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16 VERIZON CALIFORNIA INC.
17 VERIZON TRADEMARK SERVICES LLC
18 VERIZON LICENSING COMPANY,

19 UNITED STATES DISTRICT COURT
20 CENTRAL DISTRICT OF CALIFORNIA
21 WESTERN DIVISION

22 VERIZON CALIFORNIA INC.;
23 VERIZON TRADEMARK
24 SERVICES LLC; and VERIZON
25 LICENSING COMPANY,

26 Plaintiffs,

27 vs.

28 ABOVE.COM PTY LTD; TRELLIAN
LIMITED; TRELLIAN LLC; DAVID
WARMUZ; RENE WARMUZ a/k/a
REN WARMUZ; and DOES 1-10,

Defendants.

Case No. CV 11-00973 ABC (CWx)

**PLAINTIFFS' MEMORANDUM
OF POINTS AND AUTHORITIES
IN OPPOSITION TO MOTION
OF DEFENDANTS ABOVE.COM
PTY LTD, TRELLIAN LIMITED,
TRELLIAN LLC, AND DAVID
AND RENE WARMUZ FOR
PARTIAL DISMISSAL UNDER
FED. R. CIV. P. 12(b)(6)**

Date: July 18, 2011
Time: 10:00 a.m.
Ctrm: 680

Hon. Audrey B. Collins

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1 Plaintiffs Verizon California Inc., Verizon Trademark Services LLC, and
2 Verizon Licensing Company (collectively, “Plaintiffs”) oppose the Motion of
3 Defendants Above.com Pty Ltd, Trellian Limited, Trellian LLC, and David and
4 Rene Warmuz (collectively, “Defendants”) for Partial Dismissal Under Fed. R.
5 Civ. P. 12(b)(6) (“Motion to Dismiss”) as follows:

6 **I. INTRODUCTION**

7 Defendants are serial cybersquatters who operate a massive cybersquatting
8 operation. In addition to their own cybersquatting efforts, Defendants also
9 provide services used by Defendants’ customers to cybersquat. Defendants
10 know, or should know, that the services Defendants provide are being used by
11 their customers to cybersquat. Notwithstanding Defendants’ knowledge,
12 Defendants continue to provide the services to their customers. Plaintiffs filed
13 their Complaint against Defendants and allege both direct cybersquatting and
14 contributory cybersquatting. Defendants now move to dismiss the contributory
15 cybersquatting claim based on their incorrect view that there is no such claim.

16 Defendants cannot overcome the overwhelming fact that every court that
17 has reviewed whether a claim for contributory cybersquatting exists has clearly
18 recognized that it does. Remarkably, in one of the cases cited by Defendants,
19 Defendants’ counsel unsuccessfully moved to dismiss a contributory
20 cybersquatting claim, raising essentially the same unpersuasive arguments now
21 raised in Defendants’ Motion to Dismiss.¹ For the same reasons each of prior
22 courts upheld a claim for contributory cybersquatting, Defendants’ Motion to
23 Dismiss should be denied.

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¹ See *Microsoft Corp. v. Shah*, No. 10-cv-00653-RSM (W.D. Wash. April 15, 2010). See Doc. No. 19, *Defendants’ Amended Motion To Dismiss Under Fed. R. Civ. P. 12(b)(6)*; Doc. No. 29, *Order Denying Defendants Amended Motion to Dismiss*, reported at 2011 U.S. Dist. LEXIS 2995, 98 U.S.P.Q.2d (BNA) 1404 (W.D. Wash. Jan. 12, 2011)

