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**FILED**  
 Clerk of the Superior Court

MAR 21 2007

By: J. JOHNSON, Deputy

6 Attorneys for Pacific Law Center  
 7

8 **SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO**  
 9

11 PACIFIC LAW CENTER, a Professional Law  
 Corporation,

12 Plaintiff,

13 v.

14 SHAHROKH SAADATNEJAD, individually  
 15 and doing business as  
 PACIFICLAWCENTERS.COM and  
 16 USHOSTAGE.COM; and DOES 1 through  
 50, inclusive,

17 Defendants.  
 18

CASE NO. GIC 878352

**RESPONSE TO SAADATNEJAD'S EX PARTE**

Date: March 22, 2007  
 Time: 9:00 a.m.  
 Dept. 75

Complaint Filed: January 12, 2007

I/C Judge: Hon. Richard E.L. Strauss

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I  
INTRODUCTION

It is difficult to figure out what Saadat-Nejad is seeking—at least that this Court could ever grant. Nonetheless, the **actual facts** may help the Court.

**Sequence of Events.**

On February 27, 2007, this Court signed and entered a temporary restraining order.

On March 9<sup>th</sup> this Court extended that temporary restraining order until an April 20 hearing and asked for further briefing.

On March 13 Pacific Law Center and Solomon Ward filed its federal action. That complaint, at paragraph 24, accurately quotes the order this Court had signed on February 27<sup>th</sup>:

“Until further order of this Court Shahrokh Saadatnejad shall immediately cease using the website pacificlawcenters.com or any similar website.

Until further order of this Court, Shahrokh Saadatnejad shall not use the trade name Pacific Law Center in any published communication....”

Then, at a March 14 hearing, this Court explained or modified its February 27 order and stated that Saadat-Nejad is restrained only from using the website/domain name “pacificlawcenters.com.”

In their application for a temporary restraining order in the federal action, Pacific Law Center and Solomon Ward informed the federal court of this Court’s explanation or modification of its February 27 order.

In complying with the godaddy.com internal complaint form, Pacific Law Center accurately described this Court’s order as it then existed.

Saadat-Nejad is, as this Court is well aware, trifling with its order and, instead of using the domain name pacificlawcenters.com, he is now using pacific-law-center.com.

**Cyber-Squatting Requires No Commercial Use Or Confusion.**

This Court asked Pacific Law Center to brief the question how much commercial confusion is necessary under the Lanham Act to support injunctive relief. Under the 1999 Anti-Cybersquatting and Consumer Protection Act (ACPA)—which was made part of the

1 Lanham Act at 15 U.S.C. § 1125(d)—the answer is **none**.

2 The Ninth Circuit, among others, has held that while **traditional** trademark  
3 infringement requires, *inter alia*, commercial use and at least likelihood of confusion, the  
4 ACPA has **no** commercial use requirement.<sup>1</sup> Rather, all that a trademark owner asserting a  
5 claim under the ACPA must establish is:

6 (1) It has a valid trademark entitled to protection; (2) its mark is distinctive or  
7 famous; (3) the defendant's domain name is identical or confusingly similar to,  
8 or in the case of famous marks, dilutive of, the owner's mark; and (4) the  
defendant used, registered or trafficked in the domain name; (5) with a bad  
faith intent to profit.<sup>2</sup>

9 The Court has directed further briefing on this issue in early April, but Pacific Law  
10 Center wanted to put this authority before the Court immediately. Pacific Law Center's third  
11 cause of action is brought under the ACPA. Pacific Law Center has a valid common law  
12 trademark that the Lanham Act protects; its mark is distinctive and famous under 15 U.S.C.  
13 § 1125(c)(1); one of Saadat-Nejad's domain names is almost identical—but for one letter—  
14 and the other is identical—the hyphens do not matter—and certainly confusingly similar to  
15 Pacific Law Center; Saadat-Nejad admits that he has registered and has used both domain  
16 names—*pacificlawcenters.com* and *pacific-law-center.com*. Finally, his demand—made  
17 through a lawyer purporting to represent him for a half million dollars is *prima facie*  
18 evidence of bad faith intent to profit. Pacific Law Center attaches a copy of that letter.

19 Pacific Law Center will provide the further briefing that the Court requested.

20 DATED: March 21, 2007

Respectfully submitted,

21 SOLOMON WARD SEIDENWURM & SMITH, LLP

22  
23 By:

  
EDWARD J. MCINTYRE  
CHRISTINA M. MILLIGAN  
Attorneys for Pacific Law Center

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25  
26 <sup>1</sup> *Bosley Medical Institute, Inc. v. Kramer* (2005) 403 F.3d 672, 680 (9<sup>th</sup> Cir.).

27 <sup>2</sup> *Id.* See also *The Christensen Firm v. Chameleon Data Corp.* (2006) 2006 US. Dist. LEXIS 79710 (W.D.  
28 Wash.). For the Court's convenience, Pacific Law Center lodges a copy of each case.



**MARY FRANCES PRÉVOST**

ATTORNEY AT LAW

*National Association of Criminal Defense Lawyers \* Board of Directors: San Diego Criminal Defense Bar Association (1997-2004) \* National College for DUI Defense \* California Attorneys for Criminal Justice \* California Public Defender's Association \* California DUI Defense Lawyers Association \* North County Criminal Defense Bar Association \* Consumer Attorneys of San Diego \* American Inns of Court \* Federal Bar Association \* International Criminal Defense Attorneys Association \* American Trial Lawyers Association February 1, 2007*

Thomas W. Slattery  
Pacific Law Center, P.C.  
4225 Executive Square, Suite 1550  
La Jolla, California 92037

Robert Arentz  
Phillips & Associates, P.C.  
3030 North 3<sup>rd</sup> Street, Suite 1100  
Phoenix, Arizona 85012-3049

Re: Shahrokh Saadatnejad

Dear Messrs. Slattery & Arentz:

This letter is a request for a global pre-filing settlement of Mr. Saadatnejad's malpractice case against Pacific Law Center, Thomas Slattery and Matthew Spiegel. As you are aware, Mr. Saadatnejad's constitutional rights were violated when Pacific Law Center appeared on his behalf in court after your firm was fired, and waived his constitutional right to be present in the courtroom as well as waived his speedy trial rights without his permission.

As you are aware, Mr. Saadatnejad has been broadcasting this very clear malpractice across the internet via his own website, as well as posting warnings on numerous other message boards. He intends to continue doing so.

Ultimately, a junior attorney in your office, Matthew Spiegel, filed a complaint for injunctive relief and damages in the Superior Court identifying how Mr. Saadatnejad's actions have cost Pacific Law Center clients.

As you know, or should know, Pacific Law Center is a public figure pursuant to the New York Times versus Sullivan rule and, as such, even if an injunction were granted by Judge Strauss, Mr. Saadatnejad may still proceed for the rest of his life to post his very valid complaints warning other citizens to beware of Pacific Law Center. In any event, I do not believe an injunction would be granted. And certainly any loss claimed by Pacific Law Center is as a result of the malpractice of Pacific Law Center. Mr. Saadatnejad simply made that malpractice very public.

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**EXHIBIT ■ 1**

However, in an attempt to globally settle Mr. Saadatnejad's Complaint for Malpractice prior to filing, I suggest the following:

Pacific Law Center, P.C. pay Mr. Saadatnejad \$500,000 in damages. In return, Mr. Saadatnejad will sign over all domain names in his possession related to or referring to Pacific Law Center. Mr. Saadatnejad will cease and desist, and will sign the appropriate documents to that effect, from further posting the story of Pacific Law Center's malpractice on any site on the internet, or broadcasting in any way or through any medium and comments pertaining or relating to his association with Pacific Law Center. Pacific Law Center will dismiss its complaint for injunctive relief and damages with prejudice.

This offer remains outstanding until 5 p.m. on Thursday, February 15, 2007. Thereafter, if our global settlement rejected, I will file a Complaint for malpractice against Pacific Law Center, Thomas Slattery and Matthew Spiegel, and immediately schedule depositions. The lawsuit, I suspect, will become a very public matter.

I look forward to your speedy reply.

Sincerely,



Mary Frances Prevost





Positive  
As of: Mar 21, 2007

**BOSLEY MEDICAL INSTITUTE, INC., a Delaware corporation, Plaintiff-Appellant, and BOSLEY MEDICAL GROUP, S.C., an Illinois corporation, Plaintiff, v. MICHAEL STEVEN KREMER, Defendant-Appellee.**

No. 04-55962

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

403 F.3d 672; 2005 U.S. App. LEXIS 5329; 74 U.S.P.Q.2D (BNA) 1280

March 8, 2005, Argued and Submitted, Pasadena, California  
April 4, 2005, Filed

**PRIOR HISTORY:** [\*\*1] Appeal from the United States District Court for the Southern District of California. D.C. No. CV-01-01752-WQH. William Q. Hayes, District Judge, Presiding. Bosley Med. Inst., Inc. v. Kremer, 2004 U.S. Dist. LEXIS 8336 (S.D. Cal., Apr. 29, 2004)

**CASE SUMMARY:**

**PROCEDURAL POSTURE:** Plaintiff medical institute sought review of a summary judgment from the United States District Court for the Southern District of California granted in favor of defendant former patient in an action for trademark infringement and dilution under 15 U.S.C.S. § § 1114, 1125 of the Lanham Act and for violation of the Anticybersquatting Consumer Protection Act, 15 U.S.C.S. § 1125(d). The institute also appealed the dismissal of state law claims.

