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9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11

12 PETROLIAM NASIONAL BERHAD,)
13 Plaintiff,)
14 vs.)
15 GODADDY.COM, INC.,)
16 Defendant.)

CASE NO.: 09-CV-5939 PJH

**SUPPLEMENTAL MEMORANDUM
OF POINTS AND AUTHORITIES
CONCERNING CONTRIBUTORY
CYBERSQUATTING CASES**

17)
18)
19 GODADDY.COM, INC.,)
20 Counterclaimant,)
21 vs.)
22 PETROLIAM NASIONAL BERHAD,)
23 Counterclaim Defendant.)

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

Honorable Phyllis J. Hamilton

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1 Defendant and Counterclaimant GoDaddy.com, Inc. (“Go Daddy”), at the direction of the
2 Court, respectfully submits this supplemental memorandum of law setting forth the status of
3 other cases in which so-called “contributory cybersquatting” claims have been asserted. Go
4 Daddy has previously analyzed the contributory cybersquatting claim of plaintiff Petroliam
5 Nasional Berhad (“Petronas”), in detail, in the papers opposing Petronas’s motion for partial
6 summary judgment (Dkt. 128, pp. 7-21) and in the papers supporting Go Daddy’s motion for
7 summary judgment (Dkt. 112, pp. 16-20 and Dkt. 139, pp. 5-10).

8 **I. INTRODUCTION**

9 Count II of the First Amended Complaint purports to be “Contributory Liability for
10 Cybersquatting.” It is far from clear, though, that such a claim exists under the circumstances of
11 this case. Congress did not include such a claim when it passed the Anti-Cybersquatting
12 Consumer Protection Act (“ACPA”), 15 U.S.C. §§ 1114 and 1125(d). No defendant has ever
13 been held liable for such a claim and no appellate court has ever recognized such a claim.
14 Plaintiffs have asserted such claims in only a handful of cases, and the sole district court decisions
15 to date have been at the motion to dismiss stage. Moreover, of the few courts outside the
16 Northern District opting initially to recognize such claims, all have emphasized the extraordinary
17 nature of such claims and have limited their decisions to exceptional circumstances not present
18 here.

19 According to the Supreme Court, where, as here, Congress creates a tort-like action, it
20 does so with knowledge of existing rules for secondary liability, and thus district courts should
21 assume that absent contrary expression in the statute, Congress intended those same rules to
22 apply to the new statutory claim. *See Meyer v. Holley*, 537 U.S. 280, 285 (2003). The existing
23 rules for secondary liability at the time the ACPA was passed in 1999 limited such liability to
24 narrow and specific circumstances not present here: inducement of infringement, manufacture or
25 sale of a product, or leasing of premises where infringing goods are sold. Thus the Court should
26 not recognize a cause of action for contributory cybersquatting in this case.

27 Expanding the scope of secondary liability in a case like this would implicate a number
28 of different service providers – domain name registrars and registries, website hosts, and others

1 providing servers that facilitate domain name resolution. Embroiling these companies in
2 litigation simply because they provided automated services and declined to terminate such
3 servers upon receipt of notice of domain name disputes would be contrary to Congress’s intent in
4 enacting the ACPA.

5 In any event, even were the Court to recognize such a novel “contributory
6 cybersquatting” cause of action in this case, Petronas’s claim against Go Daddy would still fail.
7 Go Daddy did not induce any cybersquatting, Go Daddy did not exercise monitoring or control
8 over the instrumentality of any cybersquatting, and there are no exceptional circumstances
9 sufficient to impute knowledge of any cybersquatting to Go Daddy.

