

## Yahoo Wins \$610M In Trademark Suit Over Lottery Hoax

By **Carolina Bolado**

Law360, New York (December 06, 2011, 10:01 PM ET) -- A New York federal judge on Monday awarded Yahoo Inc. \$610 million in damages in its trademark infringement suit against scammers who used Yahoo marks to perpetuate an email lottery hoax.

U.S. District Judge Laura Taylor Swain entered judgment for Yahoo by default, after the defendants — a group of Thai and Nigerian individuals, a Taiwanese corporation and a Nigerian corporation — failed to respond to the allegations or appear in court.

The judge said Yahoo had provided enough facts to show that the defendants had infringed its trademarks, and awarded statutory damages of \$27 million under the U.S. Trademark Act and \$583,039,500 under the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003. She also found that the defendants had engaged in a civil conspiracy to perpetuate the scam.

“Defendants' infringement was obviously willful, as the counterfeit trademarks were identical to Yahoo's registered marks, and the structure and layout of the lottery fraud emails indicate defendants' efforts to have the fraudulent emails resemble genuine Yahoo-affiliated messages as closely as possible,” Judge Swain said.

Yahoo filed the suit in May 2008, asserting claims of trademark infringement, counterfeiting, unfair competition, false designation of origin and other related claims, according to the ruling.

The complaint originally named nine individuals and two companies — Lagos, Nigeria-based Ausdith Investments Ltd. and Taipei, Taiwan-based Alamin Industrial Corp. Yahoo voluntarily dismissed claims against six of the individual defendants, leaving Daiann Nakchan, a Thai national and resident of Bangkok, and Nigerian citizens Chinedu Mbonu and Chibuzor Mbonu as the remaining individual defendants, according to the ruling.

The defendants allegedly sent hoax emails telling people they had won large sums of money through lotteries, according to the opinion. If they received a response, the defendants then told the person that he or she would have to pay a fee before collecting the money.

The alleged scammers also used the emails to solicit personal information — like names, addresses, phone numbers and bank account information — from individuals and then used the information to run a wide range of credit and identity scams, according to the ruling.

The hoax emails counterfeited the Yahoo name and marks and relied on the Yahoo name to persuade people to provide their personal information, the judge said.

Yahoo said it cataloged 11,660,790 hoax lottery emails sent through Yahoo email between December 2006 and May 2009. The judge awarded damages of \$50 per email under the CAN-SPAM Act.

The \$610 million award is one of the largest judgments under CAN-SPAM, according to Yahoo attorney Robert Weisbein of Foley & Lardner LLP.

The judgment will be difficult to enforce, but Weisbein said that wasn't Yahoo's ultimate consideration. The Internet giant needed to send a message to scammers that it wasn't going to sit idly by, he said.

"Yahoo feels very strongly about trying to do whatever they can do to protect their customer base," Weisbein said. "Their email users are a very important part of their customer base, and they weren't going to sit on the sidelines while they felt their customers were being duped and defrauded."

Yahoo is represented by Robert S. Weisbein and John Britton Payne of Foley & Lardner LLP.

The case is Yahoo Inc. v. XYZ Companies et al., case number 1:08-cv-04581, in the U.S. District Court for the Southern District of New York.

--Editing by Kat Laskowski.