**OVERVIEW:** The patient started a website that was critical of the institute because he was dissatisfied with the institute's hair restoration services. The Internet domain name included the institute's registered trademark. The district court entered summary judgment for the patient on the federal claims after ruling that the use of the institute's trademark in the domain name was noncommercial and unlikely to cause confusion. Although the district court should have determined whether the patient's use was "in connection with a sale of goods or services" rather than a "use in commerce," the court agreed that noncommercial use of the mark was not ac-

tionable as infringement under the Lanham Act. 15 U.S.C.S. § 1125(d), however, did not contain a commercial use requirement, and, therefore, the court reversed the summary judgment with respect to the cybersquatting claim. The court also held that the district court erred in dismissing the institute's state law claims under the Anti-Strategic Lawsuit Against Public Participation (anti-SLAPP) statute, Cal. Code Civ. Proc. § 425.16(a), because the institute's claims were not so lacking in merit as to be susceptible to an anti-SLAPP motion.

**OUTCOME:** The court affirmed the summary judgment in favor of the patient with respect to the infringement and dilution claims. The court reversed the summary judgment with respect to the claim under the Anticybersquatting Consumer Protection Act (ACPA). The court also reversed the grant of the institute's anti-SLAPP motion, which resulted in dismissal of the state law claims. The court remanded for further proceedings on the ACPA and state law claims.

**CORE TERMS:** domain, trademark, Lanham Act, commercial use, site, website, noncommercial, summary judgment, infringement, discovery, consumer, commerce, motion to strike, com, quotation, holder, famous, dilution, state law, cybersquatting, advertising, competitor, register, lawsuit, hair, free speech, Anticybersquatting Consumer Protection Act, trademark infringement, registered, internet

LexisNexis(R) Headnotes



***Computer & Internet Law > Trademark Protection > Civil Infringement Actions > General Overview***  
***Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names***  
***Trademark Law > Subject Matter > Names > Internet Domains***

[HN1] The noncommercial use of a trademark as the domain name of a website--the subject of which is consumer commentary about the products and services represented by the mark--does not constitute infringement under the Lanham Act.

***Civil Procedure > Summary Judgment > Appellate Review > Standards of Review***  
***Civil Procedure > Appeals > Standards of Review > De Novo Review***

[HN2] The appellate court reviews a district court's grant of summary judgment de novo, viewing the evidence in the light most favorable to the non-moving party.

***Civil Procedure > Appeals > Standards of Review > De Novo Review***  
***Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom of Speech > Scope of Freedom***  
***Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom to Petition***

[HN3] A district court's grant of a special motion to strike under California's Anti-Strategic Lawsuits Against Public Participation (anti-SLAPP) statute, Cal. Code Civ. Proc. § 425.16, is reviewed de novo.

***Contracts Law > Sales of Goods > General Overview***  
***Trademark Law > Subject Matter > Names > General Overview***  
***Trademark Law > Trademark Counterfeiting Act > Civil Actions > General Overview***

[HN4] The Trademark Act of 1946 (Lanham Act) prohibits uses of trademarks, trade names, and trade dress that are likely to cause confusion about the source of a product or service. 15 U.S.C.S. § § 1114, 1125(a). In 1996, Congress amended § 43 of the Lanham Act, 15 U.S.C.S. § 1125(c), to provide a remedy for the dilution of a famous mark. Infringement claims are subject to a commercial use requirement. The infringement section of the Lanham Act, 15 U.S.C.S. § 1114, states in part that any person who uses in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confu-

sion, or to cause mistake, or to deceive can be held liable for such use. 15 U.S.C.S. § 1114(1)(a).

***Contracts Law > Sales of Goods > Form, Formation & Readjustment > Formation > General Overview***  
***Trademark Law > Conveyances > General Overview***  
***Trademark Law > Infringement Actions > Remedies > Equitable Relief > General Overview***

[HN5] In 1996, Congress expanded the scope of federal trademark law when it enacted the Federal Trademark Dilution Act (FTDA). The FTDA allows the owner of a famous mark to obtain an injunction against another person's commercial use in commerce of a mark or trade name. 15 U.S.C.S. § 1125(c)(1). While the meaning of the term "commercial use in commerce" is not entirely clear, the United States Court of Appeals for the Ninth Circuit has interpreted the language to be roughly analogous to the "in connection with" sale of goods and services requirement of the infringement statute. The inclusion of these requirements in the Lanham Act serves the Act's purpose to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. In other words, the Act is designed to protect consumers who have formed particular associations with a mark from buying a competing product using the same or substantially similar mark and to allow the mark holder to distinguish his product from that of his rivals.

***Trademark Law > Conveyances > General Overview***  
***Trademark Law > Federal Unfair Competition Law > False Designation of Origin > Palming Off***  
***Trademark Law > Infringement Actions > General Overview***

[HN6] The United States Supreme Court has made it clear that trademark infringement law prevents only unauthorized uses of a trademark in connection with a commercial transaction in which the trademark is being used to confuse potential consumers. A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. The main purpose of the Lanham Act is to prevent the use of identical or similar marks in a way that confuses the public about the actual source of goods and services. As the United States Court of Appeals for the Second Circuit held, the Lanham Act seeks to prevent consumer confusion that enables a seller to pass off his goods as the goods of another. Trademark infringement protects only against mistaken purchasing decisions and not against confusion generally.

***Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom of Speech > General Overview  
Trademark Law > Likelihood of Confusion > Similarity > Appearance, Meaning & Sound > General Overview  
Trademark Law > Subject Matter > Labels, Packaging & Trade Dress***

[HN7] As a matter of First Amendment law, commercial speech may be regulated in ways that would be impermissible if the same regulation were applied to noncommercial expressions. The First Amendment may offer little protection for a competitor who labels its commercial good with a confusingly similar mark, but trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.

***Trademark Law > Protection of Rights > Commercial Use > General Overview***

[HN8] "Use in commerce" is simply a jurisdictional predicate to any law passed by Congress under the Commerce Clause. 15 U.S.C.S. § 1127 states that unless the contrary is plainly apparent from the context, the word "commerce" means all commerce which may lawfully be regulated by Congress.

***Trademark Law > Conveyances > General Overview  
Trademark Law > Federal Unfair Competition Law > General Overview***

***Trademark Law > Infringement Actions > Remedies > Profits***

[HN9] Trademark laws are intended to protect consumers from purchasing the products of an infringer under the mistaken assumption that they are buying a product produced or sponsored by the trademark holder. Limiting the Lanham Act to cases where a defendant is trying to profit from a plaintiff's trademark is consistent with the United States Supreme Court's view that a trademark's function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his.

***Contracts Law > Sales of Goods > General Overview  
Trademark Law > Federal Unfair Competition Law > Lanham Act > General Overview***

[HN10] The "use in connection with the sale of goods and services" requirement of 15 U.S.C.S. § 1114(1)(a) of the Lanham Act does not require any actual sale of goods and services.

***Business & Corporate Law > Corporate Names > General Overview***

***Computer & Internet Law > Civil Actions > Damages  
Computer & Internet Law > Trademark Protection > Civil Infringement Actions > General Overview***

[HN11] For purposes of the Anticybersquatting Consumer Protection Act, 15 U.S.C.S. § 1125(d), 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.

***Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names  
Trademark Law > Likelihood of Confusion > Similarity > Appearance, Meaning & Sound > General Overview  
Trademark Law > Subject Matter > Names > Internet Domains***

[HN12] See 15 U.S.C.S. § 1125(d)(1)(A).

***Trademark Law > Dilution of Famous Marks > General Overview***

***Trademark Law > Federal Unfair Competition Law > Lanham Act > Scope***

***Trademark Law > Federal Unfair Competition Law > Trade Dress Protection > Causes of Action***

[HN13] See 15 U.S.C.S. § 1125(c)(4)(B).

***Computer & Internet Law > Civil Actions > Damages  
Computer & Internet Law > Trademark Protection > Civil Infringement Actions > General Overview***

***Trademark Law > Protection of Rights > General Overview***

[HN14] The Anticybersquatting Consumer Protection Act, 15 U.S.C.S. § 1125(d), makes it clear that "use" is only one possible way to violate the Act (registers, traffics in, or uses). Allowing a cybersquatter to register the domain name with a bad faith intent to profit but get around the law by making noncommercial use of the mark would run counter to the purpose of the Act. The use of a domain name in connection with a site that makes a noncommercial or fair use of the mark does not necessarily mean that the domain name registrant lacked bad faith. It is a well-established canon of statutory construction that a court should go beyond the literal language of a statute if reliance on that language would defeat the plain purpose of the statute. One of the nine factors listed in the Act that courts must consider is the registrant's bona fide non-commercial or fair use of the mark in a site accessible under the domain name. 15 U.S.C.S. § 1125(d)(1)(B)(i)(IV). This factor would be meaningless if the Act exempted all non-commercial uses of a

trademark within a domain name. Courts try to avoid, where possible, an interpretation of a statute that renders any part of it superfluous and does not give effect to all of the words used by Congress.