1 **II. FACTUAL BACKGROUND**

2 Defendants are serial cybersquatters who operate a massive cybersquatting
3 operation and have registered and used hundreds of thousands of domain names
4 for commercial exploitation. Complaint, ¶ 39. Defendants have registered many
5 of these domain names for their own use, *i.e.* Defendants, or one of their *alter*
6 *egos* or aliases, is the registrant of these domain names. Complaint, ¶ 39, 50, 56.
7 Many of Defendants’ domain names are confusingly similar to the world’s most
8 well-known trademarks. Complaint, ¶ 71, Exhibit 6 to the Complaint. Examples
9 of some of the famous trademarks that Defendants have cybersquatted on include:
10 ABERCROMBIE AND FITCH, BARBIE, CARTOON NETWORK, DISNEY,
11 EHARMONY, FISHER PRICE, GOOGLE, HARLEY, IPHONE, J.C. PENNEY,
12 KELLY BLUE BOOK, LOUIS VUITTON, MAPQUEST, NOKIA, OLD NAVY,
13 POKEMON, QUIKSILVER, RADISSON HOTELS, SONY, TOYOTA,
14 UNITED AIRLINES, the VERIZON Marks, WALMART, XM RADIO,
15 YAHOO and ZILLOW. Exhibit 6 to the Complaint. In fact, Defendants’
16 portfolio of domain names is so infested with domain names that infringe famous
17 trademarks that the representative list² filed in support of Plaintiffs’ Complaint is
18 *many* pages long, single-spaced, with dual columns (the “Confusingly Similar
19 Domain Names”). Exhibit 6 to the Complaint. Over 183 of the Confusingly
20 Similar Domain Names infringe Plaintiffs’ famous VERIZON trademarks and
21 service marks (the “Infringing Domain Names”). Complaint, ¶ 78.

22 Defendants use the Confusingly Similar Domain Names to lure Internet
23 users searching for genuine websites associated with those famous or distinctive
24 trademarks. Complaint, ¶ 40. The websites hosted at most of the Confusingly
25 Similar Domain Names display links featuring goods or services directly
26 competitive with those sold or provided in connection with the famous or

27 ² This representative list, attached as Exhibit 6 to the Complaint, only included
28 the infringing domain names for one famous mark for each letter of the alphabet.

1 distinctive trademarks. Complaint, ¶ 41. Advertisers, search engines, and
2 affiliate programs make payment each time an advertisement is displayed or a
3 link is clicked on that domain name. Complaint, ¶ 40.

4 The Defendants use a number of shell companies, false identities, and its
5 own so-called “privacy service” for the improper purpose of concealing their true
6 identities and their involvement in the registration of, use of, or trafficking in
7 Confusingly Similar Domain Names. Complaint, ¶¶ 46-50, 64-65. These shell
8 companies, false identities, or the so-called privacy service, were listed as the
9 registrant within the WHOIS records for the Confusingly Similar Domain Names,
10 including the Infringing Domain Names. Complaint, ¶ 64. Plaintiffs list several
11 of these entities (those Plaintiffs were aware of at the time of filing) in its
12 Complaint, including: Above.com Domain Privacy, Domain Technician, Mark
13 Segal, Domain Park Limited, Galacaus Inc., Swallowlane Holdings Ltd, Transure
14 Enterprise Ltd, Trellian and Trellian Software (collectively, the “False
15 Identities”). Complaint, ¶ 46.

16 In addition to Defendants’ direct cybersquatting, Defendants also operate
17 three separate businesses which are used both by Defendants and Defendants’
18 customers in connection with the registration, use, and trafficking in the
19 Confusingly Similar Domain Names, including the Infringing Domain Names.
20 Complaint, ¶ 56, 64, and 68. These businesses include: First, Defendants’
21 registrar business, Above.com Pty Ltd., which operates using the above.com
22 domain name. Complaint, ¶ 56. This registrar business needs little explanation;
23 Above.com Pty Ltd registers domain names for Defendants’ own use and for
24 Defendants’ customers. Complaint, ¶ 56, and Exhibit 7 to the Complaint.

25 Second, Defendants provide a so-called privacy service which has operated
26 under a number of names, including at least: Above.com Domain Privacy,
27 Domain Park Limited, and Transure Enterprise Ltd, and has also at times used the
28 above.com domain name. Complaint, ¶ 64, and Exhibits 7 & 9 to the Complaint.

1 Defendants' so-called privacy business is used to obscure the true identity of a
2 domain name's owner. Complaint, ¶ 65. The privacy service is used to obscure
3 the true identity of both the Defendants, and Defendants' customers. Complaint,
4 ¶¶ 65, 111.

5 Lastly, Defendants' provide a monetization service which has operated
6 under the name Trellian LTD, and uses the trellian.com domain name. Complaint,
7 ¶¶ 68, 114. Defendants' monetization services is commonly referred to as
8 "Domain Parking Manager," and is offered by Defendants' in connection with
9 Above.com Pty Ltd's registrar business. Complaint, ¶ 116. One key aspect of
10 Defendants' Domain Parking Manager is to maximize the money paid to domain
11 name owners who host webpages which contain advertisements. Complaint,
12 ¶¶ 41, 44; *see Domain Parking Manager*, available at www.above.com.

