Register.com, Inc. v. Verio, Inc.

REGISTER.COM, INC. V. VERIO, INC.

356 F.3d 393 (2d Cir. 2004)

The Second Circuit affirmed a preliminary injunction prohibiting Verio from using Register.com's trademarks and from using automated software robots to perform multiple, successive WHOIS queries in order to identify and contact recent domain name registrants for marketing purposes.

Plaintiff Register.com is authorized through contractual agreement with the Internet Corporation for Assigned Names and Numbers (ICANN) to act as a registrar for issuing Internet domain names. The agreement requires Register.com to make its registrants' WHOIS information (including name, postal address, email address and telephone number) publicly available. The original agreement forbade Register.com from imposing any restrictions on the public's lawful use of WHOIS data other than for emailing spam. Defendant Verio provides web services such as website operation and design. Verio built its sales contact list by programming an automatic software robot ("bot") to perform multiple WHOIS queries each day on Register.com's servers and thus identify recent domain name registrants. Verio used the WHOIS data to contact Register.com's customers and solicit their business. Verio's sales pitches either made explicit reference to Register.com and its trademarks or implied that it was acting as Register.com's affiliate. Register.com responded by demanding that Verio stop these marketing practices and by modifying the disclaimer accompanying WHOIS query results. Whereas the old notice forbade use of the data only for sending spam, the new one also prohibited using WHOIS data for mass solicitation "via direct mail, electronic mail, or by telephone."

The court upheld the preliminary injunction against using bots to perform successive WHOIS queries on Register.com's computers, finding both a likelihood that Register.com would succeed on the merits, and the threat of irreparable harm. The court rejected Verio's attempt to claim that Register.com's new disclaimer violated Register.com's contract with ICANN, holding that Verio could not intervene to enforce the obligations placed on Register.com by its contract with ICANN unless the contract was made expressly for a third party's benefit. On the contrary, the ICANN agreement includes a "No Third-Party Beneficiaries" provision, and ICANN submitted an amicus brief arguing that enforcement of the agreement's terms should be made through its own procedures rather than in the courts.

The court further held that Register.com's disclaimer bound Verio even though the disclaimer was not displayed before a WHOIS query had been made. The court distinguished *Specht v. Netscape Communications Corp.*, 306 F.3d 17 (2d. Cir. 2002), noting that Verio could perhaps have pled ignorance as to Register.com's terms if its queries had been sporadic and infrequent. However, regular and repeated queries rendered Verio fully informed of Register.com's terms, with Verio admitting actual knowledge of the terms, and they were thus binding. The court also distinguished *Ticketmaster Corp. v. Tickets.com, Inc.*, CV99-7654-HLH (BQRx), 2000 U.S. Dist. LEXIS 12987 (C.D. Cal. Aug. 11, 2000), holding that clicking an "I Agree" button is not always prerequisite to forming a contract on the Internet. Instead, the court referred to the traditional tenet of contract doctrine providing that when an offeree takes a benefit with knowledge of stated conditions, the taking constitutes an acceptance of the terms, which then become binding.

On the issue of irreparable harm, the Second Circuit held that the possibility of other entities following Verio's example and ultimately causing Register.com's servers to crash posed sufficient impairment to satisfy a claim of trespass to chattel.