

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

CIVIL ACTION NO. 03-11437-GAO

GLENN HARRISON,
Plaintiff and Counterclaim Defendant

v.

MICROFINANCIAL, INC.,
Defendant and Counterclaim Plaintiff

MEMORANDUM AND ORDER
February 24, 2005

O'TOOLE, D.J.

The plaintiff, Glenn Harrison, brought this action seeking to enjoin the defendant, Microfinancial, Inc., from forcing him to transfer the Internet domain name "leasecomm.org" to Microfinancial. The defendant has brought counterclaims, asserting violations of the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d); federal and state trademark laws; and Mass. Gen. Laws ch. 93A. Microfinancial has moved for summary judgment on its claim for violation of the ACPA and Harrison's claim for an injunction. Harrison has cross-moved for summary judgment on all claims and counterclaims. After hearing and consideration of the parties' submissions, I conclude that Microfinancial's motion for summary judgment ought to be granted, and Harrison's motion ought to be denied.

I. Background

Harrison is a retired truck driver and former police officer who lives in Montgomery, Alabama.

Microfinancial, a Massachusetts corporation, is a financial intermediary that provides financing for commercial leases through its wholly-owned subsidiary, Leasecomm Corp. Since 1985, Microfinancial has done business under the name "Leasecomm," and it claims ownership rights in "Leasecomm" as a trademark; its application for trademark protection is currently pending before the U.S. Patent and Trademark Office. Microfinancial is the registered owner of the internet domain names "leasecomm.com" and "leasecomm.net."

In 1999, Harrison attended a business opportunities seminar, conducted by an affiliate of Leasecomm, that was designed to provide information to individuals seeking to operate their own businesses via the internet. At the seminar, Harrison entered into a lease agreement with Leasecomm Corp. for what he believed was certain business equipment and services. The lease required Harrison to make payments of approximately \$65 per month for four years, totaling more than \$3,000.

Shortly after the seminar, Harrison became unhappy with the terms of his arrangement with Leasecomm. In particular, he discovered that, instead of receiving equipment and services, he received only a license to access a virtual terminal via the internet for the processing of credit card payments. Harrison tried to cancel his lease agreement, and Leasecomm tried to collect from him. Harrison has made only two payments (totaling only approximately \$130) under the lease.

After the dispute began, Harrison began posting on several internet message boards (such as Yahoo! Finance) complaints about Leasecomm. He discovered that others also claimed to have been harmed by Leasecomm's conduct. In fact, Leasecomm and Microfinancial had become targets of investigations conducted by the Federal Trade Commission and several state attorneys general. It was alleged that their lease terms and collection practices violated consumer protection statutes. Microfinancial reached settlement agreements with the state and federal governments and agreed not to enforce certain lease terms and to cease certain collection practices.

Prior to the resolution of the state and federal investigations, Harrison registered the internet domain name "leasecomm.org" and established a website dedicated to criticizing Leasecomm and Microfinancial, publicizing the details of his experience, and providing information to others who may have been harmed. Harrison's website continues to provide criticism of the companies and information about the state and federal litigation.¹

Microfinancial brought a non-binding action before the World Intellectual Property Organization ("WIPO") to force Harrison to surrender the internet domain name "leasecomm.org." The WIPO arbitrator ruled in favor of Microfinancial. Harrison then brought this action pursuant to 15 U.S.C. § 1114(2)(D)(v) to enjoin the transfer of the domain name. As noted above, Microfinancial has counterclaimed alleging violations of federal and state trademark and consumer protection laws.²

¹ In June 2004, during the pendency of this action, Harrison also registered the domain name "timepayment.org." Timepayment Corp. is affiliated with Microfinancial.

² It should be noted that, for purposes of this lawsuit, Microfinancial is not attacking the content of Harrison's website and is not trying to stop Harrison from criticizing Microfinancial or from using the Leasecomm mark when criticizing Microfinancial on the internet. Rather, Microfinancial is trying to stop Harrison from using the domain name "leasecomm.org."

II. Discussion

A. Anticybersquatting Consumer Protection Act

The ACPA states,

(1)(A) A person shall be liable in a civil action by the owner of a mark . . . if, without regard to the goods or services of the parties, that person

- (i) has a bad faith intent to profit from that mark . . . and
- (ii) registers, traffics in, or uses a domain name that–
 - (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark

15 U.S.C. § 1125(d). It is clear from the summary judgment record that Harrison has registered and uses a domain name that is identical or confusingly similar to Microfinancial’s distinctive mark. In fact, Harrison presented no challenge with respect to those issues. The parties’ dispute, instead, focuses on whether Harrison had a bad faith intent to profit from his use of the mark.

