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15 UNITED STATES DISTRICT COURT
 16 NORTHERN DISTRICT OF CALIFORNIA

17 PETROLIAM NASIONAL BERHAD,
 18 Plaintiff,
 19 vs.
 20 GODADDY.COM, INC.,
 21 Defendant.

CASE NO.: 09-CV-5939 PJH

**DECLARATION OF
 MICHAEL D. PALAGE
 IN SUPPORT OF GO DADDY'S
 MOTION FOR SUMMARY
 JUDGMENT**

22 GODADDY.COM, INC.,
 23 Counterclaimant,
 24 vs.
 25 PETROLIAM NASIONAL BERHAD,
 26 Counterclaim Defendant.

Date: December 7, 2011
 Time: 9:00 a.m.
 Courtroom: 3

Honorable Phyllis J. Hamilton

27 I, Michael D. Palage, declare:

28 1. I have been retained by GoDaddy.com, Inc. ("Go Daddy") to provide expert
 opinions and testimony concerning the allegations contained in the First Amended Complaint as
 well as other pleadings in this matter. I make this declaration in support of Go Daddy's Motion
 for Summary Judgment.

1 **I. QUALIFICATIONS**

2 2. I received a Bachelor of Sciences Degree in Electrical Engineering (B.S.E.E)
3 from Drexel University and a Juris Doctor (J.D.) from Temple University's Beasley School of
4 Law, and I am currently an active member of the Florida Bar.

5 3. I have worked within the domain name industry for over a decade in connection
6 with both registrars and registries. During that time, I have been intimately involved with the
7 Internet Corporation for Assigned Names and Numbers (ICANN), the international non-profit
8 organization that has been designated by the United States government to manage and coordinate
9 the Internet's unique identifiers (domain names and IP addresses).

10 4. Over the past twelve years I have held various leadership positions within
11 ICANN, including: a three-year term on its Board of Directors from 2003 to 2006; Chair of the
12 Registrar Constituency, the representative body for registrars before ICANN, from 1999 to 2003;
13 Co-Chair of Working Group B, which was tasked to address the protection of trademarks in new
14 gTLDs, in 1999; and Chair of the High Security Zone Advisory Group, which was charged with
15 reducing malicious security issues in new gTLDs, from 2010 to 2011.

16 5. I was involved in drafting the original ICANN Uniform Dispute Resolution
17 Policy (UDRP) for resolving trademark disputes between trademark holders and domain name
18 registrants. The UDRP is now incorporated into over 130 million gTLD domain name
19 registration agreements between registrars and their registrant-customers.

20 6. I have previously served as a domain name panelist (arbitrator) for the World
21 Intellectual Property Organization (WIPO), a specialized agency of the United Nations and one
22 of the providers approved by ICANN to administer UDRP proceedings.

23 7. I have testified before Congress and the United States Copyright Office on
24 various Internet issues and have spoken as a lecturer or panelist concerning domain name issues
25 at numerous meetings, seminars and conferences around the world.

26 8. In my role as a consultant, I am regularly involved in operational, technical, legal
27 and policy matters of domain name registration authorities (registrars and registries). I have also
28 consulted with registrars and registries to implement and operate trademark protection

1 mechanisms in approximately half of all new generic top-level domains (gTLDs) approved by
2 ICANN over the last eleven years, among other projects.

3 9. I am also the registrant of multiple domain names that have been used in both a
4 personal and business capacity.

5 10. A current CV setting forth my education and professional experience is attached
6 hereto as Exhibit No.1.

7 11. Included in my CV is a list of legal proceedings in which I have testified at either
8 deposition or trial in numerous Internet and domain name related matters.

9 **II. BASIS FOR TESTIMONY**

10 12. In preparing for my testimony, I have familiarized myself with the issues in this
11 case by reviewing the following documents:

- 12 • Plaintiff's First Amended Complaint;
- 13 • Go Daddy's Notice of Motion, Motion, and Memorandum of Points and
14 Authorities in Support of Defendant's Motion to Dismiss First Amended
Complaint;
- 15 • Court's Order Denying Motion to Dismiss, dated 5 May 2011;
- 16 • ICANN-accredited registrar Go Daddy's website;
- 17 • ICANN-accredited registrar eNom's website;
- 18 • ICANN-accredited registrar Network Solutions' website;
- 19 • ICANN-accredited registrar TUCOWS' website;
- 20 • ICANN-accredited registrar Schlund + Partner website;
- 21 • ICANN-accredited registrar MelbourneIT's website;
- 22 • ICANN-accredited registrar ResellerClub's website;
- 23 • ICANN-accredited registrar Moniker's website;
- 24 • ICANN-accredited registrar Register.com's website;
- 25 • ICANN-accredited registrar Key-System's website;
- 26 • The legislative history of the Anti-Cybersquatting Consumer
27 Protection Act (ACPA), 15 USC 1125(d);
- 28 • Historical newspaper and periodical articles in connection with
domain name industry facts and figures;

- 1 • ICANN’s website;
- 2 • The United States Government National Telecommunication and
- 3 Information Agency (NTIA) website;
- 4 • WIPO website; and
- 5 • Miscellaneous technical documentation.¹

6 I understand that copies of these documents have previously been disclosed to plaintiff’s counsel.

7 A copy of my expert report in this matter is attached hereto.

8 **III. SUMMARY OF CONCLUSIONS**

9 13. Based upon my professional expertise as set forth above, it is my opinion that the
10 services provided by Go Daddy in connection with the domain names petronastower.net and
11 petronastowers.net are consistent with core registrar services routinely provided by all the
12 leading registrars. These routinely provided services include, but are not limited to, domain
13 name resolution services. Domain name resolution services, such as routing and forwarding,
14 have been consistently offered and rendered by registrars to their registrant-customers since at
15 least as early as 1998.

