

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

ENTREPRENEUR MEDIA, INC.,)
 Plaintiff,)
)
 v.) Civil Action No. 1:11cv583
)
B-ENTREPRENEUR.COM and)
S-ENTREPRENEUR.COM,)
 Defendants.)
)

AMENDED REPORT AND RECOMMENDATION

This matter comes before the Court on plaintiff's Motion for Default Judgment (Dkt. 16) and plaintiff's Objection to the Report and Recommendation on Plaintiff's Motion for Default Judgment (Dkt. 22). After a representative for defendants failed to respond to plaintiff's Motion or to appear at the hearing on January 27, 2012, the undersigned took plaintiff's Motion under advisement.

I. INTRODUCTION

On May 27, 2011, plaintiff Entrepreneur Media, Inc. ("plaintiff") filed this action in rem against defendants B-entrepreneur.com and S-entrepreneur.com ("Infringing Domain Names" or "defendants"). In its Verified Complaint, plaintiff alleges that the Infringing Domain Names are confusingly similar to plaintiff's ENTREPRENEUR® trademark, and seeks relief under the Anti-Cybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d) (2) (2006). Plaintiff now seeks default

judgment against the defendants in rem and a permanent injunction directing that ownership of the Infringing Domain Names be transferred to plaintiff.

A. Jurisdiction and Venue

This Court has subject matter jurisdiction over the action pursuant to 28 U.S.C. § 1331 and 1338(a) because it involves a federal question arising under the ACPA, 15 U.S.C. § 1125(d).

This Court has in rem jurisdiction over the Infringing Domain Names pursuant to 15 U.S.C. § 1125(d)(2)(A) because plaintiff has alleged violations of its registered trademarks, and because plaintiff, despite due diligence and proper notice, is unable to locate a person who would have been a defendant in this action.

Venue is proper in this District under 15 U.S.C. § 1125(d)(2)(C) because the registry for the Infringing Domain Names, VeriSign, Inc. ("VeriSign"), is located in this District.

B. Service of Process

A plaintiff filing an action under the ACPA must provide notice of the action to the owner/registrar of the allegedly infringing domain name. 15 U.S.C. § 1125(d)(2)(A)-(B). Sufficient notice of an in rem action is established by both (a) sending notice of the violation and intent to bring this action to the registrar of the domain name at the postal and e-mail address provided by the registrant to the registrar; and (b)

publishing notice of the action as the Court may direct after filing the action. Id. § 1125(d)(2)(A)-(B).

Plaintiff was unable to locate and personally serve the registrants of the Infringing Domain Names due to their provision of false contact information to the registrar. (Memorandum of Law in Support of Plaintiff's Motion for Default Judgment ("Mem. Supp. Mot. Default J.") at 7.) Defendants falsely listed plaintiff's physical address, telephone number, and administrative contact as its own contact information in the WHOIS record. (Complaint ("Compl.") ¶¶ 9-10, 25-26.) As such, service of process under the in rem provisions of the ACPA is satisfied by notifying the registrants of the Infringing Domain Names at their provided postal and email addresses and by publishing notice of the action as the Court may direct. 15 U.S.C. § 1125(d)(2)(A)(ii)(II)(aa)-(bb).

Plaintiff sent a notice of the alleged violation and intent to proceed under the ACPA to the registrants of the Infringing Domain Names at the e-mail addresses provided by the registrant to the registrar.¹ (Memorandum in Support of Plaintiff's Motion for an Order to Publish Notice of Action ("Mot. Pub. Notice"),

¹ Plaintiff was unable to provide postal notice to defendants because defendants falsely listed plaintiff's own postal address as the address for the Infringing Domain Names. (Compl. at 4.) As its inability to comply with the full requirements of § 1125(d)(2)(A)(ii)(II)(aa) comes through no fault of its own, the undersigned finds that this provision has been satisfied.

Ex. A.) Plaintiff also sent e-mail and postal notice to the Registrar of the Infringing Domain Names, Register.com, Inc. (Mot. Pub. Notice, Ex. B.) Additionally, on August 26, 2011, the Court entered an Order granting plaintiff's Motion for Service by Publication. (Dkt. 10.) On September 9, 2011, a notice of the action was published in The Washington Times. (Declaration of Tara Lynn R. Zurawski Describing Compliance with the Court's Order to Publish Notice of Action ("Zurawski Decl.") ¶¶ 3-4.)

Thus, the requirements of § 1125(d)(2)(A)(ii)(II) have been satisfied, and service of process is deemed complete. 15 U.S.C. § 1125(d)(2)(B).

