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Internet Law Update

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TWO BUSINESSES, ONE NAME: WHO OWNS THE DOMAIN?

[Garden of Life, Inc. v. Barry Letzer et al., 2004 U.S. Dist. LEXIS 8283 (C.D.Cal.)]

Plaintiff, Garden of Life, Inc. is a health and wellness company that sells whole food nutritional supplements. The company was incorporated in 2000 and owns several trademarks for "Garden of Life" logo and words for dietary food supplements. Plaintiff has used its mark in commerce since 2000 and has grossed approximately 40 million dollars, spending approximately 6 million dollars on advertising.

Defendant, Letzer, began operating a business called "Garden of Life" in 1974 in California. From 1992-2003, Letzer offered health and wellness seminars and used the name 'Garden of Life Lessons.' In 1997 the Letzer's registered the domain name www.gardenoflife.com and applied for a US Trademark for 'Garden of Life Lessons'. The registration for a trademark did not issue until late 2002 because the Letzer's were unable to show use in commerce.

Plaintiff became aware of the Letzer's website in November 2000. The parties entered into sporadic negotiations for the sale of the domain name. In late 2003, the Letzer's offered to sell the domain for 3.9 million dollars; plaintiff counter-offered \$25,000. While negotiations were occurring, the Letzer's registered 33 additional domain names that contained variations of the "Garden of Life." The Letzer's own a total of 75 domain names that use the phrase "Garden of Life."

On April 7th 2004, the Letzer's redesigned their website to include references to itself as "the Real and True Garden of Life" and to include arguably disparaging statements, e.g. 'what's in those supplements anyway... Have you ever heard of the ancient ingredients, PURE PROFIT? Is what's inside those capsules...'ⁱ

Plaintiff sent the Letzer's a cease and desist letter and then commenced an action against the Letzer's for: unfair competition, cybersquatting, federal trademark dilution, federal trademark infringement, unfair competition, state trademark dilution, common law unfair competition, common law

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misappropriation, and common law trademark infringement. Shortly after filing the action, plaintiff filed a motion for preliminary injunction. The motion requested that the Letzer's be enjoined from: (1) advertising or offering for sale goods or educational materials related to health, fitness, wellness, diet, nutrition, nutritional supplements, etc.; (2) not make representations that the Letzer's products/services are associated with or otherwise affiliated with plaintiff's; (3) cease advertising or otherwise depicting plaintiff's goods or services; ... (5) not engage in acts that dilute Plaintiff's marks; (6) not register or sell any domain names including 'garden of life' in the name; (7) transfer the domain name 'gardenoflife.com' to plaintiff; (8) provide plaintiff with copies of misdirected communications; (9) post prominent links on its remaining websites directing traffic intended for plaintiff to its website; ... (12) post a disclaimer on its website that it is not affiliated with plaintiff's business. ... "ii

The court indicated that it was "not inclined to order Defendants to transfer to Plaintiff any of the offending domain names. Rather ... it is inclined to permit Defendants to continue using the www.gardenoflife.com domain name if they use the website in a non-infringing manner, if they post a disclaimer on the website that prominently and clearly explains that they are not affiliated with Plaintiff and if the website provides a link to Plaintiff's website."iii

First the court stated that plaintiff had established a likelihood of success on the merits as a senior user of the mark Garden of Life. As the court noted, "in trademark law ... the standard test of ownership is priority of use. To acquire ownership of a trademark is not enough to have invented the mark or even been the first to actually use the mark in the sale of goods or services."iv The court went on to note that "a non-registrant may rebut the presumption that the registrant has the right to exclusive use of the mark by showing, by a preponderance of the evidence, that it was the first to use the mark in commerce and that it has made continuous use of the mark since then."v Even assuming that the Letzers began using the mark as early as 1974, the use was, as the court put it 'sporadic and nomadic.' For example, in 2000 and 2001 the Letzers filed a statement with the State of Washington, Department of Revenue that it had not done business or made any revenue in the previous twelve months. On the other hand, plaintiff was able to show continuous use of the mark in commerce beginning in 2000.

With respect to the cybersquatting claim, the court noted that plaintiff had demonstrated a likelihood of success on the merits for most of the domain names because those domain names were filed after negotiations were begun between the parties and it appeared that they were filed in bad faith. The court did not go so far as to say that plaintiff would be successful on its claim of



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cybersquatting with respect to the gardenoflife.com website because that domain had been registered prior to Plaintiff's mark becoming distinctive.

The court went on to note that it felt that plaintiff had shown a likelihood success on the merits for the trademark infringement claim using the 9th Circuit's eight part test. The court noted that for the Internet the types of confusion included: "a web surfer who intends to access the senior user's website but instead accesses the junior user's website, and may mistakenly believe that the senior user sponsors the junior user's site, or that the two companies are somehow related, or that the junior user is the source of the senior user's products... The danger resulting from this type of confusion is that 'the senior user loses the value of the trademark – its product identity, corporate identity, control over its good will and reputation, and ability to move into new markets...'"¹

At this juncture, defendant continues to operate a website entitled www.gardenoflife.com with a disclaimer that takes misdirected web surfers to plaintiff's site at www.gardenoflifeusa.com.

ⁱ 2004 U.S. Dist. LEXIS 8283 at *7-8.

ⁱⁱ *Id.* At *36.

ⁱⁱⁱ *Id.* At *51.

^{iv} *Id.* At *15 citing *Sengoku Works Ltd. V. RMC Int'l Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996).

^v *Id.* At *17.
