

# THE NEW AND EVOLVING TORT OF CONTRIBUTORY CYBERSQUATTING: DID THE COURTS GET IT RIGHT?

Christine A. Walczak\*

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\* J.D., University of Illinois College of Law, expected May 2013. B.A., English, University of Illinois Urbana-Champaign, December 2009. I would like to thank Professor Paul Heald and Chris Tinsley for their valuable insights. I would also like to thank everyone who provided me with feedback on this note. Most importantly, I would like to thank my family for all of their love and support.

## I. INTRODUCTION

Cybersquatting is a relatively new cause of action.<sup>1</sup> Cybersquatting occurs when a person with a bad faith intent registers, traffics in, or uses a domain name<sup>2</sup> that contains or is “confusingly similar” to another’s registered trademark.<sup>3</sup> Contributory cybersquatting occurs when a person assists a cybersquatter who infringes on a trademark owner’s rights by registering, trafficking in, or using a domain name that is the same or confusingly similar to the trademarked name.<sup>4</sup>

For the past ten years, cybersquatting has been increasingly problematic for businesses, heavily litigated in the federal courts, and extensively discussed by academics.<sup>5</sup> Therefore, this Note will not discuss the issue of cybersquatting at any great length. Instead, the focus of this Note will be on the newly created tort of “contributory cybersquatting,” which has been sparsely litigated in the courts and only discussed in relatively few academic articles.<sup>6</sup> Indeed, contributory cybersquatting is a cause of action in its infancy, and one that needs to be given greater attention, as it has the

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1. Thomas J. Curtin, *The Name Game: Cybersquatting and Trademark Infringement on Social Media Websites*, 19 J.L. & POL’Y 353, 361–62 (2010) (“[I]n the 1990s and into the twenty-first century, cybersquatting became a widespread practice . . . . Congress passed the Anticybersquatting Consumer Protection Act in 1999 . . . [which] provid[ed] a trademark infringement cause of action for cases of cybersquatting. . . . This new cause of action gives trademark owners an alternative to paying fees to cybersquatters to transfer domain names to the rightful owner and gives trademark owners the ability to enforce their rights on the Internet.”).

2. *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1094–95 (C.D. Cal. 2009) (describing that a person seeking to use a domain name will submit an application to a registrar; if the domain name already exists then the person will be advised that the name is unavailable—domain names “generally may be registered on a first-come, first served basis”).

3. 15 U.S.C. § 1125(d)(1)(A) (2006).

4. See *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1, \*2 (W.D. Wash. Jan. 12, 2011) (explaining the standards for a “contributory cybersquatting” cause of action); Darryl C. Wilson, *Battle Galactica: Recent Advances and Retreats in the Struggle for the Preservation of Trademark Rights on the Internet*, 12 J. HIGH TECH. L. 1, 24 (2011) (“Microsoft alleged that the defendants induced others to violate the law by providing instructions and software that could assist them in increasing traffic through means that incorporated the use of Microsoft marks.”).

5. E.g., Brian B. Bochart, *Imminent Domain Name: The Technological Land-Grab and ICANN’S Lifting of Domain Name Restrictions*, 45 VAL. U. L. REV. 505, 516 (2011) (“The most litigated and prevalent domain name registration dispute is known as cybersquatting.”); Curtin, *supra* note 1, at 359 (discussing cybersquatting and “propos[ing] legislative solutions to the problems associated with cybersquatting on social media websites”); Tenesa S. Scaturro, *The Anticybersquatting Consumer Protection Act and the Uniform Domain Name Dispute Resolution Policy the First Decade: Looking Back and Adapting Forward*, 11 NEV. L.J. 877, 877–908 (2011) (discussing cybersquatting, the ACPA, cases decided after the enactment of the ACPA, and suggestions for future cyberlaw); Kirk A. Dammon, *Domain Name Protection in E-Commerce*, UNDERSTANDING THE LEGAL ASPECTS OF E-COMMERCE LEADING LAWYERS ON DEFENDING INTELL. PROP., NAVIGATING PRIVACY CONCERNS, & NEGOTIATING CONTRACTS, Aug. 2011, available at 2011 WL 4450789 at \*5 (“[I]t is important for both e-commerce businesses and brand owners to vigilantly monitor their intellectual property with respect to domain names.”).

