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6   IN THE UNITED STATES DISTRICT COURT

7   FOR THE DISTRICT OF ARIZONA

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9   AIRFX.com; Marc Lurie,   )   CV 11-01064-PHX-FJM
)
10   Plaintiffs,   )   **ORDER**
)
11   vs.   )
)
12   )
     AirFX LLC,   )
13   )
                  Defendant.   )
14   )
)
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16   The court has before it defendant's motion to dismiss or transfer (doc. 10), plaintiffs'

17   response (doc. 11), and defendant's reply (doc. 13). We also have before us plaintiffs' motion

18   for fees and costs (doc. 12), defendant's response (doc. 14), and plaintiffs' reply (doc. 17).

19   Counsel are reminded that all filings with this court must comply with LR Civ 7.1.

20   **I**

21   Plaintiff Lurie is an indoor skydiving enthusiast and an inventor. In 2004, Lurie began

22   investing in SkyVenture brand wind tunnel facilities. Wind tunnels use forced air to simulate

23   free-fall, which allows skydivers to practice aerial stunts. Beginning in 2006, Lurie

24   embarked on a marketing effort to adopt a new brand for his wind tunnels. As a result of

25   these efforts, Lurie adopted the trade name "AIRFX." Lurie sold his SkyVenture facilities

26   and plans to use the AIRFX brand to market a new and improved line of wind tunnels that

27   he is developing. Plaintiffs' wind tunnel business has not been publically launched. In

28   preparation for launch, Lurie has identified a manufacturing partner and consulted with an

1 aerodynamic specialist. He has also located a potential first customer, who owns and
2 operates one of the biggest skydiving facilities in the country.

3 After Lurie decided to use the trademark AIRFX, he sought to register airfx.com as
4 his internet domain name. However, this domain had already been registered. Lurie
5 purchased the domain name from the then-owner, which was transferred to him on February
6 2, 2007. GoDaddy.com, Inc., located in Scottsdale, Arizona, is the sponsoring registrar for
7 airfx.com. Plaintiffs do not plan on officially launching the airfx.com website until their first
8 completed facility is launched. Plaintiffs contend that launching a website
9 contemporaneously with launching a new product is a common marketing strategy.

10 Defendant, an Indiana LLC, owns a trademark for "AIRFX" in connection with
11 motorcycle and vehicle parts. About one year after plaintiffs acquired the airfx.com domain
12 name, an employee of defendant contacted Lurie and threatened to sue if he did not sell the
13 domain to defendant. Lurie refused. Defendant contacted plaintiffs again in February 2010,
14 stating that plaintiffs "must turn over control" of the website. Compl. at 8. Lurie again
15 refused, explaining that the domain name was not for sale. In April 2011, defendants
16 submitted a domain dispute complaint pursuant to the Uniform Domain Name Dispute
17 Resolution Policy ("UDRP").[1] UDRP rules required defendant to explicitly consent to a
18 jurisdiction where challenges to the UDRP decision could be brought. Defendant expressly
19 consented to jurisdiction in this District, the place where the registrar for airfx.com,
20 GoDaddy.com, Inc., is located. The UDRP panel issued its decision on May 16, 2011
21 ordering that airfx.com be transferred to defendant. Pursuant to its domain name dispute
22 procedure, GoDaddy.com delayed transferring airfx.com to defendant. This procedure
23 provided ten business days for plaintiff to file this action.
24 Plaintiffs subsequently filed this action on May 27, 2011 asserting one claim for

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26 [1] Registrars are required to follow the UDRP, which governs how most internet
27 domain name disputes must be handled before a registrar proceeds with transferring,
cancelling, or suspending a domain name. The UDRP can be found at
28 http://www.icann.org/en/udrp/udrp-policy-24oct99.htm.

reverse domain name hijacking pursuant to 15 U.S.C. § 1114(2)(D)(v). A request for waiver of service of process was mailed to defendant's counsel on July 4, 2011. Formal service of process was executed on August 11, 2011 (doc. 7). Defendant's counsel emailed the signed waiver of service on August 15, 2011. Defendant moves to dismiss pursuant to Rule 12(b)(6), Fed. R. Civ. P. Alternatively, defendant moves to transfer the case to the District Court of the Southern District of Indiana. Plaintiff seeks to recover costs of service pursuant to Rule 4(d)(2), Fed. R. Civ. P.

