IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ELECTRONICS BOUTIQUE HOLDINGS CORP.,	:	
Plantiff,	:	**CIVIL ACTION**
	:	
v.	:	
	:	
JOHN ZUCCARINI, individually and trading as Cupcake Patrol and/or Cupcake Party,	:	**NO.: 00-4055**
Defendant	:	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Schiller, J. **October 30, 2000**

Presently before the court is plaintiff Electronics Boutique Holding Corporation's action for Internet cybersquatting[1] against defendant John Zuccarini. A hearing on the merits consolidated with a hearing on damages was held on October 10, 2000. For the reasons set forth below, I find in favor of plaintiff Electronics Boutique Holdings Corporation.

I. Procedural background

On August 10, 2000, plaintiff Electronics Boutique Holding Corporation ("EB") filed a complaint against defendant John Zuccarini ("Mr. Zuccarini"), individually and trading as Cupcake Patrol and/or Cupcake Party, alleging violations of the Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d) ("ACPA"), violations of section 43(a) of the

[1]Cybersquatting (or cyberpiracy) "refers to the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners." S. REP. No. 106-140 (1999).

Lanham Act, 15 U.S.C. § 1125(a), dilution, common law service mark infringement and unfair competition.

Also on August 10, 2000, I granted EB's motion for a temporary restraining order, enjoining the use of domain names "www.electronicboutique.com," "www.eletronicsboutique.com," "www.electronicbotique.com," "www.ebwold.com," "www.ebworl.com." (collectively "domain misspellings") or any other domain name or mark identical to or confusingly similar to EB's registered service marks until August 20, 2000, and directing Mr. Zuccarini to deactivate the domain misspellings and present the Court with evidence of the deactivations within three days of the Court's Order.[2] Additionally, I scheduled a hearing on EB's motion for a preliminary injunction to take place on August 15, 2000.

On August 15, 2000, upon representations by EB that its attempts to effect service upon Mr. Zuccarini at his home, which is also his workplace, were unsuccessful,[3] I granted EB's

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[2]Although Mr. Zuccarini failed to disable the domain misspellings, they were disabled in accordance with the Court's Order by the web server that hosts the sites.

[3]EB made several attempts at service. After being informed by Howard Neu, Esquire, an attorney who had represented Mr. Zuccarini in other matters, that he was not retained to represent Mr. Zuccarini in this matter, counsel for EB left two voice messages for Mr. Zuccarini informing him of the filing of the complaint and motion for temporary restraining order and preliminary injunction. (First Weiner Decl. at ¶ 2). That evening, counsel for EB left another voice message informing Mr. Zuccarini of the entry of the temporary restraining order and directives of the Court's August 10 Order. (First Weiner Decl. at ¶ 3). In each message, counsel for EB requested that Mr. Zuccarini return his call or retain counsel to return his call. (First Weiner Decl. at ¶ 3-4). Mr. Zuccarini did not respond and no one responded on his behalf. (First Weiner Decl. at ¶ 4). In addition, plaintiff's counsel forwarded a copy of the complaint and motion for a temporary restraining order to Mr. Neu. (First Weiner Decl. at ¶ 7; Neu letter, First Weiner Decl. at Exh. 1). Via letter to counsel for EB dated August 10, 2000, Mr. Neu stated that he would forward the pleadings in this matter to Mr. Zuccarini by United States mail. (Neu letter, First Weiner Decl. at Exh. 1). Also on August 10, 2000, EB sent a process server to Mr. Zuccarini's residence. (Pl. motion for alternative service at Exh. B ¶ 2). Under oath on February 23, 2000, Mr. Zuccarini confirmed his address and stated that he has lived there for "[a]pproximately 15 years." (Pl. Exh.

motion for alternative service, extension of the temporary restraining order, and continuance of the hearing on EB's motion for a preliminary injunction. I authorized EB to effect service through the United States Marshals' service.[4] The hearing on EB's motion for preliminary injunction was continued until August 29, 2000.