The ACPA lists nine non-exclusive factors to assist in determining whether there was a bad faith intent to profit:

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (a), a court may consider factors such as, but not limited to

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V) 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, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
- (VI) the person's 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, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

Id. § 1125(d)(1).

The parties have both moved for summary judgment on this issue, both sides asserting that the material facts are not in dispute and the matter can be decided at this stage as a matter of law. I agree and conclude on the undisputed evidence that Harrison had a bad faith intent to profit from his registration and use of the domain name leasecomm.org and, consequently, has violated the ACPA.

Most of the § 1125(d)(1) factors weigh against Harrison. For example, Harrison has no trademark or other intellectual property rights in the domain name (factor I), the domain name does not consist of Harrison's legal name or a name that is otherwise commonly used to identify him (factor II), he has not previously used the domain name in connection with the bona fide offering of any goods or services (factor III), and he has registered multiple domain names which are identical or confusingly similar to the defendant's trademarks (factor VIII).³

³ Microfinancial also argues that Harrison's website should not be considered noncommercial (factor IV) because it contains advertisements and links to attorneys who have brought lawsuits against Microfinancial. I do not find the argument convincing. Nevertheless, as set forth in this memorandum, there is ample other evidence upon which to base my determination that Harrison has a bad faith intent to profit from his use of the domain name.

Harrison cannot credibly argue that he did not intend to divert consumers from Microfinancial's online location to his website dedicated to disparaging Microfinancial and Leasecomm (factor V). So foreseeable was it that persons interested in contacting or learning about Leasecomm might be misled into thinking "leasecomm.org" was the company's own address that Harrison's use of it in the circumstances can only be understood as a purposeful effort to use the likely confusion as a way of getting his criticism about Leasecomm to an intended audience of the company's customers or potential customers. See People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 366 (4th Cir. 2001) (finding likelihood of confusion existed where alleged cybersquatter used domain name "peta.org," and stating that the "domain name *peta.org* simply copies PETA's Mark, conveying the message that it is related to PETA."). The domain name "leasecomm.org" does not signal that Harrison's website contained commentary or criticism of Leasecomm, unlike the domain names that contain within them an implication of either criticism or parody. See, e.g., Taubman Co. v. Webfeats, 319 F.3d 770, 777-78 (6th Cir. 2003) (defendant's domain name "taubmansucks.com" not confusing because it plainly conveyed criticism of trademark owner).

Perhaps more importantly than these considerations, Harrison offered to transfer the domain name "leasecomm.org" to Microfinancial in exchange for a sum of money and other consideration valuable to Harrison, without having used the domain name in connection with the bona fide offering of any goods or services (factor VI).

During the early days of his dispute with Microfinancial, Harrison registered the leasecomm.org domain name. A short time later, he offered to transfer the domain name. The

homepage of the website has a link, entitled “My Offer to Leasecomm,” below an animation of two hands shaking (signifying an agreement). The link is connected to a page with the title “Let’s Deal Leasecomm” and the statement, “Below is a ‘cut & paste’ of my offer to them on the Yahoo Finance message board.” Referring to Microfinancial’s use of the legal system to compel Harrison to transfer the domain name, the message states that Harrison is willing to “give” the domain name to Microfinancial if it will comply with his demands: reimburse Harrison for the \$35 he paid to register the domain name, “Return all the money you’ve stolen over the last 15 years,” and “Send written letters of apology to all the victims.”

In an affidavit, Harrison admits that he made financial demands upon Microfinancial:

After any obligations I had were wiped out by the Stipulated [J]udgment with the FTC, I spoke to Leasecomm President Richard Latour and Vice President Steven LaCreta. I demanded that they refund my money, and the money of all defrauded Leasecomm customers. I continue to demand that they refund all the money that they stole through their frauds.

Harrison Aff. at ¶ 20.

