examine. 15 U.S.C. §

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1125(d)(1)(B)(i). Each of the nine factors supports or strongly supports a finding that Defendants' registration and use of the 34 confusingly similar domain names were with a bad faith intent to profit from Plaintiffs' Famous Marks.

> The trademark or other intellectual property rights of the person, if any, in the domain name (15 U.S.C. § 1125(d)(1)(B)(i)(I)

Defendants have no intellectual property rights in any of the 34 confusingly similar domain names that they registered, used and/or trafficked in. Nor have Plaintiffs authorized Defendants to use Plaintiffs' Famous Marks. (Bangs Decl. at ¶¶18, 34). As such, the first bad faith intent factor under the ACPA supports a finding that Defendants registered the confusingly similar domain names with a bad faith intent to profit.

> b) The extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person (15 U.S.C. § 1125(d)(1)(B)(i)(II))

Similarly, none of the 34 confusingly similar domain names consists of the legal name of any Defendant. Nor is any Defendant commonly known by any of these 34 confusingly similar domain names. Defendants admit this in their Answer to the Original Complaint. See Answer to Original Complaint, ¶¶ 97, 122. Therefore, the second bad faith intent factor under the ACPA supports a finding that Defendants registered the confusingly similar domain names with a bad faith intent to profit.

<sup>&</sup>lt;sup>7</sup> Neiman Marcus is widely known for publishing a catalog. (Bangs Decl. at ¶5).

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The person's prior use, if any, of the domain name in connection c) with the bona fide offering of any goods or services (15 U.S.C. § 1125(d)(1)(B)(i)(III))

The third bad faith factor under the ACPA asks the Court to analyze whether Defendants' prior use of the 34 confusingly similar domain names was in connection with a bona fide offering of any goods or services. Defendants, however, used the 34 confusingly similar domain names to lure Internet users trying to reach Plaintiffs' websites at neimanmarcus.com and bergdorfgoodman.com to a website, which featured advertising and links to goods or services directly competitive with Plaintiffs' goods and services, and which displays pop-up advertisements. It is well settled that misdirecting Internet traffic by using another party's mark is unlawful. Brookfield Communs., Inc. v. West Coast Ent. Corp., 174 F.3d 1036, 1059 (9th Cir. 1999). Because this unlawful use cannot be a *bona fide* offering of goods or services, the third bad faith intent factor supports a finding of Defendants' bad faith intent to profit.

> The person's bona fide noncommercial or fair use of the mark in d) a site accessible under the domain name (15 U.S.C. § 1125(d)(1)(B)(i)(IV)

Defendants' use of the 34 confusingly similar domain names was purely commercial. Defendants selected the domain names that would generate revenue from advertisers, search engines, and affiliate programs, and engineered their systems to maximize Defendants' returns. Because none of the websites contained any commentary about, or comparisons of, Plaintiffs goods or services, Defendants' use was not a bona fide noncommercial or fair use. Further, because Defendants' use of each of the domain names is purely commercial, it cannot be a noncommercial use. Therefore, the fourth bad faith factor supports a finding that Defendants registered the confusingly similar domain names with a bad faith intent to profit.

> e) The person's intent to divert consumers from the mark owner's

> > Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > > Fax: (503) 727-2222

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online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site (15 U.S.C. § 1125(d)(1)(B)(i)(V)

In view of the similarity between the 34 confusingly similar domain names and Plaintiffs' Famous Marks, it is obvious that Defendants' intent was to divert consumers searching for Plaintiffs' neimanmarcus.com and bergdorfgoodman.com websites. "Cybersquatters often register well-known marks to prey on consumer confusion by misusing the domain name to divert customers from the mark owner's site to the cybersquatter's own site, many of which are pornography sites that derive advertising revenue based on the number of visits, or 'hits,' the site receives." Shields v. Zuccarini, 254 F.3d 476, 484 (3rd Cir. 2001). Although Defendants' sites did not involve pornography, their intent was the same as the defendant in Zuccarini: "to register a domain name in anticipation that consumers would make a mistake, thereby increasing the number of hits his site would receive, and consequently, the number of advertising dollars he would gain." Id.

The only reason that consumers would access the websites at any of the 34 confusingly similar domain names is because these domain names are misspellings or mis-typings of Plaintiffs' Famous Marks. Defendants thus intended to create a likelihood of confusion in order to capitalize, for their own commercial gain, on the mistakes of consumers looking for Plaintiffs' websites. Defendants' desire to profit from the misspellings or mis-typings of consumers seeking Plaintiffs' famous marks is further evidenced by the fact that websites at each of these confusingly similar domain names featured links to goods and services directly competitive to Plaintiffs' goods and services. (Steele Decl. at ¶5, Ex. 3-4).