6. See, e.g., *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*1 (N.D. Cal. Jan. 3, 2012); *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*1 (C.D. Cal. July 13, 2011); *Microsoft Corp.*, 2011 WL 108954, at \*2; *Solid Host*, 652 F. Supp. 2d at 1111; *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 635 (E.D. Mich. 2001); CLIFFORD ENNICO, ADVISING EBUSINESSES § 2:52 (West 2011–2012 ed. 2011) (discussing what might be actionable under the ACPA as contributory cybersquatting); Wilson, *supra* note 4, at 23–25 (discussing the *Microsoft v. Shah* contributory cybersquatting case).

possibility of stifling the growth of the Internet.

Part II of this Note will provide background information on cybersquatting, the Anticybersquatting Consumer Protection Act (ACPA), and contributory cybersquatting. Part III will analyze how courts have wholly created a cause of action for contributory cybersquatting founded upon long-settled principles of trademark infringement law. It will also discuss whether the current contributory cybersquatting analysis is sound. Finally, Part IV will discuss why the ACPA does not provide for a cause of action for contributory cybersquatting based on the plain language of the statute and the legislative history of the statute, showing the courts' error in finding that a cause of action for contributory cybersquatting does exist under the ACPA.

## II. BACKGROUND

### A. *What Is Cybersquatting?*

A cybersquatter is a person who “registers, traffics in, or uses a domain name” that is “identical or confusingly similar” to a trademarked name, and does so with “bad faith intent to profit” therefrom.<sup>7</sup> Cybersquatting can be committed in multiple ways. Cybersquatting occurs when a registrant uses a trademarked name or a confusingly similar trademarked name in order to direct traffic to his website.<sup>8</sup> The Senate Committee on the Judiciary recounted an example in which a cybersquatter registered the domain name “dosney.com” and used it as a hardcore pornography website.<sup>9</sup> When consumers mistyped “dosney.com” instead of “disney.com,” they were directed to the cybersquatter’s website.<sup>10</sup> In another example, cybersquatters incorporated “Porsche” into their domain name in order to direct consumers to their websites where they sold counterfeit or non-genuine Porsche parts.<sup>11</sup> Cybersquatting is also committed when a registrant purchases a domain name with the intention of selling it to the trademark owner at an elevated price.<sup>12</sup> For example, a cybersquatter bought the domain names “warner-records.com,” “warner-bros-records.com,” “warner-pictures.com,” “warner-bros-pictures,” and “warnerpictures.com,” and offered to sell the domain names to Warner Brothers for \$350,000.<sup>13</sup>

In 1999, Congress passed the ACPA as an amendment to the Lanham Act.<sup>14</sup> The ACPA was created to prevent persons without an ownership interest in a mark from registering, trafficking in, or using domain names containing distinctive marks “with the [bad faith] intent to profit from the

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7. 15 U.S.C. § 1125(d)(1)(A).

8. S. REP. NO. 106-140, at 4-7 (1999).

9. *Id.* at 6.

10. *Id.*

11. *Id.* at 5-6.

12. *Id.* at 5.