Mr. Zuccarini failed to appear, through counsel or otherwise, for the August 29 hearing. On that date, I granted EB's motion for preliminary injunction based on its ACPA claims, finding that Mr. Zuccarini had actual notice of this matter[5] and that the requirements for the issuance of a

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5, Zuccarini Dep. at 9, Shields v. Zuccarini, No. 00-494 (E.D. Pa)). Mr. Zuccarini lives in an apartment unit inside a building with an outer security door. (Pl. motion for alternative service at Exh. B ¶ 2). In order to gain access to the individual apartment units, a resident must unlock the security door. (Pl. motion for alternative service at Exh. B ¶ 2). A sign was posted on this outer security door reading, "Deliveries for D-6[.] There is no one available to accept deliveries for D-6 nor will there be for a number of days. Please return to sender all items." (Pl. motion for alternative service at Exh. B ¶ 3). The process server rang the buzzer for Mr. Zuccarini's apartment, but no one answered. (Pl. motion for alternative service at Exh. B ¶ 4). The next day, the process server returned and spoke to an individual in the management office who confirmed that Mr. Zuccarrini was still paying rent and had refused service of process by other persons. (Pl. motion for alternative service at Exh. B ¶ 5). The same note remained on the security door and no one answered when the server rang the buzzer. (Pl. motion for alternative service at Exh. B ¶ 5). On August 11, 2000, a process server attempted to effect service by ringing the buzzer on the security door and by knocking directly on Mr. Zuccarini's apartment door. (Pl. motion for alternative service at Exh. C ¶ 4-6). There was no response. (Pl. motion for alternative service at Exh. C ¶ 4-6). Neighbors identified Mr. Zuccarini's car which was in a parking lot near the apartment building. (Pl. motion for alternative service at Exh. C ¶ 7). Counsel for EB left another voice message for Mr. Zuccarini on August 14, 2000, requesting a return call, but received no response. (First Weiner Decl. at ¶ 5).

[4]The United States Marshals' Service's attempts to serve Mr. Zuccarini were unsuccessful as Mr. Zuccarini did not answer his door or respond to a phone message left by the Marshals' Service. (Pl. Exh. 14). In addition, on August 25, 26, 27, and 28, EB attempted to complete service on Mr. Zuccarini through process servers that waited for several hours at Mr. Zuccarini's apartment building. (Pl. Exh. 13). See Electronics Boutique Holdings Corp. v. Zuccarini, No. 00-4055, (E.D. Pa. Aug. 29, 2000) (order granting preliminary injunction).

[5]Tom Fisher, general manager of Cavecreek Wholesale Internet Exchange, the company that maintained the servers for the domain misspellings, sent Mr. Zuccarini an e-mail on

preliminary injunction had been satisfied. I scheduled a hearing on the merits of EB's ACPA claims for October 10, 2000.[6]

Mr. Zuccarini failed to obtain counsel and refused to appear himself for the October 10, 2000, hearing.

II. Findings of Fact

At the October 10, 2000, hearing I found as follows:[7] EB, a specialty retailer in video games and personal computer software, operates more than 600 retail stores, primarily in shopping malls, and also sells its products via the Internet. EB has registered several service

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Monday, August 14, 2000, at 1:40 p.m. notifying Mr. Zuccarini that the domain misspellings were being disabled in accordance with the temporary restraining order issued by this Court. (Pl. Exh. 16 at Exh. Fisher 3). On Tuesday, August 15, 2000, at 3:35 a.m., Mr. Zuccarini replied by e-mail, asking Mr. Fisher to "please reactivate the domains as soon as possible." (Pl. Exh. 16 at Exh. Fisher 4). Mr. Zuccarini wrote, "Tom, I have received absolutely nothing about this electronic [sic] boutique case and neither has my lawyer. Any restraining order would be directed at me not your company, and I have received nothing, thererfore [sic] the restraining order is invalid. I must be served before it can take effect and I have not been. As a hosting company you are not responsible for the content of my websites. Your company is not in jepordy [sic]." (Pl. Exh. 16 at Exh. Fisher 4). Thus, it is plainly apparent that Mr. Zuccarini is in fact aware of these proceedings.

[6]EB then attempted to serve Mr. Zuccarini through both certified and regular mail sent on August 30, 2000. (Pl. Exh. 24, Second Weiner Decl. at ¶ 2). The certified mail was returned marked "unclaimed." (Pl. Exh. 24, Second Weiner Decl. of at ¶ 3). The regular mail was returned with a handwritten notation on the envelope reading, "moved, no forwarding address." (Pl. Exh. 24, Second Weiner Decl. of at ¶ 3). Notably, on September 26, 2000, Mr. Zuccarini sent a package via Federal Express on which he listed the address to which EB sent its August 30 package and its process servers as his return address. (Pl. Exh. 24, Second Weiner Decl. at Exh. "A", Pl. Exhs. 13, 14, 21-23). The package was sent to an attorney representing plaintiffs in an action alleging similar conduct on the part of Mr. Zuccarini pending in the United States District Court for the Southern District of New York. (Pl. Exh. 24).

