



GoPets, Ltd v. Hise: Ninth Circuit Clarifies "Registration" Issues to Decide Anticybersquatting Consumer Protection Case

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In *GoPets, Ltd. v. Hise*, Nos. 08-56110, 08-56112 and 08-56114 (9th Cir. September 22, 2011), the Ninth Circuit clarified a key part of the Anticybersquatting Consumer Protection Act ("ACPA") and its prohibition of "cybersquatting" registration of internet domain names identical or confusingly similar to registered trademarks and service marks. In doing so, the Ninth Circuit held that the accused cybersquatters did not violate the ACPA when a currently registered domain name was re-registered, but affirmed a judgment against them for registering more than a dozen additional domain names. The timing of the registrations was a crucial element.

The background of *GoPets* involves the collision of two developing companies which, for different reasons, developed an interest in the gopets name. The domain name gopets.com was first registered by defendant Edward Hise in 1999, during his development of a business plan for gopets.com as part of a marketing class he was taking. The plan called for development of the website into a pet owner resource covering pet health, safety and other pet-related issues. Hise and his brother also own defendant Digital Overture, a corporation that performs internet-related services for its clients, including registering and maintaining domain names; more than 1300 domain names have been registered by these defendants in the past decade.

In 2004, Erik Bethke founded GoPets, Ltd., which created a game featuring virtual pets that move between the computers of registered users. GoPets, Ltd. submitted an application in September 2004 to register its service mark, "GoPets" in the United States; its first use in commerce was shown to be August 20, 2004. The federal registration issued in November 2006.

In 2004 Bethke contacted Hise and began a series of unsuccessful attempts to buy the gopets.com domain name. In response to the initial contact, Hise offered to consider selling the domain name. Bethke later tendered an offer of \$750, but Hise did not accept it. Failing to reach an agreement to purchase the domain name, in May 2006 GoPets, Ltd. filed a complaint against Hise with the World Intellectual Property Organization ("WIPO") under ICANN's binding arbitration procedures, to pursue transfer of the gopets.com domain name.

In July 2006, the WIPO arbitrator found that the domain name was confusingly similar to GoPet's service mark, and was "unconvinced" that Hise ever had a serious plan to develop a website at gopets.com. He nonetheless held that the initial gopets.com registration was not made in bad faith – being registered five years before GoPets was founded. He therefore ruled for Hise.

Bethke and GoPets made further offers to Hise in October and November 2006, to buy gopets.com for \$5,000, then \$40,000. No deal was reached. In December 2006, while the parties communicated their positions, Hise transferred the gopets.com registration to Digital Overture. Until September 2004, the gopets.com site had no content, and no more content appeared until November 2006. Hise and Digital Overture added further content

over the following months.

In November 2006, Hise and his brother also began registering more than a dozen additional domain names similar to gopets.com, such as gopetssite.com, gopet.biz, gopet.org, and the like. In March 2007, Hise offered to sell gopets.com for \$5 million. GoPets, Ltd. then filed a federal complaint, alleging violating of the ACPA, the Lanham Act, and state law claims.

On appeal, the Ninth Circuit ruled that Hise's initial registration of gopets.com did not violate the ACPA. Because GoPets, Ltd. did not exist at the time of the original registration in 1999, there could be no "bad faith" intent on Hise's part to violate GoPets, Ltd.'s rights in the name at that time. The court ruled further that the right of Hise in the domain name was not lost when he transferred the domain name to a new owner, Digital Overture. Consequently, Digital Overture's re-registration and continued ownership of the original domain name did not fall within the prohibitions of the ACPA.

However, the Ninth Circuit reached the opposite conclusion with regard to the numerous additional names Hise and his brother began registering in 2006, all of which were registered long after the GoPets trademark had become distinctive in 2004. The court found evidence in the record that Hise and his brother had registered these additional names in bad faith, with the intent "to divert customers from [GoPets'] online location to a site accessible under [these] domain name[s] . . . by creating a likelihood of confusion." The court rejected the defendants' argument that they had registered the additional names with reasonable grounds to believe they were making a fair use or otherwise lawful use of these domain names. The court found that Hise's July 2006 victory in the WIPO dispute only gave him grounds to believe his use of gopets.com was proper; it provided no reason to believe that he had a right to register additional domain names identical or confusingly similar to GoPets after that mark was established in 2004.

GoPets is, in one respect, an interpretation of one technical provision of the ACPA, in particular what does and does not constitute a "registration" that violates that statute. More broadly, it is a reminder that the timing and surrounding circumstances of a disputed domain name registration can be crucial to the outcome of a dispute under the ACPA.

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