

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

TELEPATHY, INC.
P.O. Box 11077
Washington, D.C. 20008,

Plaintiff,

v.

CORPORACION EMPRESARIAL
ALTRA S.L.,
Parque Tecnológico de Andalucía,
Calle Marie Curie, no. 21,
Campanillas, Málaga, Spain, C.P, 29590,

Defendant.

Case No.

VERIFIED COMPLAINT

Plaintiff, Telepathy, Inc., for its Verified Complaint against defendant Corporacion Empresarial Altra S.L. alleges:

NATURE OF THE SUIT

1. This action arises from a growing and unfortunate trend of companies seeking to acquire domain names wrongfully by asserting spurious cybersquatting claims as a “plan b” when their purchase negotiations do not lead to a price they are willing to accept.

2. Plaintiff Telepathy, Inc. (“Telepathy” or “Plaintiff”) seeks actual, statutory and/or punitive damages, attorney’s fees and costs, a declaration of the parties’ rights, a finding of Telepathy’s lack of bad faith intent under the Anticybersquatting Consumer Protection Act, a finding that Defendant engaged in reverse domain name hijacking under the Anticybersquatting Consumer Protection Act, and a finding that Defendant engaged in negligent misrepresentation and breach of contract.

PARTIES

3. Telepathy is a corporation organized and existing under the laws of Washington, D.C. with a principal business address of P.O. Box 11077, Washington, D.C. 20008.

4. On information and belief, Corporacion Empresarial Altra S.L. (“Defendant”) is registered in the Mercantile Registry of Málaga, with a principal business address of Parque Tecnológico de Andalucía, Calle Marie Curie, no. 21, Campanillas, Málaga, Spain, C.P, 29590.

JURISDICTION AND VENUE

5. This is a civil action arising under the Lanham Act of 1946, 15 U.S.C. § 1051, *et seq.*, as amended. This Court has jurisdiction under 28 U.S.C. § 1331 (federal question jurisdiction); 28 U.S.C. § 1338(a) (any act of Congress relating to patents, copyrights and trademarks); 28 U.S.C. § 1367 (supplemental jurisdiction); the doctrines of ancillary and pendent jurisdiction; and pursuant to 28 U.S.C. § 1332 (diversity of citizenship) in that there is complete diversity of citizenship between Telepathy and Defendant and the amount in controversy exceeds \$75,000.00.

6. Defendant entered into a contract providing a representation regarding Telepathy’s domain name that “neither I, nor my organization, claims a legal right to the registration of the domain name.” Defendant’s actions, including breach of the aforementioned representation and warranty, caused injury to Telepathy within this District. Defendant has purposely directed its activities at this District, including entering into a contract with a DC based entity, such actions were intentional, expressly aimed at the District, and have caused harm to Telepathy in this District which Defendant knew or should have known would be suffered in this District.

7. Venue is appropriate pursuant to 28 U.S.C. § 1391(b) because the injury to Telepathy giving rise to the claims in this action occurred in this District.

FACTUAL BACKGROUND

Plaintiff and its Business

8. Telepathy is a DC-based e-commerce corporation that has been in business for more than 17 years.

9. Telepathy often registers or acquires domain names, including apparently generic terms, common words, initialisms, acronyms, and short phrases, and uses the domain names to provide information to consumers on the Internet concerning the generic or plain-meaning connotation of the terms. Where the terms have no generic or plain meaning, the domain names are typically used to provide an Internet search function or general information. Telepathy owns over 5,000 such domain names.

10. Airzone is a combination of two common dictionary words, “air” and “zone.” These generic dictionary words have widespread appeal and societal meaning and are not exclusively associated with any one entity.

11. Telepathy registered the airzone.com domain name in September of 1999.

12. Telepathy acquired the airzone.com domain name due to the inherent value of generic and/or common .com domain names.

13. Telepathy was not aware of the existence of Defendant or its claimed common law trademark rights when Telepathy registered the airzone.com domain name in 1999.

14. The airzone.com domain name is not configured to display a website that suggests that the site is operated by or affiliated with Defendant.

15. The airzone.com domain name is not configured to display a website with products or services related to air conditioning or “energy consumption in a global market,” such as those products and services provided by Defendant.

16. Telepathy did not have at the time of registration, and does not now have, an

intent to divert consumers from Defendant's online location to a website that could harm Defendant's goodwill represented by Defendant's trademarks.