13. *Id.*

14. *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1099 (C.D. Cal. 2009).

marks' goodwill."<sup>15</sup> Prior to the enactment of the ACPA, it was difficult to prosecute cybersquatters as there was no statutory prohibition of cybersquatting.<sup>16</sup> Instead, litigants utilized the Federal Trademark Dilution Act to hold cybersquatters accountable.<sup>17</sup>

The ACPA provided a clear statutory framework to hold accountable cybersquatters. The ACPA provides in pertinent part as follows:

- (1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—
- (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
  - (ii) registers, traffics in, or uses a domain name that—
    - (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
    - (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or
    - (III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.<sup>18</sup>

The statute protects marks that are distinctive, famous, and protected under the Lanham Act.<sup>19</sup> However, in order to find liability under the ACPA, the statute requires that the person have “bad faith intent to profit from the mark.”<sup>20</sup> This is a limiting principle of the ACPA in that a mere unauthorized use of a mark will not suffice to state a cause of action, as the plaintiff will need to allege and establish that the cybersquatter possessed an actual bad faith intent to profit from the mark.<sup>21</sup> The ACPA lists nine factors to consider when determining whether a person accused of cybersquatting acted in bad faith to profit from the mark.<sup>22</sup> These factors are not exhaustive and courts are free to consider other

15. Sue Ann Motta, *The Anticybersquatting Consumer Protection Act: An Analysis of the Decisions from the Courts of Appeals*, 21 J. MARSHALL J. COMPUTER & INFO. L. 355, 355 (2003).

16. *Id.* at 356 (“Prior to the ACPA, there was no clear deterrent to cybersquatting.”).

17. S. REP. NO. 106-140, at 7 (1999) (“While the Federal Trademark Dilution Act has been useful in pursuing cybersquatters, cybersquatters have become increasingly sophisticated as the case law has developed and now take the necessary precautions to insulate themselves from liability.”); Motta, *supra* note 15, at 356 (“While the *Federal Trademark Dilution Act* was used successfully against cybersquatters, Congress believed that specific legislation was necessary.”).

18. 15 U.S.C. § 1125(d)(1)(A) (2006).

19. *Id.*

20. *Id.* § 1125(d)(1)(A)(i).

21. *Id.*

22. *Id.* § 1125(d)(1)(B)(i)(I)–(IX) (stating that the factors that the court can consider in determining whether there was bad faith include, but are not limited to: “the trademark or other intellectual property rights of the person, if any, in the domain name; the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person; the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name; the person’s intent to divert

factors they deem relevant and applicable when determining whether there was bad faith intent.<sup>23</sup> The ACPA also expressly bars liability if “the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”<sup>24</sup>

The Senate Report, which accompanied the ACPA, sheds light on the type of conduct Congress was concerned with when it enacted the ACPA. The report lists cybersquatters as those who: 1) “register well-known brand names as Internet domain names in order to extract payment from the rightful owners of the marks;” 2) “register well-known marks as domain names and warehouse those marks with the hope of selling them to the highest bidder;” 3) “register well-known marks to prey on customer confusion by misusing the domain name to divert customers from the mark owner’s site to the cybersquatter’s own site;” or 4) “target distinctive marks to defraud consumers, including to engage in counterfeiting activities.”<sup>25</sup> The report also discusses how the ACPA is meant to be a vehicle to prevent cybersquatting and encourage trademark owners to enforce their rights in courts, rather than “paying off” the cybersquatters in exchange for the domain name.<sup>26</sup>

### B. *What Is Contributory Cybersquatting?*

Contributory cybersquatting is a court-created cause of action founded upon the age-old common law tort doctrine of contributory liability which expands liability for cybersquatting to persons who aid and abet cybersquatters or who contribute to cybersquatting.<sup>27</sup> The ACPA does not expressly create a cause of action for contributory cybersquatting.<sup>28</sup> Neither the term “contributory cybersquatting” nor any reference to contributory liability for

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consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site; the person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person’s prior conduct indicating a pattern of such conduct; the person’s provision of material and misleading false contact information when applying for the registration of the domain name, the person’s intentional failure to maintain accurate contact information, or the person’s prior conduct indicating a pattern of such conduct; the person’s registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section”).

23. *See id.* (stating that “[i]n determining whether a person has a bad faith intent” the court is “not limited to” the factors listed in the statute).