C. Grounds for Entry of Default

To date, no party with an interest in the Infringing Domain Names has appeared or otherwise participated in these proceedings. On September 9, 2011, The Washington Times published the notice of this action, informing parties with an interest in Infringing Domain Names of the need to respond in this case within twenty-one (21) days, or by September 30, 2011. (Zurawski Decl. ¶¶ 3-4.) By October 19, 2011, no party had responded on behalf of the Infringing Domain Names, and plaintiff requested entry of default. (Dkt. 12.) On November 15, 2011, the Clerk of this Court entered default against the Infringing Domain Names. (Dkt. 15.) Plaintiff filed its Motion

for Default Judgment on January 5, 2012. (Dkt. 16.) The undersigned held a hearing on plaintiff's Motion on January 27, 2012, at which no representative for the Infringing Domain Names appeared. (Dkt. 20.) Finding this matter uncontested, the undersigned took plaintiff's Motion under advisement to issue this Report and Recommendation.

II. FINDINGS OF FACT

Upon a full review of the pleadings and the record in this case, the undersigned finds that the plaintiff has established the following facts.

Plaintiff Entrepreneur Media, Inc. is a California corporation and has its principal place of business in Irvine, California. (Compl. ¶ 8.) The unknown defendants used false identities to register the Infringing Domain Names with VeriSign, which is located in this district. Defendant Domain Name b-entpreneur.com is registered to "Pamela Lynn" and Defendant Domain Name s-entrepreneur.com is registered to "Entrepreneur, Inc., Verita Powell." (Id. ¶¶ 9-10.) Both Infringing Domain Names falsely list plaintiff's contact information as their own. (Id.) The Infringing Domain Names also falsely list Michael Frazier, plaintiff's current employee, as an Administrative Contact. (Id. ¶¶ 25-26.)

Plaintiff is the owner of U.S. Trademark Registration Nos. 1,453,968; 2,502,032; and 2,263,883 for its ENTREPRENEUR mark.

(Id. ¶ 14, Ex. B.) Plaintiff also owns all rights and interest in various U.S. Trademark Registrations of marks incorporating the term ENTREPRENEUR, including: 3,470,064; 3,924,374; 3,519,022; 3,470,063; 3,266,532; 3,374,476; 3,652,950; and 3,204,899.

(Id. ¶ 15, Ex. C.)

Plaintiff has used the ENTREPRENEUR mark to identify its brand since 1978. (Id. ¶ 12.) Plaintiff publishes magazines, business guides, websites, and other publications that incorporate the ENTREPRENEUR mark in their titles. (Id. ¶ 11.) These publications distribute “free enterprise and business news.” (Mem. Supp. Mot. Default J. at 3.) One publication, ENTREPRENEUR® Magazine, has a current circulation of 600,000 and is distributed in over 100 foreign countries. (Compl. ¶ 11.) Plaintiff’s websites include its flagship website, www.entrepreneur.com (“the E.com site”), which averages 6 million unique visitors a month and 52.6 million page views per month. (Id. ¶ 13.) In each of plaintiff’s media outlets, the ENTREPRENEUR mark is prominently displayed. (Id. ¶ 12.)

The Infringing Domain Names each contain the word “entrepreneur” combined with a single letter. They are confusingly similar to the federally registered and incontestable ENTREPRENEUR mark. The websites at those domain names display content similar to that displayed at plaintiff’s websites, including the E.com site. (Id. ¶¶ 18-21.)

None of the record owners of the Infringing Domain Names has any trademark or intellectual property rights in the ENTREPRENEUR mark or the domain names for which it is the owner of record. (Id. ¶ 27.) Each of the Infringing Domain Names was registered without authorization from the plaintiff. (Id.) Plaintiff has not licensed or otherwise permitted any of the Infringing Domain Names to use its ENTREPRENEUR mark in connection with the distribution of business media, or to apply for any domain names similar to the ENTREPRENEUR mark. (Id.) The Infringing Domain Names were registered and used to divert consumers from plaintiff's website to websites accessible under those domain names, for the registrant/owner's commercial gain, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of those web sites.

III. EVALUATION OF PLAINTIFF'S VERIFIED COMPLAINT

Where a defendant has defaulted, the facts set forth in the plaintiff's complaint are deemed admitted. Before entering default judgment, however, the Court must evaluate the plaintiff's complaint to ensure that the complaint properly states a claim. GlobalSantaFe Corp. v. Globalsantafe.com, 250 F. Supp. 2d 610, 612 n.3 (E.D. Va. 2003). As such, it is appropriate to evaluate plaintiff's claim against the standards of Federal Rule of Civil Procedure 12(b)(6).

A. Legal Standard

The ACPA allows the owner of a mark to file an in rem civil action against a domain name if the domain name violates the owner's trademark rights, and if the owner of the mark satisfies certain procedural provisions. 15 U.S.C. § 1125(d)(2)(A). The procedural provisions include establishing that the Court lacks in personam jurisdiction over the defendants, or that the plaintiff has been unable to locate the defendants through due diligence. Id. § 1125(d)(2)(A)(ii). In an in rem action, the remedies are limited to forfeiture, cancellation, or transfer of the Infringing Domain Name to the owner of the mark. Id. § 1125(d)(2)(D).