Harrison does not contest the evidence that he was using the website as leverage to compel Microfinancial to comply with his demands. Richard Latour, president and chief executive officer of Microfinancial, submitted an uncontroverted affidavit, stating:

Prior to May, 2003, I received a telephone call from an individual who identified himself as Glen Harrison. Mr. Harrison asked me if I knew who he was. I told him that I did not. Mr. Harrison then asked whether I had seen the website that he had created at leasecomm.org. I told him that I had not. Mr. Harrison told me to look at his website and then get back to him. He said that after I saw what was on his website, Microfinancial should agree to cancel his lease and refund his money.

Def.’s Opp’n to Pl.’s Mem. for S.J., Ex. C, Latour Aff. at ¶ 4. Harrison also confronted Latour in the parking lot outside of his office and demanded his money back. Id. at ¶ 5.

Harrison does not deny making financial demands upon Microfinancial. Instead, he argues that his offer to transfer the domain name in exchange for compliance with his demands was merely rhetorical and polemical and cannot be seen as evidencing a serious offer to make a deal with Microfinancial. His argument is both unconvincing and insufficient to defeat summary judgment on the issue. The undisputed evidence is clear that Harrison sought to use the offered transfer of the domain name to Microfinancial as leverage to obtain a financial benefit for himself and others (whom he described as victims). That fact, together with the other factors previously discussed, compels only one conclusion: Harrison had a bad faith intent to profit from his use of the domain name. No reasonable jury could find otherwise.

The cases Harrison relies on are easily distinguished because, among other reasons, the domain name registrants in those cases never offered to transfer the domain names to the mark holders. See TMI, Inc. v. Maxwell, 368 F.3d 433, 440 (5th Cir. 2004) (“Maxwell never offered to sell the domain name”); Lucas Nursery and Landscaping, Inc. v. Grosse, 359 F.3d 806, 810 (6th Cir. 2004) (“Grosse never offered to sell the site to Lucas Nursery”); Mayflower Transit, LLC v. Prince, 314 F. Supp.2d 362, 368-69 (D.N.J. 2004) (“Defendant did not make an ‘offer to sell’ his domain name to Plaintiff”); Northland Ins. Cos. v. Blaylock, 115 F. Supp.2d 1108, 1124 (D. Minn. 2000) (denying preliminary injunction because, despite suggestion that “an inference can be made that defendant’s intent is to use this Internet domain name as leverage to extract a sum of money that will help compensate him for his perceived losses,” the record at this stage did not sufficiently reflect a bad faith intent to profit).

In contrast, when a domain name registrant has clearly offered to transfer the domain name to the mark holder, courts have found in favor of the mark holders. See Coca-Cola Co. v. Purdy, 382 F.3d 774, 786 (8th Cir. 2004) (defendant “offered to stop using the Washington Post domain names in exchange for space on the editorial page in that newspaper” and “tr[ie]d to force a settlement of this action by threatening to publish private emails of [Washingtonpost Newsweek Interactive Company] WPNI employees received at wpni.org”); People for the Ethical Treatment of Animals, 263 F.3d at 369 (“Doughney made statements on his web site and in the press recommending that PETA attempt to ‘settle’ with him and ‘make him an offer’”).

Finally, I reject Harrison’s argument to the contrary and conclude that the First Amendment does not protect Harrison’s use of the leasecomm.org domain name where such use is proscribed by the ACPA.

Because Harrison has violated the ACPA, it follows that he is not entitled to any of the relief he has sought in his complaint, and Microfinancial is entitled to judgment on Harrison’s claim.

B. Other claims

With respect to Microfinancial’s other claims concerning violations of state and federal trademark laws and Mass. Gen. Laws ch. 93A, Microfinancial has opposed summary judgment, arguing that more discovery is needed to determine if Harrison’s use of the domain name is in commerce, in connection with goods or services, and is likely to cause confusion. I am inclined to agree that these issues are not ripe for summary judgment because some additional discovery is appropriate. At the hearing on the pending motions, however, Microfinancial stated that if it prevailed on its ACPA claim, it would seek to dismiss its remaining counterclaims. If that remains

its intention, Microfinancial should take appropriate action to dismiss voluntarily its counterclaims two, three, four, and five. A dismissal of the remaining claims would also moot any existing discovery disputes, including Microfinancial's subpoena issued to Yahoo! seeking records related to the counterclaims.

III. **Conclusion**

Microfinancial's motion for summary judgment in its favor on the complaint and count one of the counterclaim is granted, and Harrison's motion for summary judgment is denied.

It is SO ORDERED.

February 24, 2005
DATE

\s\ George A. O'Toole, Jr.
DISTRICT JUDGE