24. *Id.* § 1125(d)(1)(B)(ii).

25. S. REP. NO. 106-140, at 5–6 (1999).

26. *Id.* at 7–8.

27. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*9–11 (N.D. Cal. Jan. 3, 2012); *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*6–10 (C.D. Cal. Jul. 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1–4 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111–17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646–47 (E.D. Mich. 2001).

28. 15 U.S.C. § 1125.

cybersquatting is contained in the ACPA.<sup>29</sup> Nor is there any mention of contributory cybersquatting in the ACPA Senate Report.<sup>30</sup> There are three possible reasons why Congress may not have addressed contributory cybersquatting in the legislative history: 1) it did not intend contributory cybersquatting to apply to the ACPA; 2) it simply may have not considered the issue; or 3) it may have left the issue for the courts to mete out. In any event, there is no statutory guidance to direct the courts on the issue.

The contributory cybersquatting cause of action is in its infancy, but the few district courts which have addressed parties' right to bring a contributory cybersquatting cause of action have analogized it to contributory trademark infringement cases under the Trademark Act of 1946, known as the Lanham Act.<sup>31</sup> Like the ACPA, there is no mention of contributory trademark infringement in the Lanham Act's Senate Report.<sup>32</sup> Instead, contributory trademark infringement and contributory cybersquatting have been born in the courts and treated as a tort.<sup>33</sup>

### III. ANALYSIS

Contributory cybersquatting is a new and developing tort created by a few federal district courts.<sup>34</sup> Neither the Supreme Court nor any appellate court<sup>35</sup> has addressed the issue of contributory cybersquatting.<sup>36</sup> Contributory cybersquatting, like contributory trademark infringement, is not set forth or provided for in the Lanham Act or ACPA.<sup>37</sup> Instead, the few district courts that have addressed the issue have treated contributory cybersquatting in a similar manner as contributory trademark infringement.<sup>38</sup> These courts have ultimately borrowed long-standing principles of tort law concepts applied in contributory trademark infringement cases to find contributory liability in the cybersquatting context.<sup>39</sup>

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29. *Id.*

30. *See generally* S. REP. NO. 106-140 (1999).

31. *GoDaddy.com*, 2012 WL 10532, at \*9-11; *Above.com*, 2011 WL 8472379, at \*4-5; *Microsoft*, 2011 WL 108954, at \*1-4; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

32. *See generally* S. REP. NO. 79-1333 (1946) (lacking any discussion of contributory trademark infringement).

33. *See, e.g., Above.com*, 2011 WL 8472379, at \*5-6 (applying contributory liability under the ACPA to contributory cybersquatting).

34. *Id.* at \*3-6; *Microsoft*, 2011 WL 108954, at \*1-4; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

35. When this Note was written, the appeal of *GoDaddy.com*, 2012 WL 10532 was pending.

36. *Microsoft*, 2011 WL 108954, at \*2; *Contributory Cybersquatting, Dilution Claims Can Proceed*, 23 BUS. TORTS REP. 201, 202 (2011).

37. *Microsoft*, 2011 WL 108954, at \*3 ("The Lanham Act itself does not expressly address causes of action for contributory liability."). *See generally* 15 U.S.C. § 1125 (lacking a stated cause of action for contributory liability).

38. *GoDaddy.com*, 2012 WL 10532, at \*9-11; *Above.com*, 2011 WL 8472379, at \*3-6; *Microsoft*, 2011 WL 108954, at \*1-4; *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111-17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646-47 (E.D. Mich. 2001).