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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In addition, Plaintiffs are harmed by the likelihood that consumers will mistakenly access Defendants' 34 confusingly similar domain names. "Prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page . . . ." Panavision International, L.P. v. Toeppen, et al., 141 F.3d 1316, 1327 (9th Cir. 1998) (citations omitted).

Finally, Defendants intended to divert consumers from Plaintiffs' websites to their own websites because they continued to register and use confusingly similar domain names even after explicit notice of Plaintiffs' rights in their famous mark, and after Plaintiffs filed and served its Original Complaint. See Fitzgerald Pub. Co., Inc. v. Baylor Pub. Co., Inc., 807 F.2d 1110, 1115 (2nd Cir. 1986) (actual or constructive knowledge on infringing acts proves willfullness); Louis Vuitton Malletier & Oakley, Inc. v. Veit, 211 F. Supp. 2d 567, 583 (E.D. Pa. 2002) ("Willfulness can be inferred by the fact that a defendant continued infringing behavior after being given notice"). Specifically, in January 2006, Defendants explicitly knew that it improperly registered neimanmarqus.com and that Plaintiffs' owned the famous Neiman Marcus mark. Yet, despite this explicit knowledge, Defendants registered at least fourteen additional confusingly similar domain names. Further, even after Defendants were served with the Original Complaint on June 1, 2006, Defendants continued cybersquatting on Plaintiffs' Famous Marks, registering neimanscatalog.com and niemanstores.com on October, 13, 2006.8

<sup>&</sup>lt;sup>8</sup> It defies logic to believe that Defendants did not know what they were doing. Defendants used an automated process to identify domain names and only kept those domain names that had sufficient traffic to ensure that Defendants would make a profit on those domain names. See Answer to Original Complaint, ¶ 33 (admitting that many domain names were deleted because of lack of traffic). In employing this automated process, Defendants knew or should have known that many of the domain names it registered were receiving traffic solely because they were misspellings or mis-typings of famous or distinctive marks. Despite this knowledge, Defendants continued using its automated process and continued to register confusingly similar domain names.

Accordingly, this fifth bad faith factor strongly supports that Defendants willfully registered the confusingly similar domain names with a bad faith intent to profit from Plaintiffs' Famous Marks.

> f) The person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct (15 U.S.C. § 1125(d)(1)(B)(i)(VI))

At the time the Original Complaint was filed, each confusingly similar domain name registered by the Defendants featured a link that read "Offer to Buy This Domain." (Edleman Decl. at ¶24, Ex. 5; Steele Decl. at ¶5, Ex.). Defendants, in fact, did sell bergmangoodman.com to Plaintiffs' investigator for \$800. (Steele Decl. at ¶6, Ex. 6). Because Defendants not only offer to sell, but also do sell confusingly similar domain names for financial gain, the sixth bad faith factor strongly supports a finding that Defendants registered the 34 confusingly similar domain names with a bad faith intent to profit.

> The person's provision of material and misleading false contact g) information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct (15 U.S.C. § 1125(d)(1)(B)(i)(VII))

Dotster, as an accredited ICANN registrar, is contractually required to provide information to the public as to the name, postal and email address, and telephone and fax number of the registrant for each domain name registered by Dotster. See Registrar Accreditation Agreement, sections 3.3.1.6 and 3.3.1.7, (May 17, 2001), attached as Exhibit 14 to the Steele Decl. (and available at <a href="http://www.icann.org/registrars/ra-agreement-17may01.htm">http://www.icann.org/registrars/ra-agreement-17may01.htm</a>). This

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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whois data is to be freely provided to the public via Dotster's whois server and updated daily. Id., Section 3.3.1.

Yet when Defendants registered the 34 confusingly similar domain names with Dotster, this contact information was either non-existent or inaccurate. For example, when Defendants registered neimanmarqus.com no whois data was provided which identified the registrant of that domain name. (Steele Decl. at ¶8, Ex. 8). Defendants continue not to provide any whois data for some of their domain names. (Steele Decl. at ¶14, Ex. 12). For other domain names, Defendants fail to maintain accurate contact information, listing "c/o the domain name" rather than listing the true and correct legal name of the registrant. (Steele Decl. at ¶13, Ex. 13). In addition, Defendants' legal counsel made materially misleading statements to Plaintiffs' counsel that Dotster was not the registrant of the domain names and that Dotster did not know the identity of the registrant. (Steele Decl. at ¶10, Ex. 10).

Defendants also have exhibited a pattern of conduct of providing false, misleading or inaccurate contact information. Prior to the filing of the Original Complaint, a representative sample of some domain names owned by Defendants found that not a single one had any whois data. (Edleman Decl. at ¶23).

