

1 John D. Vaughn, State Bar No. 171801
Jeffrey A. Feasby, State Bar No. 208759
2 PEREZ WILSON VAUGHN & FEASBY
750 B Street, Suite 3300
3 San Diego, California 92101
Telephone: 619.702-8044
4 Facsimile: 619-460-0437
E-Mail: vaughn@perezwilson.com
5

6 Attorneys for Defendant and Counterclaimant
Windermere Real Estate Services Company
7

8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10 BENNION & DEVILLE FINE
HOMES, INC., a California
11 corporation, BENNION & DEVILLE
FINE HOMES SOCAL, INC., a
12 California corporation, WINDERMERE
SERVICES SOUTHERN
13 CALIFORNIA, INC., a California
corporation,

14 Plaintiffs,

15 v.

16 WINDERMERE REAL ESTATE
17 SERVICES COMPANY, a Washington
corporation; and DOES 1-10

18 Defendant.
19

20
21
22 AND RELATED COUNTERCLAIMS
23
24
25
26
27
28

Case No. 5:15-CV-01921 R (KKx)

Hon. Manual L. Real

**SUPPLEMENTAL MEMORANDUM
OF POINTS AND AUTHORITIES
IN SUPPORT OF
COUNTERCLAIMANT
WINDERMERE REAL ESTATE
SERVICES COMPANY'S *EX
PARTE* APPLICATION FOR
TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE RE: PRELIMINARY
INJUNCTION**

Courtroom: 8

Complaint Filed: September 17, 2015

1 Pursuant to the Court’s Order Re: Ex Parte Application for Temporary
2 Restraining Order as to Cybersquatting [Document Number 23], Defendant and
3 Counterclaimant Windermere Real Estate Services Company (“WSC”) respectfully
4 submits this Supplemental Memorandum in support of its *Ex Parte* Application for
5 Temporary Restraining Order and Order to Show Cause Re: Preliminary Injunction.

6 **Summary of Events**

7 In light of the evolving nature of this unfortunate and entirely unnecessary
8 dispute, below is a brief summary of the pertinent events and developments for
9 purposes of evaluating the nature of relief most appropriate at this juncture:

- 10 • The SoCal Franchise Agreement *requires* Counterdefendants to transfer
11 ownership of all domain names bearing the Windermere name to WSC
12 upon termination of the agreement(s). (See First Amended Counterclaim,
13 Ex. L.)
- 14 • Beginning on October 1, 2015, WSC made demands on Counterdefendants
15 to comply with the franchise agreement and transfer the domains to WSC.
16 (See Feasby Declaration, ¶¶ 2,3; Exhibits 1, 2.) Given no immediate
17 response, WSC was left with no option but to prepare pleadings for
18 appropriate injunctive relief
- 19 • However, in the days leading up to October 13, 2015, the parties identified
20 71 domain names to be transferred to WSC so as to avoid a dispute and the
21 corresponding need to approach the Court for its assistance. (See Sherrell
22 Dec., ¶ 3.) Counterdefendants agreed they would transfer these domains to
23 WSC. (*Id.*)
- 24 • Unfortunately, on October 13, the very afternoon WSC’s responsive
25 pleadings were due for filing, WSC learned that rather than initiate transfer
26 of ownership of the domains to WSC, Counterdefendants had instead
27 canceled the registrations for all 71 domains the parties had previously, and
28 cooperatively, identified for transfer to WSC. Counterdefendants stated

1 that nothing further could be done by them and they could not otherwise
2 participate in transferring these domains to WSC as they were no longer in
3 possession of the same. (See Feasby Declaration, ¶ 9, Exhibit 6.)

- 4 • This created significant problems for WSC. Nevertheless, taking
5 Counterdefendants’ statements as truthful and accurate, WSC did not
6 submit its application for injunctive relief, and instead asserted
7 counterclaims for money damages.
- 8 • Then, in a phone call with GoDaddy on October 27, WSC was told that
9 Counterdefendants had not canceled the registrations for the 71 domains
10 that they agreed to transfer to WSC as previously represented. (See
11 Sherrell Declaration, ¶ 6.)
- 12 • When Mr. Sherrell spoke with GoDaddy on October 27, GoDaddy
13 confirmed that none of the 71 domain registrations that WSC had placed on
14 backorder had been cancelled at that time, even though WSC had been told
15 they had been cancelled two weeks before. All, at that time, were still
16 registered and locked for transfer or change. (See Sherrell Dec., ¶ 7; see
17 also Exhibit A to the Sherrell Dec. (October 28 screen shot showing the
18 windermersocal.com domain registered to Counterdefendant Joseph
19 Deville) and Exhibit B to the Sherrell Dec. (October 27 screen shot
20 showing the windermersandiego.com domain still registered and showing
21 Counterdefendant “Bennion & Deville Fine Homes” as the Registrant of
22 the domain)).
- 23 • Accordingly, on October 28, WSC filed its Ex Parte Application for a
24 Temporary Restraining Order.