II

In 1999, the Lanham Act was amended by the Anticybersquatting Consumer Protection Act (ACPA) in an effort to redress the bad-faith registration of internet domain names for profit, a practice known as cybersquatting. Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 624 (4th Cir. 2003). Cybersquatters who violate the ACPA are said to hijack a domain name from someone who, because of his trademark ownership, would normally be expected to possess the right to use that domain name. Conversely, if a trademark owner "overreaches" when exercising his ACPA rights, he "reverse hijacks" the domain name from the person who registered it. Id. at 625 n.1. The ACPA's reverse domain name hijacking provision allows an aggrieved domain name registrant to file a civil action to establish that his use of the domain name does not violate the "Act." See 15 U.S.C. § 1114(2)(D)(v); Barcelona.com, Inc., 330 F.3d at 625 n.1; Ricks v. BMEzine.com, LLC, 727 F. Supp. 2d 936, 959 (D. Nev. 2010). A registrant must show that his conduct was not unlawful just under the ACPA, not under the whole of the Lanham Act. Ricks, 727 F. Supp. 2d at 960.

Defendant moves to dismiss this action for failure to state a claim. According to defendant, plaintiffs must show that the defendant both knew of the plaintiffs' legitimate interest in the domain name and harassed plaintiffs. Defendant argues that plaintiffs have not made a showing that defendant harassed plaintiff by "merely defending [its] own trademark rights and bringing the (successful) UDRP action." Mot. to Dismiss at 6. To support this argument, defendant cites to UDRP panel decisions. But federal courts do not

1 defer to UDRP decisions. See, e.g., Barcelona.com, Inc., 330 F.3d at 626 ("any decision

2 made by a panel under the UDRP is no more than an agreed-upon administration that is not

3 given any deference under the ACPA") (emphasis removed). Instead, a reverse domain

4 hijacking claim under the ACPA requires a plaintiff to prove four elements: (1) plaintiff is

5 a domain name registrant; (2) plaintiff's domain name was "suspended, disabled, or

6 transferred under a policy implemented by a registrar as described in 15 U.S.C. §

7 1114(2)(D)(ii)(II);" (3) the trademark owner prompting the domain name to be transferred

8 "has notice of the action;" and (4) plaintiff's use or registration of the domain name is not

9 unlawful. Ricks, 727 F. Supp. 2d at 959 (quoting Barcelona.com, Inc., 330 F.3d at 626)).

10 Taking plaintiffs' allegations as true, they have stated a plausible reverse domain

11 hijacking claim under the ACPA. First, plaintiffs allege that Lurie has owned the domain

12 name airfx.com since February 2007. Next, plaintiffs allege that airfx.com is "subject to

13 imminent transfer" as a result of the UDRP decision. Compl. at 12. Although the Ninth

14 Circuit has not yet considered the issue, other courts have held that a plaintiff can bring an

15 action under 15 U.S.C. § 1114(2)(D)(v) as long as the domain name has been ordered to be

16 transferred pursuant to the UDRP, even though the transfer is not complete. Mann v. AFN

17 Invs., Ltd., CV-07-0083, 2007 WL 2177030 at *2 (S.D. Cal. July 27, 2007) (discussing

18 decisions from the First, Second, and Fourth Circuits and agreeing that a UDRP decision to

19 transfer the domain name "triggers the right to sue"). We agree that the UDRP decision in

20 this case, which ordered the transfer of airfx.com from plaintiff to defendant, satisfies the

21 ACPA. Plaintiffs also allege that defendant, the UDRP complainant, had immediate notice

22 of this action's filing by email. Defendant has not contested notice.