16 14. It is my further opinion that these core registrar services are the very type of
17 services intended to fall within the registrar safe harbor provision set forth in the Anti-
18 Cybersquatting Consumer Protection Act (ACPA), absent evidence of bad faith by the registrar.

19 15. It is my further opinion that, based upon the allegations set forth in the First
20 Amended Complaint and my analysis of Go Daddy’s conduct, there has been no bad faith
21 exhibited by Go Daddy; in particular there has been no bad faith in connection with the domain
22 name registration or resolution services that Go Daddy has provided with respect to the domain
23 names petronastower.net and petronastowers.net.

24 16. It is my further opinion that Go Daddy’s actions in not directly interjecting itself
25 into the middle of this trademark dispute between a trademark owner and domain name

26 _____
27 ¹ This documentation includes a Requests for Comments (“RFC”) and a book on the Domain
28 Name System (“DNS”).

1 registrant, and instead referring the trademark complainant to the UDRP (the expedited domain
2 name dispute resolution process), is consistent with the standard operating procedure most
3 registrars would follow. I do not believe that Go Daddy's general practices for handling
4 trademark complaints, as alleged in the First Amended Complaint, constitute bad faith in any
5 way.

6 17. It is my further opinion that granting the relief requested by Plaintiff – actual,
7 treble or statutory damages, plus an attorney fee award, based on the conduct exhibited by
8 Go Daddy in this dispute – would create new law with a direct and detrimental impact on a
9 multi-billion dollar domain name industry and would impose a standard of operation on domain
10 name registrars that was deemed unscalable and unduly burdensome as early as 1997, when
11 only a million or fewer domain names were registered globally. Today there are over 215
12 million domain names registered worldwide, so the responsibilities that Plaintiff now seeks to
13 impose on registrars would even be more impracticable, particularly in light of ICANN's
14 proposed expansion of the Domain Name System (DNS) to encompass an unlimited number of
15 new top-level domains.²

16 **IV. THE DOMAIN NAME SYSTEM (DNS)**

17 **A. Evolution of the Domain Name Registration Authority (Registry/Registrar)** 18 **Marketplace**

19 18. Although the domain name system was first created in 1985, it was not until the
20 mid- to late 1990's that the number of domain names registrations by businesses and individuals
21 began to explode.

22 19. On January 1, 1993, Network Solutions Inc. (NSI) obtained the exclusive right to
23 provide domain name registration services in the .COM, .NET and .ORG top-level domains. At
24 that time there were a total of 21,000 domain names registered globally.

25
26 ² ICANN has proposed the addition of countless new domain name extensions, such as
27 .hotel, .blog, .hitachi, .cannon, etc. New top-level domains of this kind are expected to be
28 introduced to the Internet as early as 2012.

1 20. Five years later that number increased to 2.2 million domain names registered
2 globally.

3 21. From 1993 through December 1997, NSI provided these domain name
4 registration services to end-users (registrants) primarily through a network of resellers (e.g.
5 Internet Service Providers, web hosting companies, etc.). These resellers were largely
6 responsible for providing the primary and secondary domain name servers associated with each
7 domain name. As explained below, these name servers are necessary for “resolution” of domain
8 names.

9 22. In January 1998, NSI introduced “WorldNIC,” a suite of domain name services –
10 including domain name resolution services – designed for small and medium size businesses.
11 This represented NSI’s first “retail” domain name service, directed at registrants.

12 23. In 1998 the United States government acknowledged ICANN as the global
13 technical coordinator of the Internet’s unique identifiers (domain names and Internet Protocol
14 (IP) addresses).

15 24. One of ICANN’s initial objectives was to spur competition in the domain name
16 space by introducing a marketplace of registrars to provide competition to the incumbent
17 monopoly provider, NSI. Thereafter, NSI lost its monopoly and ICANN created a competitive
18 marketplace with numerous ICANN-accredited registrars.

19 25. Today there are over 215 million domain names registered across approximately
20 300 top-level domains (generic top-level domains (gTLDs) and country-code top-level domains
21 (ccTLDs)). However, over 130 million of these domain names are registered within five gTLDs
22 (.COM, .NET, .ORG, .INFO, and .BIZ).

