UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Nos. 07-15662 and 07-15663

ANLIN INDUSTRIES, INC.

Plaintiff-Appellee,

v.

PAUL W. BURGESS,

Defendant-Appellant.

On Appeal from a Judgment and Injunction
of the United States District Court
for the Eastern District of California
Honorable Dennis L. Beck, Magistrate Judge
Case No. 1:05-cv-01317-DLB

BRIEF FOR DEFENDANT-APPELLANT

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This is an action under the Anticybersquatting Consumer Protection Act ("ACPA"), which bars the registration or use of domain names with a bad faith intent to profit. Defendant-appellant Paul Burgess, a window salesman, registered the domain name anlinwindows.com, which he used exclusively to tell the public about the advantages of windows made by plaintiff-appellee Anlin Industries, and to generate leads so that he could sell windows manufactured by Anlin. After Anlin withdrew its consent for Burgess' use of its name on his web site and in his domain name, but he refused to give it up, Anlin sued under the ACPA, and the district court granted summary judgment without ever finding that Burgess had registered or used the domain name for the purpose either of extorting a payment from Anlin, or of diverting customers from Anlin, and without even evaluating the "bad faith intent to profit factors" that Congress enacted to aid the courts in deciding whether such an extortionate registration or use had occurred. Because the district court failed to make this key finding, because, in any event, there was a genuine issue about whether the "bad faith intent to profit" element of an ACPA claim was present, and because the court below misapplied the ACPA's safe harbor defense, the district court's grant of summary judgment should be reversed.

JURISDICTION

The district court had jurisdiction of plaintiff's claims under the Lanham Act and the ACPA pursuant to 28 U.S.C. §§ 1331, 1337 and 1338. This Court has jurisdiction under 28 U.S.C. §§ 1291 and 1292(a)(1). On November 8, 2006, the district court dismissed Burgess' counterclaims without leave to amend. Excerpts of Record ("ER") 102-116. On March 5, 2007, the district court issued an injunction, requiring Burgess to transfer domain names to Anlin and forbidding Burgess from using Anlin's trademarks in advertising or selling any goods or services (including Anlin's own products), ER 6-22; Burgess appealed that order on March 29, 2007. ER 5. The district court entered judgment on April 10, 2007, awarding $12,500 in statutory damages against Burgess, ER 2-4; Burgess appealed the judgment on April 12, 2007. ER 1. Both appeals were within thirty days of the order or judgment appealed, and hence are timely under Rule 4(a)(1)(A) of the Federal Rules of Appellate Procedure.

ISSUES PRESENTED FOR REVIEW

1. Does the ACPA's "bad faith intent to profit" standard allow relief against a defendant who has not registered or used a domain name to extort a payment by the trademark owner or to divert traffic from the trademark owner's web site, as established either by consideration of the "bad faith intent to profit" factors or by other factors analyzed by the district court?

2. Was there a genuine issue below concerning the factual question whether Burgess registered or used any of his domain names with a bad faith intent to profit?

3. Did Burgess have a reasonable belief that his use of Anlin's mark for web sites that helped him sell Anlin Windows was lawful?

STATEMENT OF THE CASE

A. Course of Proceedings

On October 19, 2005, Anlin sued Burgess alleging cybersquatting in violation of the ACPA, 15 U.S.C. § 1125(d), infringement of its registered trademark under section 32 of the Lanham Act, 15 U.S.C. § 1114, and unfair competition under both the Lanham Act, 15 U.S.C. § 1125(a), and state law. ER 117-128. Burgess, defending himself pro se, answered, demanded a jury, and counterclaimed for breach of contract and interference with contract. The counterclaims were dismissed without leave to amend on November 8, 2006. ER 102-116.

After discovery, Anlin moved for summary judgment on its ACPA claims, and Burgess cross-moved for summary judgment seeking dismissal of all of Anlin's claims. Docket Numbers ("DN") 82, 85. The district court held oral argument, ER 23-42, and granted Anlin's motion, finding that there was no genuine issue of material fact about whether Burgess had a bad faith intent to profit after he knew that Anlin no longer consented to his use of its trademark in his domain names, but finding that there were genuine issues of material fact barring summary judgment for either side on Anlin's trademark claims. ER 102-116. *See* 2007 WL 715687.

The trial court's opinion on the cross-motions indicated its intent to award $2,500 in statutory damages for each of the domain names that Burgess had registered, ER 19, and enjoined Burgess from using Anlin's trademarks in advertising or selling any goods or services, or from using or holding the registration for the domain names at issue. ER 22. The court further ordered Burgess to transfer the domain names to Anlin. Burgess moved to stay the injunction, while Anlin moved to dismiss its remaining claims (for trademark infringement and unfair competition). The district court denied the motion to stay, granted the motion to dismiss Anlin's remaining claims, and issued judgment on April 10, 2007. ER 2-4. Burgess appealed from both the injunction and the judgment. ER 1, 5.

B. Facts.

Because this appeal arises from a grant of summary judgment in Anlin's favor and against Burgess, the following statement is drawn both from the facts that are undisputed by the parties and, where there is a dispute, from Burgess' own evidence.

Anlin has manufactured vinyl replacement doors and windows since 1991. Initially, it made its products under license with Certainteed Corporation, but it retained its right to make its own brand of windows and doors. After proceeding for several years under both brand names, in 2001 it cut its ties with Certainteed and made windows exclusively under its own brand. ER 66. In preparation for this move, Anlin registered the domain name www.anlin.com for its corporate web site and registered the trademarks "Anlin Windows" and "Anlin Window Systems." ER 67. Anlin does not sell directly to consumers. Instead, it sells through a network of about 40 dealers. *Id.*

Burgess was a window salesman and installer who had sold Anlin windows for several years, working for several different California dealers – NorthWest Windows and Doors, Ultimate Home Improvement, Golden West Windows, and Better Quality Homes. Anlin Statement of Material Facts ("ASMF") ¶ 23; ER 70-75.. Burgess registered the domain name www.anlinwindows.com to promote the sales of Anlin Windows, ER 50, 77-78, and spent thousands of dollars and a great deal of time creating a web site to post at that address. ER 57. By early 2003, his web site was ready to be posted, ER 50, and he used it to attract potential purchasers and develop leads to sell Anlin-brand windows. He also used the site to educate customers about the advantages of buying Anlin's products. ER 52.