*Computer & Internet Law > Trademark Protection > Civil Infringement Actions > General Overview*  
*Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names*  
*Trademark Law > Likelihood of Confusion > Similarity > Appearance, Meaning & Sound > General Overview*

[HN15] A trademark owner asserting a claim under the Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C.S. § 1125(d), must establish the following: (1) it has a valid trademark entitled to protection; (2) its mark is distinctive or famous; (3) the defendant's domain name is identical or confusingly similar to, or in the case of famous marks, dilutive of, the owner's mark; and (4) the defendant used, registered, or trafficked in the domain name (5) with a bad faith intent to profit. As reflected by the language of the ACPA and the case law interpreting it, there is no requirement that the "use" be a commercial use to run afoul of the ACPA.

*Civil Procedure > Pleading & Practice > Defenses, Demurrers, & Objections > Motions to Strike > General Overview*

*Civil Procedure > Pretrial Judgments > Nonsuits > Voluntary Nonsuits*

*Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom of Speech > Scope of Freedom*

[HN16] In 1993, responding to the disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances, the California Legislature enacted the Anti-Strategic Lawsuit Against Public Participation (anti-SLAPP) statute. Cal. Code Civ. Proc. § 425.16(a). The hallmark of a SLAPP suit is that it lacks merit, and is brought with the goals of obtaining an economic advantage over a citizen party by increasing the cost of litigation to the point that the citizen party's case will be weakened or abandoned, and of deterring future litigation. The anti-SLAPP statute was designed to curtail these lawsuits by establishing a procedure to promptly expose and dismiss meritless and harassing claims seeking to chill protected expression. The statute provides that a defendant may move to strike a plaintiff's complaint if it arises from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue. Cal. Code Civ. Proc. § 425.16(b)(1).

*Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom of Speech > Scope of Freedom*  
*Constitutional Law > Bill of Rights > Fundamental Freedoms > Freedom to Petition*  
*Evidence > Procedural Considerations > Burdens of Proof > General Overview*

[HN17] A defendant filing a motion to strike under the Anti-Strategic Lawsuit Against Public Participation (anti-SLAPP) statute, Cal. Code Civ. Proc. § 425.16, must make an initial prima facie showing that the plaintiff's suit arises from an act in furtherance of defendant's right of petition or free speech. The defendant need not show that plaintiff's suit was brought with the intention to chill defendant's speech; the plaintiff's intentions are ultimately beside the point.

*Computer & Internet Law > Censorship > First Amendment Protections*

*Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names*  
*Trademark Law > Infringement Actions > General Overview*

[HN18] An infringement lawsuit by a trademark owner over a defendant's unauthorized use of the mark as his domain name does not necessarily impair the defendant's free speech rights. Domain names per se are neither automatically entitled to nor excluded from the protections of the First Amendment, and the appropriate inquiry is one that fully addresses particular circumstances presented with respect to each domain name. A significant purpose of a domain name is to identify the entity that owns the web site, and a source identifier is not entitled to full First Amendment protection.

**COUNSEL:** Diana M. Torres, O'Melveny & Myers, Los Angeles, California, for the plaintiff-appellant.

Paul Alan Levy, Public Citizen Litigation Group, Washington, D.C., for the defendant-appellee.

**JUDGES:** Before: Thomas G. Nelson, Barry G. Silverman, and Richard C. Tallman, Circuit Judges. Opinion by Judge Silverman.

**OPINION BY:** Barry G. Silverman

**OPINION:** [\*674] SILVERMAN, Circuit Judge:

Defendant Michael Kremer was dissatisfied with the hair restoration services provided to him by the Bosley Medical Institute, Inc. In a bald-faced effort to get even, Kremer started a website at [www.BosleyMedical.com](http://www.BosleyMedical.com), which, to put it mildly, was uncomplimentary of the Bosley Medical Institute. The problem is that "Bosley

Medical" is the registered trademark of the Bosley Medical Institute, Inc., which brought suit against Kremer for trademark infringement and like claims. Kremer argues that noncommercial use of the mark is not actionable as infringement under the Lanham Act. Bosley responds that Kremer is splitting [\*\*2] hairs.

Like the district court, we agree with Kremer. We hold today that [HN1] the noncommercial use of a trademark as the domain name of a website -- the subject of which is consumer commentary about the products and services represented by the mark -- does not constitute infringement under the Lanham Act.

Bosley Medical's cybersquatting claim is another matter. The issue under the Anticybersquatting Consumer Protection Act was whether Kremer had a "bad faith intent to profit" from the use of the trademark in his domain name, such as by making an extortionate offer to sell the BosleyMedical.com site to Bosley. Because discovery regarding that claim had not been completed, and the issue itself was not within the scope of the summary judgment motions, the district court erred in granting summary judgment to Kremer as to cybersquatting.

Finally, we hold that the district court should not have granted Kremer's motion to strike Bosley Medical's state-law claims pursuant to the California anti-SLAPP statute. Bosley Medical's complaint about the unauthorized use of its trademark as Kremer's domain name was not so lacking in merit as to be susceptible to an anti-SLAPP motion to strike at an [\*\*3] early stage of the case.

## I. Background

Bosley Medical provides surgical hair transplantation, restoration, and replacement services to the public. Bosley Medical owns the registered trademark "BOSLEY MEDICAL," n1 has used the mark "BOSLEY MEDICAL" since 1992, and registered the mark with the United States Patent and Trademark Office in January 2001. Bosley has spent millions of dollars on advertising and promotion [\*675] throughout the United States and the rest of the world.

n1 Bosley also owns the following trademarks: BOSLEY, BOSLEY HEALTHY HAIR, BOSLEY HEALTHY HAIR FORMULA, and BOSLEY HEALTHY HAIR COMPLEX.

Michael Kremer is a dissatisfied former patient of Bosley. Unhappy with the results of a hair replacement procedure performed by a Bosley physician in Seattle, Washington, he filed a medical malpractice lawsuit

against Bosley Medical in 1994. That suit was eventually dismissed.

In January 2000, Kremer purchased the domain name www.BosleyMedical.com, the subject of this appeal, as well as the domain [\*\*4] name www.BosleyMedicalViolations.com, which is not challenged by Bosley. Five days after registering the domain name, Kremer went to Bosley Medical's office in Beverly Hills, California and delivered a two-page letter to Dr. Bosley, Founder and President of Bosley Medical. The first page read:

Let me know if you want to discuss this. Once it is spread over the internet it will have a snowball effect and be too late to stop. M. Kremer [phone number]. P.S. I always follow through on my promises.

The second page was entitled "Courses of action against BMG" and listed eleven items. The first item stated: "1. Net web sites disclosing true operating nature of BMG. Letter 3/14/96 from LAC D.A. Negative testimonials from former clients. Links. Provide BMG competitors with this information." The letter contains no mention of domain names or any other reference to the Internet.

Kremer began to use www.BosleyMedical.com in 2001. His site summarizes the Los Angeles County District Attorney's 1996 investigative findings about Bosley, and allows visitors to view the entire document. It also contains other information that is highly critical of Bosley. Kremer earns no revenue from [\*\*5] the website and no goods or services are sold on the website. There are no links to any of Bosley's competitors' websites. BosleyMedical.com does link to Kremer's sister site, BosleyMedicalViolations.com, which links to a news-group entitled alt.baldspot, which in turn contains advertisements for companies that compete with Bosley. BosleyMedical.com also contained a link to the Public Citizen website. Public Citizen is the organization that represents Kremer in this case.

Bosley brought this suit alleging trademark infringement, dilution, unfair competition, various state law claims, and a libel claim that was eventually settled. Bosley sought to take discovery aimed at the trademark and libel claims. The magistrate judge granted limited discovery on the libel claims. Following discovery, Bosley dismissed the libel claims and amended the complaint.

Kremer moved to dismiss the First Amended Complaint and in addition moved for partial summary judgment on the issues of commercial use and likelihood of confusion. Bosley filed a cross-motion for partial sum-

mary judgment on the infringement and dilution claims. Kremer agreed that the facts were undisputed with regard to the issues of commercial [\*\*6] use and likelihood of confusion, and that these issues were ripe for summary judgment.

Ruling that Kremer's use of "Bosley Medical" in the domain name was noncommercial and unlikely to cause confusion, the district court entered summary judgment for Kremer on the federal claims and dismissed the state law claims under California's anti-SLAPP statute. Bosley now appeals.

## II. Jurisdiction and Standard of Review

We have jurisdiction under 28 U.S.C. § 1291 and [HN2] review a district court's grant of summary judgment de novo, viewing the evidence in the light most favorable [\*\*676] to the non-moving party. Prison Legal News v. Lehman, 397 F.3d 692, 698 (9th Cir. 2005). [HN3] A district court's grant of a special motion to strike under California's anti-SLAPP statute, Cal. Civ. P. Code § 425.16, is also reviewed de novo. Yess v. Ciba-Geigy Corp., 317 F.3d 1097, 1102 (9th Cir. 2003).

## III. Analysis

### A. Trademark Infringement and Dilution Claims

[HN4] The Trademark Act of 1946 ("Lanham Act") prohibits uses of trademarks, trade names, and trade dress that are likely to cause confusion about the source of a product or service. See [\*\*7] 15 U.S.C. § § 1114, 1125(a). In 1996, Congress amended § 43 of the Lanham Act to provide a remedy for the dilution of a famous mark. See 15 U.S.C. § 1125(c).

Infringement claims are subject to a commercial use requirement. The infringement section of the Lanham Act, 15 U.S.C. § 1114, states that any person who "uses in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . ." can be held liable for such use. 15 U.S.C. § 1114(1)(a).