17. At no time did Telepathy approach Defendant seeking to sell the airzone.com domain name to Defendant.

18. Several third parties, having nothing to do with Defendant or its business, have offered to purchase the airzone.com domain name. Additionally, in 2001, 2002, and 2004, Defendant reached out to Telepathy in an effort to purchase the airzone.com domain name.

19. Telepathy owns no other domain names containing "airzone," although it does own other domain names that include the generic word "zone."

20. Since the date of Telepathy's acquisition of the airzone.com domain name in September of 1999, the airzone.com domain name registration has at all times reflected accurate contact information identifying Telepathy as the owner of the domain name.

21. Defendant is not the exclusive owner of the generic and/or common English words "air" and "zone" throughout the world, nor is "airzone" exclusively associated with Defendant.

22. A Google search for "airzone" produces over 770,000 results.

23. Defendant's AIRZONE trademarks are not famous within the meaning of the Lanham Act and are not highly distinctive given that the trademark is comprised of merely two generic and/or common English words that are frequently used by third-parties around the world.

24. Telepathy had, and continues to have, reasonable grounds to believe that the registration and use of the airzone.com domain name was a fair use or otherwise lawful.

25. Telepathy neither registered nor used the airzone.com domain name with bad faith intent to profit from the Defendant's trademarks.

Background on the Anticybersquatting Consumer Protection Act

26. The Anticybersquatting Consumer Protection Act (the “ACPA”) was passed into law in 1999 to address the serious problem of cybersquatting, which is the registration, trafficking in, or use of a domain name with a bad faith intent to profit from a trademark that is identical or confusingly similar to the domain name.

27. Around the same time period, the Internet Corporation for Assigned Names and Numbers (“ICANN”) promulgated the Uniform Domain Name Dispute Resolution Policy (“UDRP”) to provide an administrative remedy, dictated by contract, to also address cybersquatting.

28. The ACPA was developed to address “‘cybersquatters’ or ‘cyberpirates,’ who abuse the rights of trademark holders by purposely and maliciously registering as a domain name the trademark name of another company to divert and confuse customers” (106 Cong. Rec., S10517).

29. Similarly, the UDRP was developed to address the “deliberate, bad faith registration as domain names of well-known and other trademarks” (WIPO Final Report, Par. 23 (1999)).

30. The ACPA and the UDRP include a requirement of bad faith.

“Good faith, innocent or negligent uses of a domain name that is identical or confusingly similar to another’s mark or dilutive of a famous mark **are not covered by the legislation’s prohibition**. Thus, registering a domain name while unaware that the name is another’s trademark would not be actionable.”
106 Cong. Rec., S10518.

31. When drafting the ACPA, Congress was concerned that overreaching cybersquatting claims could be asserted to take a domain name from a registrant that did not possess the bad faith specifically required under the ACPA and administrative policies such as

the UDRP. The Congressional Record for the ACPA is replete with specific examples of overreaching cybersquatting claims such as claims asserted against “two year old Veronica Sam’s ‘Little Veronica’ website and 12 year old Chris ‘Pokey’ Van Allen’s web page.” 106 Cong. Rec., S9755.

32. In light of the potential for such overreaching claims, Congress provided domain name owners with causes of action to determine that they have not violated the ACPA, and to award damages, attorney’s fees, and injunctive relief in cases of reverse domain name hijacking.

33. Similar to the ACPA, the UDRP also provides for findings of reverse domain name hijacking where “the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.” As an administrative proceeding, the UDRP does not provide a means for an injured domain name owner such as Telepathy to be made whole, which has forced Telepathy to pursue the present action under the ACPA.

34. Defendant’s actions in the present case are precisely the type of overreaching actions that Congress cited as the reason for creation of the causes of action now asserted by Telepathy. Indeed, Defendant’s course of conduct in pursuit of Defendant’s baseless claims is far more troubling than the examples cited by Congress when creating the present causes of action. Defendant has no more right to steal Telepathy’s airzone.com domain name than the claimants’ had to steal the Veronica.org domain name from little Veronica Sams or the Pokey.org domain name from little Chris “Pokey” Van Allen.

**Background on Defendant
and Defendant’s Reverse Domain Name Hijacking**

35. Defendant claims to be a leading business group providing product and services related to air conditioning.

36. Defendant’s products and services are currently offered throughout the world,

including the United States and, on information and belief, in this District.

