

<u>District Court Permits Reverse Domain Name Hijacking Claim To</u> <u>Proceed Despite National Arbitration Forum Decision Ordering</u> <u>Transfer Of Domain Name To Defendant</u>

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by Phillip Barengolts, Trademark Attorney

Marc Lurie loved indoor skydiving so much he invested in it. In 2006, he decided to use the name AIRFX for a new line of wind tunnels. He lined up a manufacturer and discussed his plans with one of the largest operators of indoor skydiving facilities in the country, and in 2007 he acquired the domain name <airfx.com>. As far as this author knows, Mr. Lurie has not launched the business or the website as of the date of this post.¹

AirFX, LLC, owns a federal registration for the trademark AIRFX for shock absorbers and suspension systems for vehicles. In 2008, after learning that Lurie owned <airfx.com>, AirFX contacted him and threatened to sue him if he didn't sell the domain name to AirFX. That didn't work, so a couple of years later, they sent another letter, and Lurie again refused to sell. Finally, in April 2011, AirFX filed an action under the Uniform Domain Name Dispute Resolution Policy ("UDRP"), which AirFX won a month later.²

That victory spawned the instant suit by Lurie for reverse domain name hijacking under the Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C. s 1114(2)(D)(v). AirFX moved to dismiss, but was denied. See AirFX.com v. AirFX, LLC, 11-cv-01064 (D. Ariz. Oct. 20, 2011).³ The court found that to state a claim for reverse domain name hijacking, Lurie had to allege that: (1) plaintiff is a domain name registrant; (2) plaintiff's domain name was "suspended, disabled, or

³ Available at: http://scholar.google.com/scholar_case?case=6391939019678793549.



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¹ But someone applied to register AIRFX with the United States Patent and Trademark Office for making wind tunnels for others at the end of June on an intent-to-use basis.

² The National Arbitration Forum decision is available here: http://domains.adrforum.com/domains/decisions/1384655.htm

transferred under a policy implemented by a registrar as described in 15 U.S.C. § 1114(2)(D)(ii)(II)"; (3) the trademark owner prompting the domain name to be transferred "has notice of the action"; and (4) plaintiff's use or registration of the domain name is not unlawful. (Citations omitted).

Lurie's allegations met these requirements. Specifically, Lurie alleged that his actions were not unlawful under the ACPA because Lurie had developed the AIRFX brand as part of his plan to develop wind tunnels and registered <airfx.com> to reflect the domain name of his intended brand. Additionally, Lurie had not used AirFX's trademark, never offered to sell the domain name, and did not seek to divert AirFX's customers.⁴

AirFX's main arguments against Lurie's claim were the findings by the National Arbitration Forum panel in the proceeding under the UDRP and that a reverse domain name hijacking claim requires a showing of harassment. The court ruled that the UDRP panel's decision was entitled to no weight and that there was no requirement of harassment to state a claim.

Trademark owners should be mindful that UDRP proceedings are not without their potential downsides, especially when a legitimate business (or, at least, an entity with the appearance of a legitimate business) is on the other side of a claim. It is also worthwhile to assess whether to proceed under the UDRP or the ACPA. UDRP proceedings are cheaper and faster, but difficult cases under the UDRP could, as they did here, lead to reverse domain name hijacking claims under the ACPA, snatching defeat out of the jaws of victory.

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Phillip Barengolts is a partner with <u>Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP</u>, a <u>leading intellectual property law firm</u> based in Chicago, Illinois. Pattishall McAuliffe represents both plaintiffs and defendants in <u>trademark</u>, <u>copyright</u>, and <u>unfair competition trials and appeals</u>, and advises its clients on a broad range of domestic and international intellectual property matters, including <u>brand protection</u>, <u>Internet</u>, and <u>e-commerce</u> issues. Mr. Barengolts' practice focuses on litigation, transactions, and counseling in domestic and international <u>trademark</u>, <u>trade dress</u>, <u>Internet</u>, and <u>copyright law</u>. He teaches trademark and copyright litigation at John Marshall Law School, and co-authored <u>Trademark and Copyright Litigation</u>, recently published by Oxford University Press.

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⁴ Even though the domain name had not yet been transferred to AirFX, the Court found that Lurie had satisfied the second prong of the test.