[HN5] In 1996, Congress expanded the scope of federal trademark law when it enacted the Federal Trademark Dilution Act ("FTDA"). The FTDA allows the "owner of a famous mark" to obtain "an injunction against another person's *commercial use in commerce* of a mark or trade name . . ." 15 U.S.C. § 1125(c)(1) (emphasis added). While the meaning of the term "commercial use in commerce" is not entirely [\*\*8] clear, we have interpreted the language to be roughly analogous to the "in connection with" sale of goods and services re-

quirement of the infringement statute. See Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002) ("Although this statutory language is ungainly, its meaning seems clear: It refers to a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark's owner."); see also Huthwaite, Inc. v. Sunrise Assisted Living, Inc., 261 F. Supp. 2d 502, 517 (E.D. Va. 2003) (holding that the commercial use requirement of the FTDA is "virtually synonymous with the 'in connection with the sale, offering for sale, distribution, or advertising of goods and services' requirement" of the Lanham Act).

The inclusion of these requirements in the Lanham Act serves the Act's purpose: "to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774, 120 L. Ed. 2d 615, 112 S. Ct. 2753 (1992) (internal quotation marks and citations omitted). In other words, the Act is [\*\*9] designed to protect consumers who have formed particular associations with a mark from buying a competing product using the same or substantially similar mark and to allow the mark holder to distinguish his product from that of his rivals. See Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 873 (9th Cir. 1999).

[HN6] The Supreme Court has made it clear that trademark infringement law prevents only unauthorized uses of a trademark in connection with a commercial transaction in which the trademark is being used to confuse potential consumers. See Prestonettes, Inc. v. Coty, 264 U.S. 359, 368, 68 L. Ed. 731, 44 S. Ct. 350, 1924 Dec. Comm'r Pat. 508 (1924) ("A trademark only gives the right to prohibit the use of it so far as to protect [\*\*677] the owner's good will against *the sale of another's product as his*." [emphasis added]); see also Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205, 86 L. Ed. 1381, 62 S. Ct. 1022, 1942 Dec. Comm'r Pat. 767 (1942) (explaining that the main purpose of the Lanham Act is to prevent the use of identical or similar marks in a way that confuses the public about the actual source of goods and services).

As the Second Circuit held, "the Lanham Act seeks to prevent consumer [\*\*10] confusion that enables a seller to pass off his goods as the goods of another . . . . Trademark infringement protects only against mistaken *purchasing decisions* and not against confusion generally." Lang v. Ret. Living Publ'g Co., Inc., 949 F.2d 576, 582-83 (2d Cir. 1991) (internal quotation marks and citation omitted) (emphasis added).

[HN7] As a matter of First Amendment law, commercial speech may be regulated in ways that would be impermissible if the same regulation were applied to

noncommercial expressions. Florida Bar v. Went For It, Inc., 515 U.S. 618, 623, 132 L. Ed. 2d 541, 115 S. Ct. 2371 (1995). "The First Amendment may offer little protection for a competitor who labels its commercial good with a confusingly similar mark, but trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view." Mattel, 296 F.3d at 900 (internal quotation marks and citations omitted).

The district court ruled that Kremer's use of Bosley's mark was noncommercial. To reach that conclusion, the court focused on the "use in commerce" language rather than the "use in connection [\*\*11] with the sale of goods" clause. This approach is erroneous. [HN8] "Use in commerce" is simply a jurisdictional predicate to any law passed by Congress under the Commerce Clause. See Steele v. Bulova Watch Co., 344 U.S. 280, 283, 97 L. Ed. 319, 73 S. Ct. 252, 1953 Dec. Comm'r Pat. 424 (1952); OBH, Inc. v. Spotlight Magazine, Inc., 86 F. Supp. 2d 176, 185 (W.D.N.Y. 2000). 15 U.S.C. § 1127 states that "unless the contrary is plainly apparent from the context . . . the word 'commerce' means all commerce which may lawfully be regulated by Congress." Therefore, the district court should have determined instead whether Kremer's use was "in connection with a sale of goods or services" rather than a "use in commerce." However, we can affirm the district court's grant of summary judgment on any ground supported by the record. Lamps Plus, Inc. v. Seattle Lighting Fixture Co., 345 F.3d 1140, 1143 (9th Cir. 2003). The question before us, then, boils down to whether Kremer's use of Bosley Medical as his domain name was "in connection with a sale of goods or services." If it was not, then Kremer's use was "noncommercial" and did not violate the Lanham Act.

Bosley argues [\*\*12] that it has met the commercial use requirement in three ways. First, it argues that a mark used in an otherwise noncommercial website or as a domain name for an otherwise noncommercial website is nonetheless used in connection with goods and services where a user can click on a link available on that website to reach a commercial site. Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002 (9th Cir. 2004). However, Bosley's reliance on Nissan is unfounded.

In Nissan, Nissan Motor Company sued Nissan Computer Corporation for using the Internet websites [www.Nissan.com](http://www.Nissan.com) and [www.Nissan.net](http://www.Nissan.net). Id. at 1006. In Nissan, however, commercial use was undisputed, as the core function of the defendant's website was to advertise his computer business. Id. Additionally, the defendant in Nissan, like the defendant in Taubman Co. v. Webfeats, 319 F.3d 770 [\*\*678] (6th Cir. 2003), placed links to other commercial businesses directly on their website. 319 F.3d at 772-73. Kremer's website contains no com-

mercial links, but rather contains links to a discussion group, which in turn contains advertising. This round-about path to the [\*\*13] advertising of others is too attenuated to render Kremer's site commercial. At no time did Kremer's BosleyMedical.com site offer for sale any product or service or contain paid advertisements from any other commercial entity. See TMI, Inc. v. Maxwell, 368 F.3d 433, 435, 438 (5th Cir. 2004) (holding that the commercial use requirement is not satisfied where defendant's site had no outside links).

Bosley also points out that Kremer's site contained a link to Public Citizen, the public interest group representing Kremer throughout this litigation. We hold that Kremer's identification of his lawyers and his provision of a link to same did not transform his noncommercial site into a commercial one.

Bosley's second argument that Kremer's website satisfies the "in connection with the sale of goods or services" requirement of the Lanham Act is that Kremer created his website to enable an extortion scheme in an attempt to profit from registering BosleyMedical.com. In Panavision International, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998), this court held that a defendant's "commercial use was his attempt to sell the trademarks themselves." Id. at 1325. [\*\*14] Similarly, in Intermatic Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996), the court found that "Toeppen's intention to arbitrage the 'intermatic.com' domain name constituted a commercial use." Id. at 1239; see also Boston Profl Hockey Ass'n., Inc. v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1010 (5th Cir. 1975) (holding that trademark law protects the trademark itself, despite the fact that only "a reproduction of the trademark itself is being sold, unattached to any other goods or services").

However, in this case, there is no evidence that Kremer was trying to sell the domain name itself. The letter delivered by Kremer to Bosley's headquarters is a threat to expose negative information about Bosley on the Internet, but it makes no reference whatsoever to ransoming Bosley's trademark or to Kremer's use of the mark as a domain name.

Bosley argues that it was denied an opportunity to pursue discovery on commercial use, and had it been allowed to proceed with discovery, it could further establish that Kremer has attempted to sell the domain name. However, in opposing Kremer's motion for summary judgment, Bosley did not make [\*\*15] any such objections. Bosley failed to request further discovery under Federal Rule of Civil Procedure 56(f), but instead moved for summary judgment itself. Although Bosley's reply brief supporting its own motion for summary judgment complained about limited discovery in a footnote, Bosley did not move for leave to take discovery. The district

court did not abuse its discretion in granting the summary judgment without permitting further discovery.

Bosley's third and final argument that it satisfied the commercial use requirement of the Lanham Act is that Kremer's use of Bosley's trademark was in connection with Bosley's goods and services. In other words, Kremer used the mark "in connection with goods and services" because he prevented users from obtaining the plaintiff's goods and services. See *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001) ("PETA"). In PETA, defendants created a site that promoted ideas antithetical to those of the PETA group. *Id.* at 362-63. The Fourth Circuit held that the defendant's [\*679] parody site, though not having a commercial purpose and not [\*\*16] selling any goods or services, violated the Lanham Act because it "prevented users from obtaining or using PETA's goods or services." *Id.* at 365.

However, in PETA, the defendant's website "provided links to more than 30 commercial operations offering goods and services." *Id.* at 366. To the extent that the PETA court held that the Lanham Act's commercial use requirement is satisfied because the defendant's use of the plaintiff's mark as the domain name may deter customers from reaching the plaintiff's site itself, we respectfully disagree with that rationale. While it is true that www.BosleyMedical.com is not sponsored by Bosley Medical, it is just as true that it is *about* Bosley Medical. The PETA approach would place most critical, otherwise protected consumer commentary under the restrictions of the Lanham Act. Other courts have also rejected this theory as over-expansive. See *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987); see also *Ford Motor Co. v. 2600 Enters.*, 177 F. Supp. 2d 661, 664 (E.D. Mich. 2001).

