

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND, NORTHERN DIVISION

DAVID L. THERRIEN

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Civil Case No.

*

JFM-02-2200

Plaintiff,

v.

*

MLS NETWORK, INC.

*

Defendant.

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**MEMORANDUM IN SUPPORT OF PLAINTIFF'S MOTION
FOR DEFAULT JUDGMENT AGAINST MLS NETWORK, INC.**

I. Summary of Relevant Law

Rule 55(a) of the Federal Rules of Civil Procedure provides that, "[w]hen a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend as provided by these rules and that fact is made to appear by affidavit or otherwise, the clerk shall enter the party's default." Fed. R. Civ. P. 55(a). Rule 55(b)(2) provides for entry of judgment by default by the Court in instances where the plaintiff's claim against a defendant is not exclusively for a sum certain.

II. Default Judgment Is Appropriate

Entry of default judgment is appropriate in this case. Pursuant to this Court's Order of May 7, 2003 granting Plaintiff's Motion for an Order Permitting Service of Process by

Alternative Means Under Maryland Rule 2-121(c), Plaintiff served the Summons, Complaint, and related papers upon Defendant via both regular mail and certified mail to each of two separate mailing addresses: (a) one set of papers to the address of Defendant listed with the Office of the Secretary of State for the State of South Carolina (709 Johnnie Dodds Blvd, Mt. Pleasant, South Carolina 29464), and (b) one set of papers to Defendant's address as listed in the local telephone directory and as given by Defendant as its business address in the underlying administrative proceeding (272 West Coleman Blvd., P.O. Box 1600, Mt. Pleasant, South Carolina 29465). Because Defendant failed to plead or otherwise defend as directed in the Summons served upon it, an Order of Default was entered against Defendant by the Clerk of the Court on June 27, 2003.

A. Plaintiff's Allegations of Fact are Undisputed

Plaintiff's allegations and arguments, as set forth in his Complaint, are undisputed as a result of Defendant's failure to plead or otherwise defend. Plaintiff's allegations and arguments show that Plaintiff's action in registering and using the MLS.BIZ domain, the sole act by Plaintiff about which Defendant could complain, was done in good faith and was an honest attempt by Plaintiff to develop and grow the Internet-based side of his real estate business. Defendant's abuse of the administrative process provided under STOP (the dispute

resolution procedure applicable to .BIZ domain name registrations), and the panelist's subsequent erroneous decision, have damaged Plaintiff. Defendant's efforts to either evade service or ignore Plaintiff's legal action in this case are consistent with the minimal efforts undertaken by Defendant in initiating the administrative proceeding against Plaintiff. Plaintiff should not be made to suffer past and continuing harm due to Defendant's actions in bringing the administrative proceeding.

B. Defendant Failed to Meet Its Burden of Proof

In the underlying administrative proceeding, Defendant had the burden of proof to prove three things: (1) that Plaintiff's MLS.BIZ domain name is identical to a trademark or service mark in which defendant has rights, (2) that Plaintiff has no rights or legitimate interests with respect to the MLS.BIZ domain name, and (3) that Plaintiff's registration was made in bad faith. The rules of that proceeding are crystal clear: "Complainant must prove that each of these three elements is present." Not only did Defendant fail to carry this burden of proof, Defendant's administrative complaint displayed only a modicum of effort, consisting of the form complaint provided by the National Arbitration Forum with certain blanks and information filled in where appropriate. Defendant's allegations are completely devoid of any factual allegations, and other than

attaching two trademark registrations, Defendant provides no evidence or other factual support. Further, Defendant failed to properly serve Plaintiff in accordance with the rules of the proceeding. The entirety of the defects relating to Defendant's administrative proceeding are set forth more fully in the Complaint in this case and will not be recited again herein.

Subsequent to Defendant's filing which initiated the administrative proceeding, Defendant had the opportunity under the STOP rules to file a reply to Plaintiff's response, or to otherwise provide evidence in support of its arguments. Defendant failed to file any reply or supplement to its complaint.

C. The Administrative Panelist's Decision Was Erroneous and Failed to Consider Plaintiff's Evidence or the Lack of Defendant's Evidence

Defendant's action against Plaintiff in the underlying administrative proceeding was without merit and caused Plaintiff unnecessary harm and expense. Despite the numerous flaws in Defendant's administrative proceeding, many of them apparently fatal to Defendant's case, Plaintiff was forced to expend considerable time and resources in responding to the administrative proceeding, subsequently filing a written response of the maximum allowable length (ten pages) with an additional eight exhibits attached thereto. Included among Plaintiff's exhibits was a letter from counsel for the National

Association of Realtors showing that the term "multiple listing" and its acronym, "MLS," have been in use since as early as 1907 as well as a sworn declaration of Plaintiff David L. Therrien disputing the allegations in Defendant's complaint.