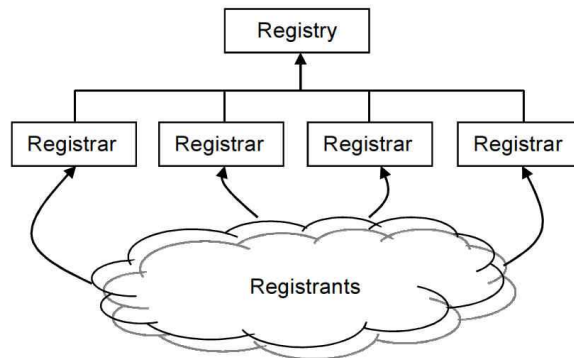
23 26. Today, a few ICANN-accredited registries serve as the exclusive wholesaler for
24 each specific TLD, and numerous competitive ICANN-accredited registrars function as retailers
25 of domain name registration services in the various top-level domains.

gTLD	Registry Operator	Domain Names
.COM	VeriSign	97,236,181
.NET	VeriSign	14,152,241
.ORG	Public Interest	9,436,538

.INFO	Afilias	8,040,460
.BIZ	NeuStar	2,134,085

Source: DomainTools: <http://www.domaintools.com/internet-statistics/> (September 2011).

27. The diagram below provides a high level over view of the current domain name marketplace:



28. A “registry” is the entity responsible for maintaining the authoritative, master database of all domain names and associated function information registered in each top-level domain. The registry for the .NET gTLD is VeriSign.

29. A “registrar” is an entity that registers and maintains domain names with the Registry on behalf of the Registrant. All ICANN-accredited registries must use ICANN-accredited registrars to perform domain name registration and maintenance. Today, Go Daddy, according to its public statements, is the world’s largest of over 900 ICANN-accredited registrars with in excess of 50 million domain names registered.

30. A “registrant” is the individual or organization that registers a specific domain name within a given TLD, and holds the right to use that specific domain name for a specified period of time, provided certain conditions are met and the registration fees are paid. Go Daddy’s domain name customers are examples of registrants.

31. Registrants can freely transfer domain names among registrars (after an initial, brief time period following registration).

1 **B. TECHNICAL OVERVIEW OF THE INTERNET’S UNIQUE**
2 **IDENTIFIERS**

3 32. It is a fundamental principle of the Internet’s architecture that each host computer
4 has a unique address (IP Address). This guarantees that the information being sent across the
5 Internet will arrive at the proper designation. This is somewhat analogous to the postal system
6 that distinguishes between Hollywood, Florida and Hollywood, California.

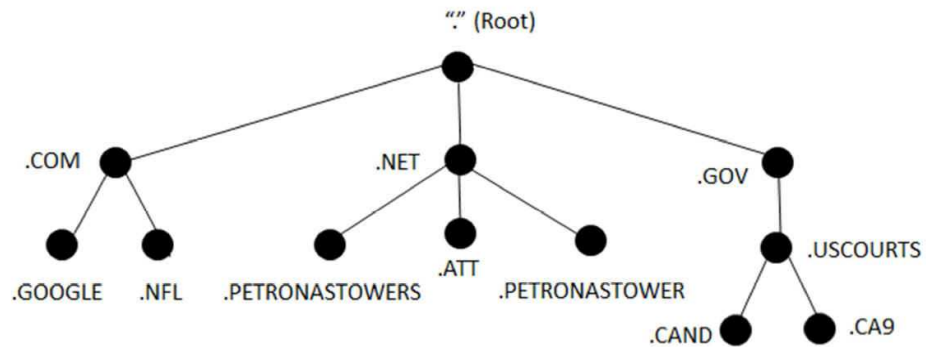
7 33. IP Addresses have historically been represented by a series of numbers and dots
8 that represent individual host computers on the Internet.

9 34. For example, the IP Address for the computer currently hosting the United States
10 District Court for the Northern District of California’s website is 206.18.146.127. This unique IP
11 Address allows all the computers connected to the Internet to find the Court’s website. This is in
12 the same manner that the unique telephone number 1-415-522-2000 allows people to contact the
13 Clerk’s office through the existing telephone network.

14 35. It is not practical for people to have to remember IP addresses for the websites
15 they are seeking on the Internet. The Domain Name System (DNS) thus allows users to utilize,
16 user-friendly names when looking for other host computers, instead of having to remember and
17 use their IP Addresses. An Internet user, for example, instead of having to remember the IP
18 address 206.18.146.127 to get to the Court’s website, can simply type <http://cand.uscourts.gov>
19 into her Web browser.

20 36. The names in the DNS database establish a logical tree structure called the
21 domain name space. The top of the DNS is called the dot (“.”) or root of the DNS database on
22 the Internet. Under the root is a set of names called top-level domains. Each of these top-level
23 domains contains a set of records (zone files) comprising information about certain domain
24 names registered in that TLD.

1 37. This hierarchal/tree structure is illustrated in the diagram below.



9 This DNS query system leads an Internet user from the root nameserver to the TLD nameserver
10 and then to the authoritative nameserver, which does not host any web content but does (via
11 resource records) point the user to the requested website. In this manner the DNS functions as
12 the Internet's equivalent of "directory assistance."

13 38. When an individual or business wants to register a domain name, she or it must
14 register it through an ICANN-accredited registrar, who is required to collect a set of information
15 from the registrant.