[7]Unless otherwise noted, I base my findings on the testimony of Seth P. Levy, senior vice president and chief information officer of EB, and EB's first request for admissions (Pl. Exh.5) deemed admitted pursuant to FED. R. CIV. P. 36(a) because Mr. Zuccarini failed to timely respond or object.

marks on the principal register of the United States Patent and Trademark Office for goods and services of electric and computer products, including "EB" and "Electronics Boutique." (Pl. Exh. 1). EB has applications for several other service marks on the principal register of the United States Patent and Trademark Office for goods and services of electric and computer products, including "ebworld.com." (Pl. Exh. 2). EB has continuously used its service marks in its business since 1977. They have appeared in print, trade literature, advertising, and on the Internet.

EB's online store can be accessed via the Internet at "www.ebworld.com" and "www.electronicsboutique.com." EB registered its "EBWorld" domain name on December 19, 1996 and its "Electronics Boutique" domain name on December 30, 1997. EB has invested heavily in promoting its website to online customers. EB has expended a considerable amount of resources towards making its website consumer friendly. An easy-to-use website is critical to EB's ability to generate revenue directly through Internet customers and indirectly as support for EB's "brick and mortar" stores. Over the last eight months, online purchases have yielded an average of more than 1.1 million in sales per month and EB has logged more than 2.6 million online visitors.

On May 23, 2000, Mr. Zuccarini registered the domain names "www.electronicboutique.com," and "www.electronicbotique.com." (Pl. Exh. 3). One week later, Mr. Zuccarini registered the domain names "www.ebwold.com" and "www.ebworl.com." (Pl. Exh. 3). When a potential or existing online customer, attempting to access EB's website,

mistakenly types one of Mr. Zuccarini's domain misspellings, he is "mousetrapped"[8] in a barrage of advertising windows, featuring a variety of products, including credit cards, internet answering machines, games, and music. (Pl. Exh. 4). The Internet user cannot exit the Internet without clicking on the succession of advertisements that appears. Simply clicking on the "X" in the top right-hand corner of the screen, a common way to close a web browser window, will not allow a user to exit. (Pl. Exh. 5, Zuccarini Prelim. Inj. Hearing Testimony at 119, Shields v. Zuccarini, No. 00-494, (E.D. Pa. March 21, 2000)). Mr. Zuccarini is paid between 10 and 25 cents by the advertisers for every click. (Pl. Exh. 5, Zuccarini Dep. at 54-5, Shields v. Zuccarini, No. 00-494, (E.D. Pa.)). Sometimes, after wading through as many as 15 windows, the Internet user could gain access to EB's website.

III. Conclusions of law[9]

A. EB's request for a permanent injunction

In determining whether the issuance of a permanent injunction is appropriate, a court must determine: (1) whether the moving party has actually succeeded on the merits; (2) whether the moving party will be irreparably injured by denial of the relief; (3) whether granting the permanent relief will result in even greater harm to the nonmoving party; and (4) whether

[8]The term "mousetrapped" was used by Judge Dalzell, United States District Judge for the Eastern District of Pennsylvania, to describe the situation an Internet user encounters upon accessing one of Mr. Zuccarini's domain names in a matter in which Mr. Zuccarini was sued by a different plaintiff for similar conduct. See Shields v. Zuccarini, 89 F. Supp.2d 634, 635 (E.D. Pa. 2000).

[9]The majority of my conclusions of law were deemed admitted by Mr. Zuccarini by his failure to respond or object to EB's first set of requests for admissions. (Pl. Exh. 5). I supplement those admissions with other evidence.

granting permanent relief will be in the public interest. See ACLU v. Black Horse Pike Reg'l Bd. of Educ., 84 F.3d 1471, 1477 nn.2-3 (3d Cir. 1996).

1. Success on the merits

On August 29, 2000, I concluded that EB was likely to succeed on the merits of its ACPA claim. No facts to suggest to the contrary have been offered, as Mr. Zuccarini has failed to appear before this Court himself or through counsel, in person or through the filing of appropriate documents, and has not taken discovery. I will, nevertheless, evaluate EB's claim under the ACPA.