37. Defendant apparently did not develop an interest in the airzone.com domain name until 2001, when it first offered to purchase the airzone.com domain name.

38. On May 30, 2001, Defendant's webmaster, Ricardo GR, submitted an initial purchase offer of the airzone.com domain name.

39. Ricardo GR also made a subsequent offer on June 24, 2002. At that time, Ricardo GR copied the current Director General (CEO) of Defendant, Antonio Mediato, on the communication.

40. On April 14, 2004, Defendant's current National Director, Adrian Ramos, used an online offer contract to submit a purchase offer for the airzone.com domain name. In the offer contract, Mr. Ramos disclaimed any legal claim to the airzone.com domain name: "By submitting this offer, I confirm that neither I, nor my organization, claims a legal right to the registration of the domain listed above."

41. Telepathy was an intended beneficiary of the representation and warranty as shown by, *inter alia*, the fact that the representation and warranty language referred to Telepathy's airzone.com domain name for which Defendant was paying to make a purchase offer.

42. Telepathy required Defendant to enter into the aforementioned contract before engaging in further negotiations with Defendant as a risk mitigation policy adopted by Telepathy due to numerous prior instances of a prospective buyer using the substance of a purchase negotiation in furtherance of a baseless claim of cybersquatting.

43. Upon information and belief, Defendant knowingly and willfully misrepresented its claim to Telepathy's airzone.com domain name for the purpose of inducing Telepathy to

make a sales offer for the domain name that Defendant intended to use to support its baseless cybersquatting claim against Telepathy.

44. Defendant's misrepresentation and breach of the contract became apparent when, on January 30, 2017 (over twelve years after the last purchase offer), Defendant filed a complaint under the UDRP with the World Intellectual Property Organization alleging *inter alia* that Telepathy registered and used the airzone.com domain name in bad faith and that Telepathy possesses no rights or legitimate interests in the domain name.

45. Upon information and belief, Defendant provided the UDRP complaint to the domain name registrar used by Telepathy for the airzone.com domain name, Name.com, Inc., concurrently with the filing of the complaint by Defendant with the World Intellectual Property Organization as required by the UDRP rules.

46. In response to Defendant's claims in the UDRP complaint, Name.com, Inc. changed the "status code" for the domain name, thereby disabling and/or suspending the airzone.com domain name and limiting Telepathy's lawful use of the domain name.

47. Name.com's disabling and/or suspending of the airzone.com domain name in response to Defendant's claims has prevented Telepathy from using its account with Name.com to change the hosting settings for the domain name, the registrant for the domain name, and the administrative and technical contacts for the domain name, and from transferring ownership of the domain name.

48. Upon information and belief, Name.com's disabling and/or suspending of the airzone.com domain name was pursuant to Name.com's implementation of a reasonable policy prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark, and such action was taken by Name.com in response to Defendant's

knowing and material misrepresentation that the airzone.com domain name is identical to, confusingly similar to, or dilutive of, Defendant's trademarks.

49. Defendant's UDRP complaint contained the following certification: "The complainant certifies that the information contained in this complaint is, to the best of their knowledge, complete and accurate, that this complaint is not being presented with any inappropriate motive, such as the creation of obstacles, and that the statements made in this complaint are guaranteed by the Rules and applicable law, as it currently exists, or to the extent that it can be extended by means of arguments that are reasonable and made in good faith."

50. Contrary to Defendant's certification in the UDRP complaint, Defendant's complaint contained material omissions and misstatements of fact and law.

51. Defendant's UDRP complaint alleges that Telepathy's "bad faith" registration of the airzone.com domain name is shown by Defendant, having been incorporated since 1996, using "airzone" in commercial transactions prior to Telepathy.

52. Defendant's foregoing allegation is incorrect. The airzone.com domain name was registered because it is a commercially appealing term, not to target Defendant. In fact, Telepathy was unaware of Defendant at the time of registration in 1999.

53. Defendant's UDRP complaint alleges that Telepathy's airzone.com domain name is similar to Defendant's trademarks, registered both before and after, Telepathy's registration of the airzone.com domain name.

54. Defendant's foregoing allegation is misleading. In 1999, at the time of Telepathy's registration of the airzone.com domain name, Defendant's only registered trademark was in Spain; there were no trademarks registered in the United States at that time. Defendant's U.S. registration was filed and registered in 2016, and claimed a date of first use of 2009.