Thus, to be entitled to relief in rem, the owner of a mark must prove a violation of "any right of the owner of a mark registered in the Patent and Trademark Office," or of subsections 1125(a) or (c). Id. § 1125(d)(2)(A)(i). The phrase "any right of the owner of a mark" encompasses claims brought under § 1125(d)(1). Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 224, 228, 232 (4th Cir. 2002).

Plaintiff has elected to seek relief under § 1125(d)(1). That provision creates civil liability for registering, trafficking in, or using a domain name that is "identical or confusingly similar" to a plaintiff's mark, with a bad faith intent to profit from that mark. 15 U.S.C. § 1125(d)(1)(A).

Thus, to prevail under § 1125(d) (1), a plaintiff must prove (1) plaintiff's ownership of a valid and protectable mark; (2) defendant's use of a domain name that is "confusingly similar" to plaintiff's mark; and (3) defendant's bad faith intent to profit from the mark.

1. Plaintiff Possesses a Valid and Protectable Mark

The undersigned finds that the plaintiff has sufficiently pled protectable rights in the trademarks alleged in the Verified Complaint. Plaintiff has used the ENTREPRENEUR mark extensively in the United States and worldwide in connection with its products. (Compl. ¶ 12.) In addition, plaintiff registered its ENTREPRENEUR mark with the United States Patent and Trademark Office. (Id. ¶¶ 14-15.) The ENTREPRENEUR mark is a famous mark. Therefore plaintiff is entitled to enforce the provisions of § 1125(d) against any domain name that violates its rights in the ENTREPRENEUR mark.

2. The Infringing Domain Names are Confusingly Similar

The undersigned also finds that plaintiff has pled facts showing that the Infringing Domain Names are confusingly similar to the ENTREPRENEUR mark, and that the registration of those domain names was likely to result in damage to the plaintiff. The confusing similarity standard is satisfied when a domain name is virtually identical to the plaintiff's mark. See Agri-Supply Co. v. Agrisupply.com, 457 F. Supp. 2d 660, 663 (E.D. Va.

2006). The Infringing Domain Names are both combinations of word "entrepreneur" with an additional letter and hyphen. These websites - competitors of the plaintiff's E.com site - create a likelihood of confusion.

3. Defendants Have Acted with a Bad Faith Intent

Finally, the undersigned also finds that plaintiff has pled facts evidencing defendants' bad faith intent to profit from plaintiff's ENTREPRENEUR mark. Under the ACPA, bad faith intent may be evidenced by weighing nine non-exhaustive factors. Id. §§ 1125(d)(1)(B)(i). "The factors are given to courts as a guide" and need not be exhaustively considered in every case. Lamparello v. Falwell, 420 F.3d 309, 319-20 (4th Cir. 2005). In relevant part, the factors supporting a finding of a bad faith include: a defendant's intellectual property rights in the domain name; a defendant's intent to divert consumers from the mark owner's website in such a way that could harm the goodwill of the mark; and a defendant's provision of misleading or false contact information when applying for registration of the domain name. 15 U.S.C. §§ 1125(d)(1)(B)(i)(I), (V), (VII).

Based on these factors, the undersigned finds that the defendants have acted with a bad faith intent to profit from plaintiff's mark in violation of the ACPA. They have no intellectual property rights in the Infringing Domain Names. (Compl. ¶ 27.) They do not offer bona fide goods or services,

and apparently only generate pay-per-click revenue. (Id. ¶ 24.) The content offered at the Infringing Domain Names' sites is confusingly similar to that available at plaintiff's E.com site. (Id. ¶¶ 18-21.) This evidences an intent to divert consumers from plaintiff's site in a way that could tarnish the goodwill represented by plaintiff's ENTREPRENEUR mark. Finally, defendants supplied false contact information when registering the Infringing Domain Names, thus demonstrating a bad faith intent to profit from plaintiff's ENTREPRENEUR mark.

B. Conclusion

Because the remaining procedural provisions of 15 U.S.C. § 1125(d) have been satisfied, see supra pp. 2-4, the Court may order the forfeiture or cancellation of the Infringing Domain Names or the transfer of the domain names to the owner of the ENTREPRENEUR mark - the plaintiff. 15 U.S.C. § 1125(d)(2)(D)(i).

IV. REQUESTED RELIEF

The plaintiff seeks an injunction under 15 U.S.C. § 1125(d) ordering the domain name registry VeriSign to transfer each of the Infringing Domain Names to a registrar of the plaintiff's choosing and ordering that the chosen registrar transfer ownership of the Infringing Domain Names to plaintiff.

V. RECOMMENDATION

For the reasons outlined above, the undersigned recommends that default judgment be entered in favor of the plaintiff