13 The Anti-Cybersquatting Consumer Protection Act ("ACPA") creates
14 liability for certain forms of cyberpiracy. Under the ACPA, a plaintiff must show
15 that "(1) the defendant registered, trafficked in, or used a domain name; (2) the
16 domain name is identical or confusingly similar to a protected mark owned by the
17 plaintiff; and (3) the defendant acted with 'bad faith intent to profit from that
18 mark.'" *DSPT International, v. Nahum*, 624 F.3d 1213, 1224 at fn. 10 (9th Cir.
19 2010); 15 U.S.C. § 1125(d)(1)(A). There is no dispute that the Plaintiffs have
20 adequately alleged, for purposes of moving forward to discovery, that Defendants
21 registered, trafficked in, and used at least 183 domain names that are confusingly
22 similar to the distinctive VERIZON marks (including names such as
23 veri8zon.com and vewrizonwireless.com). There is also no dispute that Plaintiffs
24 have adequately alleged facts indicating Defendants bad faith intent to profit from
25 these activities.

26 Plaintiffs have also alleged that Defendants use the Above.com privacy
27 service to conceal their true identities and their involvement in cybersquatting.
28 Similarly, Plaintiffs have alleged that Defendants use the Trellian monetization

1 service in connection with their cybersquatting.

2 Significant to the Motion to Dismiss, Plaintiffs have also alleged that
3 Defendants provide the Above.com privacy service and Trellian monetization
4 service to Defendants' customers who have registered or used domain names that
5 are confusingly similar to the distinctive VERIZON marks. Complaint, ¶¶ 111,
6 116. Plaintiffs have also alleged that Defendants are able to monitor the use of,
7 and have control over, the Above.com privacy service and Trellian monetization
8 service they provide. Complaint, ¶¶ 112, 117. Further, Plaintiffs have alleged that
9 Defendants are aware that these services are used by Defendants' customers to
10 infringe the rights of others, including Plaintiffs' rights. Complaint, ¶¶ 114, 119.
11 Notwithstanding Defendants' knowledge that their services are being used for an
12 unlawful purpose, and that Defendants' have control over these services,
13 Plaintiffs allege that Defendants continue to supply the services to Defendants'
14 customers. Complaint, ¶¶ 115, 120. Each of the above allegations is plainly
15 stated in Plaintiffs' Complaint, along with adequate detail of the factual
16 circumstances in which they occurred in both the Complaint and the Exhibits to
17 the Complaint.

18 The only question raised by the Motion to Dismiss is whether the
19 Defendants are also liable for contributing to the cybersquatting by Defendants'
20 customers by continuing to provide the Above.com privacy service and Trellian
21 monetization service, even after Defendants knew, or should have known, that
22 these services were used to infringe the rights of others, including Plaintiffs'
23 rights.

24 Defendants incorrectly argue that there simply is no such tort as
25 contributory cybersquatting, based on their incorrect construction of the ACPA
26 and contrary to the very legal authority they cite to support their argument. Nor
27 do Defendants offer a single argument about how the goals of the Lanham Act or
28 ACPA or the interests of the public would be served by the Court's refusal to

1 recognize such liability.

2 Case authority governing the construction of statutes, in compliment with
3 an existing common law background, compels the conclusion that contributory
4 trademark infringement principles apply to the ACPA, as courts have recognized
5 (see below). In fact, every court that has reviewed this issue has concluded that a
6 claim for contributory cybersquatting exists. Moreover, these courts have
7 provided a simple framework for analyzing contributory cybersquatting claims.

8 The ACPA’s legislative history lends additional support to this conclusion,
9 as does the fact that there is also contributory liability for false advertising, a
10 creature of statute codified into the same section of the Lanham Act as is the
11 ACPA. *See*, 15 U.S.C. § 1125.

12 **III. ARGUMENT**

13 **A. There Is a Claim for Contributory Cybersquatting As the**
14 **Defendants’ Own Authorities Confirm.**

15 Defendants cannot overcome the overwhelming fact that every court that
16 has reviewed whether a claim for contributory cybersquatting exists, has clearly
17 recognized that it does. Defendants are simply unable to distinguish the current
18 case from the precedents.³ Moreover, even if Defendants were able to
19 persuasively distinguish the current case from the precedents, the underlying
20 policy of the ACPA still compels the conclusion that claims for contributory
21 cybersquatting must stand.