10 **II. SUMMARY OF CONTRIBUTORY CYBERSQUATTING CASES**

11 To the best of Go Daddy’s knowledge, the status of those lawsuits in which plaintiffs
12 have asserted “contributory cybersquatting” claims is as follows:

- 13 1. *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635 (E.D. Mich.
14 2001)
 - 15 a. Status: Dismissal as against Great Domains. Default judgment against
16 others.
 - 17 b. Allegations: Website owner auctioned domain names, including ones
18 identical or similar to well-known trademarks.
 - 19 c. Motion to Dismiss: Granted.
 - 20 d. Key Excerpt: “Because an entity such as Great Domains generally could
21 not be expected to ascertain the good or bad faith intent of its [customers],
22 contributory liability would apply, if at all, in only exceptional
23 circumstances.” *Id.* at 637.
- 24 2. *Solid Host, NL v. NameCheap, Inc.*, 652 F. Supp. 2d 1092 (C.D. Cal. 2009)
 - 25 a. Status: Voluntary dismissal by plaintiff.
 - 26 b. Allegations: Registrar (i) ignored sworn affidavit stating that disputed
27 domain name had been “stolen” from plaintiff domain name owner and
28 (ii) provided anonymity service to conceal identity of thief.
 - 29 c. Motion to Dismiss: Denied.
 - 30 d. Key Excerpts: “NameCheap acted as the registrant for the domain name
31 utilized in Doe’s cybersquatting scheme, which it then licensed to Doe....
32 [In addition, Plaintiff] gave NameCheap evidence, including (but not
33 limited to) a sworn declaration [indicating a theft]. Based on this
34 allegation, the court cannot conclude, as a matter of law, that [Plaintiff]
35 will be unable to prove exceptional circumstances satisfying the
36 knowledge requirement for contributory liability.” *Id.* at 1115-1116.
- 37 3. *Transamerica Corp. v. Moniker Online Servs, LLC*, 672 F. Supp. 2d 1353 (S.D.
38 2009)
 - 39 a. Status: Stipulated dismissal as against defendant registrar Moniker Online.
40 Default judgment against others.

- 1 b. Allegations: Registrar (i) provided anonymity service to conceal identity
2 of cybersquatter and (ii) monetized the cybersquatting by posting
3 advertising with the plaintiff's trademark, hyper-linking to plaintiff's
4 competitors and securing related revenue.
5 c. Motion to Dismiss: Denied.
6 d. Key Excerpt: Plaintiff "alleges that [the registrar] does not simply register
7 a domain name and then go about its business. Instead, [the registrar]
8 allegedly works with the registrant – generally a fictitious entity – along
9 with [the co-defendants] in order to profit from the infringing use of the
10 trademarks." *Id.* at 1363.
- 11 4. *Microsoft Corp. v. Shah*, No. C10-0653 (RSM), 2011 WL 108954 (W.D. Wash.
12 Jan. 2, 2011)
13 a. Status: Stipulated dismissal.
14 b. Allegations: Defendants (not registrars) induced cybersquatting by
15 producing and distributing instructional video ("The Magic Bullet
16 System") with directions on how to misleadingly use plaintiff's famous
17 trademarks, namely by registering similar domain names and driving
18 traffic to unauthorized, revenue-generating websites.
19 c. Motion to Dismiss: Denied.
20 d. Key Excerpt: "The practice of instructing others on how to engage in
21 cybersquatting runs counter to the purpose of the ACPA." *Id.* at *3.
- 22 5. *Verizon California, Inc. v. Above.com Pty Ltd, et al.*, No. 2:11-cv-00973-ABC-
23 CWX (C.D. Cal. July 13, 2011)
24 a. Status: Pending.
25 b. Allegations: Registrar (i) provided anonymity service, shell companies
26 and false identities to conceal identity of serial cybersquatters
27 orchestrating "massive ... operation involving hundreds of thousands of
28 domain names" and many companies' famous trademarks and (ii)
 monetized "widespread pattern of cybersquatting" by posting advertising
 on the cybersquatters' websites and securing related revenue.
 c. Motion to Dismiss: Denied.
 d. Key Excerpt: "[C]ontributory liability ... is sufficiently cabined by an
 'exceptional circumstances' requirement to prevent the imposition of
 liability in contravention of the intent of the statute. (Order, p. 10)
6. *Facebook, Inc. v. Cyber2Media, Inc.*, No. 4:2011-cv-03619 (N.D. Cal. July 22,
 2011) (Hamilton, J.)
 a. Status: Pending.
 b. Allegations: Defendants (not registrars) induced others to engage in
 "typosquatting," engaged in typosquatting directly, hosted content of
 disputed websites on computer servers and tricked Facebook users into
 divulging personal information, all based on confusing mis-spellings of
 <facebook.com>.
 c. Motion to Dismiss: Withdrawn (and Amended Complaint filed).
 d. Key Excerpt: N/A.