55. Defendant's UDRP complaint alleges that Telepathy's lack of rights or legitimate interests in the airzone.com domain name is shown because Telepathy registered the domain name "with the sole purpose of trying to ensure that the complainant should acquire it" and "to induce us into purchasing the same on several occasions."

56. Defendant's foregoing allegation is incorrect; Defendant approached Telepathy to purchase the domain name, and Telepathy merely responded to Defendant's offer. Telepathy never solicited Defendant. Rather, Defendant repeatedly solicited Telepathy and then filed a frivolous UDRP proceeding - over twelve years after the parties could not agree on a price.

57. Defendant's UDRP complaint contains the material omission of any reference to Defendant's prior representation and warranty that Defendant claimed no legal rights in the airzone.com domain name.

58. Although the UDRP requires establishment of both bad faith registration and bad faith use of the domain name, Defendant's UDRP complaint materially omits that Telepathy is not using the airzone.com domain name to display content related in any way to Defendant or its products and services.

59. In a decision dated May 15, 2017, the UDRP panel appointed by the World Intellectual Property Organization denied Defendant's UDRP complaint and found that "the Complaint was brought in bad faith in an attempt at Reverse Domain Name Hijacking and constitutes an abuse of the administrative proceeding."

60. The UDRP panel stated the following (referring to Defendant as Complainant):

- "The Panel is satisfied that the Complainant must or at least ought to have appreciated at the outset that its Complaint could not likely succeed."
- "The Complainant failed to mention that at all times it was the Complainant who

approached the Respondent to buy the disputed domain name.”

- “There is no proof of a bad faith element in this case.”
- “[B]y submitting an offer to the Respondent, the Complainant expressly disclaimed any legal rights over the disputed domain name.”

COUNT I
DECLARATORY JUDGMENT
(28 U.S.C. § 2201 and 2202)

61. Telepathy realleges and incorporates each and every allegation set forth above as if fully set forth and restated herein.

62. Defendant has asserted that Telepathy registered and used the airzone.com domain name in bad faith and without any rights or legitimate interests in the domain name.

63. Defendant has asserted that Telepathy’s ownership of the airzone.com domain name is likely to cause confusion among Defendant’s consumers and the consuming public.

64. The airzone.com domain name was not registered and used by Telepathy in bad faith, Telepathy possesses rights and legitimate interests in the domain name, and Telepathy is entitled to a declaration that it did not violate the Anticybersquatting Consumer Protection Act.

65. Defendant’s claims against Telepathy constitute reverse domain name hijacking in violation of the Anticybersquatting Consumer Protection Act.

66. An actual and justiciable controversy exists between Defendant and Telepathy and Telepathy is entitled to a declaratory judgment that Defendant has violated the Anticybersquatting Consumer Protection Act, that Telepathy has not violated the Anticybersquatting Consumer Protection Act, and that any claim that Telepathy violated the Anticybersquatting Consumer Protection Act is barred by the statute of limitations.

67. Defendant’s conduct has harmed and will continue to harm Telepathy, thereby

entitling Telepathy to recover actual and/or statutory damages and attorney's fees and costs.

COUNT II
NO BAD FAITH INTENT/CYBERPIRACY
(15 U.S.C. §§ 1114(2)(D)(v), 1125(d)(1)(B)(ii))

68. Telepathy realleges and incorporates each and every allegation set forth above as if fully set forth and restated herein.

69. The actions described above evidence the absence of bad faith, within the meaning of the Anticybersquatting Consumer Protection Act, by Telepathy as owner of the airzone.com domain name registration.

70. The actions described above evidence a belief by Telepathy that the registration and use of the airzone.com domain name was a fair use or otherwise lawful.

71. The actions described above evidence reasonable grounds for belief by Telepathy that the registration and use of the airzone.com domain name was a fair use or otherwise lawful.

72. Telepathy is entitled to a judgment of no bad faith intent in the registration or use of the airzone.com domain name.

73. Defendant's conduct has harmed and will continue to harm Telepathy, thereby entitling Telepathy to recover actual and/or statutory damages and attorney's fees and costs.

COUNT III
REVERSE DOMAIN NAME HIJACKING
(15 U.S.C. § 1114(2)(D)(iv))

74. Telepathy realleges and incorporates each and every allegation set forth above as if fully set forth and restated herein.

75. A cursory review of the UDRP and/or ACPA, and a basic investigation of airzone.com, should have made it clear to Defendant that Telepathy's registration and use of airzone.com is entirely proper and lawful.