The PETA court's reading of the Lanham Act would encompass almost all uses [\*\*17] of a registered trademark, even when the mark is merely being used to identify the object of consumer criticism. n2 This broad view of the Lanham Act is supported by neither the text of the statute nor the history of trademark laws in this country. [HN9] "Trademark laws are intended to protect" consumers from purchasing the products of an infringer "under the mistaken assumption that they are buying a product produced or sponsored by [the trademark holder]." *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 450 (S.D.N.Y. 1982). Limiting the Lanham Act to cases where a defendant is trying to profit from a plaintiff's trademark is consistent with the Supreme Court's view that "[a trademark's] function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his." *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 63 L. Ed. 141, 39 S. Ct. 48, 1918

*Dec. Comm'r Pat.* 369 (1918); see also 1 McCarthy on Trademarks and Unfair Competition § 2:7 (4th ed. 2004).

n2 In fact, such a holding would suggest that any time a non-holder of a trademark uses the mark as his domain name, he would violate the Lanham Act. However, when Congress amended the Lanham Act to add the Anticybersquatting Consumer Protection Act, it limited violations only to situations where a person registers the site with a bad faith intent to profit. To find a Lanham Act violation without finding commercial use may contradict Congress' intent.

[\*\*18]

The Second Circuit held in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86, 90 (2d Cir. 1997), that [HN10] the "use in connection with the sale of goods and services" requirement of the Lanham Act does not require any actual sale of goods and services. Thus, the appropriate inquiry is whether Kremer offers *competing* services to the public. Kremer is not Bosley's competitor; he is their critic. His use of the Bosley mark is not in connection with a sale of goods or services -- it is in connection with the expression of his opinion *about* Bosley's goods and services.

The dangers that the Lanham Act was designed to address are simply not at issue in this case. The Lanham Act, expressly enacted to be applied in commercial contexts, does not prohibit all unauthorized uses of a trademark. Kremer's use of the Bosley Medical mark simply cannot mislead consumers into buying a competing [\*680] product -- no customer will mistakenly purchase a hair replacement service from Kremer under the belief that the service is being offered by Bosley. Neither is Kremer capitalizing on the good will Bosley has created in its mark. Any harm to Bosley arises [\*\*19] not from a competitor's sale of a similar product under Bosley's mark, but from Kremer's criticism of their services. Bosley cannot use the Lanham Act either as a shield from Kremer's criticism, or as a sword to shut Kremer up. n3

n3 Because we hold that Kremer's use of Bosley's mark was noncommercial, we do not reach the issue of initial interest confusion which was addressed in *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936 (9th Cir. 2002).

## B. Anticybersquatting Consumer Protection Act

In 1999, Congress passed the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d), as an amendment to the Lanham Act to prohibit cybersquatting.

[HN11] 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 [\*\*20] to the domain name holder.

DaimlerChrysler v. The Net Inc., 388 F.3d 201, 204 (6th Cir. 2004) (internal quotation marks omitted).

The ACPA states:

[HN12] A person shall be liable in a civil action by the owner of a mark . . . if, without regard to the goods or services of the parties, that person (i) has a bad faith intent to profit from that mark . . . ; and (ii) registers, traffics in, or uses a domain name [that is confusingly similar to another's mark or dilutes another's famous mark].

15 U.S.C. § 1125(d)(1)(A) (2004).

The district court dismissed Bosley's ACPA claim for the same reasons that it dismissed the infringement and dilution claims -- namely, because Kremer did not make commercial use of Bosley's mark. However, the ACPA does not contain a commercial use requirement, and we therefore reverse.

Kremer argues that the "noncommercial use" proviso that appears in the dilution portion of § 1125 applies to cybersquatting claims with equal force. Admittedly, the language in § 1125 is confusing. 15 U.S.C. § 1125(c)(4) reads: [HN13] "The following shall not be actionable under this section: . . . (B) [\*\*21] Non-commercial use of a mark." 15 U.S.C. § 1125(c)(4)(B). Kremer asserts that by using the word "section," rather than the more precise term "subsection," Congress meant for the proviso to apply to all of § 1125, as opposed to subsection (c).

This argument fails for two reasons. The noncommercial use exception, which appears in a different part

of the Lanham Act, is in direct conflict with the language of the ACPA. [HN14] The ACPA makes it clear that "use" is only one possible way to violate the Act ("registers, traffics in, or uses"). Allowing a cybersquatter to register the domain name with a bad faith intent to profit but get around the law by making noncommercial use of the mark would run counter to the purpose of the Act. "The use of a domain name in connection with a site that makes a noncommercial or fair use of the mark does not necessarily mean that the domain name registrant lacked bad faith." Coca-Cola Co. v. Purdy, 382 F.3d 774, 778 (8th Cir. [\*\*681] 2004) (internal quotation marks and citation omitted); see also H.R. Rep. No. 106-412 at 11 (1999) ("This factor is not intended to create a loophole that otherwise might swallow the bill, [\*\*22] however, by allowing a domain name registrant to evade application of the Act by merely putting up a noninfringing site under an infringing domain name."). "It is a well-established canon of statutory construction that a court should go beyond the literal language of a statute if reliance on that language would defeat the plain purpose of the statute." Bob Jones Univ. v. United States, 461 U.S. 574, 586, 76 L. Ed. 2d 157, 103 S. Ct. 2017 (1983); see also Albertson's, Inc. v. Commissioner, 42 F.3d 537, 546 (9th Cir. 1994).

Additionally, one of the nine factors listed in the statute that courts must consider is the registrant's "bona fide non-commercial or fair use of the mark in a site accessible under the domain name." 15 U.S.C. § 1125(d)(1)(B)(i)(IV). This factor would be meaningless if the statute exempted all non-commercial uses of a trademark within a domain name. We try to avoid, where possible, an interpretation of a statute "that renders any part of it superfluous and does not give effect to all of the words used by Congress." Nevada v. Watkins, 939 F.2d 710, 715 (9th Cir. 1991) (internal quotation marks and citation [\*\*23] omitted).

Finally, other courts that have construed the ACPA have not required commercial use. In DaimlerChrysler, the Sixth Circuit held that a

[HN15] trademark owner asserting a claim under the ACPA must establish the following: (1) it has a valid trademark entitled to protection; (2) its mark is distinctive or famous; (3) the defendant's domain name is identical or confusingly similar to, or in the case of famous marks, dilutive of, the owner's mark; and (4) the defendant used, registered, or trafficked in the domain name (5) with a bad faith intent to profit.



388 F.3d at 204. See also *Ford Motor Co. v. Catalanotte*, 342 F.3d 543, 546 (6th Cir. 2003); *E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033, 1047-48 (S. D. Tex. 2001), *aff'd*, 286 F.3d 270 (5th Cir. 2002) ("As reflected by the language of the ACPA and the case law interpreting it, there is no requirement . . . that the 'use' be a commercial use to run afoul of the ACPA").

The district court erred in applying the commercial use requirement to Bosley's ACPA claim. Rather, the court should confine its inquiry to the elements of the ACPA [\*\*24] claim listed in the statute, particularly to whether Kremer had a bad faith intent to profit from his use of Bosley's mark in his site's domain name. Bosley has met the first prong of the ACPA (that the domain name is identical to the mark) because Kremer used an unmodified version of Bosley's mark as his domain name.

Concluding that all of Bosley's claims, including the ACPA claim, were subject to a commercial use requirement, the district judge granted summary judgment in Kremer's favor. But the ACPA claim was not in front of the district court in the motions for summary judgment. The court did not provide notice to Bosley that it would rule on this claim, and did not give Bosley an opportunity to conduct discovery on the issue. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 326, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). For this reason, the district court erred in granting summary judgment for Kremer on the ACPA claim. It remains to be seen whether Bosley can establish that Kremer registered the domain name in bad faith or can authenticate other letters that Bosley alleges were written and sent by Kremer.

#### [\*682] C. California's Anti-SLAPP Law

[HN16] In 1993, responding to the "disturbing [\*\*25] increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances," the California Legislature enacted the Anti-Strategic Lawsuit Against Public Participation ("anti-SLAPP") statute. Cal. Civ. Proc. Code § 425.16(a). "The hallmark of a SLAPP suit is that it lacks merit, and is brought with the goals of obtaining an economic advantage over a citizen party by increasing the cost of litigation to the point that the citizen party's case will be weakened or abandoned, and of deterring future litigation." *United States ex rel. Newsham v. Lockheed Missiles & Space Co.*, 190 F.3d 963, 970-71 (9th Cir. 1999) (citing *Wilcox v. Superior Court*, 27 Cal. App. 4th 809, 33 Cal.Rptr.2d 446, 449-50 (Cal. Ct. App. 1994)). The anti-SLAPP statute was designed to curtail these lawsuits by establishing a procedure to promptly expose and dismiss meritless and har-

assing claims seeking to chill protected expression. The statute provides that a defendant may move to strike a plaintiff's complaint if it "arises from any act of that person in furtherance [\*\*26] of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue." Cal. Civ. Proc. Code § 425.16(b)(1).

[HN17] A defendant filing an anti-SLAPP motion to strike "must make an initial prima facie showing that the plaintiff's suit arises from an act in furtherance of defendant's right of petition or free speech." *Braun v. Chronicle Publ'g Co.*, 52 Cal. App. 4th 1036, 61 Cal.Rptr.2d 58, 61 (Cal. Ct. App. 1997). The defendant need not show that plaintiff's suit was brought with the intention to chill defendant's speech; the plaintiff's "intentions are ultimately beside the point." *Equilon Enters., LLC v. Consumer Cause, Inc.*, 29 Cal. 4th 53, 124 Cal.Rptr.2d 507, 519, 52 P.3d 685 (Cal. 2002).