Also, in this action, the Court granted Go Daddy's motion for judgment on the pleadings as to Petronas's combined "Cybersquatting and Contributory Cybersquatting" claim, but allowed Petronas leave to amend. (Dkt. 67). The Court subsequently acknowledged "certain

1 reservations” when, seeking “a developed record,” it denied Go Daddy’s motion to dismiss the
2 contributory cybersquatting and other claims in the First Amended Complaint. (Dkt. 87).

3 **III. ARGUMENT**

4 **A. THE COURT SHOULD NOT RECOGNIZE A CAUSE OF ACTION FOR**
5 **CONTRIBUTORY CYBERSQUATTING IN THIS CASE**

6 The Supreme Court has made clear that when Congress creates a tort-like action, it does
7 so with knowledge of existing rules for secondary liability, and therefore courts should assume
8 that absent contrary expression in the statute, Congress intended those same rules to apply to the
9 newly created claim. *See Meyer*, 537 U.S. at 285. Where Congress says nothing about
10 extending traditional rules of secondary liability, a court errs by extending secondary liability
11 beyond the “traditional principles.” *See id.* at 286-7 (“Congress’ silence, while permitting an
12 inference that Congress intended to apply *ordinary* background tort principles, cannot show that
13 it intended to apply an unusual modification of those rules.”) (emphasis in original).¹

14 Here, Congress enacted the ACPA in 1999 against the backdrop of contributory
15 trademark liability limited only to narrow and specific circumstances: inducement of
16 infringement, manufacture or distribution of a product, or leasing of premises where infringing
17 products are sold. The ACPA itself makes no mention of contributory liability, and the
18 legislative history shows that far from seeking to expand the scope of traditional contributory
19 trademark infringement vis-à-vis domain name registrars, Congress sought to codify the case law
20 immunizing registrars from secondary liability. *See S. REP. NO. 106-140*, at 11 (1999) (Conf.
21 Rep.). Thus, the Court should not expand the scope of traditional contributory liability and apply
22 it to cybersquatting, where, as here, there is no allegation that Go Daddy induced infringement,
23 manufactured or delivered a product, or leased or rented space at a marketplace where infringing
24 products are sold. *See Meyer*, 537 U.S. at 285-87.

25
26 ¹ *See also, United States v. Texas*, 507 U.S. 529, 534 (1993) (When a statute “invade[s] the
27 common law,” it is presumed to “favor[] the retention of long-established and familiar
28 principles, except when a statutory purpose to the contrary is evident. . . . In order to abrogate a
common-law principle, the statute must ‘speak directly’ to the question addressed by the
common law.”) (internal citations omitted).

1 Indeed, the Ninth Circuit has already rejected application of contributory liability under
2 *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982), to a claim against a
3 provider of domain name registration and routing services. *See Lockheed Martin Corp. v.*
4 *Network Solutions, Inc.*, 194 F.3d 980, 985 (9th Cir. 1999) (“Such a stretch would reach well
5 beyond the contemplation of *Inwood Lab.* and its progeny.”). The *Lockheed* court specifically
6 addressed a contributory trademark infringement claim against a domain name registrar. *Id.* at
7 982-83. It affirmed the district court’s grant of summary judgment to the registrar because
8 domain name registration and routing is a service, rather than a product, and a registrar that
9 provides routing does not exercise the type of direct control and monitoring that would justify
10 extension of *Inwood Lab.* to this context. *See id.* at 985. The *Lockheed* decision was called out
11 specifically as the very case law that Congress intended to codify when it enacted the ACPA.
12 *See S. REP. No. 106-140*, at 11.