As shown by the version of the web site that is in the record, the site included a picture of Anlin's plant and truck, and some other sales material that Burgess had taken from Anlin's brochures. ER 64, 99. At the very top of the page was a "disclaimer" stating that the web site was sponsored by "Better Quality Homes," an authorized Anlin dealer; Burgess also supplied (in text lower on the page) the domain name of Anlin's own corporate web site, along with a hyperlink to that web site. ER 51, 64. Burgess further described the contents of his site in his affidavit – it was an "educational interactive website devoted to the plaintiff's products," including pictures of different kinds of windows, before and after pictures, animations on how different types of windows operated, an online estimate form, and a toll-free number to call for estimates. ER 52.

During one part of the website's existence, the home page included the banner "Welcome to Anlin Windows.com," but after Burgess received a complaint from Anlin about the use of that banner, he changed the banner to display the name "Better Quality Homes," the Anlin dealer with whom he was working at that time. ER 88, 97. Burgess used various meta tags, including both Anlin's own name and various terms such as "replacement windows," "vinyl windows" and "replacement windows in California" to help attract visitors to his web site. ER 51-52. In addition to the many hours that Burgess spend crafting the web site and improving it to maximize its potential to sell Anlin's product (thus earning commissions and installation work for himself), he also traveled throughout Northern and Southern California, at his own expense, selling and installing Anlin's windows. ER 57, 90, 101.

According to Burgess's affidavit and deposition testimony, he received a telephone call on July 1, 2003 from Eric Vidmar, Vice-President of Anlin, during which he explained that he was using the web site to earn commissions on the Anlin Windows that he was selling. Burgess averred that Vidmar responded by saying that "everything was okay," and in response to Burgess' question whether he could continue using the site, Vidmar said yes, "approved of the web site," and wished him good luck. Burgess Deposition 75-76. In his affidavit, Burgess further averred that Vidmar "gave me his blessing and consent for my continued ownership and use of the domain name www.anlinwindows.com." Burgess Affidavit ¶ 4. Notably, although Anlin's counsel hinted at Burgess' deposition that Anlin disputed that this telephone conversation ever occurred, Burgess attached to his motion papers a telephone bill showing a call from Anlin's phone number, ER 62, and Vidmar's affidavit, ER 65-68, does not mention this conversation one way or the other. Thus, the evidence on this point is undisputed in the record.[1] Burgess received at least implicit consent and encouragement for his web site once again when an Anlin sales representative introduced him to Brad Grennell, an authorized dealer, with whom Burgess could work with his anlinwindows.com web site. ER 51.

In February and March, 2004, **after** receiving Anlin's consent to his first domain name, Burgess registered four additional domain names using Anlin's trademark, intending to use all of them to direct business to his main anlinwindows.com web site. ER 52,100.[2] Burgess had learned from a course on achieving high search engine rankings that, by linking from sites established at those domain names, he could raise his search engine rankings for keywords such as "replacement windows" and "vinyl windows," if Internet users followed links from those sites to his main web site. *Id.* However, in the press of business as well as the arrival of his first child, followed by Anlin's threat to sue him, he never

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[1]Anlin complained that the phone bill was not "authenticated," but this objection is irrelevant because it does not create a material issue of fact about the contents of a two party conversation, where only Burgess has presented sworn testimony about whether the conversation occurred and what was said. Moreover, Anlin admitted, in response to a request for admission, that Vidmar called Burgess about the website in 2003.

[2]anlinwindows.net; anlinwindows.org; anlin-windows.com; and anlin-windows.net.

got around to placing content on web sites at those additional domain names.[3] ER 52, 101.

Eventually, however, Anlin decided that it did not approve of Burgess' web site. Anlin reported having received complaints from several other dealers (and produced affidavits from them during the litigation), who felt that Burgess' ownership of anlinwindows.com gave him an unfair advantage in the hunt for customers who were willing to pay for replacement windows. ER 67. Anlin then contacted Burgess to ask him to give up his domain names, and to threaten litigation of Burgess refused to give up the names. During the ensuing discussions, Anlin's Vice-President Vidmar made clear that Anlin was prepared to spend money to get Burgess to take down his web site and give up the domain names. Vidmar told Burgess that Anlin would have to spend $100,000 in legal fees to pursue the lawsuit, indicated that he understood that Burgess had earned a comparable amount selling and installing windows that previous year, and asked Burgess what he needed to settle the dispute. Er 90. Understanding that he was negotiating over his entire business, which had depended on the web site, and

[3] During this period of non-use, while his names were parked with his domain name registrar, the registrar apparently posted links to other replacement window manufacturers. Anlin complained separately about those links, and Burgess promptly took steps to have them removed. ER 52.

feeling that he should be compensated for the "thousands of dollars and man hour[s] of his own developing his web site," ER 57, Burgess asked to be paid $100,000. ER 90. Vidmar "thought he could pay $100,000, but said that he would need to speak with his attorney first." ER 93. According to Burgess, he felt that this was "reasonable for the business I had [and] for the consent they had given me," and, in fact, he believed that it is well below the actual market value. ER 93-94. Anlin's attorney then contacted Burgess and offered to pay him $25,000 in settlement, "saying this is how much she would earn in attorney fees." ER 93. When Burgess was unwilling to accept that offer, the negotiations broke down and Anlin filed this action.

C. Opinion Below.

In arguing their respective positions about whether Burgess had registered or used the domain names with a bad faith intent to profit, the parties focused their principal attention on the application of the ACPA's nine "bad faith intent to profit" factors. 15 U.S.C. §§ 1125(d)(1)(B)(i)(I) - (IX). Burgess also relied on the statutory safe harbor provision, 15 U.S.C. § 1125(d)(1)(B)(ii), under which bad faith intent to profit cannot be found if the person "believed and had reasonable grounds to believe" that his use of the domain name was either fair use or otherwise lawful. The district court granted summary judgment, however, without directly addressing either these factors or the reasonableness of Burgess' belief that his domain names were lawful.[4]

With respect to bad faith intent to profit, the court began by stating, "a finding of 'bad faith' is an essential prerequisite to finding an ACPA violation," ER 16, *citing Interstellar Starship Svces. v. Epix,* 304 F.3d 936, 946 (9th Cir. 1999). The court noted, however, that the nine factors are not an exclusive list, because the "most important grounds for finding bad faith are the unique circumstances of the case," which do not necessarily fit with the specific factors enumerated. ER 16. Freed from consideration of the factors, however, the district court proceeded to decide the case without reference to any other specific construction of the term "bad faith intent to profit." Instead, the court divided the facts into three periods of time – (1) from the date the first domain name was registered to Anlin's first discovery of the web site's existence; (2) from Anlin's discovery until Anlin's cease and desist letter; and (3) the time from the cease and desist letter through the date Burgess discontinued his use of the site. *Id.*

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[4] In the court below, much of the parties' briefs addressed whether Burgess' domain names were "confusingly similar" to Anlin's marks, whether Anlin's marks were "distinctive" before Burgess registered his domain name, and whether Burgess could raise the defense of estoppel. The district court ruled in Anlin's favor on these points, and we do not contest those rulings on this appeal.