Under the ACPA, a person who registers, traffics in, or uses a domain name that is identical or confusingly similar to a distinctive or famous mark registered to someone else with a bad-faith intent to profit from that mark is subject to suit. See 15 U.S.C. § 1125(d)(1)(A). In order to determine whether EB is entitled to relief under the ACPA, this Court must evaluate the following: (1) whether EB's service marks are distinctive or famous; (2) whether Mr. Zuccarini's domain misspellings are identical or confusingly similar to EB's marks; and (3) whether Mr. Zuccarini registered the domain misspellings with a bad-faith intent to profit from them. See Shields, 89 F. Supp.2d at 638. In addition, I must determine whether Mr. Zuccarini is entitled to protection under the safe harbor provided by 15 U.S.C. § 1125(d)(1)(B)(ii). See id.

a. Distinctive or famous

A court may consider the following factors in determining whether a mark is distinctive or famous:

> (A) the degree of inherent or acquired distinctiveness of the mark;
> (B) the duration and extent of use of the mark in connection with the goods and services with which the mark is used;

> (C) the duration and extent of advertising and publicity of the mark;
> (D) the geographical extent of the trading area in which the mark is used;
> (E) the channels of trade for the goods or services with which the mark is used;
> (F) the degree of recognition of the mark in the trading areas and the channels of trade used by the marks' owner and the person against whom the injunction is sought;
> (G) the nature and extent of use of the same or similar marks by third parties; and
> (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.
>
> 15 U.S.C. § 1125(c)(1).

I find that EB's marks are both distinctive and famous; therefore, they are entitled to protection. Since 1977, EB has used and traded under the "Electronics Boutique" name, which was registered on the principal register of the United States Patent and Trademark Office in January of 1987 and is incontestable. (Pl. Exh. 1, United States Trademark Registration No. 1,425,236). The name "Electronics Boutique" has been used for more than 20 years in connection with the sale of video games and computer software. Via the Internet, EB has traded under the name "Electronics Boutique" through its website, which can be accessed by both "www.ebworld.com" and "www.electronicsboutique.com," since the registration of those domain names on December 19, 1996, and December 30, 1997, respectively. (Pl. Exh. 12). EB has pending applications for several other service marks on the principal register of the United States Patent and Trademark Office for goods and services of electric and computer products, including "EBWorld.com." (Pl. Exh. 2, United States Trademark Serial No. 75,829,090). Registration of EB's marks entitles EB to a "presumption that its registered trademark is inherently distinctive." Morrison & Foerster LLP v. Wick, 94 F. Supp.2d 1125, 1130 (D. Colo.

2000) (citation and quotation omitted). Mr. Zuccarini opted not to rebut this presumption through the presentation of evidence before this Court.

Additionally, over more than 20 years, EB has spent tens of millions of dollars on advertising utilizing the EB service marks. EB's advertising campaigns have been widespread, reaching national and international audiences. The EB service marks are recognized throughout the electronic games and computer software industry and among the general public. EB has spent millions of dollars advertising to promote its website in print, on television, on the radio, and on the Internet. One way that EB advertises is on the Internet through partnerships formed with other online entities who display EB's artwork and provide links to EB's website.[10] It has become well-known to consumers of electronic games and computer software and throughout the industry that EB's website provides information about new products and opportunities to buy those products.

In its last fiscal year, EB earned revenues of 273 million dollars using its marks. During the last eight months, EB has averaged more than 1.1 million dollars in sales per month from its website and 2.6 million people visited EB's website.

Mr. Zuccarini does not and has never offered any goods or services of his own for sale using any of the domain misspellings. Instead, Mr. Zuccarini's "business" consists entirely of

[10]For example, ign.com, an entity that reviews and previews new electronic entertainment products online, provides a link on its website to EB's website which permits users to purchase the reviewed or previewed products.

trading on the goodwill developed by EB.[11] Furthermore, no other entity uses trade names or service marks similar to the ones used by EB.

b. "Identical or confusingly similar"

Next, I must consider whether the domain misspellings are identical or confusingly similar to EB's marks. I note at the outset that the profitability of Mr. Zuccarini's enterprise is completely dependent on his ability to create and register domain names that are confusingly similar to famous names.[12] (Pl. Exh. 5, Zuccarini Dep. at 41-45, Shields v. Zuccarini, No. 00-494, (E.D. Pa. March 21, 2000)). As the similarity in the spellings of Mr. Zuccarini's domain names to popular or famous names increases, the likelihood that an Internet user will inadvertently type one of Mr. Zuccarini's misspellings (and Mr. Zuccarini will be compensated) increases. Through an e-mail message it received, EB is aware of at least one customer who was in fact confused by the domain misspellings and who believes that EB is associated with the

