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Internet Law Update

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COURT GRANTS SUMMARY JUDGMENT AGAINST "JUSTDOIT.NET" UNDER ACPA

[Nike, Inc. v. Circle Group Internet, 2004 U.S. Dist. LEXIS 9341 (N.D. Ill.)]

Circle Group, a business that assists emerging companies, registered the domain name "justdoit.net" and used it to re-route Internet traffic to its website at circlegroupinternet.com.

Nike owns the trademark for "Just Do It" and has had a sports and fitness advertising campaign surrounding the "Just Do It" phrase since 1988.

Nike first brought an action before the WIPO Mediation Center disputing defendant's use of the domain name. After a majority of the panel concluded that Nike was unable to show bad faith. The panel did note, however, that using the domain name as a redirect could "potentially qualify as 'bad faith.'"ⁱ Following WIPO's decision, Nike brought an action in the Northern District of Illinois for: cybersquatting under the Anticybersquatting Consumer Protection Act (ACPA), trademark infringement in violation of the Lanham Act, unfair competition and violation of Illinois Deceptive Trade Practices Act, and dilution in violation of the Lanham Act. Nike brought a motion for summary judgment on count 1, for violation of the ACPA; defendant brought its own motion for summary judgment in its favor of count 4, for dilution.

The court granted Nike's motion for summary judgment and denied defendant's motion for summary judgment.

The summary judgment standard requires that the party moving for summary judgment meet the burden of showing the "pleadings, depositions, answers to interrogatories, and admissions on file, together with any affidavits show that there is no genuine issue of material fact and the movant is entitled to judgment as a matter of law."ⁱⁱ In response to Nike's motion for summary judgment on its anticybersquatting claim, defendant's did not challenge the first two elements of the claim; namely, that the Just Do It mark was distinctive and famous and

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that defendant's internet domain name of justdoit.net was identical or confusingly similar.

In granting summary judgment for Nike, the court focused on whether or not defendant acted in bad faith, the third element required for an anticybersquatting claim. The ACPA provides a non-exhaustive list with factors to assist in determining whether bad faith was involved. These factors include: "(1) the trademark or other intellectual property rights of the person, if any, in the domain name; (2) the extent to which the domain name costs of the legal names of the persons or a name that is otherwise commonly used to identify that person; (3) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; (4) the persons' bona fide noncommercial or fair use of the mark in a site accessible under the domain name; (5) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark . . . ; (6) the persons' offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services . . . (7) the person's provision of material and misleading false contact information when applying for the registration of the domain name . . . (8) the person's registration or acquisition of multiple domain names which the persons knows are identical or confusingly similar to marks of others . . . ; and (9) the extent to which the mark incorporated in the domain registration is or is not distinctive and famous. . ."iii

The court found that, on balance, the factors used to show bad faith under the ACPA led to the conclusion that defendant acted in bad faith. The defendant itself did not even dispute that factors 1-5 and 9 favor Nike. Defendant attempted to rely on the fact that it never offered to sell its .net site to Nike coupled with a factual assertion that Halpern, the founder of the company, had used the phrase "just do it" for many years. The only evidence of use provided, however, was "self-serving statements" made by Halpern.iv

ⁱ 2004 U.S. Dist. LEXIS 9341 at *5.

ⁱⁱ *Id.* At *6.

ⁱⁱⁱ *Id.* At*8.

^{iv} *Id.* At *15.