Using this framework, the court decided that there were material facts in dispute that prevented Anlin from showing a bad faith intent to profit during the first two periods. The court relied primarily on Burgess' evidence that Anlin had communicated its consent to his use of the domain name, and thus, at least implicitly, did not object to Burgess' use. In these circumstances, the court stated, Burgess could have "reasonable grounds to believe" that his use was fair use or otherwise lawful. ER 16-17. Moreover, the safe harbor could apply because, with the evidence viewed in the light most favorable to Burgess, his motive in registering the domain names was not to divert customers but rather to sell the windows in the manner in which they were meant to be sold – that is, through dealers, and not through Anlin's own web site. ER 17. However, the court found differently for the period after Burgess received the cease and desist letter, because, at that point, he was "on notice that Anlin objected to his use based on the effect the web site had on Anlin's dealers, and his continued use resulted in an unfair advantage over other dealers." *Id.* Thus, Burgess "had a bad faith intent to profit after he was instructed to stop using the site but continued to do so." *Id.*

The court acknowledged Burgess' argument based on the safe harbor provision, relying on *Ty, Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002), where the Seventh Circuit allowed a dealer in secondhand Beanie Babies to use the domain name “bargainbeanies.com.” However, the court deemed that case distinguishable on two grounds – first, because the domain name used only part of Ty’s trademark (Beanies), and because “bargainbeanies.com” references the name of the product and not the name of the company, while here, Anlin Windows references “the name of the actual company that produces the Anlin windows.” ER 18. Thus, the court decided, “the *Ty* case does not support Defendant’s argument that his use was lawful and proper, nor does it negate a finding of bad faith.” *Id.*

The court next turned to the relief to be awarded. The court noted that Anlin had not shown that it had suffered any damage or that Burgess had interfered in its business; “[n]or is there any proof of actual diversion.” ER 19. Moreover, “defendant’s intent was to continue to sell windows, rather than wrongfully profit from the web site.” *Id.* Accordingly, the court chose to award statutory damages at the low end of the range, in the amount of $2,500 per domain name, for a total of $12,500. *Id.* at 14. In addition, the court granted Anlin’s request for an injunction “pursuant to 15 U.S.C. § 1116(a), barring Burgess “from using [Anlin’s] trade name or trademarks, or any other mark or domain name substantially similar thereto, in advertising or selling any goods or services,” as well as “from using or holding the registration for the five domain names.” *Id.*

Under 15 U.S.C. § 1125(d)(1)(C), the Court ordered Burgess to transfer the domain names to Anlin. ER 20. However, the court denied attorney fees because even though Burgess "knowingly continued to use the web site for a period of time after being notified to cease and desist," there was not "willful, deliberate or malicious intent." *Id.*

Finally, the court turned to Burgess' cross-motion for summary judgment dismissing Anlin's state and federal trademark claims. In rejecting this motion, the court agreed with Anlin that "a triable issue of material fact exists as to the likelihood of confusion. Indeed, neither party has produced sufficient evidence on summary judgment to compel a conclusion that there is no genuine issue." ER 22.

SUMMARY OF ARGUMENT

The ACPA was not enacted as a general remedy for infringement of trademarks in the registration and use of domain names, but to meet a specific problem: "Cybersquatting is the Internet version of a land grab. Cybersquatters register well-known brand names as Internet domain names in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own name." *Interstellar Starship Svces. v. Epix,* 304 F.3d 936, 946 (9th Cir. 1999). In keeping with this legislative intent, it is essential for a court to make findings sufficient to establish that defendant was motivated by a bad faith intent to profit before holding a defendant liable for cybersquatting – even where, as here, the court chooses not to employ the guiding factors Congress enumerated. The district court did not make those findings. Instead, the district court decided only that Burgess had acted with "bad faith" – not a bad faith intent to profit – for a short period of time. That is not enough. What is worse, the court went on to set forth numerous findings that, if anything, show that Burgess did not act with a "bad faith intent to profit."

Moreover, consideration of the nine "bad faith intent to profit" factors shows that Burgess did not fit the typical profile of cybersquatter, and supports Burgess claim that, at the very least, there was a genuine issue of fact concerning whether he had a bad faith intent to profit. Burgess consistently maintained throughout the litigation that there was a genuine issue of fact barring summary judgment for Anlin.

The final error warranting reversal is the district court's use of the wrong legal standard in rejecting Burgess' "safe harbor" defense. Burgess argued that he had a reasonable belief that his use of the Anlin mark in his domain names was fair use or otherwise lawful under the Seventh Circuit's decision in *Ty v. Perryman.* Under that case, he argued, he was entitled, as a seller of the trademarked goods, to use the trademark in a domain name for a web site about those goods, but did not decide the key statutory question – whether Burgess' belief that the caselaw protected his use was "reasonable." Instead, it decided only that his construction of the case was wrong.

STANDARD OF REVIEW

Review of the district court's grant of summary judgment is de novo to determine, viewing the record in the light most favorable to appellant, whether there is any genuine issue of material fact requiring trial and whether the court below correctly applied the substantive law. *Alfrey v. United States*, 276 F.3d 557, 561 (9th Cir. 2002).

ARGUMENT

I. BURGESS' REGISTRATION AND USE OF THE DOMAIN NAMES TO PROMOTE THE SALE OF ANLIN'S OWN WINDOWS DID NOT CONSTITUTE "BAD FAITH INTENT TO PROFIT," REGARDLESS OF WHETHER HE HAD ANLIN'S CONSENT TO ENGAGE IN THAT BUSINESS OR TO USE ITS TRADEMARKS IN HIS DOMAIN NAMES.

A. The Purpose and Structure of the ACPA.

The ACPA was adopted in 1999 to address a problem that arose in the early days of the World Wide Web. Many companies were slow to recognize the advantages that could be gained by establishing a presence on the web, and to understand that, especially before search engines became the prevalent means of finding desired web sites, a domain name could be the best and perhaps only way for most Internet users to locate the web sites of companies whose goods or services they wanted to purchase. A small group of Internet experts registered hundreds and even thousands of domain names incorporating the trademarks of well-known companies, expecting that when the companies recognized what had happened, they would be quick to pay a handsome price for the right to appear online using a domain name reflecting their identity.