39. *GoDaddy.com*, 2012 WL 10532, at \*9-11; *Above.com*, 2011 WL 8472379, at \*3-6; *Microsoft*, 2011 WL 108954, at \*1-4; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

### A. Current Contributory Cybersquatting Analysis

#### 1. Contributory Trademark Infringement Liability

The Lanham Act expressly creates causes of action for trademark infringement and cybersquatting.<sup>40</sup> However, the Lanham Act does not expressly create causes of action for either contributory trademark infringement or contributory cybersquatting.<sup>41</sup> There is no express language providing for contributory trademark infringement in the Lanham Act, nevertheless, courts have created the doctrine of contributory liability for trademark infringement under the Lanham Act by borrowing from the common law principles of contributory liability in tort cases.<sup>42</sup> Before the Supreme Court addressed the issue of contributory trademark infringement, the classic statement describing contributory trademark infringement was: “[o]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.”<sup>43</sup> In 1982, the Supreme Court in *Inwood Labs., Inc. v. Ives Labs., Inc.* mirrored this language when it recognized contributory trademark infringement as a cause of action.<sup>44</sup> The Court created a two-pronged analysis for determining when a defendant may be liable for contributory trademark infringement.<sup>45</sup> The contributor is liable: 1) when he “intentionally induces another to infringe on a trademark,” or 2) when he “continues to supply [a] product to one whom [he] knows or has reason to know is engaging in trademark infringement . . . .”<sup>46</sup> If either prong is met, liability exists.<sup>47</sup>

Over the years, the lower courts have expounded upon the Supreme Court’s two-pronged test for contributory trademark infringement. The first prong, which finds liability for intentional infringement, is relatively straightforward and has not produced much controversy. However, the second prong is not as clear and has led courts to expand upon it by using what has become known as the “flea market analysis.”<sup>48</sup> The “flea market analysis” originated in *Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.*, which involved a flea market whose vendors were selling counterfeit Hard Rock Cafe t-shirts.<sup>49</sup> The issue before the Seventh Circuit Court of Appeals

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40. 15 U.S.C. § 1125(a)(1) (trademark infringement); *Id.* § 1125(d) (cybersquatting).

41. See generally 15 U.S.C. § 1125 (evidencing that there is no language in the Lanham Act nor the ACPA which provides a cause of action for contributory trademark infringement or contributory cybersquatting).

42. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) (outlining a cause of action for contributory trademark infringement that has been in place for over thirty-five years).

43. *Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

44. *Inwood*, 456 U.S. at 854–55. (recognizing, for the first time, that contributory trademark infringement is a cause of action).

45. *Id.*

46. *Id.*

47. *Id.*

48. *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 265 (9th Cir. 1996); *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1148–49 (7th Cir. 1992).

49. *Hard Rock Cafe*, 955 F.2d at 1145–46 (noting that the flea market owner was the contributor and

was whether the flea market could be contributorily liable for allowing its vendors to sell counterfeit Hard Rock t-shirts at its flea market.<sup>50</sup> The court concluded that the flea market could be contributorily liable if it was “willfully blind” to its vendors’ trademark infringement because a company, or in this case a flea market, “is responsible for the torts of those it permits on its premises [when it] ‘know[s] or . . . [has] reason to know that the other is acting or will act tortiously.’”<sup>51</sup> Hence, the Seventh Circuit imported long held tort principles of premises liability into the trademark realm.

The Ninth Circuit in *Fonovisa, Inc. v. Cherry Auction, Inc.*, implemented the flea market analysis set forth in *Hard Rock*.<sup>52</sup> *Fonovisa* involved a flea market whose vendors were selling counterfeit recordings.<sup>53</sup> The flea market contended that it was not selling the counterfeit recordings itself, but simply “supplying the necessary marketplace” for the recordings and therefore should not be liable.<sup>54</sup> However, the court applied the “flea market analysis” established in *Hard Rock* and stated that the flea market could be liable if it was “willfully blind” to the infringing activity.<sup>55</sup> Ultimately, the *Fonovisa* court found that the flea market could be liable for contributory trademark infringement because the vendors were making “blatant trademark infringements” and the flea market had a duty to know what wrongful conduct was taking place openly in the marketplace, which the flea market operators had created.<sup>56</sup> Indeed, the flea market’s operators’ failure to recognize “blatant trademark infringements” supported the finding that they were “willfully blind” to the infringing activity and therefore, could be contributorily responsible for the infringing activity.<sup>57</sup>