Despite the dearth of argument or evidence presented by Defendant and the numerous arguments and evidence presented by Plaintiff in favor of its position, and despite the fact that, under the Rules, the administrative panelist was required to review all of the evidence presented, the administrative panelist failed to evaluate all of the evidence presented as evidenced by the administrative panelist's written decision, a decision contrary to and inconsistent with the evidence presented. The administrative panelist appears to have entirely ignored Plaintiff's allegations of reverse domain name hijacking, that it has legitimate rights to use the term "MLS," that "MLS is a generic and descriptive term as used with real estate, that Plaintiff's registration and use of the MLS.BIZ domain name was not in bad faith and was not registered with any knowledge of Defendant or Defendant's alleged business, and that Defendant failed to comply with the procedural requirements of the STOP proceeding.

Further, the administrative panelist's written decision appears to support the fact that the administrative panelist failed to consider all facts presented. For example, the

administrative panelist found that Plaintiff registered the MLS.BIZ domain name in order to prevent Defendant from using that domain name, notwithstanding evidence, including a sworn statement by Plaintiff, that Plaintiff registered the name for use with his own legitimate business interests and that, at the time the MLS.BIZ domain name was registered by Plaintiff, Plaintiff was not even aware of the existence of Defendant and did not become aware of Defendant until the filing of the administrative proceeding.

D. The Administrative Panelist's Decision is Contrary to U.S. Trademark Law

It is a well settled principle of U.S. trademark law that, unless a mark is a "famous" mark, the same or similar marks may exist in different classes as used in connection with different goods or services. See, 15 U.S.C. 1125(d)(1)(A)(ii)(II); see also, Kenner Parker Toys Inc. v. Rose Art Industries, Inc., 963 F.2d 350, 352-353 (U.S. App. 1992), In re E.I. duPont deNemours & Co., 476 F.2d 1357, 1361 (CCPA 1973) (among the factors in testing for likelihood of confusion are "(2) The similarity or dissimilarity and nature of the goods or services . . ."). Furthermore, marks which are not particularly distinctive are entitled to narrower protection than marks which are unusually distinctive. Id. at 353-355 (citing Sure-Fit Prods. Co. v. Saltzson Drapery Co., 254 F.2d 158 (CCPA 1958)).

As stated in the Complaint, as of the date of filing of the Complaint, there were at least one hundred and five (105) records in the U.S. Trademark Office database which contained the term "MLS." Upon reviewing those records, it becomes apparent that the "MLS" term is neither particularly distinctive nor does Defendant have the absolute and exclusive right to use MLS in connection with all forms of goods and services. Defendant's federal trademark registrations are for use in connection with computer software (Class 42) and services relating to the trafficking of domain names (Classes 35 and 36). While questions may certainly arise as to Defendant's motives for registering such marks, the fact that one of Defendant's stated businesses relates to "brokerage and escrow services in the field of registration, purchase and sale of domain names . . . and/or toll free numbers" (see Exhibit A to Complaint), the business of domain name trafficking (and a trademark registration relating thereto) does not automatically give rise to an absolute right to own all domain names containing the term "MLS." In fact, none of Defendant's registrations relate to use in connection with providing real estate-related services, Plaintiff's actual and stated field of business and occupation.

Because, under U.S. trademark law, the mere existence of Defendant's MLS registrations is insufficient to permit a finding of likelihood of confusion, if Defendant were to seek

remedy in a court of law for trademark infringement, such an action would likely fail. The fact that the administrative judge's finding that the mere existence of rights in a federal registration, coupled with an erroneous finding that Plaintiff has no rights or legitimate interests in the dispute domain name, is sufficient to allow Defendant to prevail in the administrative proceeding runs contrary to the true facts in this case as well as U.S. trademark law.

E. Plaintiff Has Been Harmed By Defendant Without Justification

Plaintiff was left with no recourse but to file this action with the Court; failure to act by the Plaintiff would have resulted in an immediate transfer of the MLS.BIZ domain name to Defendant and would have resulted in significantly hampering Plaintiff's efforts in developing the MLS.BIZ site and would have rendered much of Plaintiff's investment in that site as worthless.