16 39. In particular, in accordance with Section 3.2.1 of the 2009 ICANN Registrar
17 Accreditation Agreement ("RAA") between registrars and ICANN, a registrar is required to
18 collect the following data from a domain name registrant as well as reasonable assurance of
19 payment of its registration fee:

20 3.2.1.1 The name of the Registered Name being registered;

21 3.2.1.2 The IP addresses of the primary nameserver and secondary
22 nameserver(s) for the Registered Name;

23 3.2.1.3 The corresponding names of those nameservers;

24 3.2.1.4 Unless automatically generated by the registry system, the identity of the
25 Registrar;

26 3.2.1.5 Unless automatically generated by the registry system, the expiration
27 date of the registration; and

28 3.2.1.6 Any other data the Registry Operator requires be submitted to it.

1 Prior versions of the RAA imposed similar obligations on registrars.

2 40. Because almost all gTLD domain name registrations are accepted on a first-come,
3 first-served basis, the vast majority of registrars provide default information in connection with
4 sections 3.2.1.2 and 3.2.1.3 of the RAA – nameserver information – to speed the registration
5 process, unless, where expressly instructed otherwise by a registrant. The nameservers are used
6 in connection with domain name resolution: linking domain names to their corresponding IP
7 addresses on the Internet. Each domain name is said to “resolve” to a corresponding IP address.

8 **C. RESOLUTION SERVICES**

9 41. Registrars routinely provide resolution services, such as routing and forwarding,
10 to registrants. The terms resolution, routing and forwarding are commonly used interchangeably.

11 42. Registrars have been routinely providing resolution services since as early as
12 1998, when NSI began providing primary and secondary domain name resolution services in
13 connection with its WorldNIC suite of services.

14 43. Registrars play a critical role in domain name resolution, as they are the exclusive
15 avenue by which registrants can make changes at the registry in connection with nameserver
16 information. Without registrars providing this service, third parties would be unable to access
17 websites or to send e-mail messages associated with that domain name.

18 44. A registrant, after registering the domain name, has a number of resolution
19 options to choose from:

- 20 • The registrant can do nothing and allow the name servers to be propagated
21 with the default IP address information provided by the registrar. This
22 default information is most probably going to have the domain name
23 resolve to a “coming soon” page;
- 24 • The registrant can develop some basic content on the website;
- 25 • The registrant can configure the name servers to point the domain name to
26 a web hosting plan hosted by that registrar;
- 27 • The registrant can configure the name servers to point the domain name
28 to a web hosting plan hosted by a third party;

- 1 • The registrant can point the domain name or a sub-domain within that
2 domain to an existing domain name and/or URL³;
- 3 • The registrant can configure the Resource Records on the nameserver so
4 they return a “record not found” error; or
- 5 • The registrant can configure the domain name so that it points to a parked
6 page/link farm to generate pay-per-click revenue, typically via online
7 advertising.

8 45. In short, “resolution” services refer to the process when an Internet user accesses
9 a website by typing the domain name into a browser window. At that point the Internet user’s
10 ISP (typically a phone company or a cable service, like AT&T or Cox Cable) checks the registry
11 for the IP address and location information, and then sends the Internet user to the proper website
12 content.

13 **D. DOMAIN NAME FORWARDING SERVICES**

14 46. I am familiar with domain name forwarding, including the history of
15 forwarding and its current uses.

16 47. A registrant who desires her registrar to provide resolution of her domain name
17 provides the registrar with nameserver information. A registrant who desires her registrar to
18 forward her domain name provides a URL address for a pre-existing website.

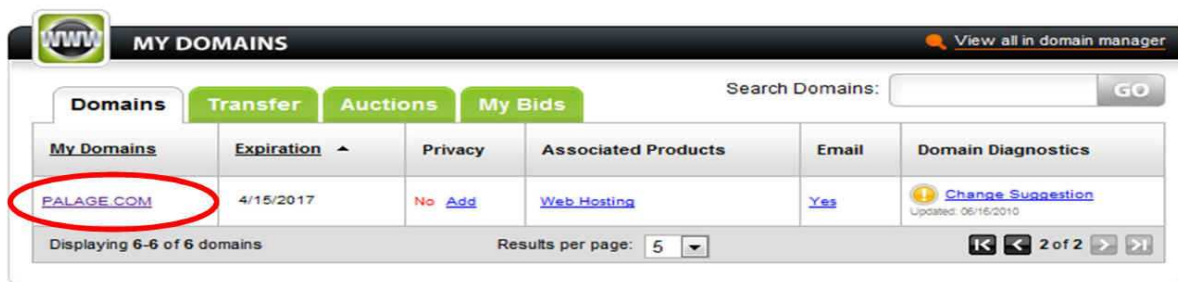
19 48. Any distinctions between domain name forwarding and other resolution services
20 are highly technical. From the perspective of a domain name registrant or Internet user,
21 however, domain name forwarding is essentially the same as other resolution services. Simply
22 stated, domain name forwarding is an automated process in which a registrant points a domain
23 name to a website, and then the registrar directs traffic to that designated website.