25 **Response to the Court’s Order**

26 On October 29, Counterdefendants filed their opposition to WSC’s
27 application, driven largely by the Forsberg Declaration and Exhibits A and B

28 ///

1 attached thereto.¹ Essentially, Counterdefendants’ contend that WSC’s application
2 is moot because Forsberg terminated 355 domain names between October 13 and
3 October 28 and that to the extent any domains appear to be still registered to
4 Bennion and Deville this is because once a domain’s owner requests cancellation of
5 the registration, the domain is moved into a “cancellation hold” status for a period of
6 time before being released to market. (See Forsberg Dec., ¶¶ 11, 12.)

7 Counterdefendants’ opposition is misleading or inaccurate in several respects.
8 First, Counterdefendants argue that because WSC has taken the precaution of
9 placing backorders for the disputed domains, WSC is now assured of obtaining them
10 as soon as the cancellations are processed by GoDaddy. This is not true. When a
11 domain name registration is cancelled, it eventually gets released back to being
12 available for anyone in the world to register. Placing a backorder does not
13 guarantee that WSC will secure the domain; it simply guarantees WSC the
14 opportunity to participate in an auction if somebody else also places a backorder for
15 the same domain. This is why the distinction between a “transfer” and a
16 “cancellation” is of importance to WSC, and why WSC includes specific language
17 in its franchise agreements requiring departing franchisees to *transfer* domains to
18 WSC, rather than simply requiring such domain registrations to be cancelled. (See
19 Supplemental Declaration of Robert Sherrell (“Supp. Sherrell Dec.”), ¶ 4.)

20 Second, and at the very heart of WSC’s *Ex Parte* Application and the relief
21 respectfully sought herein, Counterdefendants have represented that because they
22 have submitted requests to cancel the registrations of the disputed domains, they no

23
24 ¹ If Exhibit A demonstrates anything, it shows the mess Counterdefendants Bennion
25 and Deville intended to create for WSC. Forsberg testifies that he terminated
26 registration of all domain names that used the Windermere name at the direction of
27 Counterdefendants Bennion and Deville. (See Forsberg Dec., ¶ 4.) Forsberg
28 intended to “release[] them into the wild” “as quickly as possible” – again at the
direction of Counterdefendants Bennion and Deville. As long time Windermere
Franchisees *and* Windermere Area Representatives, Counterdefendants Bennion and
Deville knew full well that releasing the domains “into the wild” was (1) a material
breach of the SoCal Franchise Agreement and (2) significantly detrimental to WSC.

1 longer have the ability to initiate a transfer (as required by the SoCal Franchise
2 Agreement), even if they wanted to. WSC has been informed that this is not true.
3 On November 3, 2015, Mr. Sherrell contacted GoDaddy customer support via online
4 chat. He inquired about the status of WSC's backorders. He then *specifically* asked
5 whether a domain that is in "cancellation hold" status can still be transferred. He
6 was told, without equivocation, that yes, until the cancellation hold expires and the
7 cancellation is fully processed, *Counterdefendants still own the domains and can*
8 *still initiate transfer to WSC*, including the *windermersocal.com* domain.² Further,
9 a transfer would result in WSC having the domains secured in as little as 24 hours.
10 (See Supp. Sherrell Dec., ¶ 5, Ex. A.)

11 Third, Counterdefendants represent to the Court that because they have placed
12 a request to cancel their registrations of the disputed domains, that it is simply a
13 matter of waiting a short time before those cancellations are processed and the
14 domains become available for WSC to register. However Forsberg's chat transcript
15 with GoDaddy support specifically contradicts Forsberg's statement. At the end of
16 the transcript, "Melissa" (the GoDaddy support representative) explains, "...
17 typically, domains remain in customer accounts up to 43 days after the domain has
18 expired or been canceled. However, after this time, the domain may *or may not* be
19 released back to the registry, and removed from the customer. Once the domain has
20 been returned to the registry, **it is held for an undetermined amount of time**
21 **before it will be released to the public and available for registration."**

22
23 ² Counterdefendants argue that because the "transfer" obligation appears in the
24 SoCal franchise agreement, and because Counterdefendant B&D SoCal was not the
25 "registrant" of the disputed domains, the transfer obligation does not
26 apply. However Counterdefendant Deville personally is the registrant for
27 *windermersocal*, and he personally guaranteed the SoCal Franchise Agreement. He
28 is personally bound by its terms, through the personal guaranty, which covers not
just payment of fees, but also performance of all obligations of the
franchisee. Counterdefendant Deville is personally bound to the transfer provisions,
and since he personally is the registrant for the *windermersocal.com* domain, he
should be required to honor the contract and transfer that domain as is contractually
required. (See First Amended Counterclaim, Ex. L, Appendix 2.)

