

# New Jersey Court Refuses to Dismiss “Cybersquatting” Trademark Lawsuit

by Christine M. Vanek on November 2, 2012

A New Jersey judge recently refused to dismiss a trademark infringement lawsuit involving cybersquatting. The case arose after two rival car dealerships sought to become the new official Nissan dealership of Edison, New Jersey.

Defendant Dibre Auto Group registered two domain names — [www.edisonnissan.com](http://www.edisonnissan.com) and [www.nissanofedison.com](http://www.nissanofedison.com) — in connection with its application to acquire the new dealership. However, the dealership was ultimately awarded to plaintiff Edison Motor Sales, which subsequently adopted the trade name “Edison Nissan.”

After Dibre refused to stop using the domain names, Edison Motor Sales filed suit, alleging a number of claims, including false advertising, unfair competition, cybersquatting, violation of New Jersey Fair Trade Act, and unjust enrichment. It alleged that the trademark rights granted by its dealer agreement with Nissan precludes the use of “Edison Nissan” or the variant “Nissan of Edison” as a trade name or domain name by other Nissan dealers, including Dibre Auto Group.

According to the complaint, “Defendants divert prospective customers to their website via the domain names ‘edisonnissan.com’ and ‘nissanofedison.com,’ and unfairly create the likelihood of confusion and mistake with Plaintiff’s trade name and service mark, ‘Edison Nissan.’ Edison Motor Sales further contends that given Dibre’s knowledge of the practice of using geographic terms in Nissan dealer trade names and domain names, “Defendants’ use of the domain names is in bad faith and in retaliation for not having been awarded the dealership.”

In refusing to grant a motion to dismiss, U.S. District Judge Dennis Cavanaugh rejected Dibre’s argument that registering the domain names gave it priority over its rival. In his decision, Cavanaugh repeatedly emphasized that the registration dates alone “fail to establish the Defendants’ use of the domain names in commerce.”

With respect to the cybersquatting claim, Dibre argued that Edison Motor Sales failed to allege bad faith or that its “mark” was distinctive at the time Dibre registered the domain names. However, Cavanaugh again disagreed.

He concluded that while it is possible that Dibre registered the domain names with the bona fide intent to use them in commerce, it failed to use them until *after* the Edison dealership had been awarded to its competitor. Accordingly, he held that it appears that Dibre acted with the intent to profit from the mark’s reputation and refused to dismiss the claim.

*If you have any questions about this case or would like to discuss the legal issues surrounding cybersquatting, please contact me or the Scarinci Hollenbeck attorney with whom you work.*