This seventh bad faith factor also strongly supports finding that Defendants registered the 34 confusingly similar domain names with a bad faith intent to profit.

h) The person's registration or acquisition of multiple domain names that the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties (15 U.S.C. § 1125(d)(1)(B)(i)(VIII))

The eighth bad faith factor, in short, focuses on the number of infringing domain names a defendant has registered. Defendants have engaged in one of the largest cybersquatting operations ever witnessed. Defendants have registered and use hundreds of thousands of domain names. (Edleman Decl. at ¶21-32). Many of these domain names are confusingly similar to famous or distinctive trademarks owned by others, including Plaintiffs' Famous Marks. Defendants have registered so many domain names that infringe famous trademarks that the representative list filed in support of Plaintiffs' Original Complaint was ten pages long. This representative list only included the infringing domain names for one famous mark for each letter of the alphabet (i.e., Abercrombie and Fitch, Bally's Total Fitness, Cingular Wireless, Disney, Expedia, etc.) and contained nearly one thousand domain names that were confusingly similar to only twenty six famous marks. (Steele Decl. at ¶4, Ex. 2).

It is also significant that, even after being served with the Original Complaint, which provided notice to Defendants of the numerous famous trademarks on which Defendants had cybersquatted, Defendants were not deterred. Defendants have continued to register or renew confusingly similar domain names to the famous domain names listed in the Original Complaint. (Steele Decl. at ¶13, Ex. 11).

This eighth bad faith factor strongly supports a finding that Defendants registered the 34 confusingly similar domain names with a bad faith intent to profit from Plaintiffs' Famous Marks.

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

> > Fax: (503) 727-2222

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The extent to which the mark incorporated in the person's i) domain name registration is or is not distinctive and famous within the meaning of subsection (c) of section 43 (15 U.S.C. § 1125(d)(1)(B)(i)(IX))

The final factor also strongly supports Defendants' bad faith intent to profit. As discussed above, as result of nearly a century of use, Plaintiffs have created in the Neiman Marcus Marks and the Bergdorf Goodman Marks two of the most famous and distinctive marks in the world.

#### i) Additional factors to be considered by the Court

The nine factors listed by the ACPA, however, are not exclusive, and courts often consider other factors in addition to those recited. See Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 498 (2nd Cir. 2000) ("But we are not limited to considering just the listed factors when making our determination of whether the statutory criterion has been met."). In the present case, Dotster is in a position of trust as an ICANN accredited registrar. Yet Dotster abused its position to the detriment of Plaintiffs, other trademark owners, and the general public. For example, as an ICANN accredited registrar, Dotster was able to conceal its unlawful activities. See Answer to Original Complaint, ¶ 34 ("It is admitted that Dotster, as an ICANN accredited Registrar, was able to facilitate the registration of domain names without immediately providing WHOIS contact information."). Dotster's abuse of trust further supports, and indeed amplifies, the bad faith intent of Defendants.

Another additional factor to be considered is Defendants' use of numerous devices to hide their unlawful activities and to conceal their true identities. In addition to its failure to provide whois data, discussed above, Defendants used a non-identifying email service provider, gmail.com, to hide any association with Dotster. (Steele Decl. at ¶5). Defendants also held themselves out as "Revenue Direct" and used the email address domains@revenuedirect.com to

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

hide any association with Dotster. (Steele Decl. at ¶6, Ex. 6). Defendants requested that checks for sales of domain names be made payable to "DOMAIN REGISTRATION." (Steele Decl. at ¶7, Ex. 5). Defendants' legal counsel made materially misleading statements to Plaintiffs' counsel that Dotster was not the registrant of the domain names and that Dotster did not know the identity of the registrant. (Steele Decl. at ¶10, Ex. 10). These statements were made to hide Dotster's involvement and to quell any further inquiry.

#### 4. Irreparable Harm

Irreparable harm is presumed where the injury befalls a trademark. *Brookfield Communs.*, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1066 (9th Cir.1999) (irreparable harm is generally presumed in a trademark infringement action where likelihood of confusion has been shown). Therefore, as a matter of law, Plaintiffs have suffered the "irreparable harm" that, along with likelihood of success on the merits, entitles it to injunctive relief for Defendants' cybersquatting acts.

### C. The Balance Of Hardships Tips Decidedly In Favor Of Granting Preliminary **Injunctive Relief**

The Court must also weigh the harm which a preliminary injunction might cause the Defendants and weigh it against the threatened injury to Plaintiffs. Los Angeles Memorial Coliseum Com. v. National Football League, 634 F.2d 1197, 1203 (9th Cir. 1980). Defendants, even after notice, are continuing to register confusingly similar domain names to Plaintiffs' Famous Marks, as well as other famous or distinctive marks. Defendants' cybersquatting addiction is unrestrained and fueled by Defendants' continued use of an automated process to "taste" domain names and then discard those domain names with little or no traffic. Unless a

> Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209 Phone: (503) 727-2000

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broad injunction issues, Defendants will continue to register confusingly similar domain names and harm Plaintiffs and the public.