22 Defendants point to the *Ford Motor Co.* case, and incorrectly state that “the
23 court did not hold that the claim [of contributory cybersquatting] exists.” Motion
24 to Dismiss, pg. 11; *Ford Motor Co. v. GreatDomains.com, Inc.*, 177 F. Supp. 2d
25 635 (E.D. Mich. 2001). In fact, contrary to Defendants’ assertion, the *Ford*
26 *Motor Co.* court found that contributory liability exists and would be present if

27 ³ Defendants instead appear to simply criticize the prior courts analysis and/or
28 ruling.

1 the “cyber-landlord” knew or should have known its customers were registering
2 domain names for “no legitimate reason.” *Ford Motor Co.*, 177 F. Supp. 2d at
3 647. The *Ford Motor Co.* court then proceeded to apply the principles pertinent to
4 service providers. *See id.* at 646-47.

5 Defendants point to *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d
6 1092 (C.D. Cal. 2009) and claim that “the court denied a motion to dismiss a
7 claim of contributory cybersquatting without carefully evaluating whether the
8 cause of action existed.” Motion to Dismiss, pg. 11. In fact, contrary to
9 Defendants’ assertion, the *Solid Host* court not only recognized the existence of a
10 contributory cybersquatting claim—refusing to dismiss it—but correctly analyzed
11 it as a species of contributory trademark infringement. *Solid Host*, 652 F. Supp.
12 2d at 1112. The *Solid Host* court explained that contributory trademark
13 infringement occurs “when the defendant ... supplies a product to a third party
14 with actual or constructive knowledge that the product is being used to infringe”
15 the mark. *Id.* (quoting *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194
16 F.3d 980, 983 (9th Cir. 1999) (citing *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456
17 U.S. 844, 853-54 (1982), the leading modern case defining contributory
18 trademark infringement liability)). Under this standard, the *Solid Host* court found
19 that when the alleged infringer supplies a service, rather than a product, it must
20 “consider the extent of control exercised by the defendant over the third party’s
21 means of infringement.” *Id.* (citations omitted). *Solid Host* went on to apply the
22 “extent of control” theory for contributory cybersquatting based on the facts of
23 the case. *Solid Host*, 652 F. Supp. 2d at 1112.

24 Lastly, in *Microsoft Corp.*⁴, the court plainly and succinctly explained that,
25 “[t]hese two decisions [*Solid Host* and *Ford Motor Co.*], along with the case at

26 _____
27 ⁴ As discussed above, in *Microsoft Corp.*, Defendants’ counsel unsuccessfully
28 moved to dismiss a contributory cybersquatting claim raising essentially the same
arguments now raised in Defendants’ Motion to Dismiss.

1 hand, reveal the relevance of the cause of action for contributory cybersquatting.
2 Moreover, the *Ford* decision has provided a simple framework that addresses the
3 ACPA’s additional element requiring bad faith.” *Microsoft Corp.*, 2011 U.S. Dist.
4 LEXIS 2995, at *5.

5 Defendants have offered no persuasive grounds why each of the prior
6 courts’ opinions, that a claim for contributory cybersquatting exists, should be
7 ignored. Instead, the courts’ opinions in *Solid Host*, *Ford Motor Co.*, and
8 *Microsoft Corp.* provide a consistent and correct analysis that claims for
9 contributory cybersquatting may stand.

10 **B. Because the Cybersquatting Tort Is a Statutory Extension of**
11 **Trademark Infringement to a New Factual Context,**
12 **Contributory Liability Applies and Derives Its Elements from**
13 **Contributory Trademark Infringement.**

14 Basic principles of statutory analysis support that a contributory
15 cybersquatting claim exists, and that *Solid Host*, *Ford Motor Co.*, and *Microsoft*
16 *Corp.* were correct in so holding. As an initial matter, the Defendants’ argument,
17 that ACPA does not expressly provide for contributory liability, *see* Motion to
18 Dismiss at pgs. 4-7, does not answer the question of whether the common law
19 background against which the statute was enacted creates contributory liability.
20 Rather, it invites that inquiry. The basic principle of statutory analysis is that
21 “Congress does not write upon a clean slate. In order to abrogate a common law
22 principle, the statute must ‘speak directly’ to the question addressed by the
23 common law.” *United States v. Texas*, 507 U.S. 529, 534 (1993) (citations
24 omitted); *see Meyer v. Holley*, 537 U.S. 280, 285 (2003) (“when Congress creates
25 a tort action, it legislates against a legal background of ordinary tort-related
26 vicarious liability rules and consequently intends its legislation to incorporate
27 those rules”) (citation omitted). Moreover, the Lanham Act, of which Congress
28 made the ACPA a part, was enacted to “codify and unify the common law of

1 unfair competition and trademark protection.” *Inwood Labs.*, 456 U.S. at 861
2 (White, J., concurring)). Because the ACPA is merely an extension of trademark
3 infringement liability under the Lanham Act to a new factual context – rather than
4 a new tort with a different gravamen – the statute would have to “speak directly”
5 to prevent application of the common-law principle of contributory liability. It
6 does not.

