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Internet Law Update

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REGISTRATION AND USE OF DOMAIN NAME FOR CRITICISM DOES NOT CONSTITUTE "FOR PROFIT" UNDER THE ACPA

[Lucas Nursery & Landscaping v. Michelle Grosse, 395 F.3d 806, 2004 U.S.App. LEXIS 4254 (6th Cir. March 5, 2004)]

Lucas Nursery brought an action against Grosse in August of 2001 under the Anticybersquatting Consumer Protection Act ("ACPA") for registering and maintaining the domain name "lucasnursery.com" and creating a website on which Grosse detailed her complaints against Lucas Nursery. Each party filed a motion for summary judgment. The District Court in the Eastern District of Michigan entered a judgment in favor of Grosse and denied the motion for summary judgment of Lucas Nursery. Lucas Nursery appeals.

Michelle Grosse hired Lucas Nursery to correct a dip that ran through her yard. Ms. Grosse was dissatisfied with the work and filed a complaint with the Better Business Bureau ("BBB"). The BBB conducted an investigation but failed to make a recommendation. Ms. Grosse then registered the domain name lucasnursery.com and posted a webpage that relayed her experience with Lucas Nursery. Subsequently, Ms. Grosse received a cease and desist letter from Lucas Nursery's attorney demanding that she cease operating the website. Neither the state of Michigan (where Lucas Nursery was located) nor the United States Patent and Trademark Office had registered a trademark to Lucas Nursery. Based on the lack of

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trademark registration for Lucas Nursery, Ms. Grosse continued to operate her website.

"In order for liability to attach under the ACPA a court must conclude that the defendant's actions constitute 'bad faith.'"¹ There are nine factors listed in the ACPA that typically contribute to determining whether there is bad faith, although the court notes that the factors are "a guide, not a substitute for careful thinking about whether the conduct at issue is motivated by a bad faith intent to profit."²

Eight of the nine factors listed in the ACPA can be broken into two categories: basis for obtaining a registered domain name (four factors); and presence of bad faith (four factors). "The first four factors are those that militate against finding of bad faith by providing some reasonable basis for why a defendant might have registered a domain name of another mark holder."³ In this case, the court notes that the first three of the four factors favors Lucas Nursery. This is because Ms. Grosse does not hold any intellectual property right to the domain name or names included in her lucasnursery.com website, the domain name does not consist of a legal name used to refer to her, and, Ms. Grosse is not in the business of offering goods or services under the name. The final factor, relating to noncommercial use, however, favors Ms. Grosse because of the nature of her use.

The court then turned to the intent category and noted that the "harm that the ACPA was enacted to eradicate – the practice of cybersquatters registering several hundred domain names in an effort to sell them to the legitimate owners of the mark – is simply not present in any of Grosse's actions."⁴ First the court notes that Lucas Nursery had no online presence, therefore Ms. Grosse's website could not "divert consumers from the mark owner's online location."⁵ Second, Lucas Nursery presented no evidence that Ms. Grosse tried to mislead consumers regarding who owned the website.⁶ Ms. Grosse also never offered to sell the website to Lucas Nursery nor did she acquire additional domain names that might have demonstrated an intent to exploit the names.



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Under these circumstances, the court concluded that the operation of a website for purposes of airing complaints about services received did not violate the ACPA.

¹ 359 F.3d 806, ___; 2004 U.S. App. LEXIS 5254 at 7.

² Id. At 12.

³ Id. At 7.

⁴ Id. At 8-9.

⁵ Id. At 9.

⁶ Id. At 10.