[11]I note that EB is not the only victim of Mr. Zuccarini's "business practices." Mr. Zuccarini is a notorious cybersquatter. By his own admission, Mr. Zuccarini has registered thousands of domain names through various host companies. (Pl. Exh. 5, Zuccarini Prelim. Inj. Hearing Testimony at 106, Shields v. Zuccarini, No. 00-494, (E.D. Pa. March 21, 2000)). The majority of those domain names are misspellings of famous names. (Pl. Exh. 20, Zuccarini's response to plaintiff's first request for inspection and production of documents pursuant to Fed. R. Civ. P. 34, Dennis Maxim, Inc. v. Zuccarini, No. 00-2104, (S.D.N.Y.)).

[12]Mr. Zuccarini admitted registering the domain name "sportillustrated.com" because of its similarity to the magazine Sports Illustrated. (Pl. Exh. 5, Zuccarini Dep. at 67, Shields v. Zuccarini, No. 00-494, (E.D. Pa.)). Mr. Zuccarini made similar admissions regarding his domain names containing misspellings of many famous names, including Michael Jordan, Tarzan, America Online, Yahoo!, Minolta, the Mayo Clinic, National Rent-A-Car, Elvis Presley, the prescription weight loss drug Xenical, Alicia Silverstone, Ricky Martin, Britney Spears, the Backstreet Boys, Star Wars, and Disney. (Pl. Exh. 5, Zuccarini Dep. at 67-76, Shields v. Zuccarini, No. 00-494, (E.D. Pa.)).

domain misspelling "www.electronicbotique.com."[13] (Pl. Exh. 25). Thus, it is without hesitation that I find that the domain misspellings are confusingly similar to EB's marks.

c. Bad-faith intent to profit

Finally, I must consider whether Mr. Zuccarini acted with a bad-faith intent to profit from EB's marks, and if so, whether he is entitled to the protection of the safe harbor of § 1125(d)(1)(B)(2). In making that determination, I am guided by the following nine factors provided by § 1125(d)(1)(B):

> (I) the trademark or other intellectual property rights of the [alleged cybersquatter], if any, in the domain name;
> (II) the extent to which the domain name consists of the legal name of the [alleged cybersquatter] or a name that is otherwise commonly used to identify [the alleged cybersquatter];
> (III) the [alleged cybersquatter's] prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
> (IV) the [alleged cybersquatter's] bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
> (V) the [alleged cybersquatter's] intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
> (VI) the [alleged cybersquatter's] offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
> (VII) the [alleged cybersquatter's] provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional

[13]Plaintiff's Exhibit 25 is a printout of an e-mail message sent to the webmaster at EBWorld.com stating, in part, "I do not know if you are affiliated with www.electronicbotique, but I believe you are."

> failure to maintain accurate contact information, or the [alleged cybersquatter's] prior conduct indicating a pattern of such conduct;
> (VIII) the [alleged cybersquatter's] registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
> (IX) the extent to which the mark incorporated in the [alleged cybersquatter's] domain name registration is or is not distinctive and famous.
>
> 15 U.S.C. § 1125(d)(1)(B).

Mr. Zuccarini's bad-faith intent to profit from the domain misspellings is abundantly clear. Mr. Zuccarini registered the domain misspellings in order to generate advertising revenue for himself, despite being aware of the Electronics Boutique stores and website. Mr. Zuccarini believes that Internet users will misspell the domain names of the websites they intend to access and instead access one of Mr. Zuccarini's websites. (Pl. Exh. 5, Zuccarini Dep. at 44, Shields v. Zuccarini, No. 00-494, (E.D. Pa.)). Mr. Zuccarini then profits each time an Internet user makes a typing or spelling mistake which Mr. Zuccarini correctly forecasts.

In addition, the domain misspellings quite obviously do not consist of names used to identify Mr. Zuccarini, legally or otherwise. Also, Mr. Zuccarini has no bona fide business purpose for registering the domain misspellings, as he does not and has not offered any goods or services that relate to EB or electronic products. Lastly, Mr. Zuccarini has no intellectual property rights at issue in this matter. I find that Mr. Zuccarini specifically intended to prey on the confusion and typographical and/or spelling errors of Internet users to divert Internet users from EB's website for his own commercial gain.