76. Defendant's UDRP filing represents a knowing and material misrepresentation that the airzone.com domain name is a bad faith use of Defendant's trademarks.

77. Defendant's UDRP filing and the allegations of cybersquatting set forth therein represent a knowing and material misrepresentation that the airzone.com domain name is identical to, confusingly similar to, or dilutive of marks.

78. Defendant's UDRP filing and communications to Telepathy's domain name registrar caused the registrar to disable and/or suspend the airzone.com domain name thereby limiting Telepathy's lawful use of the domain name.

79. The above acts by Defendant constitute reverse domain name hijacking in violation of the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1114(2)(D)(iv).

80. The foregoing actions of Defendant have been knowing, deliberate, and willful.

81. Telepathy is entitled to a judgment that Defendant's actions violate the Anticybersquatting Consumer Protection Act.

82. Defendant's conduct has harmed and will continue to harm Telepathy, thereby entitling Telepathy to recover actual and/or statutory damages and attorney's fees and costs.

COUNT IV
BREACH OF CONTRACT

83. Telepathy realleges and incorporates each and every allegation set forth above as if fully set forth and restated herein.

84. Defendant entered into a contract through the SecuredOffers.com service and the circumstances surrounding the formation of the contract identify Telepathy as a beneficiary of the contract.

85. Telepathy directed Defendant to the SecuredOffers.com service, and the terms of the contract that Defendant entered into further demonstrate that Telepathy is the intended

beneficiary of the terms of the contract.

86. Defendant breached the terms of its contract by pursuing a baseless legal claim violating the representation and warranty to Telepathy that “By submitting this offer, I confirm that neither I, nor my organization, claims a legal right to the registration of the domain listed above.”

87. Telepathy is entitled to a judgment that Defendant’s actions constitute breach of contract.

88. Defendant’s conduct has harmed and will continue to harm Telepathy, thereby entitling Telepathy to recover damages.

COUNT V
NEGLIGENT MISREPRESENTATION

89. Telepathy realleges and incorporates each and every allegation set forth above as if fully set forth and restated herein.

90. Defendant made a false representation when asserting that “By submitting this offer, I confirm that neither I, nor my organization, claims a legal right to the registration of the domain listed above.”

91. Defendant’s false representation was to a material fact in that Telepathy would not have engaged in any dealings with Defendant had Defendant truthfully represented its baseless cybersquatting claim regarding the airzone.com domain name.

92. Defendant’s false representation was in violation of Defendant’s duty to exercise reasonable care before making such a false, material misrepresentation.

93. Telepathy relied to its detriment on Defendant’s false representation and engaged in further discussions with Defendant.

94. Defendant’s false representation was a cause of injury to Telepathy in that

Defendant used the false representation to obtain a sale offer from Telepathy for the airzone.com domain name, which Defendant then attempted to use to support its baseless cybersquatting claim.

95. Telepathy is entitled to a judgment that Defendant's actions constitute negligent misrepresentation.

96. Defendant's conduct has harmed and will continue to harm Telepathy, thereby entitling Telepathy to recover actual and/or punitive damages and attorney's fees and costs.

PRAYER FOR RELIEF

WHEREFORE, Telepathy respectfully requests that the Court:

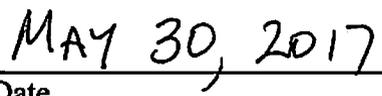
1. Enter judgment on its behalf against Defendant on all counts;
2. Enter an order finding an absence of bad faith, within the meaning of Anticybersquatting Consumer Protection Act, by Telepathy;
3. Enter an order finding that Defendant made a knowing and material misrepresentation that the airzone.com domain name is a bad faith use of Defendant's trademarks;
4. Enter an order finding that Defendant made a knowing and material misrepresentation that the airzone.com domain name is identical to, confusingly similar to, or dilutive of marks;
5. Enter an order finding the Defendant engaged in reverse domain name hijacking in violation of the Anticybersquatting Consumer Protection Act;
6. Enter an order enjoining Defendant from any and all further efforts to force Telepathy to transfer the airzone.com domain name to Defendant;
7. Enter an order finding that Defendant engaged in breach of contract;

VERIFICATION

I, Nat Cohen, declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that I am the President of Telepathy, Inc. and the facts contained in the foregoing Verified Complaint are true and correct.



Nat Cohen, President



Date