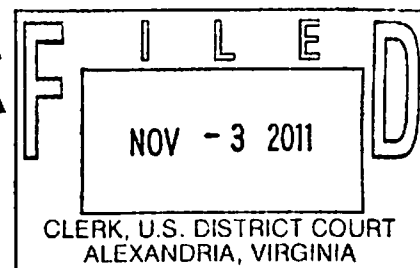


**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**



ENTREPRENEUR MEDIA, INC.,)
)
 Plaintiff,)
)
 v.)
)
 SEATTLEENTREPRENEUR.COM and)
 AUSTINENTREPRENEUR.COM, each an)
 Internet Domain Name,)
)
 Defendants.)
 _____)

Civil Action No. 1:11cv0409 (LMB/JFA)

PROPOSED FINDINGS OF FACT AND RECOMMENDATIONS

This matter is before the court on plaintiff’s motion for default judgment pursuant to Fed. R. Civ. P. 55(b)(2). (Docket no. 14). In this *in rem* action involving the domain names <seattleentrepreneur.com> and <austinentrepreneur.com> (the “Domain Names”), the plaintiff Entrepreneur Media, Inc. (“EMI”) seeks a default judgment ordering that the registry for the Domain Names require the registrar for the Domain Names to transfer the registrations for the Domain Names to EMI. Pursuant to 28 U.S.C. § 636(b)(1)(C), the undersigned magistrate judge is filing with the court his proposed findings of fact and recommendations, a copy of which will be provided to all interested parties.

Procedural Background

On April 15, 2011, EMI filed its verified complaint for injunctive relief (“complaint”) pursuant to the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) (“ACPA”). (Docket no. 1). On April 15, 2011, EMI sent a letter and copy of the complaint to the registrant of the Domain Names by e-mail and first class mail. (Docket no. 7, Ex. A). EMI also sent a copy of the letter to the registrant along with a copy of the complaint to GoDaddy.com

("GoDaddy"), the registrar of each of the Domain Names at the time the complaint was filed. (Docket no. 7, Ex. A). On June 8, 2011, EMI filed a motion for an order to publish notice of action together with a memorandum in support. (Docket nos. 6, 7). On June 8, 2011 an order was entered directing EMI to provide notice of this action by publication in accordance with the ACPA. (Docket no. 9). The order providing notice of this action was published in *The Washington Times* on June 14, 2011, and on June 29, 2011 EMI filed with the court a declaration describing compliance with the order directing publication of notice of this action. (Docket no. 10). Other than the claim made by EMI, no response, claim or other pleading has been filed asserting any rights in either of the Domain Names.

On September 19, 2011, EMI filed its request for entry of default (Docket no. 11) and the Clerk of Court entered default against the Domain Names on September 21, 2011 (Docket no. 12). On October 6, 2011, EMI filed its motion for default judgment, a memorandum in support of the motion, and a notice of hearing for October 28, 2011. (Docket nos. 14-16). On October 28, 2011, counsel for EMI appeared at the hearing on the motion for default judgment before the undersigned magistrate judge and no claimant appeared on behalf of either of the Domain Names.

Factual Background

The following facts are established by the complaint¹ (Docket no. 1) and the memorandum in support of the motion for default judgment (Docket no. 15). EMI is a California corporation with its principal place of business in Irvine, California. (Compl. ¶ 7). At the time the complaint was filed, the Domain Names were registered to Oleg Nevzorov with the address of Molotova-23, Moscow 7789966, Russian Federation. (Compl. ¶ 8).

¹ Citations to the complaint are noted as "Compl. ¶ _".

EMI is a publisher of magazines and business guides, including the Entrepreneur Magazine and other publications incorporating the Entrepreneur mark. (Compl. ¶ 9). The Entrepreneur Magazine is published monthly with a current paid circulation of more than 500,000 in the United States and it is sold and distributed in over 100 foreign countries. (*Id.*). EMI has used the Entrepreneur mark since 1978 to identify its magazines, business guides, video and audio tapes, computer software programs, web pages, on-line services, services in connection with trade shows and educational seminars, advertising, membership, and other business services. (Compl. ¶ 10).