13 The facts here are virtually identical and mandate the same result. Go Daddy provided
14 registration and routing services to the registrant of the Disputed Domains, who used those
15 services to register domain names containing Petronas’s mark, and to route the Disputed
16 Domains to a third-party computer hosting a website. As in *Lockheed*, Go Daddy exercised no
17 control over the domain-name wording selected by the registrant. Nor did Go Daddy exercise
18 control over the website to which the registrant routed the Disputed Domains. This service “does
19 not entail the kind of direct control and monitoring required to justify an extension of the
20 ‘supplies a product’ requirement.” *Lockheed*, 194 F.3d at 985.²

21 **B. WERE THE COURT TO RECOGNIZE A CAUSE OF ACTION FOR**
22 **CONTRIBUTORY CYBERSQUATTING, IT WOULD STILL NOT APPLY**
23 **TO THE FACTS OF THIS CASE**

24 This case is fundamentally distinct from the other cases (described above) in which
25 contributory cybersquatting claims have been asserted. There are no allegations that Go Daddy

26 ² At oral argument Petronas’s counsel highlighted a different decision not cited in any of
27 Petronas’s earlier papers: *DSPT International, Inc. v. Nahum*, 624 F.3d 1213 (9th Cir. 2010).
28 This is a cybersquatting, not contributory cybersquatting, case merely holding that the ACPA is
broad enough to encompass bad faith “use” of a domain name where a former employee registers
a domain name incorporating an employer’s trademark and withholds the domain name to obtain
leverage for a claim of commissions.

1 induced others to engage in cybersquatting; registered any domain names itself; set up shell
2 companies for customers; concealed the identity of cybersquatters; monetized the cybersquatters'
3 domain names; or posted the plaintiff's trademark on websites. As set forth in Go Daddy's
4 earlier papers and as summarized below, Petronas has failed to adduce sufficient evidence to
5 support any such claim.

6 **1. There is No Finding of Cybersquatting by the Registrant**

7 There has been no discovery in this case or in either of the two related *in rem* lawsuits
8 directed at the registrant of the Disputed Domains, Heiko Schoenkeness, and thus there is no
9 record evidence of his intent with respect to registration or use of the Disputed Domains.
10 Moreover, the orders and judgments from the *in rem* cases directing Go Daddy to transfer the
11 Disputed Domains do not include any determination of cybersquatting; indeed, none of these
12 papers refer to "cybersquatting." Absent an express finding of cybersquatting, there can be no
13 finding that Go Daddy is liable for contributory cybersquatting.

14 **2. There Are No Allegations that Go Daddy Induced Cybersquatting**

15 Petronas does not allege (nor could it) that Go Daddy in any way induced or encouraged
16 cybersquatting by the registrant of the Disputed Domains.

17 **3. There is No Evidence that Go Daddy Monitored and Controlled the
18 Instrumentality of Cybersquatting**

19 Even assuming the registrant of the Disputed Domains was engaged in cybersquatting,
20 Go Daddy cannot be held liable as a contributory cybersquatter because it did not and could not
21 monitor and control the unlawful conduct. Here, there is no evidence that Go Daddy had any
22 control over the registrant's intent when he registered domain names that included the Petronas
23 trademark and then forwarded them to a third-party website. There is no evidence that Go
24 Daddy had any input into the registrant's selection of the domain name wording or the
25 registrant's decision to route the Disputed Domains to a third-party website. And there is no
26 evidence that Go Daddy had any control over the operation or content of the website to which
27 the registrant caused the Disputed Domains to be routed.