This purpose has been recognized by this Court and others. In *Interstellar Starship Svces. v. Epix,* 304 F.3d 936 (9th Cir. 1999), the court said, "Cybersquatting is the Internet version of a land grab. Cybersquatters register well-known brand names as Internet domain names in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own name." *Id.* at 946, *citing Virtual Works, Inc. v. Volkswagen of America*, 238 F.3d 264, 267 (4th Cir. 2001). *See also Bosley Medical Institute v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005): "Cybersquatting occurs when a person other than the trademark holder registers the domain name of a well known trademark and then attempts to profit from this by either ransoming the domain name back to the trademark holder or by using the domain name to divert business from the trademark holder to the domain name holder. *DaimlerChrysler v. The Net Inc.*, 388 F.3d 201, 204 (6th Cir.2004).”

Before the ACPA was enacted, this Court had held that registering trademarked names as part of a business that sold such names to their rightful owners was a commercial use that implicated the trademark laws, *Panavision Int’l v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998). However, other courts had held that if a cybersquatter registered domain names but simply held them, waiting for the extortion victims to come asking and offering large sums of money, there was no commercial use and hence no violation of the Lanham Act. *See Anticybersquatting Consumer Protection Act*, S. Rep. 106-140, 106th Cong. 1st Sess. (1999) (“*Senate Report*”), at 7. Accordingly, Congress enumerated nine factors, 15 U.S.C. §§1125(d)(1)(B)(i)(I) to (IX), drawn from the behavior of the cybersquatters whose actions created the need for the statute, to help courts determine whether bad faith intent to profit was present even if the defendant undertook no “overt acts” to demand payment from the trademark owner. *Senate Report* at 9 (“each of these factors reflect indicators that, in practice, commonly suggest bad-faith intent or a lack thereof in cybersquatting cases”). The presence of one or more of the first four factors tends to negate bad faith (“negating factors”), while the presence of the next four factors tends to suggest bad faith ("suggesting factors"). *Lamparello v. Falwell*, 420 F.3d 309, 319 (4th Cir. 2005); *Intellectual Property and Communications Omnibus Act of 1999*, House Conf. Rep. 106-424, 106th Cong., 1st Sess. (1999) ("*Conference Report*"), at 109. The ninth factor can point either way. *Id.*

In adopting these factors, Congress intended to strike a **balance** between the property interests of trademark owners and "the interests of Internet users who would make fair use of others' marks or otherwise engage in protected speech online." *Senate Report* at 9. The Act provides heightened remedies, including awards of statutory damages and attorney fees in appropriate cases, but confines its remedies to cases of "bad faith intent to profit." The Act does not supplant more traditional trademark remedies under other provisions of the Lanham Act, which remain available when domain names dilute or infringe trademarks without rising to the "bad faith intent to profit" standard. *Conference Report* at 115.

B. Burgess Was Entitled to Summary Judgment Based on the Nine "Bad Faith Intent to Profit "Factors.

Review of the factors supports Burgess' claim for summary judgment because he did not register or use the domain names with a bad faith intent to profit. First, at least two of the first four factors – the factors that tend to negate bad faith – favor Burgess. Factor III, 15 U.S.C. §§1125(d)(1)(B)(i)(III), is "the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services." This factor precisely describes Burgess' use – before he was sued, he was using the domain name anlinwindows.com to sell Anlin's own product, Anlin Windows, and his domain name accurately depicted the subject of his web site – it was a web site about the benefits of buying Anlin Windows as well as providing information about how such windows could be purchased and installed with Burgess' assistance. In the court below, Anlin did not deny that Burgess had used this domain name for a bona fide offering of goods and services, but it argued that his used did not qualify as "prior use" because his use did not precede Anlin's own registration of its trademark. In the context of the statute, and the purpose of differentiating between cybersquatters and those with a legitimate interest in registering domain names, it makes more sense to construe "prior use" as referring to use made before the time the trademark owner asserted its rights against the alleged cybersquatter, whether in the form of a lawsuit or at least a cease and desist demand. Burgess' use thus qualifies as "prior" under Factor III.

Although the presence of even a single one of the first four factors can be sufficient to negate bad faith, so long as the "suggesting" factors are also not present, factor IV, 15 U.S.C. §§1125(d)(1)(B)(i)(IV), also favors Burgess: "the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name." Burgess' use in this case was "fair use" because, as shown by the one example of the web site that is reproduced in the record, the web site itself promoted Burgess' sale of Anlin Windows, and used the trademarked term Anlin only for the entirely lawful purpose of describing the products that he was trying to sell. As the Supreme Court said in *Prestonettes v. Coty*, 264 U.S. 359, 368 (1924), upholding the right of a company that repackaged a trademark owner's perfume and sold it in smaller bottles to use the trademark to identify the perfume that was being sold, "When the mark is used in a way that does not deceive the public, we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo." *See also* *Brookfield Communications v. West Coast Video*, 174 F.3d 1036, 1066 (9th Cir. 1999): "The Lanham Act does not prevent one from using a [trademark] truthfully to identify the [trademark holder]'s goods . . .. This fair use doctrine applies in cyberspace as it does in the real world."

In the court below, Anlin objected to Burgess' reliance on the fair use factor by arguing that the fair use factors of *Brothers Records v. Jardine*, 318 F.3d 900 (9th Cir. 2003), had not been met, but its arguments were not persuasive. Most of its arguments came down to the proposition that the use of a mark in a domain name is different from the use of a mark on the web site itself, while admitting that, for fair use purposes, it was acceptable for Burgess to use its marks on his web site itself to describe the product that he was selling – namely, Anlin Windows. But such a construction of the "fair use" factor flies in the face of both the language and the purpose of the factor. The language of the factor because it looks to "fair use of the mark **in a site** accessible **under** the domain name." (emphasis added). The factor does not consider whether the use in the domain name is fair use (although, were it necessary for this case, we would argue that truthful use of a trademark in a domain name, to describe the trademark holder or the trademarked product that is the subject of the web site, **is** fair use; *see Brookfield*, *supra*). And it flies in the face of the purpose of the factor because the only reason it is necessary to consider the factor is when the domain name is "identical or confusingly similar to" a trademark. The purpose of the factor is to distinguish between those uses of trademarks in domain names that suggest the motive of cybersquatting and those that do not. If the mere use of a trademark in the domain name were sufficient to defeat reliance on this factor, because putting a trademark in a domain name is never fair use, then the factor would never be applicable. Consequently, Factor IV also shows the absence of a bad faith intent to profit.[5]