7 The statutory language and the legislative history confirm that
8 cybersquatting is a form of trademark infringement. The ACPA provides that a
9 violation occurs if someone, with bad faith intent to profit from the mark,
10 “registers, traffics in, or uses a domain name that – in the case of a mark that is
11 distinctive at the time of registration of the domain name – is *identical or*
12 *confusingly similar to that mark.*” 15 U.S.C. § 1125(d)(1)(A) (likewise
13 providing protection for distinctive marks)(emphasis added). The essence of the
14 wrongful act – using someone else’s mark to create public confusion as to the
15 source of a good or service in order to profit from the mark owner’s goodwill in
16 its marks – is identical to trademark infringement. The same legislative history
17 quoted by the Defendants characterizes the ACPA as “provid[ing] an explicit
18 trademark remedy for cybersquatting” and describes the statute’s “substantive
19 cause of action” as “based in trademark law,” and as “fill[ing] in the gaps and
20 uncertainties of current trademark law with respect to cybersquatting.”
21 106 S. Rpt. 140 (1999), pgs. 10, 8.⁵

22 To support their argument that cybersquatting is a distinct and
23

24 ⁵ Defendants lodged in their Appendix of Legislative Materials (Doc. No. 20):
25 145 Cong. Rec. S10513-10520 (daily ed. Aug. 5, 1999); 145 Cong. Rec. S9744-
26 9755 (daily ed. Jul. 29, 1999); and 106 S. Rpt. No. 140 (1999). The materials are
27 Exhibits 1-3, respectively, to Defendants’ Appendix of Legislative Materials. For
28 consistency, and as no page numbering is provided within these documents,
Plaintiffs’ citations to these materials will use the page numbers from the versions
Defendants lodged with the Court.

1 circumscribed claim, Defendants offer the Senate Report and the Congressional
2 Record from August 5th and July 29th, 1999. However, the Senate Report does
3 not support their position. The “carefully and narrowly tailored” language neither
4 refers to remedies available under the ACPA, *see* Motion to Dismiss, pg. 5, nor is
5 a general exhortation to narrow construction. Rather, it specifically refers to how
6 the bad-faith intent requirement spares the innocent actor, as is evident from
7 reading the sentences preceding and following the one containing the quoted
8 words. 106 S. Rpt. 140, pg. 10 (“The bill is carefully and narrowly tailored . . . to
9 extend only to cases . . . [of] bad-faith intent Thus the bill does not extend to
10 innocent domain name registrations. . . .”). This reflects no intention to limit
11 contributory liability, which by definition involves knowing conduct in aid of a
12 primary infringer.

13 Nor does the bad-faith intent requirement alter the essential character of the
14 tort of contributory infringement, as this requirement is also consistent with
15 longstanding trademark principles. “Bad faith intent” refers not to general bad
16 faith, but simply to an “inten[t] to profit specifically from the goodwill associated
17 with another’s trademark.” *Solid Host*, 652 F. Supp. 2d at 1109 (collecting cases
18 and quoting *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 499
19 n.13 (2d Cir. 2000) (“We expressly note that ‘bad faith [and] intent to profit’ are
20 terms of art in the ACPA and hence should not necessarily be equated with ‘bad
21 faith’ in other contexts”). This limitation on liability under ACPA was included to
22 protect registrations of domain names by persons “who seek to make lawful uses
23 of others’ marks, including for purposes such as comparative advertising,
24 comment, criticism, parody, news reporting, fair use, etc.” 106 S. Rpt. 140,
25 pg. 11. Courts have recognized a very similar limitation on the scope of
26 trademark infringement generally. *See, e.g., Yankee Publ’n Inc. v. News America*
27 *Publ’n Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992) (Lanham Act construed
28 narrowly when, “rather than identification of product origin,” “the unauthorized

1 use of the trademark is for the purpose of a communicative message . . . [such as]
2 comedy, parody, allusion, criticism, news reporting, and commentary.”) Thus, the
3 express inclusion of this limitation in the statutory definition of cybersquatting
4 does not render the latter a fundamentally different tort from trademark
5 infringement.