24 49. Domain name forwarding is a ubiquitous service offered by the leading registrars.
25 The registrars have bundled domain name forwarding into the basic “tool box” or “dashboard”
26 that a domain name registrant uses to manage her domain names. These dashboards, accessed
27 through the domain name registrar’s websites, are user-friendly graphical interfaces that allow

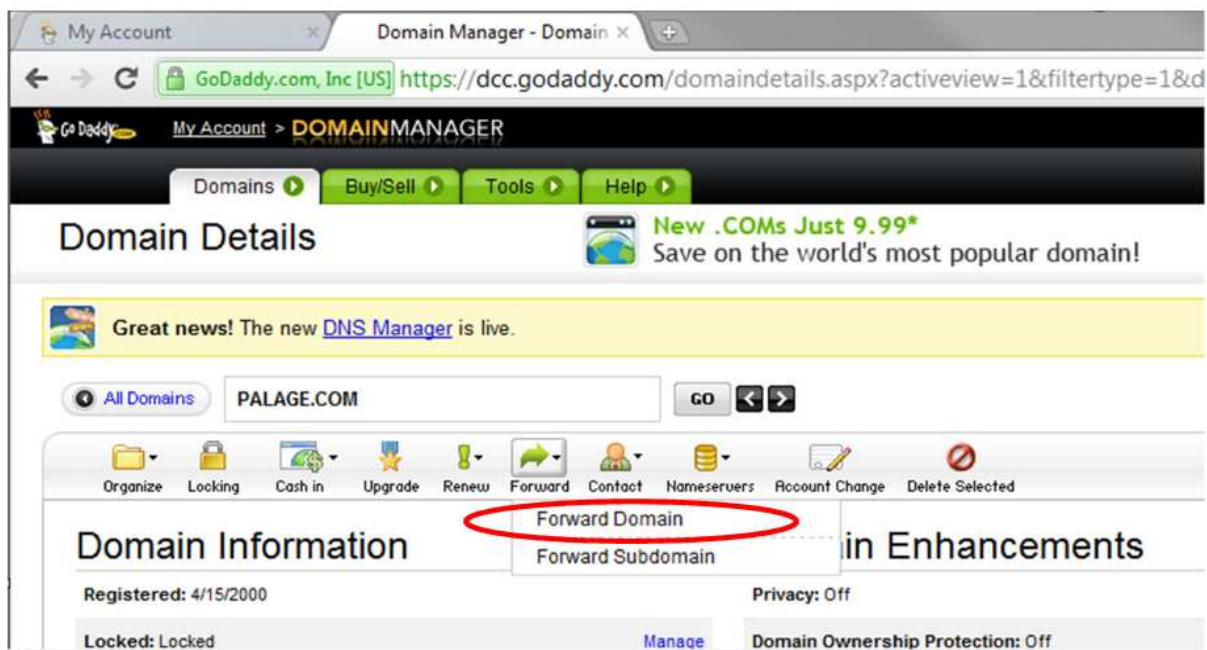
28 ³ This is the option which, I understand, the registrant of the two disputed domain names in
this lawsuit selected.

1 domain name registrants with little or no technical expertise to manage their domain names.
2 With easy to use point-and-click options, the dashboards allow registrants to make changes
3 regarding their domain names seamlessly and automatically.

4 50. One of the easily accessible features available on the registrar's dashboard is
5 the option to change the resolution of the domain name. In a few mouse clicks, a domain
6 name registrant can quickly access the dashboard feature and direct the domain name registrar
7 to route the domain name to a different IP address (i.e., a different hosting computer), or to
8 forward the domain name to a different URL or existing website. For example, beginning
9 from Go Daddy's My Account page, a registrant simply clicks on the domain name that she
10 wishes to configure. (See circle below)



16 51. The user/registrar then pulls down the Forward menu-bar and clicks on Forward
17 Domain. See red circle below.



1 52. The registrant is then provided a simple interface to point the domain name to the
2 domain and/or URL of her choosing. This is “forwarding.”

3

4 **Forward PALAGE.COM to:** [Preview](#)

5

6 Update my DNS settings to support this change. (Recommended)

7 [Hide Advanced Options](#)

8 Forward Only

9 Redirect type:

10

11 Forward with Masking

12

Click preview to see forwarding web site.

11 53. Registrars like Go Daddy, by giving registrants an efficient way to configure
12 domain name servers to point to desired Internet content, play a critical role in the domain
13 name resolution (routing or forwarding) process.

14 54. There are a number of widely accepted personal/commercial uses that incorporate
15 domain name forwarding services, including but not limited to:

- 16 • In connection with corporate mergers. Pacific Telesis (PacBell) was one
17 of the seven original Baby Bells created back in 1983 following the
18 break-up of AT&T. Any user typing [PACBELL.COM](#) into a web
19 browser today is automatically forwarded to the current [ATT.COM](#)
20 website. This feature allows companies to phase out trademarks and
21 domain names while providing a seamless navigation experience to the
22 end user – when an Internet user types in the old, retired trademark or
23 domain name, he or she is automatically forwarded to the new website
24 located at the new domain name.
- 25 • Business and trademark owners also use domain name forwarding to
26 help Internet users more seamlessly navigate to where they are intending
27 to go. If an Internet user was to type the domain name [wwwyahoo.com](#)
28 into a browser window with no “.” between the www and yahoo, domain
name forwarding seamlessly and automatically redirects the Internet user
from the [wwwyahoo.com](#) domain name to the [yahoo.com](#) website.
- A domain name registrant can choose to forward a domain name with or
without “masking.” The only difference is: when “masking” is enabled,
the domain name that the Internet user typed appears in the browser
window (i.e., [wwwyahoo.com](#), without the “.” between the “www” and
“yahoo”). When masking is not enabled, the destination website’s domain
name appears in the browser window instead (in this example,
“[www.yahoo.com](#)”). Masking is a useful tool in connection with website
migration/ transition, allowing a company to simultaneously launch a new

1 website with increased structure and functionality, while still linking to the
2 old content hosted at the old domain names and URLs.