Turning now to the four factors whose presence tends to suggest a bad faith intent to profit, none of these factors applies here. Factor V, 15 U.S.C. §§1125(d)(1)(B)(i)(V), provides as follows:

> the person's intent to divert consumers from the mark owner's 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;

This provision has three elements: (1) intent to divert **from the mark owner's site** to a site that could harm the mark's goodwill, (2) either seeking commercial gain or having an intent to tarnish or disparage the mark, and (3) likelihood of confusion about the source of the site. Prong (2) is met because Burgess' use was commercial, but neither prong (1) nor prong (3) can be established here. The district court has already found that Burgess did not have the intent to divert

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[5]To the extent that Anlin relies on the proposition that because a domain name inevitably connotes source, the inclusion of a trademark in a domain name necessarily confuses Internet users about the sponsorship of the web site, that proposition is belied by the significant number of recent cases that have upheld the use of trademarks in domain names for web sites that are "about" the trademark holder or the trademark holder's product. E.g., *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005); *Taubman v. WebFeats*, 309 F.3d 770 (6th Cir. 2003); *Ty v. Perryman*, 306 F.3d 509 (7th Cir. 2002).

consumers, ER 17, and the court found genuine issues of material fact barring summary judgment on the issue of likelihood of confusion. ER 22. Indeed, the web site clearly showed that it was sponsored not by Anlin but by an Anlin distributor, and provided a hyperlink to Anlin's own web site for those Internet viewers who wanted to go there. ER 64.

Factor VI, 15 U.S.C. §§1125(d)(1)(B)(i)(VI), also favors Burgess:

> 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;

Wholly apart from whether Burgess' discussion of an amount that he would accept to settle Anlin's threat to sue him over his domain names is admissible, and constitutes an "offer" under this section, this factor cannot help Anlin because it only covers offers made by defendants who have not "used, or had an intent to use, the domain name in the bona fide offering of any goods or services."[6] That is, because Burgess has satisfied the requirements of Factor III, his offer to sell his domain name cannot constitute evidence of bad faith intent to profit.

The reason for this provision was explained by the Senate Committee in its report on the bill – the bill was not intended to stop the sale of domain names, but

[6]There is no contention that Burgess has shown a prior pattern of such conduct.

only the extortionate registration and sale of such names. Those who have a legitimate reason for registering a domain name that contains a trademark, but later decide either to abandon that project or to enter a financial transaction that is more valuable than the original project, should not be barred from doing so. *Senate Report*, *supra*, at 15. So, for example, when an Internet user had registered a series of domain names using the names of musical instruments, which was a bona fide objective having nothing to do with extorting trademark owners, he was free to offer to sell that domain name to a company called Cello Holdings without running the risk of being labeled a cybersquatter. *Cello Holdings v. Lawrence-Dahl Companies*, 89 F.Supp.2d 464, 474 (S.D.N.Y. 2000).

In the court below, Anlin argued that Burgess had offered to sell not only his anlinwindows.com domain name, but also the four other domains that he registered but never used, and hence could not take advantage of the exception for those who use names for bona fide commercial activities. But the provision recognizes the propriety of offering a sale not only by those who **do** use the names, but also those who register trademarked domain names with an **intent** to use them for bona fide commercial activities. Here, the evidence is undisputed that Burgess registered the domain name with the intention of using them the same way he had used anlinwindows.com – to promote Anlin's own product – as well as to take advantage of an expected boost to this search engine rankings through the creation of a network of interlinked Anlin related web sites. Er 52. Indeed, Burgess did not register the additional names until after he had received a call from Anlin Vice-President Eric Vidmar who gave Burgess his blessing for the use of the website and the original domain name. ER 50, 52. This fact, which was also undisputed, further establishes the bona fides of Burgess' intent to use the additional domain names to promote the visibility of his web site.

Moreover, Rule 408 of the Federal Rules of Evidence, and the general policy barring the use of evidence of matters occurring during settlement discussions, provides an additional reason to be cautious about considering Burgess' willingness to close down his web site and give up his domain names in return for a payment of money. *Fare Deals v. World Choice Travel.com*, 180 F.Supp.2d 678, 695-696 (D. Md. 2001). The typical way in which the parties to a trademark dispute resolve their differences is for the economically stronger side to buy out the economically weaker side, thus creating a clearer field for its own trademark interests. If the mere fact that the party whose domain name has been challenged was willing to discuss settlement becomes a basis for imposing liability, there will be far fewer ACPA or potential ACPA cases settled, at least when the defendant is well counseled.

Thus, for example, in *Interstellar Starship Serv. v. Epix*, 304 F.3d 936, 947 (9th Cir. 2002), this Court refused to treat an offer to sell a domain name for $25,000 as evidence of bad faith in circumstances very similar to this case. The name had been selected for a legitimate purpose, and the proposal to give up the domain name was made in the context of settlement negotiations: "Epix never established before the district court that the settlement offer was made to extort Epix or for any reason other than to settle the case." *Id.* That Burgess made the offer during settlement discussions occasioned by a threat of litigation, rather than after litigation began, does not make a significant difference because the settlement privilege applies in both circumstances. Moreover, although Vidmar's affidavit mentioned the existence of "conversations [with Burgess] about the websites in 2005," and reported the $100,000 figure, which he said was Burgess' price for "the domain name," ER 68, he did not controvert Burgess' account of the entire conversation. Thus, the settlement context is undisputed, and **Burgess** is entitled to summary judgment based on the proposition that the conversation pertained to settlement and hence was either inadmissible or not evidence of bad faith.

Moreover, in the case of individuals or small entities, who are unlikely to have trademark lawyers on retainer, the use of settlement discussions allows trademark owners to set an easy trap for the unwary. In our experience representing and counseling defendants in domain name cases, it is extremely common for the legitimate operator of a "commentary" or "gripe" site, or others who have a legitimate reason for the registration of their domain name for a web site that relates to a trademark owner or its products, to be drawn into settlement discussions where the trademark owner suggests that it is willing to pay for the domain name, offers some money, and encourages the prospective defendant to name a price that the defendant would accept to avoid having to pay for his own lawyer. This is a no-lose proposition for the trademark holder – if the defendant responds with a price that is less than the prospective cost of the litigation, the trademark owner gets the domain name easily, and if the defendant names a price that the trademark owner is unwilling to pay, then that can be offered as proof of cybersquatting.

