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 8 UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 9 OAKLAND DIVISION

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 11 PETROLIAM NASIONAL BERHAD
 (PETRONAS),
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 Plaintiff,
 13 vs.
 14 GODADDY.COM, INC.,
 15 Defendant.

CASE NO: 09-CV5939 PJH (MEJO)

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 20 SUPPLEMENTAL BRIEF OF
 PLAINTIFF PETROLIAM NASIONAL BERHAD
 21 REGARDING CONTRIBUTORY CYBERSQUATTING
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2 **INTRODUCTION**

3 The judicially created doctrine of contributory trademark infringement extends liability to
4 a defendant who knowingly supplies an instrumentality used by a third party to commit
5 trademark infringement. Congress created a cause of action for trademark infringement based on
6 cybersquatting by adding Subsection 43(d) to the Trademark Act (15 U.S.C. §1125(d)) when it
7 enacted the “Anticybersquatting Consumer Protection Act,” or “ACPA” in 1999. As a result, a
8 cause of action for contributory cybersquatting exists where a defendant contributes to a third
9 party’s trademark infringement arising out of that party’s cybersquatting under 15 U.S.C.
10 §1125(d).

11 No appellate court has explicitly addressed the existence of a cause of action for
12 contributory cybersquatting and no court at any level has ever held that a cause of action for
13 contributory cybersquatting does not exist. Nonetheless, five district courts have issued
14 opinions—all on motions to dismiss—involving the viability of claims for contributory
15 cybersquatting. And in each case, the district court unmistakably acknowledged the existence of
16 a cause of action for contributory cybersquatting.

17 The opinions of the five district courts are well-reasoned and substantially supported. In
18 particular, the courts’ unanimous recognition of a cause of action for contributory cybersquatting
19 is supported by both Supreme Court and Circuit Court case law governing contributory
20 trademark infringement as well as the plain language and legislative history of the ACPA.
21 Examination of available information does not indicate that any of the cases progress
22 significantly past the motion to dismiss stage and instead were dismissed due to the parties’
23 settlement or other reasons.

24 At all events, there is simply no reason for this court to be the first—and only—court to
25 hold that a cause of action for contributory cybersquatting does not exist.
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1 **I. Contributory Liability Applies to Trademark Violations Because They Are Species**
2 **Of Common Law Tort**

3 The Trademark Act does not directly address contributory trademark infringement, which
4 is a judicially created doctrine that derives from the common law of torts. *Tiffany (NJ) Inc. v.*
5 *eBay, Inc.*, 600 F.3d 93 (2nd Cir. 2010). The Supreme Court’s most recent treatment of
6 contributory trademark infringement establishes that “if a manufacturer or distributor
7 intentionally induces another to infringe a trademark, or if it continues to supply its products to
8 one whom it has reason to know is engaging in trademark infringement, the manufacturer or
9 distributor is contributorily responsible for any harm done as a result of the deceit.” *Imwood*
10 *Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982).

11 In determining “how this doctrine applies to people who do not actually manufacture or
12 distribute goods,” the Seventh Circuit has “treated trademark infringement as a species of tort
13 and turned to the common law to guide our inquiry into the appropriate boundaries of liability.”
14 *Hardrock Café Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 1148-49 (7th Cir.
15 1992). In so doing, the Seventh Circuit concluded that the common law of torts dictates that a
16 defendant who is a landlord or licensor of spaces at a flea market “is responsible for the torts of
17 those it permits on its premises ‘knowing or having reason to know that the other is acting or will
18 act tortuously.’” *Id.* As a result, the Seventh Circuit held that “[t]he common law, then, imposes
19 the same duty on landlords and licensors that the Supreme Court has imposed on manufacturers
20 and distributors [and a defendant] may be liable for trademark violations by [a third party] if it
21 know or had reason to know of them.” *Id.*

22 The Ninth Circuit adopted the Seventh Circuit’s *Hardrock* tort-based test to hold that a
23 flea market operator that “supplied the necessary marketplace for the sale of infringing products .
24 . . is responsible for the torts of those it permits on its premises ‘knowing or having reason to
25 know that the other is acting or will act tortuously.’” *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76
26 F.3d 259, 265 (9th Cir. 1996) (an operator of a flea market “cannot disregard its vendors’ blatant
27 trademark infringements with impunity.”).

1 Based on the holdings in *Hardrock* and *Fonovisa*, the Ninth Circuit recognized that
2 liability for contributory trademark infringement could extend beyond “the convenient ‘product’
3 mold dealt with in *Imwood Lab.*” *Lockheed Martin Corp. v. Network Sols., Inc.*, 194 F.3d 980,
4 984 (9th Cir. 1999). Specifically, the Ninth Circuit determined in *Lockheed* that where a
5 defendant exercises “direct control and monitoring of the instrumentality used by a third party to
6 infringe the plaintiff’s mark [it is] permi[ssible to] expan[d] *Imwood Lab.*’s ‘supplies a product
7 requirement’” to hold the defendant liable for contributory trademark infringement. *Id.* While
8 the Court found that the defendant in *Lockheed* was not liable for contributory trademark
9 infringement, it nonetheless acknowledged the existence of a cause of action for contributory
10 trademark infringement in the context of internet domain name registration.