The district court ruled that Bosley was seeking to limit Kremer's free speech and granted Kremer's anti-SLAPP motion to strike Bosley's state law trademark claims. We now reverse. [HN18] An infringement lawsuit by a trademark owner over a defendant's unauthorized use of the mark as his domain name does not necessarily impair the defendant's free speech rights. As noted by the Second Circuit, "domain names . . . [\*\*27] . . . per se are neither automatically entitled to nor excluded from the protections of the First Amendment, and the appropriate inquiry is one that fully addresses particular circumstances presented with respect to each domain name." *Name.Space, Inc. v. Network Solutions, Inc.*, 202 F.3d 573, 585 (2d Cir. 2000). In *Panavision*, we stated that "[a] significant purpose of a domain name is to identify the entity that owns the web site," 141 F.3d at 1327, and we explained in *Mattel* that a source identifier is not entitled to full First Amendment protection. 296 F.3d at 900. While a summary judgment motion might have been well-taken, an anti-SLAPP motion to strike was not. We reverse the grant of the anti-SLAPP motion to strike and remand to the district court for further proceedings on the state law claims.

#### IV. Conclusion

We affirm the district court's entry of summary judgment in favor of Kremer with respect to the infringement and dilution claims. We remand the ACPA claim for further proceedings. The district court's grant of the anti-SLAPP motion to strike the state law claims is reversed.

[\*683] AFFIRMED in part, REVERSED in [\*\*28] part, and REMANDED. No costs allowed.



LEXSEE

**THE CHRISTENSEN FIRM, Plaintiff, v. CHAMELEON DATA CORPORATION,  
and DEREK S. DOHN, Defendants.**

**No. C06-337Z**

**UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF  
WASHINGTON**

**2006 U.S. Dist. LEXIS 79710**

**November 1, 2006, Decided**

**November 1, 2006, Filed**

**CASE SUMMARY:**

**PROCEDURAL POSTURE:** Defendant, an information technology services provider, filed a motion for partial summary judgment in plaintiff law firm's action alleging a violation of the Anti-cybersquatting Protection Act (ACPA), 15 U.S.C.S. § 1125(d), as a result of defendant's transfer of plaintiff's Internet domain names to defendant. Defendant also filed a motion to strike materials contained in plaintiff's opposition.

**OVERVIEW:** Plaintiff retained defendant to manage email and Internet services. When a disagreement arose over certain charges contained in defendant's invoices, defendant contacted the domain registrar and transferred plaintiff's four domain names to itself. Defendant advised plaintiff that it would transfer ownership of the four domain names back to plaintiff when the disputed invoice amounts were paid in full. Although defendant contended that it was not a "cybersquatter," the court found that defendant's extortionate offer to transfer, which defendant effectively conceded, provided a disputed issue of fact as to whether defendant had a bad faith intent to profit. The court also concluded as a matter of law that defendant's transfer of plaintiff's domain names to itself constituted "registration" of those domain names under ACPA. Defendant also contended that plaintiff failed to provide a computation of damages in its initial disclosures as required under Fed. R. Civ. P. 26(a)(1), but the court found that exclusion of damages evidence was unwarranted because plaintiff supplemented its initial disclosures and defendant never sought to compel answers to discovery.

**OUTCOME:** The court denied defendant's motion for partial summary judgment. The court also denied defen-

dant's motion to strike the domain registrar's business records.

**CORE TERMS:** domain, summary judgment, register, registration, disputed, registrant, trademark, cybersquatting, transferred, registered, leverage, matter of law, discovery, com, disclosure, traffic, motion to strike, concedes, Anti-cybersquatting Protection Act, moving party, cybersquatter, negotiations, famous, transferring, ownership, email, questions of fact, distinctive, computation, business records

**LexisNexis(R) Headnotes**

*Civil Procedure > Summary Judgment > Burdens of Production & Proof > Movants*

*Civil Procedure > Summary Judgment > Burdens of Production & Proof > Nonmovants*

*Civil Procedure > Summary Judgment > Evidence*

*Civil Procedure > Summary Judgment > Partial Summary Judgments*

*Civil Procedure > Summary Judgment > Standards > Appropriateness*

[HN1] In examining a motion for partial summary judgment, the court must draw all inferences from the admissible evidence in the light most favorable to the non-moving party. Summary judgment is proper where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The moving party bears the initial burden to demonstrate the absence of a genuine issue of material fact. Once the moving party has met its burden, the opposing party must show that there is a genuine issue of fact. The opposing party must present significant and probative evidence to support its claim or defense. For purely legal

questions, summary judgment is appropriate without deference to the non-moving party.

**Computer & Internet Law > Trademark Protection > Civil Infringement Actions > Determinations**  
**Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names**  
[HN2] An individual may be held liable under the Anti-cybersquatting Protection Act for cybersquatting if the person (1) registers, traffics in, or uses a domain name identical or confusingly similar to a distinctive mark, and (2) has a bad faith intent to profit from use of the mark as a domain name. 15 U.S.C.S. § 1125(d).

**Computer & Internet Law > Trademark Protection > Civil Infringement Actions > Determinations**  
**Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names**  
[HN3] Many courts reference "an extortionate offer to sell" as the hallmark of a bad faith intent to profit for purposes of the Anti-cybersquatting Protection Act, 15 U.S.C.S. § 1125(d).

**Computer & Internet Law > Trademark Protection > Civil Infringement Actions > Determinations**  
**Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names**  
[HN4] "Intent to profit" for purposes of the Anti-cybersquatting Protection Act, 15 U.S.C.S. § 1125(d), may be shown by an offer to transfer a domain name to obtain a benefit in commercial dispute negotiations. The question is whether a defendant seeks a gain in exchange for the transfer of the disputed domain name.

**Computer & Internet Law > Trademark Protection > Civil Infringement Actions > Determinations**  
**Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names**  
[HN5] The term "register" under 15 U.S.C.S. § 1125(d)(1)(A)(ii) of the Anti-cybersquatting Protection Act, 15 U.S.C.S. § 1125(d), refers to the action of reserving or registering a domain name with a domain name registrar.

**Computer & Internet Law > Trademark Protection > Protection of Rights > Internet Domain Names**  
[HN6] The Anti-cybersquatting Protection Act, 15 U.S.C.S. § 1125(d), is intended to prevent the bad faith, abusive registration and use of the distinctive trademarks of others as Internet domain names, with the intent to

profit from the goodwill associated with those trademarks.

**Civil Procedure > Summary Judgment > Evidence**  
**Civil Procedure > Summary Judgment > Supporting Materials > Discovery Materials**  
[HN7] Federal courts are reluctant to exclude evidence at summary judgment when a party has slept on their rights in discovery. The moving party cannot sleep on its rights; it may not wait until the summary judgment stage to object to the use of materials that it has made no prior reasonable effort to obtain.

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For Chameleon Data Corporation, a Washington Corporation, Derek S Dohn, an individual, Defendants: Daniel Gandara, LEAD ATTORNEY, James C Fowler, LEAD ATTORNEY, VANDEBERG JOHNSON & GANDARA, SEATTLE, WA.

For Chameleon Data Corporation, Counter Claimant: Daniel Gandara, LEAD ATTORNEY, James C Fowler, LEAD ATTORNEY, VANDEBERG JOHNSON & GANDARA, SEATTLE, WA.

For Christensen Firm, The, Counter Defendant: Michael A Moore, LEAD ATTORNEY, Paul R Raskin, LEAD ATTORNEY, William F Cronin, LEAD ATTORNEY, CORR CRONIN MICHELSON BAUMGARDNER & PREECE, SEATTLE, WA; Colleen A Christensen, THE CHRISTENSEN FIRM, SEATTLE, WA.

**JUDGES:** Thomas S. Zilly, United States District Judge.

**OPINION BY:** Thomas S. Zilly

**OPINION:**

**ORDER**

This matter comes before the Court on a Motion for Partial Summary Judgment, docket no. 23, by Defendants Chameleon DATA Corporation and Derek Dohn (collectively "Chameleon"), and a Motion for Relief from Rule [\*2] 7(d), docket no. 36, by Plaintiff the Christensen Firm. The Defendant also moves to strike materials contained in the Plaintiff's Opposition. See Reply, docket no. 33. For the reasons stated in this Or-

der, Defendants' Motion for Partial Summary Judgment, docket no. 23, is DENIED, Defendants' motion to strike, docket no. 33, is DENIED, and Plaintiff's Motion for Relief from Rule 7(d), docket no. 36, is GRANTED IN PART and DENIED IN PART. n1

n1 Plaintiff's Motion for Relief from Rule 7(d), docket no. 36, relates to the authentication of several exhibits in the Christensen Firm's Opposition to Summary Judgment and the supplemental declaration of Ms. Jessica Anthony. The disputed exhibits are business records from Network Solutions, the domain registrar who handled the domain name transfers at issue. The exhibits were attached to a declaration of counsel in support of Ms. Christensen's Opposition, and subsequently authenticated in a late-filed declaration by Ms. Anthony. Ms. Anthony is Network Solutions' Subpoena Compliance Administrator. Defendant Chameleon objects to the exhibits as unauthenticated hearsay and urges that they be stricken. The Court hereby GRANTS IN PART and DENIES IN PART Plaintiff's Motion for Relief from Rule 7(d), docket no. 36. The Court will consider the Anthony Declaration, docket no. 36, only as it authenticates documents included as part of the Plaintiff's Opposition. The Court will not consider the additional information in the Anthony Declaration, docket no. 36. Chameleon's motion to strike the Network Solutions business records as unauthenticated hearsay, docket no. 33, is DENIED.