The danger of that scenario is why, in *Taubman v. WebFeats*, 319 F.3d 770 (6th Cir. 2003), the court refused to accept as evidence of a commercial motivation for registration of the domain name "shopsatwillowbend.com" the fact that the defendant had accepted an offer to settle the case for $1000, and then insisted on being paid after the offer was withdrawn. Instead, the court noted that the evidence as a whole did not support the proposition that the reason why the domain name had been registered was to re-sell it. The *Taubman* appeal did not involve the ACPA (because the ACPA was not a basis for the preliminary injunction under appeal), but the same principle applies here – Burgess plainly had a reason for registering the domain names that did not involve a bad faith intent to profit, and the fact that he responded to a suggestion that he name his price for giving up his web site business and domain name should not be taken as evidence of a bad faith intent to profit. This analysis is further supported by the fact that he named a price which he felt would fairly compensate him for the time and money he had invested in the web site, and for the cost to his business selling Anlin Windows. ER 57. At the very least, these were all facts that a trier of fact should have been able to evaluate in deciding whether, on balance, Anlin was entitled to judgment on the theory that Factor VI suggested that Burgess registered or used his domain names with a bad faith intent to profit.

In its papers below, Anlin conceded that Burgess had not provided any materially false contact information (Factor VII), so the remaining factor that could suggest a bad faith intent to profit if it were present is Factor VIII, 15 U.S.C. §§1125(d)(1)(B)(i)(VIII):

> the person's registration or acquisition of multiple domain names which 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;

Anlin argued below Factor VIII was violated here by virtue of Burgess' registration of the four additional domain names, but the language of the statute requires not only that there be multiple domain names but that the domain names be identical or confusingly similar to the "marks" of "others" – that is, to more than one trademark, belonging to more than one other person. The use of this language was not an accident, because this factor was adopted to reflect "the increasingly common cybersquatting practice known as 'warehousing,' in which a cybersquatter registers multiple domain names – sometimes hundreds, even thousands – that mirror the trademarks of others." *Conference Report* at 112. Like several other factors, this factor is aimed at those whose pattern of conduct with respect to other markholders tends to suggest that the reason for the registration in the case before the court was for purposes of extortion.

Simply registering multiple domain names using the mark of a single markholder is not sufficient to meet either the language or the purpose of this factor. Thus, for example, in *TMI v. Maxwell*, 368 F.3d 433, 440 (5th Cir. 2004), the court said that Maxwell's registration of a second domain name to promote his commentary on the plaintiff trademark holder was not the sort of registration of multiple domain names at which Factor VIII is directed. Here, Burgess only registered domain names using a single trademark – Anlin Windows – and involving only the one trademark holder whose goods he was trying to promote online. Factor VIII, therefore, does not point in the direction of bad faith intent to profit.

The final factor, Factor IX, can point either toward bad faith intent to profit or away from it: "the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section." This factor can point toward a finding of bad faith intent to profit when the mark is so highly distinctive and famous that it is fair to infer that its owner is a likely target for extortionate registration. *See Conference Report*, *supra*, at 112 ("the more distinctive or famous a mark has become, the more likely the owner of that mark is deserving of the relief available under this act"). Here, the Anlin mark is admittedly distinctive, but it is not by any means famous or well-known.

In summary, then, the bad faith intent to profit factors point very decidedly toward a finding that Burgess registered and used his domain names without a bad faith intent to profit.

C. The Factors Aside, Burgess Was Entitled to Summary Judgment Because His Registration and Use Was Not the "Cyberquatting" Conduct at Which the ACPA Was Aimed.

Rather than consider the factors individually, the district court bypassed the factors entirely and moved directly to consideration of what it deemed the unique character of this case. This can be a permissible approach in some cases, because the factors were not included in the statute as a strait jacket that had to be evaluated in every case:

> The role of the reviewing court is not simply to add factors and place them in particular categories, without making some sense of what motivates the conduct at issue. The factors are given to courts as a guide, not as a substitute for careful thinking about whether the conduct at issue is motivated by a bad faith intent to profit.
>
> *Lucas Nursery and Landscaping v. Grosse*, 359 F.3d 806 (6th Cir. 2004).

However, the factors cannot be abandoned without considering whether the defendant in the case is truly a cybersquatter – one who has registered or used the domain names with a bad faith intent to profit. The district court failed to consider this question – that is, it failed to engage in "careful thinking" about whether Burgess was **motivated** by a bad faith intent to profit. It never decided what would constitute a bad faith intent to profit, but simply cast the factors aside and sought to decide, without any reference to external standards, or any comparison to other cases or to the model of the "typical cybersquatter" at which the ACPA was aimed, whether this defendant was guilty of bad faith.

Summary judgment can be appropriate without considering the statutory factors when the undisputed evidence establishes, as in such cases as *Lucas Nurseries*, that the defendant does or does not fit the established "profile" of a classic cybersquatter, defined by this Court in *Bosley* as registration of a trademarked domain name either to "ransom[] the domain name back to the trademark holder or . . . divert business from the trademark holder to the domain name holder." *See also Virtual Works v. Volkswagen*, *supra*, 238 F.3d at 267 (cybersquatting is registration for purpose of extortion). Here, however, the district court expressly found that Burgess had neither diverted business from the trademark holder, ER 19, nor intended to accomplish such diversion, ER 17 (after all, he was selling the trademark holder's products, and the trademark holder does not sell its own products directly in any event), and although it is undisputed that a dollar figure was discussed during a telephone conversation between Burgess and Vidmar, it is undisputed that Burgess had **used** the main domain name for a web site conducting bona fide sales of Anlin's products (and registered four other domain names **for the purpose** of prompting such sales), thus taking Burgess well outside the typical cybersquatter profile. Summary judgment **against** Burgess on the theory that he fit the classic cybersquatter profile, without considering the factors, was not appropriate.

Moreover, the trial court's analysis appears to rest on the proposition that the presence or absence of "consent" is what determines the existence of a bad faith intent to profit during the final five month period of the domain names' use, from February to July 2005. Yet as should be apparent from the foregoing discussion of the bad faith intent to profit factors, consent plays at best a minimal role in Burgess' arguments about why he did not register the domain names with a bad faith intent to profit. Consequently, the absence of consent cannot show that he had a bad faith intent to profit.