23 Finally, plaintiffs allege that their use of airfx.com is not unlawful under the ACPA.

24 A person violates the ACPA when he

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> (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--

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>> (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.

15 U.S.C. § 1125(d)(1)(A). See also Ricks, 727 F. Supp. 2d at 959 (quoting Barcelona.com, Inc., 330 F.3d at 626)).[2] A court considering whether a domain-name owner possesses bad faith intent may consider several factors, including the owner's trademark rights in the domain name, the owner's prior usage "in connection with the bona fide offering of any goods or services," the owner's intent to divert the trademark owner's customers, provision of false contact information when applying for domain name registration, and the extent to which the trademark alluded to in the domain name registration is famous and distinctive. 15 U.S.C. § 1125(d)(1)(B)(i). Plaintiffs allege that they neither registered nor used the airfx.com domain name in bad faith. Specifically, plaintiffs allege that their conduct in developing the AIRFX brand and registering the airfx.com website shows that plaintiffs, among other things, have made extensive use of the AIRFX mark, chose a domain name that reflects plaintiffs' brand of wind tunnels, have not used defendant's trademark, have never offered to sell the domain name, and do not seek to divert defendant's customers. In addition, plaintiffs allege that defendant's trademark is not famous or distinctive.

Defendant does not address plaintiffs' allegations in its reply, relying instead on the

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[2] The day before briefing for this motion was complete, the Ninth Circuit issued a decision defining the scope of § 1125(d)(1). The court held that § 1125(d)(1)'s references to "registration" refers "only to the initial registration" of a domain name. GoPets Ltd. v. Hise, __ F.3d __, 2011 WL 4394353 at *6 (9th Cir. 2011). The court found "no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain name is lost when that name is transferred to another owner," because of the general principle that an owner can sell all the rights he possesses in property. Id. Thus, a company's re-registration of a domain name that was first registered "long before [trademark owner] registered its service mark" did not violate the ACPA, because the re-registration "was not a registration within the meaning of § 1125(d)(1)." Id. Here, plaintiffs contend that Lurie purchased the airfx.com domain name from its prior owner in February 2007. It is unclear from the record, however, when the airfx.com domain name was originally registered.

1 findings of the UDRP panel, which are not binding on this court, and its perception that

2 federal law requires a plaintiff to show harassment in order to prevail on a reverse hijacking

3 action, which it does not. Because plaintiffs have pled the required elements of an ACPA

4 reverse domain name hijacking claim, we deny defendant's motion to dismiss.

III

6 In the alternative, defendant moves for a transfer of this action to the Southern District

7 of Indiana pursuant to 28 U.S.C. § 1404(a). Section § 1404(a) permits a district court, "[f]or

8 the convenience of parties and witnesses, in the interest of justice," to transfer a civil action

9 to another district where it could have been filed. Defendant argues that the Southern District

10 of Indiana is appropriate because it is the district in which defendant resides, the district

11 where all documents relevant to its federal trademark reside, and where "all relevant

12 witnesses reside." Mot. to Dismiss at 7.

13 But defendant was the party that selected this District as the forum to hear any

14 objections to the UDRP panel decision. Defendant was required in its UDRP complaint to

15 submit to jurisdiction, in the event that plaintiffs challenged a decision "transferring the

16 domain name," in either the location of the registrar's office or where plaintiffs are located.

17 See Compl., ex. B at 5. The UDRP complaint listed an Arizona address for the registrar,

18 GoDaddy.com, Inc. Id. at 3. Defendant selected the registrar's location as its jurisdiction of

19 choice. Id. at 5. Under UDRP rules, plaintiffs were required to bring suit in a jurisdiction

20 where defendant submitted in order to prevent the transfer of airfx.com from occurring. See

21 Barcelona.com, Inc., 330 F.3d at 626-27. That is precisely what plaintiffs did when they

22 filed the instant action in this District, the location in which defendant expressly chose to

23 litigate.