In filing the administrative proceeding, Defendant has engaged in an unfair and fraudulent scheme to obtain the MLS.BIZ domain name. Defendant made numerous false statements of fact in its complaint in the underlying administrative proceeding, and the administrative panelist relied on such statements to the exclusion of Plaintiff's evidence. In fact, Defendant's statements were tailored to be nearly verbatim the language

required under the STOP Rules for a finding in Defendant's favor, without the addition of any substantive allegations of fact. As a result of Defendant's actions, Plaintiff has been required to expend significant time, expense, and resources in first defending against the administrative proceeding, and subsequently bringing this action to correct the erroneous decision of the administrative panelist (Plaintiff's sole remedy in such instance).

F. Defendant Has Knowingly and Tortiously Interfered With Plaintiff's Prospective Business Advantage

In initiating the administrative proceeding, Defendant has knowingly and tortiously interfered with a prospective business advantage of Plaintiff's. As a result of Defendant's actions and unfair scheme to obtain the MLS.BIZ domain name, Plaintiff has been unable to proceed with his plans to develop, advertise, and utilize the MLS.BIZ domain name due to the uncertainty over the right to use that domain name. Defendant knew that, as a result of the filing, Plaintiff's ability to utilize the domain name would be impaired at least through the date of the administrative panelist's decision; effectively, Defendant has caused Plaintiff's ability to use the MLS.BIZ domain name to be halted for over one year (as of the date of this Memorandum). Defendant's actions constitute an intentional and tortious interference, causing Plaintiff to not only lose one year's

worth of time since the date Defendant filed the administrative complaint, but has also caused Plaintiff to be unable to take advantage of the time and effort that had been previously expended in registering, planning, and use of the MLS.BIZ domain, all amounting to significant harm suffered by Plaintiff.

Prior to initiating its administrative proceeding, Defendant made no attempts to contact Plaintiff in order to seek an amicable resolution or, at a minimum, learn more about Plaintiff's planned use of the MLS.BIZ domain name. As evidenced by the complete lack of any facts asserted by Defendant in the papers filed in the administrative proceeding, Defendant also apparently made no inquiry as to any of the facts surrounding Plaintiff's actual or planned use of the MLS.BIZ domain name. Defendant's actions, without justification, in pursuing the administrative proceeding against Plaintiff, were tantamount to negligent conduct, and should entitle Plaintiff to recover his reasonable attorneys fees and costs expended in defending the administrative action and pursuing legal action with this Action, as well as the damages reasonable suffered by Plaintiff as a result of the difficulties, burdens, and expenses imposed on Plaintiff relating to the MLS.BIZ domain name.

G. Defendant Has Attempted to Abuse the STOP Administrative Proceedings and Engage in Reverse Domain Name Hijacking

Plaintiff's registration of the MLS.BIZ domain name was a legitimate, uncontested act, and was not intended to cause confusion or create interference with the rights of anyone. Defendant, on the other hand, appears to, among other things, be directly engaged in the trade of domain names. Defendant, while claiming that Plaintiff has no legitimate rights in and to the MLS.BIZ domain name, does not itself state its actual intended use for the MLS.BIZ domain. In fact, while Defendant holds numerous registrations to domain names such as MLS.COM and MLSNETWORK.COM, domains registered for over eight and five years, respectively, there are no active websites located at either of those addresses. Presumably, the same would be true were MLS.BIZ transferred to Defendant. Defendant's filing of the administrative proceeding would have only had the effect of stifling legitimate commercial use of the domain name.

In filing the administrative proceeding, Defendant has attempted to utilize the anticybersquatting provisions of the Lanham Act to wrest control of the MLS.BIZ domain name from a rightful, non-infringing registrant. Such acts on the part of Defendant constitute reverse domain name hijacking in abuse and violation of the anticybersquatting provisions of the Lanham Act and should not be permitted.

III. Conclusion

Defendant's only active involvement in setting off the chain of events which have led to this matter before the Court was the modicum of effort that Defendant expended in filing its form complaint with in the underlying administrative proceeding. Defendant did not make any effort to subsequently respond to Plaintiff's filing, appeared to evade service in the present action, and failed to answer, respond, or otherwise defend itself when ultimately served with a Summons and Complaint in this action. Accordingly and properly, a Default was entered against Defendant. As a result of Defendant's otherwise laissez faire attitude toward this case, it is fair and appropriate for this Court to enter default judgment against Defendant in the form requested by Plaintiff.

/s/

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