- 3 • Domain name forwarding also represents a potential cost saving to
4 students and consumers. Individuals are commonly given free web sites
5 by their local ISP or school, however, the URL is generally not very
6 attractive or memorable, e.g. www.local-isp.com/~user-xyz or www.local-school.edu/~student-name. Domain name forwarding with masking
7 empowers a registrant to automatically redirect traffic from content hosted
8 on a lengthier domain name/URL to a shorter and more memorable
9 domain name that appears in the browser window.

10 55. In preparation of this report, I identified the top-ten ICANN-accredited registrars
11 based upon their current gTLD market share:

Rank	Registrar	Country	Market Share
1	GO DADDY		32.332%
2	ENOM		8.667%
3	TUCOWS		6.722%
4	NETWORK SOLUTIONS		5.123%
5	SCHLUND+PARTNER		4.340%
6	MELBOURNE IT		3.204%
7	WILD WEST DOMAINS		2.729%
8	RESELLERCLUB.COM		2.192%
9	MONIKER		1.943%
10	REGISTER.COM		1.897%

12 Source: WEBHOSTING.INFO (<http://www.webhosting.info/registrars/top-registrars/global/>)
13 (September 2011)

14 56. My review of these registrars' websites revealed that domain name forwarding is
15 a ubiquitous service offered by the top-ten registrars, irrespective of their geographic location or
16 their business model.

17 **E. HISTORICAL OVERVIEW OF DOMAIN NAME CYBERSQUATTING**

18 57. Cybersquatting can be broadly defined as an individual's bad faith intent to profit
19 from the goodwill of another's trademark, by registering, trafficking in, or using a domain name
20 that is identical to, or confusingly similar to a distinctive mark, or dilutive of a famous mark. *See*
21 15 U.S.C. § 1125.

1 Pre-ICANN

2 58. When the Internet was perceived to have *de minimis* commercial value, the first
3 attempts to profit off of domain names failed. In August 1994, Jim Cashel registered 18 domain
4 names that incorporated well-known trademarks such as HERTZ and ESQUIRE. However, after
5 responding to a flood of calls from curious reporters, Mr. Cashel simply relinquished the domain
6 names.

7 59. During NSI's monopoly over the registration services in the .COM, .ORG and
8 .NET top-level domains (1993-1999), it provided domain name registrations on a first-come
9 first-serve basis. Its original policy on disputes was set forth in RFC ("Request for Comment")
10 1591, which provided in relevant part:

11 In case of a dispute between domain name registrants as to the rights to a
12 particular name, the registration authority shall have no role or responsibility
 other than to provide the contact information to both parties.

13 The registration of a domain name does not have any Trademark status. It is up to
14 the requestor to be sure he is not violating anyone else's Trademark.

15 60. In response to a growing number of trademark disputes involving domain names,
16 NSI modified its domain name Dispute Policy three times over the next two and half years. The
17 basic premise of this new Dispute Policy was one in which a registered trademark owner could
18 have a domain name placed on hold if the domain name registrant was unable to demonstrate
19 equal or superior rights.

20 61. However, under the Dispute Policy, putting a domain name on hold did not entitle
21 the trademark owner to secure the domain name. In order to effectuate a transfer of the domain
22 name, the trademark owner still had to file a proceeding in a court of competent jurisdiction and
23 prevail by securing a court order. This process was not only costly but time-consuming, as
24 registrants could evade service of process by using fraudulent registrant data in the public
25 WHOIS database.

26 62. Notwithstanding its domain name registration policy, designed to mitigate harm
27 to trademark owners, by 1997 NSI had been named as a defendant in over 30 trademark
28

1 litigation disputes based upon its role as a technical domain name registration authority
2 (registry/registrar).

3 63. However, in November 1997 Judge Pregerson of the federal district court in Los
4 Angeles issued the landmark decision in *Lockheed Martin Corp. v. Network Solutions Inc.* 985 F.
5 Supp 949 (C.D. Cal. 1997), granting summary judgment to the defendant registrar NSI. The
6 Court ruled, in particular, that NSI could not be held liable for direct or contributory
7 infringement in connection with its limited technical role as a registrar. This decision was
8 subsequently affirmed by the U.S. Court of Appeals for the Ninth Circuit.

9 *The Uniform Dispute Resolution Policy (UDRP)*

10 64. On October 24, 1999, the ICANN board adopted the Uniform Dispute Resolution
11 Policy (UDRP) and contractually required all ICANN-accredited registrars to incorporate this
12 provision into their domain name registration agreements. This provision subjected all domain
13 name registrants to a mandatory administrative review where a complaint is filed alleging
14 abusive domain name registration.