6 Notably, federal courts have even extended contributory liability to false
7 advertising, a Lanham Act claim that addresses a wrong that, unlike
8 cybersquatting, is analytically distinct from trademark infringement. *See, e.g.,*
9 *Grant Airmass Corp. v. Gaymar Indus., Inc.*, 645 F. Supp. 1507, 1512 (S.D.N.Y.
10 1986) (party could be liable “as a contributory infringer under the Lanham Act”
11 for providing false report that primary infringer used in its advertising campaign).
12 This is all the more remarkable because false advertising in its present form – *i.e.*,
13 as a claim distinct from passing off – did not exist at common law. CALLMANN
14 ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES (4th ed., upd. 2010),
15 § 5:2; a copy of which is included as Exhibit 1 to Plaintiffs’ Appendix Of Non-
16 Reported Materials. It is a creature of modern statute, a part of the Lanham Act
17 that could not have codified existing secondary liability case law—and yet it is
18 subject to secondary liability. Congress enacted the ACPA into the same Lanham
19 Act section, section 1125, as false advertising.

20 In *Microsoft Corp.*, the court noted that “[a] recent Ninth Circuit decision
21 interprets the ACPA broadly, and therefore lends support to allowing claims for
22 contributory cybersquatting.” *Microsoft Corp.*, 2011 U.S. Dist. LEXIS 2995 at *8
23 (citing to *DSPT International v. Nahum*, 624 F.3d 1213 (9th Cir. Oct. 27, 2010)).
24 In *DSPT International*, the Ninth Circuit concluded that while the paradigmatic
25 harm that the ACPA was meant to eradicate is the practice of cybersquatters
26 registering hundreds of domain names, the statute “is written more broadly than
27 what may have been the political catalyst that got it passed,” and is therefore
28 intended to prevent such bad-faith use of a mark in a domain name. *DSPT*

1 *International*, 624 F.3d at 1219.

2 Applying *DSPT International*, the *Microsoft Corp.* court found that the
3 “defendants’ alleged conduct falls squarely within the statute’s goal of imposing
4 liability on those who seek to profit in bad faith by means of registering,
5 trafficking, or using domain names that contain identical or confusingly similar
6 marks. “A defendant who [contributes to the cybersquatting by others] should not
7 be able to escape liability by interpreting the statute so narrowly. The practice of
8 instructing others on how to engage in cybersquatting runs counter to the purpose
9 of the ACPA.”). *Microsoft Corp.*, 2011 U.S. Dist. LEXIS 2995 at *9. “As DSPT
10 *International* makes clear, the ACPA should not be read so narrowly as to unduly
11 constrain the protections the statute is meant to afford against cybersquatters.” *Id.*
12 Lastly, the *Microsoft Corp.* court relied on *Bob Jones Univ. v. United States*, 461
13 U.S. 574, 586 (1983) (“It is a well-established canon of statutory construction that
14 a court should go beyond the literal language of a statute if reliance on that
15 language would defeat the plain purpose of the statute.”).

16 Because of the nature of the cybersquatting tort, as an extension of
17 trademark infringement, and the absence of *any* contrary indication in the
18 statutory language, legislative history, or prior precedent, contributory liability
19 applies. The contributory cybersquatting tort derives from contributory trademark
20 infringement, modified to take into account the “bad faith intent” requirement, as
21 *Solid Host*, *Ford Motor Co.*, and *Microsoft Corp.* courts each recognized.

22 **C. Plaintiffs Have Properly Stated a Claim for Contributory**
23 **Cybersquatting.**

24 Plaintiffs have plainly pled a cause of action for contributory
25 cybersquatting. It is well established that a third party can be held liable for
26 another’s infringement of a trademark if the third party “... continues to supply its
27 product to one whom it knows or has reason to know is engaging in trademark
28 infringement.” *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955

1 *F.2d 1143, 1148 (7th Cir. 1992)* (quoting *Inwood Labs.*, 456 U.S. 844, 854).
2 Moreover, willful blindness is inexcusable under contributory infringement law,
3 *id.* 955 *F.2d at 1149* (citing *Louis Vuitton S.A. v. Lee*, 875 *F.2d 584, 590 (7th Cir.*
4 *1989)*).