[\*3]

Plaintiff "The Christensen Firm" and its founding member, Colleen Christensen, retained Defendant Chameleon in 1995 to provide information technology services, including document management services, email hosting, web services, and "extranet" development. See Compl., docket no. 1, PP 7, 9; Dohn Decl., docket no. 23, P 2. Plaintiff's predecessor law firm registered the domain name *cc-lawfirm.com* in March of 1999, and the Plaintiff transferred management of the domain to Chameleon in August 2005. See Dohn Decl., docket no. 23, P 4. Three other domain names had previously been registered by Chameleon in the Christensen Firm's name: *christensenfirm.com*, *thechristensenfirm.com*, and *thechristensenfirm.net*. Id. P 3.

In early 2006, the Christensen Firm and Chameleon disagreed over certain charges contained in Chameleon's invoices. Compl., docket no. 1, P 13. Chameleon alleges that the Christensen Firm failed to pay for internet and document management services. Dohn Decl., docket no.

23, PP 8-10. The Christensen Firm contends it was willing to pay the charges owed, but that it discovered thousands of dollars in duplicate and improper charges. Christensen Decl., docket [\*4] no. 32, P 5. The Christensen Firm also alleges that Chameleon's hourly rates were higher than expected and agreed to by the parties. Id.

The instant dispute arose when Chameleon transferred ownership of four domain names owned by the Christensen Firm. Id. PP 15-17, Ex. B at 17 (Dohn Dep. at 94). The Christensen Firm alleges that Chameleon transferred the domains in an attempt to gain "leverage" in the parties' fee dispute. Defendant Derek Dohn, President and CEO of Chameleon, concedes that he changed the name of the account holder on the Christensen Firm's four domain names to "assist in the collection of amounts . . . owed by Ms. Christensen." Dohn Decl., docket no. 23, P 11. n2 When Colleen Christensen sought to "undo" the transfer of the Christensen Firm's domain names, she was unable to do so without Chameleon's permission--which it was unwilling to give. Christensen Decl., docket no. 32, PP 18, 19. When she contacted Network Solutions, Ms. Christensen was advised that Chameleon was the new registrant for her firm's domain names; only Chameleon could transfer ownership of the domain names back to the Christensen Firm. Id. P 9.

n2 Mr. Dohn also expressed his fear that Ms. Christensen would take advantage of "security vulnerabilities" with Network Solutions to access Chameleon's financial and proprietary information, as justification for transferring the Christensen Firm's domain names to Chameleon. Dohn Decl., docket no. 23, P 11.

[\*5]

Chameleon advised the Christensen Firm that it would transfer ownership of the four domain names back to the Christensen Firm when the disputed invoice amounts were paid in full. Christensen Decl., docket no. 32, P 19. Chameleon instructed Network Solutions that:

[a] female may call up calling to claim rights to domain of *cc-lawfirm.com*. She is not a contact from the company and cx would like no more information given to her.

Moore Decl., docket no. 31, Ex. 1 (Network Solutions call record of March 1, 2006). On March 1, 2006 the Christensen Firm's email services were shut down. Chris-

tensen Decl., docket no. 32, P 36. On March 3, 2006 the Christensen Firm filed suit against Chameleon in King County Superior Court. See Compl., docket no. 1. This action was removed to federal court on March 10, 2006. See Notice of Removal, docket no. 1. Before removal, the Superior Court entered a Temporary Restraining Order restoring the Christensen Firm's email services and ordering the transfer of Plaintiff's domain names back to the Christensen Firm. The Christensen Firm's email and domain services were restored by March 3, 2006, following entry of the TRO. See Dohn [\*6] Decl., docket no. 23, P 18.

## DISCUSSION

Chameleon moves for summary judgment on two issues. First, Chameleon argues that the Christensen Firm's claim for damages under the Anti-cybersquatting Protection Act ("ACPA") fails as a matter of law because Chameleon did not have a "bad faith intent to profit," and because Chameleon did not register or traffic in the domain names. Chameleon's second argument is that the Christensen Firm's remaining claims fail as a matter of law because Plaintiff failed to disclose damage computations as required by Fed. R. Civ. P. 26(a)(1)(C).

[HN1] In examining this motion for partial summary judgment, the Court must draw all inferences from the admissible evidence in the light most favorable to the non-moving party. Addisu v. Fred Meyer, Inc., 198 F.3d 1130, 1134 (9th Cir. 2000). Summary judgment is proper where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The moving party bears the initial burden to demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). [\*7] Once the moving party has met its burden, the opposing party must show that there is a genuine issue of fact. Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586-87, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986). The opposing party must present significant and probative evidence to support its claim or defense. Intel Corp. v. Hartford Accident & Indem. Co., 952 F.2d 1551, 1558 (9th Cir. 1991). For purely legal questions, summary judgment is appropriate without deference to the non-moving party.

### 1. Anti-cybersquatting Protection Act

Federal Law provides penalties in a civil action for cybersquatting. See 15 U.S.C. § 1125(d). The Anti-cybersquatting Protection Act, or ACPA, followed a plague of "cybersquatting." The term "cybersquatting" refers to the registration of a famous mark as a domain name with the intent of offering the domain name to the trademark owner for profit. See, e.g., Ford Motor Co. v.

Catalanotte, 342 F.3d 543, 549 (6th Cir. 2003) (ACPA intended to remedy "[r]egistering a famous trademark as a domain name and then offering it for sale to the trademark owner."). The quintessential cybersquatter [\*8] registers a famous mark as a domain name (i.e. ford.com) and then attempts to sell it to the trademark holder (in this example, Ford Motor Company) for profit. The Christensen Firm alleges that Chameleon is liable under the ACPA as a result of its transfer of the Christensen domain names to Chameleon. See Compl., docket no. 1, PP 16-17.

[HN2] An individual may be held liable under the ACPA for cybersquatting if the person (1) registers, traffics in, or uses a domain name identical or confusingly similar to a distinctive mark, and (2) has a bad faith intent to profit from use of the mark as a domain name. See 15 U.S.C. § 1125(d). Chameleon argues that it is not liable under the ACPA because it is not a "cybersquatter," and provides examples of how its own activities are different from those historically labeled as "cybersquatting." Chameleon also argues that it did not have a bad faith intent to profit, and that it did not register, traffic in, or use Plaintiff's domain names.

#### A. Bad Faith Intent to Profit

Chameleon argues that it is not liable under the ACPA as a "cybersquatter" because it did not have a bad faith intent to profit. Chameleon concedes, [\*9] however, that under Plaintiff's version of the facts "Chameleon's motive in making the master account name change on February 7 was to obtain leverage in collecting amounts due and owing by plaintiff to them." Defs.' Mot., docket no. 23, at 14; see also Dohn Decl., docket no. 23, at 7 (account holder name was changed "to assist [Chameleon] in the collection of amounts indisputably owed by Ms. Christensen."). In spite of this candid admission, Chameleon urges that it did not have a bad faith intent. Chameleon argues that it makes money by providing information technology services, not by trading in domain names. Id. Defendants argue that they only used the Christensen Firm's domain names to secure payment for services already performed; thus, they had no bad faith intent to profit. However, the cases cited by Defendants are instructive. [HN3] Many reference "an extortionate offer to sell" as the hallmark of a bad faith intent to profit. See, e.g., Bosley Med. Inst., Inc. v. Kremer, 403 F.3d 672, 674 (9th Cir. 2005); see also Sporty's Farm L.L.C. v. Sportsman's Market, Inc., 202 F.3d 489, 493 (2d Cir. 2000) (cybersquatting defined as "prevent[ing] [\*10] use of the domain name by the mark owners, who not infrequently have been willing to pay 'ransom' in order to get 'their names' back."). The Court finds that Chameleon's "extortionate offer" to transfer, which Chameleon effectively concedes, provides a dis-

puted issue of fact as to whether Chameleon had a bad faith intent to profit. n3

n3 15 U.S.C. § 1125(d)(1)(B)(ii) contains various factors which may be considered when evaluating the bad faith intent to profit of a domain name registrant. The factors include (1) the registrant's trademark rights in the domain; (2) legal name rights in the domain; (3) the registrant's prior use of the domain; (4) the registrant's bona fide noncommercial or fair use of the domain; (5) the registrant's improper intent to divert customers and tarnish or disparage the mark of another; (6) the registrant's offer to transfer, sell, or assign; (7) whether the registrant provided misleading contact information when applying for registration; (8) the registrant's acquisition of multiple domain names confusingly similar to the marks of others; and (9) the extent to which the trademark incorporated in the registrant's domain name is distinctive and famous. 15 U.S.C. § 1125(d)(1)(B)(ii). For purposes of this motion, however, a complete analysis of these factors is unnecessary. The Defendant concedes it has no interest in the domain names and that it transferred registration for "leverage" in business negotiations. This is sufficient to create an issue of fact on the question of bad faith intent to profit.