1 By providing a forwarding service, Go Daddy in no way exercises the type of control
2 over its registrants' intent and use of domain names that would justify imposing a landlord-like
3 duty to monitor what is being done with the 8.2 million domain names that utilize Go Daddy's
4 domain name forwarding service. *Cf. Perfect 10 v. Visa Int'l Serv. Ass'n*, 494 F.3d 788, 807 (9th
5 Cir. 2007) (defendant credit card company, which provided critical support to website hosting
6 infringing content, and which could have stopped or reduced infringing activity upon receipt of
7 notice from plaintiff did not exercise the type of "direct control" over the infringing conduct to
8 justify imposition of contributory trademark liability).

9 **4. There is No Evidence of Exceptional Circumstances Sufficient to**
10 **Impute Knowledge of Cybersquatting to Go Daddy**

11 Furthermore, the evidence is insufficient to establish any "exceptional circumstances"
12 that would justify imputing to Go Daddy knowledge that the registrant registered the Disputed
13 Domains and utilized Go Daddy's forwarding service with a bad faith intent to profit from
14 Petronas's trademark. As set forth above, the few district courts that have recognized
15 contributory cybersquatting claims at the pleadings stage have uniformly adopted a heightened
16 standard of "exceptional circumstances" before imputing any knowledge of cybersquatting.
17 These cases make clear that the standard to establish a contributory cybersquatting claim would
18 have to be higher than that applied to contributory infringement claims:

19 Because an entity such as [a registrar] generally could not be expected to ascertain
20 the good or bad faith intent of its vendors, contributory liability would apply, if at
all, in only exceptional circumstances.

21 *Ford Motor*, 177 F. Supp. 2d at 647; *accord Solid Host*, 652 F. Supp. 2d at 1114; *see also*,
22 *Microsoft*, 2011 WL 108954, at *2. Indeed, as this Court stated when it granted Go Daddy's
23 motion for judgment on the pleadings, secondary liability for a domain name registrar should
24 only lie where the registrar has "unequivocal knowledge" of illegality. (Dkt. 67, p.7). Petronas
25 has not come close to making any such showing.

26 Mere notice from a trademark owner of alleged cybersquatting is not enough to trigger
27 such exceptional circumstances. *See id.*; *Solid Host*, 652 F. Supp. 2d at 1116. This is because
28 cybersquatting, unlike the sale of counterfeit goods, is not easily detectible: "In general,

1 cybersquatting is less easily detected than standard trademark infringement, both because it
2 involves the consideration of intent and because it is less ‘transparent’” *Solid Host*, 652 F.
3 Supp. 2d at 1117 (quoting *Fare Deals, Ltd. v. World Choice Travel.com, Inc.*, 180 F. Supp. 2d
4 678, 691 (D. Md. 2001)).

5 **C. GO DADDY IS SHIELDED FROM LIABILITY UNDER THE SAFE**
6 **HARBOR FOR REGISTRARS AND REGISTRIES IN THE A.C.P.A. AND**
7 **ENSUING CASE LAW**

8 In any event Go Daddy is immune from any ACPA claim – alleging either direct or
9 contributory liability – directed at its conduct as a domain name registrar. *See* 15 U.S.C. §
10 1125(d) (1)(d) (barring liability for anyone other than domain name registrants and their
11 authorized licensees) and 15 U.S.C. § 1114(2)(D)(iii) (shielding registrars in connection with
12 their activities related to registration and maintenance of domain names). The immunities for
13 registrars and registries are discussed in detail in Go Daddy's papers supporting summary
14 judgment (Dkt. 112, pp. 20-22 and Dkt. 139, pp. 10-13) and in its papers opposing Petronas's
15 motion for partial summary judgment (Dkt. 128, pp. 10-15).

16 **IV. CONCLUSION**

17 For the foregoing reasons, and for the reasons set forth in Go Daddy’s previously
18 submitted papers, the Court should grant Go Daddy’s motion for summary judgment in its
19 entirety and deny Petronas’s motion for partial summary judgment.

20 Dated: December 14, 2011

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21
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