EMI owns a family of trademarks and service marks comprised of or featuring the mark “Entrepreneur” (the “Entrepreneur Marks”). (Compl. ¶¶ 12, 13). EMI owns rights and interest in the Entrepreneur trademark and service mark for various goods and services in a number of international classes including U.S. Trademark Registration Nos. 1,453,968; 3,520,633; 2,502,032; and 2,263,883, and those registrations are valid and in full force and effect. (Compl. ¶ 12). EMI also owns rights and interest in trademarks and service marks incorporating the Entrepreneur mark for use in connection with online and/or Internet services including U.S. Trademark Registration Nos. 3,470,064; 3,924,374; 3,519,022; 3,470,063; 3,266,532; 3,374,476; and 3,652,950, and those registrations are valid and in full force and effect. (Compl. ¶ 13). EMI maintains a number of websites, including www.entrepreneur.com through which it disseminates editorial content and other information, as well as offers products and services. (Compl. ¶ 11).

EMI asserts that it has continuously and extensively used, advertised, marketed, and promoted the Entrepreneur Marks in the United States and many foreign countries in connection with goods and services, including its magazines and other publications. (Compl. ¶ 14). EMI states that it has spent millions of dollars and has expended significant effort in promoting its

goods and services under the Entrepreneur Marks through various means, including its Internet website at www.entrepreneur.com. (*Id.*) EMI claims that as a result of its substantial investment in developing and promoting the Entrepreneur Marks, they have come to identify and distinguish EMI's goods and services and represent enormous goodwill of great value belonging to EMI. (*Id.*)

Subsequent to EMI's use or registration of the Entrepreneur Marks in the United States, the current registrant of the Domain Names assumed control of the registrations.² The registry for the Domain Names is VeriSign, Inc. located in Virginia. (Compl. ¶ 5). The Domain Names each include EMI's Entrepreneur Mark in its entirety preceded only by a descriptive geographic word (Seattle and Austin). (Compl. ¶¶ 22, 24). EMI claims that the Domain Names are confusingly similar to the Entrepreneur Marks and are likely to cause confusion or mistake as to whether EMI is the source of, is affiliated with, or endorses the Domain Names. (Compl. ¶¶ 22, 24, 27).

Proposed Findings and Recommendations

Rule 55 of the Federal Rules of Civil Procedure provides for the entry of a default judgment when "a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend." Based on the failure of anyone to file a responsive pleading or claim to either of the Domain Names in a timely manner, the Clerk has entered a default. (Docket no. 12).

A defendant in default admits the factual allegations in the complaint. *See* Fed. R. Civ. P. 8(b)(6) ("An allegation – other than one relating to the amount of damages – is admitted if a responsive pleading is required and the allegation is not denied."); *see also GlobalSantaFe Corp.*

² The history of the registrations of the Domain Names shows a pattern of transfers once EMI has provided notice to the registrant. For the purposes of this motion, the undersigned will focus on the information relating to the current registrant, Oleg Nevzorov, who purchased the registrations in February 2011.

v. Globalsantafe.com, 250 F. Supp.2d 610, 612 n.3 (E.D. Va. 2003) (“Upon default, facts alleged in the complaint are deemed admitted and the appropriate inquiry is whether the facts as alleged state a claim.”). Rule 55(b)(2) of the Federal Rules of Civil Procedure provides that a court may conduct a hearing to determine the amount of damages, establish the truth of any allegation by evidence, or investigate any other matter.

Jurisdiction and Venue

A court must have both subject matter and personal or *in rem* jurisdiction over a defaulting defendant before it can render a default judgment. EMI’s claims arise under the ACPA, 15 U.S.C. § 1125(d), and this court has jurisdiction over the subject matter of this action under 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331 and 1338(a).

The court has *in rem* jurisdiction over the Domain Names under 15 U.S.C. § 1125(d)(2). The first required element for *in rem* jurisdiction over a domain name exists where the domain name violates any right of the owner of a mark registered with the Patent and Trademark Office. *See* 15 U.S.C. § 1125(d)(2)(A)(i). EMI owns federally-registered trademarks for ENTREPRENEUR and it claims that its rights in those marks are being violated by the registration and use of the Domain Names. The ACPA also conditions *in rem* jurisdiction upon a finding that the trademark owner (a) is unable to obtain personal jurisdiction over a person who would otherwise be a defendant in a civil action under the ACPA or (b) through due diligence cannot find the person who would have been a defendant in such an action, having sent that person postal and electronic notice of both the alleged violation and the owner’s intent to sue. *See* 15 U.S.C. § 1125(d)(2)(A)(ii). Given that the current registrant of the Domain Names resides in Russia and does not appear to have any ongoing business activities in the United

States, EMI has established that it is unable to obtain personal jurisdiction over the registrant of the Domain Names.