[\*11]

Chameleon attempts to avoid the "cybersquatter" label with a second argument, urging that it had no intent to profit. However, Chameleon admits that it transferred the domain name registrations to gain leverage in ongoing negotiations. Dohn Decl., docket no. 23, at 7. Chameleon's argument that it had no intent to profit defies precedent on the same question: [HN4] "intent to profit" may be shown by an offer to transfer a domain name to obtain a benefit in commercial dispute negotiations. See, e.g., Flow Control Indus. Inc. v. Amhi, Inc., 278 F. Supp. 2d 1193, 1200 (W.D. Wash. 2003). The question is whether a defendant seeks a gain in exchange for the transfer of the disputed domain name. See Coca Cola Co. v. Purdy, 382 F.3d 774, 786 (8th Cir. 2004). In this case, Chameleon admittedly sought leverage (i.e., a "gain") by transferring the registrations. Disputed questions of fact prevent summary judgment on the issue of whether Chameleon had a "bad faith intent to profit."

#### B. "Register, Traffic in, or Use"

Chameleon argues that it is not liable under the ACPA for a second reason: it did not "register, traffic in, or use" the disputed domain [\*12] names. The Christensen Firm contends that Chameleon "registered" the do-

main names by transferring the registration to itself. The Christensen Firm also contends that Chameleon "trafficked in" the domain names by leveraging its possession of the domain names against its unpaid fees.

[HN5] The term "register" under § 1125(d)(1)(A)(ii) refers to the action of reserving or registering a domain name with a domain name registrar. See 4 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION, § 25.78, at 298.3 (4th Ed. 2005). Chameleon argues that it did not "register" the domain name, but merely changed the name of the account holder. It argues that ownership never changed, and that its actions did not constitute "registration" of the domain names in question. However, Chameleon ignores the import of its actions: transferring the domain name is the "registration" of that domain name for purposes of the ACPA. Chameleon's argument that it did not register the domains is without merit. Before Chameleon transferred the domain names, they were registered to (i.e., owned by) the Christensen Firm. After it transferred the domain names, they were registered to (i.e., owned by) Chameleon. [\*13] The Court concludes as a matter of law that Chameleon did register the disputed domain names.

Chameleon's attempts to parse ownership, registration, and account name are belied by Network Solutions' own records. A Network Solutions call record on March 1, 2006, shows a call from Chameleon Employee "Daren Mowler," n4 with instructions regarding the disputed domain names:

[a] female may call up calling to claim rights to domain of cc-lawfirm.com. She is not a contact from the company and cx would like no more information given to her.

Moore Decl., docket no. 31, Ex. 1 (Network Solutions call record of March 1, 2006). Chameleon's argument that it did not register or take ownership of the domain names is undermined by its simultaneous instructions to Network Solutions to deny Ms. Christensen her rights in the disputed domain names. n5 Chameleon concedes the import of the ACPA, but fails to understand how it applies to its own actions:

[HN6] The ACPA was intended to prevent "the bad faith, abusive registration and use of the distinctive trademarks of others as Internet domain names, with the

intent to profit from the goodwill associated with those trademarks."

Defs. [\*14] ' Reply, docket no. 33, at 11-12 (citing Shields v. Zuccarini, 254 F.3d 476, 481 (3d Cir. 2001)). The Christensen Firm has presented substantial evidence that Defendant Chameleon registered and used the Christensen Firm's domain names to leverage negotiations with Plaintiff. The Christensen Firm has also presented substantial evidence that Chameleon intended to profit from the goodwill that the Christensen Firm associated with its marks, by using that goodwill as leverage.

n4 Chameleon employee Darren A. Moeller denied making this call to Network Solutions. See Moore Decl., docket no. 31, P 3.

n5 Chameleon's argument in Reply that it "retained a reference to plaintiff by adding 'ChrisFirm' after "Chameleon DATA Corporation," and thereby did not "register" the domain name, is a technical (and unsuccessful) attempt to avoid the plain meaning of "register," as the term is used in the ACPA and understood by the Courts. Chameleon took control of the Christensen Firm's domain names to the exclusion of the Christensen Firm and cannot now claim that it did not "register" those domain names in its own name.

[\*15]

The Court concludes that as a matter of law Chameleon's transfer of the Christensen Firm's domain names to itself constitutes the "registration" of those domain names under the Anti-cybersquatting Protection Act. The Court DENIES Chameleon's Motion for Summary Judgment on Plaintiff's Claims under the ACPA.

## 2. Damages

Chameleon urges the Court to find that Plaintiff's remaining claims should be dismissed because the Christensen Firm failed to provide a computation of damages in its initial disclosures. See Fed. R. Civ. P. 26(a)(1). Chameleon argues that the Christensen Firm failed to disclose its damages computation for its non-ACPA claims. In addition to its claim under the ACPA, the Christensen Firm asserts claims for violation of Washington's Consumer Protection Act ("CPA"), conversion, tortious interference with contractual rights, and breach of fiduciary duties. See Compl., docket no. 1, PP 28-40. The Christensen Firm argues that Chameleon improperly seeks a discovery sanction instead of summary judgment.

Plaintiff argues that it provided damages information in discovery, and that if Chameleon wanted more information [\*16] it could have moved to compel under Fed. R. Civ. P. 37(c)(1). See Gandara Decl., docket no. 23, Ex. B (Plaintiff's Initial Disclosures).

[HN7] Federal courts have been reluctant to exclude evidence at summary judgment when a party has slept on their rights in discovery. See, e.g., Cash v. State Farm Fire & Cas. Co., 125 F. Supp. 2d 474, 477 (M.D. Ala. 2000) ("[T]he moving party cannot sleep on its rights; it may not wait until the summary judgment stage to object to the use of materials that it has made no prior reasonable effort to obtain."); see also Compana, LLC v. Aetna, Inc., 2006 U.S. Dist. LEXIS 29028, Civil No. 05-277RSL (W.D. Wash. May 12, 2006). In Compana, the court denied a motion to exclude where a party failed to propound discovery requests or move to compel production:

[Defendant] never propounded any written discovery requests or filed a timely motion to compel. Instead, it now seeks the most severe sanction, exclusion of all evidence, without pursuing other methods for obtaining the documents.

Id. 2006 U.S. Dist. LEXIS 29028 \* 3 at 2. In this case, such an evidentiary exclusion is not warranted. Plaintiff supplemented its initial [\*17] disclosures to claim damages exceeding \$ 75,000. See Christensen Decl., docket no. 32, Ex. B. The supplement followed a reasonably detailed disclosure in Plaintiff's Initial Disclosures. While the Supplement was served *after* Chameleon filed its motion for summary judgment, it was filed before the close of discovery. Chameleon never sought to compel answers to discovery and its motion for summary judgment on Rule 26 grounds is therefore DENIED. n6 Plaintiff's motion to strike the supplemental damages disclosure, docket no. 33, is DENIED.

n6 Plaintiff correctly notes that under the Consumer Protection Act, "no monetary damages need be proven . . . injury without monetary damages will suffice." Nordstrom, Inc. v. Tampourlos, 107 Wash. 2d 735, 740, 733 P.2d 208 (1987).

Genuine issues of material fact also preclude summary judgment on the substantive question of damages for Plaintiff's remaining claims. n7 The Christensen Firm alleges damage to its business as a result of Chameleon's domain name transfer, [\*18] and the Christensen Firm



has provided information relating to damages. See Christensen Decl., docket no. 32, Ex. A (Supp. Damages Disclosure). The Christensen Firm's damages claims have always turned on (1) lost earnings; (2) statutory damages under the ACPA; (3) statutory damages under the CPA; and (4) attorneys' fees and costs. See Gandara Decl., docket no. 23, Ex. A (Plaintiff's Initial Disclosures). Chameleon's motion for partial summary judgment on damages for the Christensen Firm's remaining claims is DENIED.

n7 Chameleon advances a new damages-related argument in Reply: under Washington law Plaintiff's claimed damages are not compensable. See Reply, docket no. 33, at 5-6. This argument is substantially different from Chameleon's opening brief, which asserted that Plaintiff's claims should be dismissed for failure to comply with Rule 26. See Defs.' Mot, docket no. 23, at 18-20. The Court declines to reach this new argument, because it was raised for the first time in Reply.

CONCLUSION [\*19]

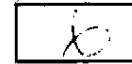
Defendant Chameleon's Motion for Partial Summary Judgment, docket no. 23, is DENIED. Material questions of fact preclude summary judgment on the question of whether Chameleon registered the disputed domain names with a bad faith intent to profit; material questions of fact also preclude summary judgment on the issue of damages. The Court concludes as a matter of law that the transfer of the disputed domain names to Chameleon constituted the "registration" of those domain names within the meaning of the Anti-cybersquatting Protection Act. The Court DENIES Chameleon's motion to strike the supplemental damages disclosures, docket no. 33. The Christensen Firm's Motion for Relief from Rule 7(d), docket no. 36, is GRANTED IN PART and DENIED IN PART as set forth in this Order; Chameleon's motion to strike the Network Solutions business records as unauthenticated hearsay, docket no. 33, is DENIED.

IT IS SO ORDERED.

DATED this 1st day of November, 2006.

Thomas S. Zilly

United States District Judge



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ACCT#: 02221

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ADJUSTER: \_\_\_\_\_

INSURED: \_\_\_\_\_

CLAIM NUMBER: \_\_\_\_\_

DATE OF LOSS: \_\_\_\_\_

ATTORNEY/BAR #: 80702 PHONE: 619-231-0303

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5. SKIP TRACING		12. OVERNIGHT MAILING		20. PAID	
6. SPECIAL PUSH		13. SPECIAL HANDLING (FAX)		21. CHECK #	
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