11 In the more than two decades since the Ninth Circuit’s decision in *Lockheed*, decisions of
12 both the Ninth Circuit and other Circuits have consistently recognized a cause of action for
13 contributory trademark infringement without departing from the original premise that its
14 boundaries are defined based on common law principles of tort liability. *Tiffany (NJ) Inc. v.*
15 *eBay, Inc.*, 600 F.3d 93 (2nd Cir. 2010) (“contributory trademark infringement is a judicially
16 created doctrine that derives from the common law of torts” because “trademark infringement is
17 a species of tort”); *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, —F.3d—(9th Cir. 2011);
18 *Perfect 10, Inc. v. visa Int’l.*, 494 F.3d 788 (9th 2007).

19 **II. Cybersquatting Is No Different Than Any Other Trademark Violation For Purposes** 20 **Of Contributory Infringement**

21 By its plain language, the ACPA establishes a cause of action for trademark infringement
22 based on cybersquatting. 15 U.S.C. §1125(d)(1)(a) (“A person shall be liable in a civil action by
23 the owner of a mark . . . if . . . that person has a bad faith intent to profit from that mark . . . and
24 registers, traffics in, or uses a domain name that . . . is identical of confusingly similar to that
25 mark.”). In so doing, Section 1125(d) uses identical language to provide a cause of action for
26 trademark infringement based on cybersquatting as Section 1125(a) uses to provide a cause of
27 action for trademark infringement based on false designation of origin. 15 U.S.C. §1125(a)(1)
28 (“Any person who . . . shall be liable in a civil action.”).

1 The legislative history of the ACPA demonstrates Congress’ intent to create a cause of
2 action for trademark infringement based on cybersquatting when it added Section 1125(d) to the
3 Trademark Act. Specifically, in reporting on the substitute amendment that was ultimately
4 added as Section 1125(d), the Senate Judiciary Committee stated that the amendment “allows
5 trademark owners to recover statutory damages in cybersquatting cases [and] *sets forth a*
6 *substantive cause of action, based in trademark law . . .with respect to cybersquatting.*” Senate
7 Report No. 106-140 (1999) at 6. In addition, the same report describes future Section 1125(d) as
8 amending “the Trademark Act to provide an explicit remedy for cybersquatting.” *Id.* at 8.

9 In addition, the legislative history establishes that Congress recognized—and intended to
10 maintain—secondary liability for cybersquatting. In particular, Congress described the “safe-
11 harbor” from liability for registrar’s in Section 1114(d)(iii) as “codifying current case law
12 limiting the secondary liability of domain name registries and registrars for the act of registration
13 of a domain name.” Senate Report No. 106-140 (1999) at 8. In so doing, Congress expressly
14 acknowledge the existence of secondary liability for cybersquatting. Had Congress intended to
15 eliminate a cause of action for contributory cybersquatting, or one did not exist, Congress would
16 not have included Section 1114(d)(iii) in the ACPA or the foregoing statement in the legislative
17 history.

18 Like Congress, at least one commentator has recognized that cybersquatting is type of
19 trademark infringement. *McCarthy on Trademarks and Unfair Competition*, Chapter 25 (Vol. 4)
20 “Types of Trademark Infringement; III. Types of Infringing Usage: §25.78 Federal
21 Anticybersquatting Act: trademarks.”

22 **III. The Decisions Of Five District Courts Acknowledging A Cause Of Action For**
23 **Contributory Cybersquatting Are Exceedingly Persuasive Evidence Of The**
24 **Existence of Such A Cause Of Action**

25 In applying the foregoing, the five district decisions regarding the viability of claims for
26 contributory cybersquatting strongly indicate the existence of a cause of action for contributory
27 cybersquatting.
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1 Of the five, three Courts held that the plaintiff had sufficiently pled a cause of action for
2 contributory cybersquatting to survive a motion to dismiss: (1) *Microsoft Corp. v. Shah*, 2011
3 WL 108954, *3 (W.D. Wash. 2011) (“Defendants’ Amended Motion to Dismiss claims for
4 contributory cybersquatting, contributory dilution, and the claims against Rivera is DENIED.”);
5 (2) *Transamerica Corp. v. Moniker Online Svcs.*, 672 F. Supp.2d 1353, 1367 n. 12 (S.D. Fla.
6 2009) (“Transamerica has pled sufficient inducement, knowledge, and control by the John Doe
7 defendants to state a claim for contributory cybersquatting.”); and (3) *Solid Host, NL v.*
8 *Namecheap, Inc.*, 652 F. Supp.2d 1092, 1117 (C.D. Cal. 2009) (“[t]he court concludes that
9 [plaintiff] Solid Host has alleged sufficient facts to plead a claim for contributory liability for
10 cybersquatting.”).