15 65. The UDRP was designed to address many of the shortcomings of the previous
16 NSI dispute policies, by providing a way for trademark owners to obtain a transfer/cancellation
17 of a domain name in a timely and cost-effective manner.

18 66. Under the UDRP, in order to prevail, a trademark complainant must establish:
19 (1) the domain name is identical or confusingly similar to a trademark or service mark in which
20 the complainant has rights; and (2) that the domain name registrant has no rights or legitimate
21 interests in respect of the domain name; and (3) the domain name has been registered and is
22 being used in bad faith.

23 67. The UDRP provides the following non-exhaustive criteria for establishing a
24 finding of bad faith on behalf of a domain name registrant:

- 25 (i) circumstances indicating that you have registered or you have
26 acquired the domain name primarily for the purpose of selling,
27 renting, or otherwise transferring the domain name registration to
28 the complainant who is the owner of the trademark or service mark
 or to a competitor of that complainant, for valuable consideration
 in excess of your documented out-of-pocket costs directly related
 to the domain name; or

- 1 (ii) you have registered the domain name in order to prevent the owner
2 of the trademark or service mark from reflecting the mark in a
3 corresponding domain name, provided that you have engaged in a
4 pattern of such conduct; or
- 5 (iii) you have registered the domain name primarily for the purpose of
6 disrupting the business of a competitor; or
- 7 (iv) by using the domain name, you have intentionally attempted to
8 attract, for commercial gain, Internet users to your web site or
9 other on-line location, by creating a likelihood of confusion with
10 the complainant's mark as to the source, sponsorship, affiliation, or
11 endorsement of your web site or location or of a product or service
12 on your web site or location.

13 68. I understand that the average pendency of a UDRP arbitration proceeding is
14 approximately 60 days. I also understand that trademark owners tend to prevail in these
15 proceedings over 85% of the time.

16 69. The success of the UDRP as a cost-efficient and timely mechanism to provide
17 trademark owners the relief they are looking for, while removing domain name registration
18 authorities from the dispute, is evidenced by a recent WIPO document. The document states that
19 as of August 2011, there have been over 36,000 UDRP domain name dispute resolution
20 proceedings filed since the original creation of the UDRP back in 1999.

21 70. In fact, Plaintiff has successfully used the UDRP at least four times in the past to
22 secure the transfer of a domain name that had been allegedly registered in bad faith:

- 23 • *Petroliam Nasional Berhad v. Daniela Naidu* (WIPO D2000-1777);
- 24 • *Petroliam Nasional Berhad v. Internet Prolink SA* (WIPO D2001-0379);
- 25 • *Petroliam Nasional Berhad(sic) v. Pertronasgas.com Inc.* (WIPO
26 D2002-0709) and
- 27 • *Petroliam Nasional Berhad v. Kim Harrison* (NAF FA0712001123094)⁴

28 ⁴ NAF refers to the National Arbitration Forum, another ICANN-accredited provider of
dispute resolution services under the UDRP.

1 Anti-Cybersquatting Consumer Protection Act (ACPA)

2 71. The Anti-Cybersquatting Consumer Protection Act (ACPA), 15 USC §1125(d),
3 was intended to boost consumer protection and assist trademark owners in connection with
4 electronic commerce by providing additional tools for trademark owners to pursue
5 cybersquatters. It was intended as well to codify case law limiting the secondary liability of
6 domain name registration authorities (registrars and registries).

7 72. However, the ACPA was not written in a vacuum; in fact, it was intended to
8 dovetail into the work that ICANN was undertaking at the time in connection with the UDRP, as
9 evidenced by the following excerpt from the Congressional Record:

10 On the one hand ICANN, the private sector organization tasked by the
11 Department of Commerce to manage domain names, is establishing a
12 uniform dispute resolution mechanism for domain name registrars. That
13 work is very important, and I hope the outcome of that process yields a
14 mechanism that will be truly effective in protecting marks.

15 However, even with a private party dispute resolution process, there
16 needs to be appropriate legal remedies where individuals seek to exploit
17 through what amounts to extortion the registration of domain names. I
18 think that this legislation sets out the appropriate legal framework and
19 will certainly enhance the effectiveness of the protection of marks in this
20 global electronic environment.

21 Committee Reports, 106th Congress, House Reports H10827.

22 73. The ACPA strengthens the rights and remedies trademark owners have against
23 cybersquatters, most importantly by providing *in rem* jurisdiction over certain domain names and
24 statutory damages up to \$100,000 per bad faith domain name registration.

25 74. Under the ACPA, a trademark owner must establish that the defendant (1) has a
26 bad faith intent to profit from that mark; AND (2) registers, traffics in, or uses a domain name
27 that is (a) identical to or confusingly similar to that mark, OR (b) identical or confusingly similar
28 to or dilutive of a famous mark.