5 “Where the defendant supplies the infringer with a service rather than a
6 product, however, courts ‘consider the extent of control exercised by the
7 defendant over the third party’s means of infringement’ in analyzing whether a
8 claim for contributory infringement lies.” *Solid Host*, 652 F. Supp. 2d at 1112
9 (quoting *Lockheed Martin*, 194 F.3d at 983). *Solid Host*, and *Ford Motor Co.*
10 both looked to “the extent of control exercised by the defendant over the third
11 party’s means of infringement.” *Solid Host*, 652 F. Supp. 2d at 1112; *Ford Motor*
12 *Co.*, 177 F. Supp. 2d at 646.

13 In the present case, Plaintiffs’ have properly alleged each of the elements
14 of cybersquatting. For example, Plaintiffs allege that the 183 Infringing Domain
15 Names “are confusingly similar to Plaintiffs’ Marks.” Complaint, ¶ 122.
16 Similarly, Plaintiffs allege that the 183 Infringing Domain Names “were
17 registered, trafficked in, or used the Infringing Domain Names in bad faith and
18 with a bad faith intent to profit from Plaintiffs’ Marks.” Complaint, ¶ 123.
19 Plaintiffs’ Complaint also contains allegations regarding each of the factors for
20 determining whether the registration, use, or trafficking each of the 183 Infringing
21 Domain Names was with a bad faith intent to profit from Plaintiffs’ Marks.
22 Complaint, ¶¶124-133.

23 Plaintiffs have also alleged that Defendants contributed to the registration
24 or use of the Infringing Domain Names. Complaint, ¶ 122. Similarly, Plaintiffs
25 allege that “Defendants provide the Above.com Privacy Service in connection
26 with the registration or use of the Infringing Domain Names, and profit from the
27 Above.com Privacy Service,” Complaint, ¶ 111; that “Defendants are able to
28 monitor the use of the Above.com Privacy Service,” Complaint, ¶ 112; that

1 “Defendants had control over the Above.com Privacy Service,” Complaint, ¶ 113;
2 that “Defendants are aware that the Above.com Privacy Service is used by
3 registrants who have registered, used or trafficked in domain names that infringe
4 the rights of others, including Plaintiffs’ rights,” Complaint, ¶ 114; and that
5 “Defendants continue to supply the Above.com Privacy Service with knowledge
6 that the service is used by registrants to infringe the rights of others, including
7 Plaintiffs’ rights.” Complaint, ¶ 115. Similar allegations regarding Defendants’
8 monetization service are also provided in the Complaint. Complaint ¶¶ 116-120.

9 Not only have Plaintiffs plead the required elements for contributory
10 cybersquatting, both the Complaint and the Exhibits to the Complaint provide
11 ample details regarding each contributory cybersquatting element. For example,
12 the massive scope of Defendants’ cybersquatting activities, and the large number
13 of UDRP complaints filed against Defendants’ privacy service, both strongly
14 support that Defendants had actual or constructive notice that its customers were
15 using Defendants’ services to cybersquat.

16 Exhibit 5 to the Complaint lists some 68 UDRP complaints filed against
17 Defendants’ privacy service (*e.g.*, Above.com Domain Privacy) for
18 cybersquatting.⁶ Additional research by Plaintiffs has discovered over 114 UDRP
19 complaints filed against Defendants’ privacy service. *See* Exhibit 2 to Plaintiffs’
20 Appendix Of Non-Reported Materials. Because UDRP dispute providers send
21 notices of each UDRP complaint filed to both the domain name registrar and the
22 listed registrant, Defendants would have received notice of each of the 114
23 UDRP complaints.

24 Similarly, Exhibit 6 to the Complaint details some of the thousands of
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26 ⁶ Technically, the elements of the UDRP are slightly different from the elements
27 of the ACPA. Both, however, take issue with the registration and/or use of a
28 domain name that is identical or confusingly similar to a trademark, with either
the bad faith (or bad faith intent to profit).

1 domain names that infringe famous trademarks.⁷ Defendants provide their privacy
2 service and their monetization service for many of these infringing domain
3 names. It is simply inconceivable that, given the number of infringing domain
4 names, that Defendants did not know that their services were being used to
5 cybersquat.

6 After receiving 114 notices that their privacy service was being used to
7 hide the true identity of the registrant, who was being accused of cybersquatting,
8 and the sheer number of infringing domain names which used Defendants'
9 privacy service and monetization service, Defendants cannot seriously argue that
10 they do not meet the standard of "knowing or having reason to know" that their
11 customers are using their services to cybersquat with "a bad faith intent to profit."
12 *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d at 983 (requiring
13 "actual or constructive knowledge"), citing *Inwood Labs*, 456 U.S. at 854 (a
14 contributory infringers "knows or has reason to know" he is infringing).