1 (See Forsberg Dec., Ex. A.) In other words just because Counterdefendants have
2 requested cancellation of their registrations for the disputed domains, there is no
3 guarantee that they will become available for registration by WSC after just 43 days,
4 *or indeed ever*. Again, this is why the distinction between a domain “transfer” and a
5 “cancellation” is critically important to WSC. (See Supp. Sherrell Dec., ¶ 6.)

6 As of the filing of this pleading, only a handful of the disputed domains have
7 been secured by WSC. These are all domains that reached their expiration dates.
8 None of the disputed domains WSC has secured thus far have been released as a
9 result of the “cancellation” requests that Counterdefendants insist are adequate. The
10 domains secured by WSC in the past week remained locked and unavailable to
11 WSC until their prior registration periods actually expired. Some of the remaining
12 disputed domains will not expire for nearly a year, as they were just recently
13 renewed. Based on Forsberg’s chat session with “Melissa,” and based on
14 experience to date, WSC may not be able to secure those domains until they actually
15 expire, despite Counterdefendants’ alleged cancellation requests. (Id., ¶ 7.)

16 At 10:56 am on November 3, 2015, Mr. Sherrell checked the “WHOIS” data
17 for windermersocal.com (this is the domain that Counterdefendants Bennion &
18 Deville used for their primary web site while they were a Windermere franchisee).
19 Counterdefendant Deville is still appearing as the Registrant of record for
20 windermersocal.com, and the current registration shows an expiration date in
21 March 2016. (Id., ¶ 8, Ex. B.) Forsberg’s declaration represents that he has
22 requested the cancellation of the windermersocal.com domain. However, the list of
23 pending cancellations attached as Exhibit B to his declaration does *not* include
24 windermersocal.com on the list of domains in “cancellation hold” status. In short,
25 it does not appear that a cancellation order was submitted for windermersocal.com.
26 (Id., ¶ 9.) Moreover, based on Forsberg’s chat session with “Melissa,” even if such
27 a cancellation request has been placed, WSC may not be able to secure the

28 ///

1 registration for windermesocal.com until its current registration expires in March
2 2016, or for some “undetermined amount of time” after that. (Id.)

3 Of all the disputed domains, windermesocal.com is the one that is of
4 greatest concern for WSC. This is the domain name that was used by
5 Counterdefendants Bennion and Deville for their web site while they were
6 Windermere franchisees and Area Representatives. (Id., ¶ 10.) Because search
7 engines, including Google, still have that domain associated with Bennion and
8 Deville in their search records, users who type “Windermesocal.com” into the
9 search bar of a web browser may be redirected to Bennion and Deville’s new web
10 site. (Id.) Mr. Sherrell tried this himself using several browsers, and had some of his
11 coworkers try it as well. Some users of Google Chrome were redirected to Bennion
12 and Deville’s new web site when they typed “windermesocal.com” into the
13 Google Chrome address bar. (Id.)

14 Further, When Mr. Sherrell typed “windermesocal” into a Google search on
15 November 3, the search results showed Bennion and Deville’s new web site as the
16 first hit. In other words, even though Counterdefendants claim to have cancelled the
17 registration of that domain, and are no longer publishing a web site at that domain,
18 WSC’s inability to use the domain may be causing users who search for
19 “windermesocal” to find Bennion and Deville instead of Windermere. Again, this
20 is why a **transfer** of the domain was so important to WSC, not just a cancellation of
21 the registration. (Id., ¶ 11.)

22 In short, and most importantly, *it is still possible* for Bennion and Deville/Mr.
23 Forsberg to initiate a **transfer** of any and all disputed domains still in “Cancellation
24 hold” status, including windermesocal.com, in compliance with the SoCal
25 Franchise Agreement. Absent such a transfer request, those disputed domains will
26 continue to remain unavailable to WSC for an “undetermined amount of time,”
27 possibly until the old registrations expire (March 2016 in the case of
28 windermesocal.com). And when they are eventually released, WSC has no

1 assurance it will be able to secure the registration of any disputed domain if another
2 interested party forces an auction. (Id., ¶ 12.) Simply waiting for the alleged
3 cancellation requests to be processed is not adequate to protect WSC’s interest in
4 being able to register and use the disputed domains immediately, and WSC will
5 continue to suffer irreparable harm from its inability to fully use its own registered
6 trademark. (Id., ¶ 13.)

7 Accordingly, WSC respectfully requests that the Court enter a Temporary
8 Restraining Order requiring Counterdefendants to immediately submit a request to
9 GoDaddy to “recover” any of the disputed domains still in their GoDaddy account
10 which are now in either “cancellation hold” or “pending deletion” status. Once the
11 domains are recovered, Counterdefendants should be ordered to initiate a transfer of
12 these domains, including windermersocal.com, to WSC’s GoDaddy account, as
13 required by the SoCal Franchise Agreement.

14
15 DATED: November 3, 2015 PEREZ WILSON VAUGHN & FEASBY

16
17 By: /s/ John D. Vaughn
18 John D. Vaughn
19 Attorneys for
20 Windermere Real Estate Services Company
21
22
23
24
25
26
27
28