On the other hand, granting an injunction will only prevent Defendants from profiting from its illegal behavior, which is not a cognizable "hardship" that this Court should consider. Moreover, nothing in the injunction would prevent Defendants from registering domain names without an automated system, so long as accurate whois data is provided. Finally, if the Court issues an injunction, Plaintiffs may be required to post a bond that will compensate Defendants for any possible monetary harm it might suffer if the injunction later is deemed improper. See Fed. R. Civ. P. 65(c). The Court should not require a bond in this case because we are simply asking the Court to enjoin Defendants from further infringing on Plaintiffs' Famous Marks.

Therefore, Defendants will suffer no actual harm if the injunction issues, while Plaintiffs (and the public) will be irreparably injured if it does not. The balance of hardships tips strongly in Plaintiffs' favor.

#### IV. **CONCLUSION**

For all of the above reasons, Plaintiffs respectfully request that the Court preliminarily enjoin Defendants from:

- 1. Registering, using, or trafficking in, any domain name that is identical or confusingly similar to either the Neiman Marcus Marks or the Bergdorf Goodman Marks;
  - 2. Registering any domain name using an automated process;9 and

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<sup>&</sup>lt;sup>9</sup> Defendants' use of an automated process to identify and register thousands of domain names each day is uncontrolled and ineffective in preventing the registration of domain names which are confusingly similar to Plaintiffs' Famous Marks and other famous marks.

3. Registering any domain name without listing the full and correct legal name of the registrant in the whois data.<sup>10</sup>

Plaintiffs also respectfully request that the Court waive the bond requirement of Federal Rule of Civil Procedure 65(c), or at a minimum, set a nominal bond amount.

DATED: December 12, 2006

Respectfully submitted,

s/ Sarah J. Crooks

Sarah J. Crooks, WSBA 35997 Attorneys for Plaintiffs The Neiman Marcus Group, Inc., Bergdorf Goodman, Inc., NM Nevada Trust PERKINS COIE LLP

1120 N.W. Couch Street, 10th Fl. Portland, OR 97209

Tel.: 503-727-2000 Fax.: 503-727-2222 E-mail: SCrooks@perkinscoie.com

David J. Steele (Admitted Pro Hac Vice) Howard A. Kroll (Admitted Pro Hac Vice) CHRISTIE, PARKER & HALE, LLP

3501 Jamboree Road Suite 6000 - North Tower Newport Beach, CA 92660

Tel.: 949-476-0757 Fax: 949-476-8641 E-mail: david.steele@cph.com

<sup>&</sup>lt;sup>10</sup> In order to verify whether Defendants are complying with the terms of the injunction, Defendants must be compelled to accurately identify themselves in the whois data as the registrant anytime Defendants register any domain name.

### CERTIFICATE OF SERVICE

On December 12, 2006, I caused to be served upon counsel of record, at the address stated below, via the method of service indicated, a true and correct copy of the following documents:

## PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION

Jamie C. Clausen  COZEN O'CONNOR  1201 Third Avenue, Suite 5200 Seattle, Washington 98101  Attorneys for Defendants	<u></u>	Via hand delivery Via U.S. Mail, 1st Class, Postage Prepaid Via Overnight Delivery Via Facsimile Via E-filing
Robert W. Hayes COZEN O'CONNOR 1900 Market Street Philadelphia, Pennsylvania 19103 Attorneys for Defendants	<u></u>	Via hand delivery Via U.S. Mail, 1st Class, Postage Prepaid Via Overnight Delivery Via Facsimile Via E-filing
Vincent V. Carissimi Michael J. Leonard PEPPER HAMILTON LLP 3000 Two Logan Square Eighteenth and Arch Streets Philadelphia, Pennsylvania 19103-2799	<u></u>	Via hand delivery Via U.S. Mail, 1st Class, Postage Prepaid Via Overnight Delivery Via Facsimile Via E-filing

Attorneys for Defendants

I certify under penalty of perjury under the laws of the State of Oregon that the foregoing is true and correct.

DATED at Portland, Oregon, this 12th day of December, 2006.

s/ Sarah J. Crooks

Sarah J. Crooks, WSBA 35997

Attorneys for Plaintiffs The Neiman Marcus Group, Inc., Bergdorf Goodman, Inc., NM Nevada Trust

PERKINS COIE LLP

1120 NW Couch Street, 10th Floor

Portland, Oregon 97209 Telephone: (503) 727-2000

Fax: (503) 727-2222

E-mail: SCrooks@perkinscoie.com

Perkins Coie LLP 1120 NW Couch Street, 10<sup>th</sup> Floor Portland, Oregon 97209

Phone: (503) 727-2000 Fax: (503) 727-2222

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