Section 1125(d)(1)(B)(ii) provides a safe harbor available to Mr. Zuccarini if he establishes that he reasonably believed that his use of the domain misspellings was fair and lawful. Mr. Zuccarini declined to claim the protections of the safe harbor by refusing to participate in this matter.[14]

2. Irreparable harm

The second inquiry I must undertake in deciding whether a permanent injunction is appropriately granted is into whether EB will suffer irreparable injury if the injunction does not issue. In a trademark infringement action, the Third Circuit observed that "[g]rounds for finding irreparable injury include loss of control of reputation, loss of trade, and loss of good will." See Opticians Ass'n of America v. Independent Opticians of America, 920 F.2d 187, 195 (3d Cir. 1990). Additionally, our court of appeals noted that a finding of irreparable injury "can also be based on likely confusion." Id. at 196. Although, as this court has previously noted, the "confusingly similar" language of the ACPA governs cybersquatting actions rather than the probability of "likely confusion" standard applied in trademark infringement cases, the

[14]I note that even if Mr. Zuccarini had been present or had retained counsel to act on his behalf, the facts suggest that he would have been unable to demonstrate that he reasonably believed his use of the domain misspellings was lawful. Mr. Zuccarini registered the domain misspellings at issue in the instant matter after being preliminarily enjoined from using similar misspellings in another action. See Shields v. Zuccarini, 89 F. Supp.2d 634, 642-43 (E.D. Pa. 2000). In addition, at the time that Mr. Zuccarini registered the domain misspellings, suit for similar conduct had been commenced against him in the Southern District of New York. (Pl. Exh. 11, Dennis Maxim, Inc. v. Zuccarini, No. 00-2104, (S.D.N.Y.) (action pending)).

consideration of factors articulated by the Third Circuit in Opticians Association is appropriate in cybersquatting cases.[15] See Shields v. Zuccarini, 89 F. Supp.2d 634, 641 (E.D. Pa. 2000).

It is impossible to determine the number of potential and existing customers diverted from EB's website by Mr. Zuccarini's domain misspellings. A user-friendly website is important to EB's online success. There must be as few steps, or clicks, as possible between initially accessing EB's website and the completion of the transaction as each computer click represents a significant amount of time. Those who get lost in the advertisements may abandon their intention to purchase from EB. Others simply may never find EB's website. These customers may not only be discouraged from shopping at EB online, but may also be discouraged from shopping at EB's outlets in person as well.

Furthermore, it is impossible to calculate the loss of reputation and goodwill caused by Mr. Zuccarini's domain misspellings. An essential component of a successful online business is trust. In order to purchase goods through the Internet, customers must supply personal information, including their credit card numbers. One customer, who believed that EB was associated with one of the domain misspellings sent an e-mail to EB expressing concern about a "possible security problem." (Pl. Exh. 25).

3. Balance of hardships

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[15]Although the ACPA clearly guards against the use and registration of domain names that are "confusingly similar" to a famous or distinctive mark, Congress expressly permitted courts to consider whether the alleged cybersquatter "intend[ed] to divert consumers from the mark owner's online location . . . by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site" in evaluating bad-faith intent to profit. 15 U.S.C. § 1125(d)(1)(B)(i)(V) (emphasis added).

Third, I must balance the hardships to the parties resulting from an injunction issued by this Court. Mr. Zuccarini's failure to respond to this matter forces me to conclude that he willfully avoided service and that he made a conscious choice to allow this matter to proceed in his absence. The hardship was visited on the plaintiff alone.

4. Public interest

Finally, I must determine whether an injunction would further the public interest. As the Third Circuit observed in Opticians Association with regard to trademark cases, the public interest suffers when the public's right not to be deceived is violated. See Opticians Association, 920 F.2d at 197, Shields, 89 F. Supp.2d at 641-42. Mr. Zuccarini's profitability is directly proportional to the number of Internet users that he deceives. Therefore, the fourth requirement is fulfilled.

B. EB's request for statutory damages

Pursuant to 15 U.S.C. § 1117(d), a plaintiff seeking recovery under the ACPA may elect to recover statutory damages in lieu of actual damages and profits.[16] A court may award statutory damages in an amount between $1,000 and $100,000 per infringing domain name based on the court's determination of what is just. See 15 U.S.C. § 1117(d). EB has elected to recover statutory damages in this matter. (Pl. Pretrial Memo at 13). The recovery of "statutory damages in cybersquatting cases, both [] deter[s] wrongful conduct and [] provide[s] adequate remedies for trademark owners who seek to enforce their rights in court." S. REP. No. 106-140 (1999).