Venue is proper in this district under 15 U.S.C. § 1125(d)(2)(C)(i), which places venue for an *in rem* ACPA action in the judicial district in which the domain name's registrar, registry, or other domain name authority that registered or assigned the domain name is located. VeriSign, Inc., which has offices within this district and division, is the exclusive registry controlling the top-level domain <.com>, including the Domain Names.

For these reasons, the undersigned magistrate judge recommends a finding that this court has subject matter jurisdiction over this action, that the court has *in rem* jurisdiction over the defendant Domain Names, and that venue is proper in this court.

Service

At the time EMI filed the complaint, Oleg Nevzorov was listed as the registrant for each of the Domain Names with the registrar GoDaddy. (Compl. Ex. A). On April 15, 2011, counsel for EMI sent a copy of the complaint by e-mail and airmail to the registrant for the Domain Names at the e-mail and postal address provided to the registrar. (Docket no. 7, Ex. A). Mr. Nevzorov has acknowledged receipt of the complaint as shown in the e-mails between him and EMI's counsel. (Docket no. 7, Ex. B).

On June 8, 2011, EMI filed its motion for an order to publish notice of action. (Docket no. 6). Pursuant to the court's June 8, 2011 order of publication (Docket no. 9), EMI published notice of this action in *The Washington Times* on June 14, 2011. (Docket no. 10). As set forth in the notice of action, any person claiming an interest in the defendant domain name was required to file an answer or other response to the complaint within twenty-one (21) days from the date of

the publication of the order in *The Washington Times*. The twenty-one day time period for filing an answer or claim expired on July 5, 2011.

The ACPA provides that service of process in an *in rem* action may be accomplished by sending a notice of the alleged violation and intent to proceed under the ACPA to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar and by publishing notice of the action as the court may direct promptly after filing the action. 15 U.S.C. § 1125(d)(2)(B). EMI has complied with these provisions. For these reasons the undersigned recommends a finding that service of process has been accomplished in this action.

Grounds for Entry of Default

Under Fed. R. Civ. P. 12(a) and as stated in the order of publication, anyone asserting a claim to the defendant Domain Names was required to file an answer or response with the Clerk by July 5, 2011. No responsive pleading or claim was filed by either a named registrant or anyone else claiming ownership to the Domain Names and on September 19, 2011, EMI filed its request for entry of default. (Docket no. 11). The Clerk of the Court entered a default on September 21, 2011. (Docket no. 12). The motion for default judgment, supporting memorandum, and the notice of hearing for October 28, 2011 were filed on October 6, 2011. (Docket nos. 14-16). A copy of those pleadings was sent to the registrant by first class mail and electronic mail on October 6, 2011. (*Id.*)

The undersigned magistrate judge recommends a finding that notice of this *in rem* action was provided properly, that no one filed a responsive pleading or claim to the defendant Domain Names in a timely manner, and that the Clerk properly entered a default as to the Domain Names.

Liability and Relief Sought

According to Fed. R. Civ. P. 54(c), a default judgment “must not differ in kind from, or exceed in amount, what is demanded in the pleadings.” Because no responsive pleading was filed, the factual allegations in the complaint are deemed admitted. *See* Fed. R. Civ. P. 8(b)(6). The relief sought in the complaint is for the court to order the registry (VeriSign, Inc.) to require the registrar for the Domain Names (GoDaddy) to transfer the registrations for the Domain Names to EMI. The notice that was published pursuant to the ACPA provided that one of the remedies available under the ACPA was the transfer of the Domain Names to the plaintiff in this action. (Docket nos. 9, 10).

To state a claim under the ACPA, EMI must prove that the Domain Names and/or their registrant(s) registered, trafficked in, or used the Domain Names with a bad faith intent to profit and that the Domain Names are either identical or confusingly similar to a distinctive mark owned by EMI, or, upon a finding that a mark owned by EMI is famous, that the Domain Names are identical or confusingly similar to, or dilutive of, EMI’s famous mark. *See* 15 U.S.C. § 1125(d)(1)(A); *see also People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 367 (4th Cir. 2001). The registrations of the Entrepreneur Marks on the Principal Register are *prima facie* evidence that the marks are at least descriptive and have acquired distinctiveness. *America Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 816 (4th Cir. 2001). Further, secondary meaning is typically found where there are extensive advertising expenditures, sales successes, attempts to plagiarize a mark, and where a mark has been used exclusively for an extended period of time. *See, e.g., Perini Corp. v. Perini Constr. Inc.*, 915 F.2d 121, 125 (4th Cir. 1990).