Logically, consent cannot be the determining factor, or else the bad faith intent of the alleged infringer would hinge on the **plaintiff's** actions. But the plaintiff's unilateral withdrawal of consent cannot transform good faith into bad faith. To be sure, if the question in the case were simply whether Burgess was guilty of infringement or dilution of Anlin's mark, then perhaps the withdrawal of consent could play a decisive role in the analysis, although Burgess would argue that a seller of trademarked goods need not have the consent of the markholder to identify the goods that he is selling. *See Ty v. Perryman*, *supra*, and *Prestonettes v. Coty*, *supra*. However, Anlin sought summary judgment only on its ACPA claim, and indeed it has since dismissed its other trademark claims. The district court never explained why proceeding without consent is itself bad faith, and its decision on that point was incorrect. Indeed, if the district court were correct, every seller of trademarked goods who told the truth about the source of his goods would be guilty of bad faith if the original manufacturer objected.

The one case that seems most similar to this one is *Northwest Airlines v. NWA Federal Credit Union*, 2004 WL 1968662 (D. Minn. Sept. 02, 2004), where the airline sued a credit union that had originally used the airline's familiar abbreviation with its consent, then insisted on keeping that abbreviation in its name, as well as displaying the airline's logo, after the two companies parted ways and the airline withdrew its consent. The court granted summary judgment in favor of the airline on its Lanham Act infringement claim based on the use of the logo, found genuine issues of material fact about whether the use of the name was likely to cause customer confusion, but nevertheless granted summary judgment in favor of the credit union on the airline's ACPA claim, holding, in part (at *10),

> The Credit Union does not fit the cybersquatter profile, i.e., an individual registering multiple domain names and attempting to sell them to the highest bidder. [citation omitted]. Instead, the Credit Union registered domain names (nwafcu.org, nwafcu.com, and nwafcu.net) that corresponded to the name of its legitimate business. The Court finds that the Airline has failed to establish evidence of

> bad faith intent on the part of the Credit Union in registering the domain names.

See also *Mayflower Transit, LLC v. Prince*, 314 F. Supp.2d 362, 369 (D.N.J. 2004) (court reserves judgment on liability for dilution but finds no ACPA liability because there was no bad faith intent to profit); *Fairbanks Capital Corp. v. Kenney*, 303 F. Supp.2d 583 (D. Md. 2003) (court grants preliminary injunction based on infringement claim but not based on ACPA claim because no bad faith intent to profit). The same reasoning should have led the court below to find that Burgess did not register his domain with a bad faith intent to profit.

In sum, the district court erred as a matter of law in holding that Burgess had a bad faith intent to profit, and its judgment should be reversed.

II. THE RECORD CREATES A MATERIAL FACT ABOUT WHETHER BURGESS WAS MOTIVATED BY A BAD FAITH INTENT TO PROFIT, WHICH SHOULD BE RESOLVED BY A JURY.

The foregoing section of this brief argues that the "bad faith intent to profit" factors overwhelmingly favor Burgess, and that a proper understanding of the meaning and purpose of the statutory term belie Anlin's claim that Burgess registered or used his domain names with a bad faith intent to profit, and indeed that the lack of such bad faith was so clear that Burgess was entitled to summary judgment. But at the very least, Burgess' position finds sufficient support in a sufficient number of the bad faith intent to profit factors that the court below erred by finding no genuine issues of material fact about the ultimate issue in the case – whether Burgess' registration or use of the domain names was motivated by a bad faith intent to profit.

In a case that turns on questions of intent or motive or bad faith, summary judgment finding liability is rarely appropriate. *Provenz v. Miller*, 102 F.3d 1478, 1489 (9th Cir. 1996); *Leberman v. John Blair & Co.*, 880 F.2d 1555, 1560 (2d Cir. 1989); *Suydam v. Reed Stenhouse of Washington*, 820 F.2d 1506, 1509 (9th Cir. 1987). To be sure, summary judgment can be granted **for defendants** in cases where, for example, the claim is that a defendant employer intended to discriminate, or that a defendant law enforcement official lacked the good faith that must be shown to breach qualified immunity. But it is almost unheard of for summary judgment to be granted **for plaintiffs** who are suing a defendant whose bad intent, bad motive, or bad faith must be shown to establish liability. Here, where Burgess can only be liable where three "state of mind" elements are present – where he was (1) motivated by a (2) bad faith (3) intent to profit – summary judgment is triply improper.[7]

[7] The fact that Burgess himself cross-moved for summary judgment on the ACPA counts, because there were sufficient undisputed facts to merit summary judgment in his favor dismissing the claim that his registration and use were done

To be sure, summary judgment can be granted in some ACPA cases, for the defendant when the domain name registrant was plainly motivated by the desire to comment on the trademark holder, *Lucas Nurseries*, *supra*, or for the plaintiff where a registrant with no legitimate interest using the domain name and a history of registering trademarks as domain names has overtly demanded payment to give up domain names. *E. & J. Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270 (5th Cir 2002). But where various of the bad faith intent to profit factors point in different directions, trial courts have typically denied summary judgment and left the issue of bad faith intent to profit to be decided at trial. *Hamptons Locations, Inc. v. Rubens*, 2005 WL 2436209 (E.D.N.Y. Sept. 30, 2005), *reaffirmed on reconsideration*, 2006 WL 1455470 (May 25, 2006); *Omega S.A. v. Omega Engineering*, 228 F.Supp.2d 112, 137 (D. Conn. 2002).

In opposing Anlin's motion for summary judgment, Burgess specifically argued that there were genuine issues of material fact barring judgment for Anlin, and requiring jury trial. *See* DN 85, Opposition to Anlin's Motion for Summary Judgment, at page 5 lines 22 to 27; *see also* ER 26, 31 (oral argument). As

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with a bad faith intent to profit, did not relieve the district court of its obligation to make sure that there were no genuine issues barring judgment for **plaintiff**. *Fair Housing Council of Riverside County v. Riverside Two*, 249 F.3d 1132, 1136 (9th Cir. 2001).

Burgess pointed out, a jury could easily have decided that, whether or not he was correct as a matter of trademark law to continue to use his domain name and web site even after Anlin withdrew its consent to the domain name, the fact that Anlin had not only given its consent but accepted the benefit of all the window sales and installations that Burgess had brought in, encouraging Burgess to build up a business on which he and his family had come to rely, did not suddenly turn his mental state into bad faith when he tried to continue his sales business without Anlin's consent. ER 38-39. Moreover, given the fact that Anlin's case rests so heavily on Burgess' demand for $100,000 if he was going to give up the web sites and the business he had created, a jury could easily have decided that Burgess' reliance interest built up during the period of Anlin's consent, even if not an affirmative defense, was sufficient that his offer did not amount to evidence of bad faith.