[16]The ACPA allows "trademark owners to sue anyone who engages in [cybersquatting] for the higher of actual damages or statutory damages of $1,000 to $100,000 for each domain name." S. REP. No. 106-140 (1999).

I emphasize that the actual damages suffered by EB as a result of lost customers and goodwill is incalculable. In proceedings before this Court, Mr. Zuccarini admitted that he yields between $800,000 and $1,000,000 annually from the thousands of domain names that he has registered. See Shields v. Zuccarini, No.00-494, 2000 WL 1053884, at *1 (E.D. Pa. July 18, 2000). Advertisers pay Mr. Zuccarini between 10 and 25 cents each time an Internet user clicks on one of their ads posted on Mr. Zuccarini's websites. (Pl. Exh. 5, Zuccarini Dep. at 54-5, Shields v. Zuccarini, No. 00-494, (E.D. Pa.)). Many of the domain names registered by Mr. Zuccarini are misspellings of famous names and infringe on the marks of others. (Pl. Exh. 20, Zuccarini's response to plaintiff's first request for inspection and production of documents pursuant to Fed. R. Civ. P. 34, Dennis Maxim, Inc. v. Zuccarini, No. 00-2104, (S.D.N.Y.)).

In addition, Mr. Zuccarini has victimized a wide variety of people and entities. This Court has permanently enjoined Mr. Zuccarini from using domain names that are "substantially similar" to the marks of another plaintiff, finding Mr. Zuccarini's "conduct utterly parasitic and in complete bad faith." Shields v. Zuccarini, No.00-494, 2000 WL 1056400, at *1 (E.D. Pa. June 5, 2000). Other cases alleging similar conduct have been brought against Mr. Zuccarini by Radio Shack, Office Depot, Nintendo, Hewlett-Packard, the Dave Matthews Band, The Wall Street Journal, Encyclopedia Britannica, the distributor of Guinness beers and Spiegel's catalog in various federal courts and arbitration fora. (Pl. Exhs. 18, 20). Demands regarding similar conduct have been made on Mr. Zuccarini by the Sports Authority, Calvin Klein, and Yahoo!. (Pl. Exhs. 18, 20). Mr. Zuccarini's conduct even interferes with the ability of the public to access health information by preying on hospitals and prescription drugs. (Pl. Exh. 5, Zuccarini Dep. at

70, 73, Shields v. Zuccarini, No. 00-494, (E.D. Pa.) (admitting the registration of domain names containing misspellings of the Mayo Clinic and the weight loss drug Xenical).

I also note that Mr. Zuccarini's conduct is not easily deterred. See Shields, No. 00-494, 2000 WL 1053884, at *1 (E.D. Pa. July 18, 2000) (observing that Mr. Zuccarini failed to get the "crystalline message" of the Court in its March 22 Opinion and June 5 Order). Strikingly, Mr. Zuccarini registered the domain misspellings at issue in this matter after this Court preliminarily enjoined him from using misspellings of another individual's mark. (Pl. Exh. 3) See Shields, 89 F. Supp.2d at 642-43.

Furthermore, since this Court permanently enjoined Mr. Zuccarini from using other domain misspellings, assessed statutory damages in the amount of $10,000 per infringing domain name against him, and required him to bear the plaintiff's costs and attorneys' fees, Mr. Zuccarini has unexplainedly registered hundreds of domain names which are misspellings of famous people's names, famous brands, company names, television shows, and movies, victimizing, among others, the Survivor television show, Play Station and Carmageddon video game products, singers Kylie Minogue, Gwen Stefani and J.C. Chasez, The National Enquirer, and cartoon characters the Power Puff Girls. (Pl. Exh. 10) Mr. Zuccarini boldly thumbs his nose at the rulings of this court and the laws of our country. Therefore, I find that justice in this case requires that damages be assessed against Mr. Zuccarini in the amount of $100,000 per infringing domain name, for a total of $500,000.

C. Attorneys' fees and costs

EB has requested that it be awarded attorneys' fees and the costs of this litigation. The ACPA authorizes this Court to award "reasonable attorney fees to the prevailing party" in

"exceptional cases." 15 U.S.C. § 1117(a). In determining whether a case is "exceptional" under § 1117(a), the Third Circuit has required "a finding of culpable conduct on the part of the losing party, such as bad faith fraud, or knowing infringement." Ferrero U.S.A., Inc. v. Ozak Trading, Inc., 952 F.2d 44, 47 (3d Cir. 1991). As described above, Mr. Zuccarini acted in complete bad faith by knowingly and intentionally trading on the goodwill and reputation of EB in an attempt to mislead the public. Therefore, I find that EB is entitled to attorney's fees.