Here, EMI obtained a registration for the Entrepreneur Mark, U.S. Trademark Registration No. 1,453,968, for paper goods and printed matter, namely magazines, books and

published reports pertaining to business opportunities (class 16), and computer programs and program user manuals all sold as a unit (class 9) on August 25, 1987. EMI has obtained additional registrations including the Entrepreneur Mark as shown in exhibits A and B to the complaint. (Docket no. 1). EMI states that it has used the Entrepreneur Marks continuously in interstate commerce in connection with its magazines and other business services since 1978. (Compl. ¶¶ 10, 14). EMI has invested substantial sums in advertising the Entrepreneur Marks and has made extensive use of the Entrepreneur Marks by providing its goods and services throughout the United States and abroad, including through its domain name <Entrepreneur.com>. (Compl. ¶ 14). Through EMI's considerable investments in the Entrepreneur Marks, EMI has achieved substantial goodwill in the Entrepreneur Marks. (*Id.*). For these reasons the undersigned magistrate judge recommends a finding that the Entrepreneur Marks are distinctive.

The next consideration is whether the Domain Names are identical or confusingly similar to the Entrepreneur Marks. Based on the uncontested allegations in the complaint, the undersigned magistrate judge recommends a finding that each of the Domain Names is confusingly similar to the Entrepreneur Marks. The registration and use of each Domain Name is likely to cause confusion among the public, including customers of EMI, because the "dominant or salient portions" of the Domain Names and the Entrepreneur Marks are identical. *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 936 (4th Cir. 1995). Accordingly, "a finding of likelihood of confusion is appropriate despite the fact that collateral portions of the mark may differ." *Atlas Copco AB v. Atlascopcoiran.com*, 533 F. Supp. 2d 610, 614 (E.D. Va. 2008) (finding that the addition of generic geographic terms to plaintiff's registered mark did not distinguish the defendant domain names from the registered marks) ("An

internet user might reasonably assume that the geographic term ‘CASPIAN’ and ‘IRAN’ were added to the ATLAS COPCO trademark by the Plaintiffs to identify its geographic location.”).

Having recommended a finding that the Entrepreneur Marks are distinctive and that the Domain Names are confusingly similar to the Entrepreneur Marks, the remaining question is whether the Domain Names were registered or used with bad faith intent to profit. For at least the following reasons, the undersigned recommends a finding that the Domain Names were registered and used with the bad faith intent to profit from the Entrepreneur Marks:

1. The Entrepreneur Marks, which have been incorporated into the Domain Names, are distinctive within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(IX);
2. The registrant does not have any valid trademark or intellectual property rights in the Entrepreneur Marks or the Domain Names within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(I);
3. Neither Domain Name consists of the registrant’s legal name, nor do they in any way identify the registrant within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(II);
4. The registrant has not used the Domain Names in connection with the *bona fide* offering of any goods or services within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(III);
5. The registrant has not used the Domain Names for *bona fide* noncommercial purposes or within the fair use provisions of 15 U.S.C. § 1125(d)(1)(B)(i)(IV);
6. The registrant’s intent in obtaining the registrations for the Domain Names and using those domain names was to divert EMI’s consumers and to profit from the goodwill of the Entrepreneur Marks, within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(V); and

7. The registrant has registered or acquired more than one domain name known to be confusingly similar to the Entrepreneur Marks within the meaning of 15 U.S.C. § 1125(d)(1)(B)(i)(VIII).

The ACPA provides that, upon a finding of a violation, the court has discretion to cancel the domain name registration or order it transferred to the trademark owner. 15 U.S.C. § 1125(d)(1); *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 232 (4th Cir. 2002) (“Transfer or cancellation of the defendant domain name[] is the only remedy available under § 1125(d)(2)’s *in rem* provision”). For these reasons, the undersigned magistrate judge recommends a finding that the registrant’s actions have violated the ACPA, and that an order be entered requiring the registry VeriSign, Inc. to require the current registrar for the Domain Names <seattleentrepreneur.com> and <austinentrepreneur.com> to transfer the registrations for those domain names to Entrepreneur Media, Inc.

NOTICE TO PARTIES

Failure to file written objections to these proposed findings of fact and recommendations within fourteen (14) days after being served with a copy of the proposed findings of fact and recommendations may result in the waiver of any right to a *de novo* review of the proposed findings and recommendations and such failure shall bar you from attacking on appeal any findings and conclusions accepted and adopted by the District Judge except upon grounds of plain error.

A copy of these proposed findings of fact and recommendations shall be sent to the registrant of the Domain Names at Oleg Nevzorov, Molotova-23, Moscow 7789966, Russian Federation.

