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## Auto Dealer's Cybersquatting Claim Against Rival Shop Can Go Forward

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A federal judge in Newark has refused to dismiss a Nissan dealership's claim that a rival franchise cybersquatted on its Internet domain.

U.S. District Judge Dennis Cavanaugh held the claim was cognizable even though defendant Dibre Auto Group registered the domain names — [www.edisonnissan.com](http://www.edisonnissan.com) and [www.nissanofedison.com](http://www.nissanofedison.com) — before plaintiff Edison Motor Sales started doing business as Edison Nissan.

The complaint, in *Edison Motor Sales v. Dibre Auto Group*, 12-cv-239, alleges that Edison Motor had a distinctive trademark, that Dibre intended to trade on the mark's reputation and profit from it, and that even if Dibre had a bona fide intent to use the names in commerce when it acquired them, it did not start using them until after Edison Nissan began operating.

In his Oct. 19 ruling, Cavanaugh agreed with Edison Motor's position that mere registration of a domain name with intent to use it commercially does not establish "use" as a mark or establish priority over a rival.

In addition, Cavanaugh declined to dismiss claims for unjust enrichment, violation of New Jersey's Fair Trade Act and a federal false advertising claim.

"[I]t is quite possible here that prospective users of Plaintiff's services who mistakenly access Defendants' web site may fail to continue to search for Plaintiff's own home page, as a result of anger, frustration, or the belief that [it] does not exist," he wrote.

Edison Motor contends it has invested a lot of money in promoting and advertising the dealership on the Internet, on television and in print and other media to develop good will, but that Dibre was using the domain names to direct buyers to its own Nissan dealership in North Plainfield.

The suit also accuses Dibre of acting in bad faith and in retaliation.

Dibre acquired the domains in October 2010 when it was competing with Edison Motor Sales and other dealers trying to get Nissan North America Inc. to grant them a new dealership location in Edison.

Edison Motor Sales beat out the other applicants and, before opening for business in November 2011, registered the trade name 'Edison Nissan' with the state in March 2011 and started using it as a trade name in May 2011.

Its dealer agreement with Nissan car manufacturer recognized that it would be doing business as Edison Nissan.

Within days of Edison Motor starting up business, its lawyer sent Dibre a cease-and-desist letter on Nov. 4, 2011. Salvatore Giampiccolo, of McElroy Deutsch Mulvaney & Carpenter's Ridgewood office, complained that Dibre wrongfully procured and registered the [edisonnissan.com](http://www.edisonnissan.com) address and accused it of cybersquatting because it had no dealership in Edison. He gave Dibre five days to certify that it had given up the domain name or else face litigation.

Giampiccolo's letter indicated that Edison Motor did not realize at that point that Dibre was actually using the web address, saying it appeared the domain name was "not currently associated with a functioning web site."

On Nov. 8, a lawyer for Dibre, Paul Pawlowski of Edison's Schiller & Pittenger, wrote back saying his client registered the domain names in good faith when it was seeking the Edison dealership and "in anticipation of successfully obtaining" it.

He said Dibre's application materials to Nissan contained the Edison Nissan name and as a Nissan dealer in New Jersey, Dibre had the right use the name.

Giampiccolo e-mailed Pawlowski that afternoon, insisting Dibre give up both names and noting that Dibre had recently linked them to its North Plainfield dealership.

Pawlowski's Nov. 10 letter in response insisted on Dibre's right to use the domain names. He pointed out that Dibre's dealership was only three miles from Edison and closer to many parts of the town than the plaintiff's location. Given the proximity, "parts of Edison have always been very much a part" of the dealership's relevant market, stated Pawlowski.

Noting that Edison Motors had registered the domain name rt1nissan.com on Feb. 24, 2011, he said Dibre assumed that was the web address it planned to use.

In any event, Pawlowski said, Dibre had been using the contested domain names to offer goods and services since 2010 and did so in good faith after registering the names before Edison Motors got the Edison dealership.

It was Edison Motor's "after the fact name selection" that was the cause of any confusion, concluded Pawlowski.

Edison Motor sued on Jan. 13, seeking a preliminary injunction, which was resolved by a Feb. 28 consent order in which Dibre agreed to stop using the names while the case was pending.

At present, typing the disputed web addresses into a browser will open up the Edison Motors website, at [www.myedisonnissan.com](http://www.myedisonnissan.com).

John Whitteaker, of McElroy Deutsch's Morristown office, representing Edison Motor, says Cavanaugh's ruling reflects that the root of cybersquatting is unfair competition.

The defendants stressed that their prior registration of the domain names protected them and that bad faith was required at the time of registration but Cavanaugh found it sufficient to allege that bad faith developed later, he says.

Another lawyer for Dibre, Thomas Russomano of the Schiller firm, says his client was hopeful that by entering into the consent order, the case "would resolve itself" but the plaintiff is pursuing it. He describes the situation as a "misunderstanding," adding that "the facts will bear that out."