11 The two remaining district courts recognized the existence of a cause of action for
12 contributory cybersquatting but found that the plaintiff had failed to plead adequate facts to avoid
13 dismissal. *Ford Motor Co. v. Greatdomains, Inc.*, 177 F. Supp.2d 635, 647 (E.D. Mich. 2001)
14 (the contributory trademark analysis in the “flea-market” context “arguably could be applied to
15 allegations of cybersquatting.”); *Baidu, Inc. v. Register.com, Inc.*, 760 F. Supp.2d 312, 321
16 (S.D.N.Y. 2010) (rejecting “registrar immunity” in ACPA for secondary liability and applying
17 test that “for a service provider to be liable for the infringing acts of another, it must know of
18 have reason to know of the infringement.”).

19 *Microsoft Corp. v. Shah*

20 The district court’s opinion in *Microsoft Corp.*, 2011 WL 108954, *3, dealt most directly
21 with the question of whether a cause of action for contributory cybersquatting exists because—
22 unlike in any of the other cases—the defendants specifically argued that such a cause of action
23 did not exist. *Id.* (“Defendants have moved to dismiss Plaintiff’s claims for contributory
24 cybersquatting and contributory dilution, arguing such causes of action do not exist.”).

25 In rejecting the Defendants’s arguments, the *Microsoft* court acknowledged that “[t]he
26 cause of action of contributory cybersquatting has neither been explicitly addressed by an
27 appellate court nor by statute.” *Id.* at *2-3. The court, however, continued by observing that
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1 “[t]he Lanham Act itself does not expressly address causes of action for contributory liability
2 [and] nonetheless, the court-made doctrine of contributory liability for trademark infringement is
3 well established.” *Id.* at *2-3 (“courts have simply applied the traditional principles of tort law to
4 impose liability on those who have assisted with or contributed to infringement), *citing*
5 *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996). The *Microsoft* court
6 held that “both trademark infringement and cybersquatting are tort-like causes of action to which
7 the theory of contributory liability would appear to be naturally suited.” *Id.* at 3. In addition,
8 the *Microsoft* court pointed to *Ford*, 177 F. Supp.2d at 635, 646-47, and *Solid Host*, 652 F.
9 Supp.2d at 1117, as “two decisions [that], along with the case at hand reveal the relevance of the
10 cause of action for contributory cybersquatting.” *Id.* * 2. Accordingly, the *Microsoft* case
11 further demonstrates the existence of a cause of action for contributory cybersquatting based on
12 the “tort-based” approach of *Imwood, Hardrock*, and *Fonovisa*.

13 As far as can be determined from the docket, the *Microsoft* case settled soon after the
14 court denied the motion to dismiss plaintiff’s cybersquatting claims.

15 *Transamerica Corp. v. Moniker Online Svcs.*

16 Like the court in *Microsoft*, the court in *Transamerica Corp. v. Moniker Online Svcs.*,
17 672 F. Supp.2d 1353, 1367 n. 12 (S.D. Fla. 2009), held that the plaintiff had stated a cause of
18 action for contributory cybersquatting. As with the *Microsoft* case, it appears that the
19 *Transamerica* case settled shortly after the Court denied the defendants’ motion to dismiss.

20 *Solid Host, NL v. Namecheap, Inc.*

21 In addition to holding that the plaintiff had stated a claim for contributory cybersquatting,
22 the *Solid Host* court pointed to *Ford Motor Co.*, 177 F. Supp.2d at 647, as among the “Courts
23 that have applied this theory [of contributory trademark liability] to cybersquatting claims under
24 the ACPA.” *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp.2d 1092, 1117 (C.D. Cal. 2009).

25 *Ford Motor Co. v. Greatdomains, Inc.*

26 Although the court in *Ford* found that the plaintiff had failed to plead adequate facts to
27 avoid dismissal of its contributory cybersquatting claim, the court nonetheless acknowledged that
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1 contributory liability “arguably could be applied to allegations of cybersquatting.” *Ford Motor*
2 *Co. v. Greatdomains, Inc.*, 177 F. Supp.2d at 647.

3 *Baidu, Inc. v. Register.com, Inc.*

4 Finally, in *Baidu, Inc. v. Register.com, Inc.*, 760 F. Supp.2d 312, 321 (S.D.N.Y. 2010),
5 the court did not explicitly refer to the plaintiff’s claim as for “contributory cybersquatting. But
6 the court’s analysis reveals that it recognized a cause of action for contributory cybersquatting
7 despite its conclusion that the plaintiff failed to state a claim.

8 **CONCLUSION**

9 For the foregoing reasons, and those set forth in plaintiff’s other pleadings on the issue,
10 plaintiff respectfully submits that a cause of action exists for contributory cybersquatting.

11 Respectfully Submitted,
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13 _____
14 /S/
15 Perry Clark