29 **F. STANDARD REGISTRAR RESPONSES TO TRADEMARK CLAIMS**

30 75. The standard operating procedure for most registration authorities is to avoid
31 unnecessarily placing itself in the middle of two parties' disputing trademark rights in a domain
32 name. In fact this action is consistent with the advice that ICANN places on its own website:

1 **The domain name I want is already registered by someone else. How do I go**
2 **about obtaining this name?**

3 If you are interested in obtaining a domain name that has been registered by somebody
4 else, there are at least four alternatives:|

- 5 • Work out an agreement with the current registrant.
- 6 • Wait and hope the current registrant lets it expire.
- 7 • File a lawsuit in court against the current registrant.
- 8 • If you believe the domain name is identical or confusingly similar to a trademark or
9 service mark in which you have rights, and the current registrant has registered and is
10 using the name in bad faith (and has no rights or legitimate interests in the name), you
11 can begin an administrative proceeding under the Uniform Domain-Name Dispute-
12 Resolution Policy. (Note: this is a narrow category, so you should proceed with caution.)
13 For more details on this option, please see <<http://www.icann.org/udrp/udrp.htm>>.

14 Before you decide which of these or other options is best in your case, you may want to
15 consult an attorney. ICANN cannot give you legal advice.

16 Source: <http://www.icann.org/en/compliance/faq.html>

17 76. Registration authorities (registrars/registries) will almost always, absent
18 extraordinary circumstances, direct a trademark owner or their representative to the UDRP,
19 and/or inform them of their willingness to comply with a court order from a court of competent
20 jurisdiction.

21 77. Extraordinary circumstances that would cause a registrar to deviate from its
22 policy include: risk to national security; risk to security/stability of the Internet; evidence of
23 potential fraud in a party obtaining a court order; or an unauthorized domain name transfer
24 (hijacked domain name). An alleged cybersquatting incident where a domain name registrant
25 has registered a domain name and routed or forwarded the domain name to a pornography site
26 would not be considered an extraordinary circumstance.

27 **G. ANALYSIS OF GO DADDY’S ACTIONS IN THIS DISPUTE**

28 78. It is my professional opinion based upon over 17 years of domain name
29 experience (including but not limited to my work as an attorney, my work for ICANN, my work
30 for other ICANN-accredited registrars, my work as a WIPO domain name dispute resolution
31 panelist, my work as a consultant to 50% of all new ICANN approved gTLD registry operators,
32 my Congressional testimony, and my work as author of the intellectual property rights protection
33 mechanism that has now been mandated into the launch of new domain name extensions) that
34 Go Daddy’s actions in responding to the repeated inquiries from Plaintiff in connection with the

1 two domain names at issue in this lawsuit were reasonable and consistent with the standard
2 practices followed by most ICANN-accredited registrars.

3 79. It is also my professional opinion that, based upon the allegations set forth in the
4 First Amended Complaint and my analysis of Go Daddy's conduct, there has been no bad faith
5 exhibited by Go Daddy; in particular there has been no bad faith in connection with the domain
6 name registration and resolution (routing/forwarding) services that it has provided with respect to
7 the domain names petronastower.net and petronastowers.net.

8 80. It is also my professional opinion that a domain name registration authority's
9 (registry/registrar) decision to take no action in connection with repeated demands/threats from
10 a trademark owner does not rise to a level of bad faith today, no more than it did back in 1997
11 when the initial *Lockheed v. Network Solutions* opinion was issued.

12 81. It is my professional opinion the registration of the domain names
13 petronastower.net and petronastowers.net by Go Daddy's customer led to exactly the type of
14 domain name disputes that the UDRP was intended and designed to handle.

15 82. It is my further professional opinion as a former WIPO UDRP panelist and my
16 extensive firsthand experience with domain name dispute proceedings that Plaintiff could have
17 secured both of these disputed domain names in less than 60 days and for a cost (attorney fees +
18 filing fees) of less than \$10,000 if it had used the UDRP back in November of 2009, when Go
19 Daddy first called Plaintiff's attention to the UDRP. (As stated above, Plaintiff was already
20 aware of the UDRP based on its prior experience with domain name disputes).

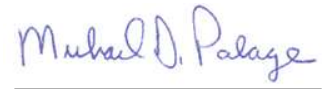
21 83. It is my professional opinion that granting the relief requested by Plaintiff –
22 money damages and an attorney fee award – would create new law with a direct and detrimental
23 impact on the multi-billion global domain name industry with over 215 million domain names
24 registered worldwide, and would seek to impose a standard of operation on registration
25 authorities that was deemed un-scalable and unduly burdensome back in the Spring of 1997,
26 when only 828,000 domain names were registered globally.

27 84. To put this in perspective, Go Daddy now has over 50 million domain names
28 under management as of September 2011. Back in the fall of 1997, the original and sole

1 registrar NSI was burdened with over 30 trademark litigation matters while managing only
2 approximately one million domain name registrations. Assuming that society has not become
3 less litigious over the last decade, and given the number of domain names under its
4 management today, Go Daddy could be expected to be challenged in excess of 1100
5 trademark lawsuits, if the Plaintiff succeeds in doing away with over a decade of established
6 law shielding registrars from liability in cybersquatting disputes like this one.

7 I declare under penalty of perjury that the foregoing is true and correct and that this
8 declaration is executed the 31 day of October 2011, at Tequesta, Florida.

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Michael D. Palage