Here, the previous section of this brief argued that the statutory factors point decidedly in Burgess' favor; even if the court does not find that argument persuasive on **every** factor, there are at least **some** factors that favor Burgess. Moreover, in the court below Burgess consistently maintained that he was entitled to a trial on the issue of bad faith intent to profit. At the least, the district court erred in denying Burgess the right to present his ACPA defenses to a jury.

III. THE DISTRICT COURT APPLIED THE WRONG STANDARD WHEN IT REJECTED BURGESS' SAFE HARBOR DEFENSE WITHOUT DECIDING WHETHER HIS BELIEF THAT HIS DOMAIN NAMES WERE LAWFUL WAS REASONABLE.

Burgess argued below that he reasonably and in good faith believed that his domain names were lawful under the Seventh Circuit's reasoning of the Seventh Circuit in *Ty, Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002). The district court addressed this argument but applied the wrong standard, limiting itself to a discussion of whether Burgess' interpretation of the case was correct but, upon deciding that the case did not justify his domain names, failing to consider whether Burgess' **belief** was reasonable. This decision should be reversed both because the district court was wrong about the *Perryman* case, and because, in any event, the issue under the safe harbor defense is not whether Burgess' belief was correct, but whether it was reasonable.

Ty v. Perryman overturned an injunction issued against an unauthorized reseller of Beanie Babies who used the name "bargainbeanies.com" for her marketing website. Because Perryman was entitled under trademark law to tell the truth to the consuming public – that she sold Beanie babies through her website – the Seventh Circuit held that trademark law could not be used to deprive Perryman of the right to truthfully identify the content of her website by placing the trademark “Beanie” in her domain name. Although the case was brought under the federal anti-dilution statute, the court also applied infringement standards in that it authorized the trial court to issue a more limited injunction requiring that Perryman remove any non-Beanie-Baby products from her web site if it continued to be labeled with the Beanie trademark.

The district court found *Ty v. Perryman* distinguishable on two grounds, neither of which is persuasive. The first is that the domain name in *Perryman* contained only part of the Beanie Baby trademark. However, it is highly unlikely that this would have made any difference in trademark analysis, and indeed the Seventh Circuit did not rely on that fact at all in reversing the injunction. “Beanie” is the dominant part of the Beanie Baby mark, and indeed a review of the online records of the United States Trademark Office reveals that Ty holds many different trademark registrations for words coupled with the term “Beanies”, including Bow Wow Beanies, Alphabet Beanies, Basket Beanies, E Beanies, and the like. Any third party that started selling a competitive product named with a phrase that included “beanies” would likely face prompt, and successful, trademark enforcement action, even though Ty did not hold a registration for that precise combination. Thus, assuming (incorrectly) that there is no difference between naming a product and picking a domain name, the difference between

Bargain Beanies and "Beanie Babies" or "Beanies" is irrelevant. The reason why Perryman prevailed in overturning the injunction was that her domain name truthfully portrayed the content of her web site, not that her domain name was marginally different from the trademark itself. Similarly, here, Burgess' domain name anlinwindows.com identifies truthfully the product that he was selling through his web site.

The district court's second distinction – that Perryman's domain name did not identify the company, but only the product – fares no better. One may well doubt that, even if valid, this reasoning would distinguish this case, because Burgess, like Perryman, has a domain name that identifies the product (Anlin Windows) and not the company (Anlin Industries). But the reasoning is also wrong – Ty does not suffer any less trademark protection because its trademark identifies its product rather than its corporate name. The "name-guessing" theory that provides the basis for treating domain names as infringing or diluting applies equally to product names as to company names, because in the pre-search engine era when typing a domain name into a browser was the main way of finding web sites, users were as likely to type in Barbie when looking for Mattel's site about Barbie as they were to type in Mattel – perhaps more likely, if they forgot which company made Barbie. For example, Mattel has had no difficulty enforcing its trademark against the registration of domain names that use the name of its well-known Barbie product simply because the company's own name is not in the domain name. *E.g.*, *Mattel, Inc. v. Adventure Apparel*, 2001 WL 1035140 (S.D.N.Y. Sept. 07, 2001). Thus, the fact that Burgess' domain name did not use a company name should not distinguish his case from Perryman's. Accordingly, Burgess's belief that his domain names were lawful under *Ty v. Perryman* was not just reasonable, but correct. *See also Brookfield Communications v. West Coast Video*, 174 F.3d 1036, 1066 (9th Cir. 1999) (recognizing that a domain name can identify product that is the subject of the website).

In any event, invocation of the safe harbor provision does not require Burgess to show that his registration and use of the domain name was lawful, but only that he actually and reasonably believed that his use was fair use or otherwise lawful. *Mirage Resorts, Inc. v. Stirpe*, 152 F.Supp.2d 1208 (D. Nev. 2000) (court held uses unlawful, but nevertheless denied summary judgment on the ACPA claim because there was a genuine issue about whether defendant's belief about lawfulness was reasonable). [8] The district court failed to consider Burgess' defense

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[8]Section 1125(d)(1)(B)(ii) provides, "Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."

in light of the correct statutory standard, and at the very least the decision below should be vacated and remanded to permit the court to assess Burgess' defense under the correct standard. But given the fact that Burgess' belief in the validity of his defense was correct, it is a fortiori that his belief was reasonable. Accordingly, the Court should rule that Burgess' use of the domain name was protected by the ACPA safe harbor provision.

CONCLUSION

The judgment of the district court should be reversed.

Respectfully submitted,

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THERE ARE NO KNOWN RELATED CASES

CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing brief was prepared in Word Perfect, Times Roman 14 point font, and the Word Perfect has counted 10475 words in the brief.

____
Paul Alan Levy

STATUTORY ADDENDUM

The Anticybersquatting Consumer Protection Act, Section 43(d) of the Lanham Act, 15 U.S.C. § 1125(d), provides as follows, in pertinent part:

(d) Cyberpiracy prevention

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person

> (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
> (ii) registers, traffics in, or uses a domain name that--
>> (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
>> (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or
>> (III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (a), a court may consider factors such as, but not limited to

>> (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
>> (II) 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;
>> (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
>> (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
>> (V) the person's intent to divert consumers from the mark owner's 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;

(VI) 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;

(VII) the person'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;

(VIII) the person's registration or acquisition of multiple domain names which 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; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section.

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

CERTIFICATE OF SERVICE

I hereby certify that, on this date, I am causing two copies of this Brief for Appellant, and one copy of the accompanying Excerpts of Record, to be served by first-class mail, postage prepaid, on counsel for plaintiff-appellee as follows:

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