24 Forum selection clauses are presumptively valid. A party challenging a selection

25 clause bears the heavy burden to show either that enforcement of the clause would be unjust,

26 "or that the clause was invalid." Murphy v. Schneider Nat'l, Inc., 362 F.3d 1133, 1140 (9th

27 Cir. 2004). There are three ways in which enforcement may be unreasonable: (1) the clause

28 is the result of "fraud or overreaching"; (2) "the party wishing to repudiate the clause would

effectively be deprived of his day in court were the clause enforced," and (3) enforcement would undermine a "strong public policy of the forum" where the action was filed. Id. (quoting Richards v. Lloyd's of London, 135 F.3d 1289, 1294 (9th Cir. 1998)). Defendant has not suggested that it will be deprived of its day in court if its forum selection is enforced. Neither has it argued that its selection involved fraud. This action will require this court to apply federal law, which should not offend strong public policies of Arizona. In sum, defendant has not met the heavy burden of showing why the venue it selected when it signed the UDRP complaint in April 2011 has suddenly become unreasonable. Defendant's motion to transfer is denied.

IV

Finally, we turn to plaintiffs' motion to recover the costs they incurred, including attorney's fees, in preparing and sending the waiver of service, in serving defendant, and in preparing and filing the instant motion. Plaintiffs seek to recover $4,086.30.

Rule 4(d), Fed. R. Civ. P. governs waiver of service. A plaintiff may request that an eligible defendant waive service by following the requirements set forth in Rule 4(d). If a defendant fails to waive service without good cause, plaintiff can recover certain costs. Id. Fulfilling the rule's requirements is a "condition precedent" to recovering costs of service. Spivey v. Bd. of Church Extension & Home Mission of the Church of God, 160 F.R.D. 660, 663 (M.D. Fla. 1995). Defendant argues that plaintiffs are not entitled to costs because they failed to comply with Rule 4(d)(1)(F), Fed. R. Civ. P. The rule requires a plaintiff to "give the defendant a reasonable time of at least 30 days after the request was sent--or at least 60 days if sent to the defendant outside any judicial district of the United States--to return the waiver." Id. Defendant first contends that plaintiffs' failure to include an expected return date on the waiver form constitutes non-compliance. Defendant is mistaken. Nothing in Rule 4(d)(1) requires plaintiff to state the required return date in the waiver form. The notice and waiver request must "name the court where the complaint was filed, must "inform the defendant. . . of the consequences of waiving and not waiving service," and "state the date when the request is sent." Rule 4(d)(1). Lest there be any confusion as to the waiver form's

1   content, a sample, Form 6, Fed. R. Civ. P., is provided in the Appendix. "The forms in the

2   Appendix suffice under these rules." Fed. R. Civ. P. 84. Notably, nowhere in Form 6 is

3   there a place to fill in a required return date. Plaintiffs' waiver of service form copied the

4   language of Form 6 exactly. See Mot. for Fees, ex. C. Therefore, the absence of a return

5   date on the waiver form did not constitute noncompliance with Rule 4(d)(1)(F).

6   Defendant's next quarrel is that plaintiffs' failure to communicate an expected return

7   date of the waiver violates Rule 4(d)(1). But nothing in Rule 4(d)(1) requires plaintiff to

8   provide defendant with an expected return date. Rule 4(d)(1)(F) demands that plaintiffs

9   "give" the defendant at least 30 days after the request was sent to return the waiver. This is

10   exactly what plaintiffs did in this case. The waiver of service packet was mailed to

11   defendant's counsel on July 4, 2011. Not having received a response, plaintiffs served

12   defendant on August 11, 2011. Plaintiffs waited thirty-seven days before serving defendant.

13   Plaintiffs have presented evidence of their compliance with Rule 4(d)(1). It is

14   undisputed that defendant's counsel only submitted a signed waiver four days after defendant

15   was served. Under Rule 4(d)(2), defendant must show "good cause" for its failure to return

16   the requested signed waiver to avoid imposition of costs. Defendant does not directly

17   address the issue of good cause in its response. However, it appears that defendant offers

18   two reasons for its failure to timely waive service. First, defendant blames plaintiffs for

19   failing to contact defendant's counsel to confirm a date by which the waiver was expected.