15 Once evidence of a violation comes to the registrar's attention, it may be
16 implicated as a contributory infringer if it fails to act. In *Ford Motor Co.*, the
17 "exceptional circumstances" supporting contributory liability would be present if
18 the "cyber-landlord" knew or should have known its customers were registering
19 domain names for "no legitimate reason." *Ford Motor Co.*, 177 F. Supp. 2d at
20 647. This standard is plainly met here.

21 The Complaint also alleges, as discussed above, that "Defendants are able
22 to monitor the use of the Above.com Privacy Service," Complaint, ¶ 112, and that
23 "Defendants had control over the Above.com Privacy Service," Complaint, ¶ 113.
24 *Solid Host*, 652 F. Supp. 2d at 1112 ("the extent of control exercised by the

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26 ⁷ As discussed above, this was only a representative list which included one
27 famous mark for each letter of the alphabet. And the list was *many* pages long
28 (single-spaced, with dual columns).

1 defendant over the third party's means of infringement"); *see Ford Motor*, 177 F.
2 Supp. 2d at 646. One recent UDRP decision also illustrates that Defendants
3 exercise control over the Above.com privacy service.⁸ *Association des Centres*
4 *Distributeurs E.Leclerc - A.C.D Lec v. Ho Nim / Above.com Domain Privacy*,
5 D2011-0070, (WIPO Mar. 14, 2011) (Admn. proceeding regarding www-
6 leclerc.com). A copy of the decision is attached as Exhibit 3 to Plaintiffs'
7 Appendix Of Non-Reported Materials. In its opinion, the Panel appointed by the
8 World Intellectual Property Organization found that the registrar for the subject
9 domain name, Above.com Pty Ltd, improperly changed the registrant of the
10 domain name (the privacy service Defendants provide hides the identify of the
11 actual registrant, and lists Defendants' privacy service instead) during the
12 pendency of a UDRP proceeding, in violation of the policy. Specifically, the
13 Panel found:

14 The Panel also notes that the registrant of the disputed domain name
15 was changed subsequent to the registrar verification. The change of
16 registrant could not have been done without the Registrar's assistance.
17 Further the Registrar has not provided any satisfactory reply to the
18 Center's queries about such changes to the disputed domain name,
19 which was supposed to be in a locked status. Changes to the domain
20 name registration in this manner would appear to be in this Panel's
21 view in contravention to the Policy. It also gives rise to suspicion
22 about the Registrar's motives in facilitating changes being made to the
23 disputed domain name registration.

24 *Association des Centres Distributeurs*, D2011-0070.

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⁸ This decision was issued shortly before Plaintiffs filed their case against Defendants, and was not listed in Exhibit 5 to the Complaint.

1 **D. Defendants Policy Arguments Ignore The Reasons For**
2 **Contributory Liability.**

3 Defendants, incorrectly state that “[u]nder Verizon’s theory of contributory
4 liability, Above.com would be liable even though it is a third party, and even
5 though it does not have bad faith intent.” Motion to Dismiss at pg. 7. Plaintiffs
6 seek nothing more than what the law already provides; that a third party who “...
7 continues to supply its product to one whom it knows or has reason to know is
8 engaging in trademark infringement” be liable for contributing to the
9 infringement. *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955
10 *F.2d at 1148*. To permit otherwise, would encourage companies to turn a blind
11 eye to cybersquatting by its customers. As the court in *Louis Vuitton* explained,
12 “willful blindness is inexcusable under contributory infringement law.” *Louis*
13 *Vuitton S.A.*, 875 *F.2d 584, 590*.

14 Plaintiffs do not complain that Defendants offer their services, nor do
15 Plaintiffs believe that Defendants need “ascertain its customers’ intent concerning
16 every domain name.” Motion to Dismiss, pg. 7. Instead, Plaintiffs complain that
17 Defendants, who obviously have control over the services, and continue to
18 provide the services when they knew or should have known that those services
19 are being used to cybersquat on Plaintiffs VERIZON marks. *Ford Motor Co.*,
20 177 *F. Supp. 2d at 647*.

21 **IV. CONCLUSION**

22 For the reasons set forth above, the Court should deny the Motion to
23 Dismiss under Fed. R. Civ. P. 12(b)(6) filed by Defendants.

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Dated: June 27, 2011

Respectfully submitted,
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