In determining the reasonableness of a fee request, courts in this circuit utilize the lodestar method. See Washington v. Philadelphia Cty. Court of Common Pleas, 89 F.3d 1031, 1035 (3d Cir. 1996). In accordance with this method, the number of hours reasonably expended by counsel is multiplied by the attorney's reasonable hourly rate. Id. EB has requested fees for legal services in the amount of $27,487.00. The majority of the fees for legal services constitute compensation for the time of lead counsel, Glenn A. Weiner, Esq., who billed 116.95 hours at a rate of $210 per hour. Additionally, four other attorneys associated with Mr. Weiner logged a total of 13.25 hours at rates ranging from $140 to $300 per hour based on experience and level of skill. An additional seven hours of legal services were provided by paralegals and a law librarian, totaling $590. I note that EB's request did not include compensation for legal services and costs expended after October 17, 2000, observing that EB's submission to the Court regarding the amount of fees and costs spent in this matter was filed on October 24, 2000. Furthermore, Mr. Zuccarini did not object or respond to EB's request for fees. I find that "the time expenditures were reasonable and directly related to the claims at issue in this matter" and that "the rates are reasonable according to the prevailing market rates in Philadelphia." Shields v. Zuccarini, 2000 WL 1053884, at *2 (E.D. Pa. July 18, 2000).

EB also requested costs of litigation in the amount of $3,166.34, which represents documented expenses incurred through October 17, 2000. EB does not seek legal expenses incurred after the 17th of October. Section 117(a) permits the assessment of costs against the losing party. Again, Mr. Zuccarini declined to object or respond to EB's request. I find that the expenses incurred by EB in this matter are reasonable.

I will award EB the full amount of its $30,653.34 request.

IV. Conclusion

For the aforementioned reasons, I find in favor of plaintiff EB on its claims brought pursuant to the ACPA. I am satisfied that the requirements for the issuance of a permanent injunction have been fulfilled. In addition, I find that EB is entitled to recover statutory damages in the amount of $500,000 and legal costs in the amount of $30,653.34. An Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ELECTRONICS BOUTIQUE HOLDINGS CORP.,	:	
Plantiff,	:	**CIVIL ACTION**
v.	:	
JOHN ZUCCARINI, individually and trading as Cupcake Patrol and/or Cupcake Party,	:	**NO.: 00-4055**
Defendant	:	

AND NOW, this 30th day of October 2000, after a hearing held on October 10, 2000, on the merits of Plaintiff's claims under the Anticybersquatting Consumer Protection Act of 1999, 15 U.S.C. § 1125(d) ("ACPA") and on damages, it is hereby ORDERED as follows:

1. JUDGMENT IS ENTERED in favor of plaintiff Electronics Boutique Holdings Corporation and against defendant John Zuccarini, individually and trading as Cupcake Patrol and/or Cupcake Party, on plaintiff's claims under the ACPA;

2. By November 6, 2000, defendant shall TRANSFER domain names "www.electronicboutique.com," "www.eletronicsboutique.com," "www.electronicbotique.com," "www.ebwold.com," "www.ebworl.com." to plaintiff and pay all costs associated therewith;

3. Defendant is PERMANENTLY ENJOINED from using any domain name substantially similar to plaintiff's marks;

4. Pursuant to 15 U.S.C. § 1117(d), JUDGMENT IS ENTERED in the amount of $500,000 ($100,000 statutory damages per infringing domain name) in favor of

plaintiff Electronics Boutique Holdings Corporation and against Defendant John Zuccarini, individually and trading as Cupcake Patrol and/or Cupcake Party;

5. Pursuant to 15 U.S.C. § 1117(a), defendant is assessed the costs of this action, consisting of plaintiff's attorneys' fees in the amount of $27,487.00 and costs in the amount of $3,166.34;

6. The $100.00 cash bond posted by plaintiff as security for the temporary restraining order and preliminary injunction entered by the Court is released;

7. Plaintiff's remaining claims, brought under other federal statutes and common law, are DISMISSED WITHOUT PREJUDICE.

BY THE COURT:

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Berle M. Schiller, J.