20   Defendant complains that plaintiffs "never contacted counsel. . . to confirm receipt," "never

21   drafted a cover letter that. . . provided an expected date of return," and "never contacted

22   counsel [] to determine whether [defendant] intended to waive service." Opp. to Mot. at 3.

23   As discussed above, none of these events are required by Rule 4(d). All that was required

24   was that plaintiffs wait at least thirty days prior to initiating service. It is not plaintiffs'

25   responsibility to remind defendant of upcoming deadlines. That is why parties retain

26   counsel.

27   Defendant next complains that plaintiffs failed to include a self-addressed stamped

28   envelope with the waiver request packet. Plaintiffs presented evidence that they did. See

Mot. for Fees, ex. A. Resolution of this point, however, is not critical to the outcome.[3] The

plain language of Rule 4(d)(1)(F) placed defendant on notice that plaintiffs could commence

with service thirty days after July 4, 2011, the date the request was mailed. Defendant

confirms that it received the package on July 13, 2011. At this point, plaintiffs were still

required to wait three weeks before initiating service of process. Even if a self-addressed

stamped envelope was not included, as defendant claims, in the three weeks that elapsed

defendant's counsel could have (a) called plaintiffs' counsel to request an envelope, (b)

emailed plaintiff's counsel concerning the discrepancy, (c) sent the signed form back at their

own expense and requested plaintiff to pay their mailing costs, (d) requested plaintiffs'

counsel to provide an account number for a service such FedEx or DHL by which the form

could be returned at plaintiffs' expense, or (e) emailed the signed form as an attachment.

Instead, defendant chose to take no action until August 15, 2011 (four days after service was

complete), when counsel finally emailed the signed form. Doing nothing is not good cause.

        Because the defendant has not shown good cause for its failure to timely return the

signed waiver, we "must impose" on defendant both the expenses plaintiffs "later incurred

in making service," and "reasonable expenses, including attorney's fees, of any motion

required to collect those service expenses." Fed. R. Civ. P. 4(d)(2). Plaintiffs provided an

itemized lists of their costs relating to service and this motion. Mot. for Fees, ex. H.

Defendant did not object to the reasonableness of these costs. Only costs incurred after the

time for defendant to return the waiver expires are recoverable. Fed. R. Civ. P. 4 Advisory

Committee Notes, 1993 Amendments. Attorney's fees are only recoverable for the motion

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        [3] A plaintiff's failure to include a pre-paid means of return as required by Rule 4 may
foreclose the recovery of plaintiff's costs. See, e.g., Armco, Inc. v. Penrod-Stauffer Bldg.
Sys., Inc., 733 F.2d 1087, 1089 n.1 (4th Cir. 1984). Given the widespread availability of
email as a low-to-no cost option for returning a signed document, defendant's argument that
plaintiffs allegedly failed to include a prepaid means of return despite compliance with all
other aspects of Rule 4(d)(1) would not in our view foreclose plaintiffs' ability to recover
costs, especially when defendant made no effort to contact plaintiffs and were not otherwise
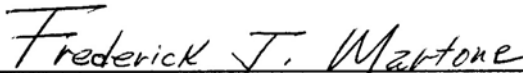prevented from returning the form using alternative methods.

to collect costs, not for the effort expended in arranging for service. <u>Morales v. SI Diamond Tech., Inc.</u>, 98-CV-8309, 1999 WL 144469 at *3 (S.D.N.Y. Mar. 17, 1999). Plaintiffs are therefore entitled to recover $93.00 in service costs and $2,220.00 in costs and attorney's fees relating to their motion to recover fees.

V

    IT IS ORDERED DENYING defendant's motion to dismiss or transfer (doc. 10).

    IT IS ORDERED GRANTING plaintiffs' motion for fees and costs in the amount of $2,313.00 (doc. 12).

    DATED this 20th day of October, 2011.

Frederick J. Martone
Frederick J. Martone
United States District Judge