In *Lockheed Martin Corp. v. Network Solutions, Inc.*, contributory liability under the flea market analysis was further expanded to include a service and it has become a key case that applied contributory infringement principles to a service as opposed to a product.<sup>58</sup> In *Lockheed*, the court held that a defendant can be held contributorily liable if he created a marketplace wherein infringement was occurring and he exercised a sufficient degree of control and monitoring over the infringer’s means of infringement.<sup>59</sup>

Contributory trademark infringement is now firmly supported in the case law. For over thirty years, the federal courts, including the Supreme Court,

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outlining how the flea market owner could be contributorily liable).

50. *Id.*

51. *Id.* at 1149; *see also Fonovisa, Inc.*, 76 F.3d at 265 (discussing how *Hard Rock* outlined the “flea market analysis” and then applied it).

52. *Fonovisa*, 76 F.3d at 261.

53. *Id.* at 260–61.

54. *Id.* at 265.

55. *Id.*

56. *Id.*

57. *Id.* at 264–65.

58. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999).

59. *Id.* (“[W]e consider the extent of control exercised by the defendant over the third party’s means of infringement . . .”). Although *Lockheed* applied contributory analysis to a service, it did not actually find the defendant contributorily liable. *Id.* at 987; *see also Perfect 10, Inc. v. Visa Int’l Serv. Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007) (applied *Lockheed* extent of control analysis, as the claim involved a service not a product).

have recognized contributory trademark infringement as a cause of action despite there being no express language in the Lanham Act providing for it.<sup>60</sup> Certainly, under this precedent, express language providing for contributory liability is not always a prerequisite for such contributory liability. Further, after decades of decisions finding contributory trademark liability, Congress has not acted to modify the Lanham Act to eliminate the courts' continued recognition of a cause of action for contributory trademark infringement, thereby implying that Congress approves of this common law cause of action.<sup>61</sup>

## 2. *Current Contributory Cybersquatting Infringement Liability*

The ACPA does not expressly provide for a cause of action for contributory cybersquatting.<sup>62</sup> However, the few courts that have analyzed contributory cybersquatting and found that such a cause of action exists,<sup>63</sup> namely *Ford Motor Co. v. Greatdomains.com, Inc.*, *Solid Host, NL v. Namecheap, Inc.*, *Microsoft Corp. v. Shah*, and *Verizon Cal., Inc. v. Above.com Pty. Ltd.* have all relied upon the same tort liability framework that courts have been using for contributory trademark infringement.<sup>64</sup>

### a. *Ford Motor Co. v. Greatdomains.com, Inc.*

The first case to address contributory cybersquatting under the ACPA was *Greatdomains*.<sup>65</sup> In *Greatdomains*, Ford, a trademark owner, brought suit against Greatdomains, an owner of a website that auctioned domain names.<sup>66</sup> Greatdomains auctioned domain names to the highest bidder on its website and collected a commission on the sale of the names purchased through its website.<sup>67</sup> Some of the domain names sold included Ford's trademarks or names similar to Ford's trademarks.<sup>68</sup> Ford brought suit against Greatdomains contending that Greatdomains was liable for contributory cybersquatting under the ACPA based on a flea market analysis theory, as Greatdomains created the

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60. Matthew C. Bernsten, Note, *Knowledge and Misfeasance: Tiffany v. Ebay and the Knowledge Requirement of Contributory Trademark Infringement*, 16 B.U. J. SCI. & TECH. L. 102, 107 (2010) ("The doctrine of contributory trademark infringement is very young, with all of the seminal cases having been decided within the last thirty years.").

61. The Lanham Act has not been modified to include contributory liability. 15 U.S.C. § 1125 *et seq.* (2006).

62. *Id.* § 1125(d)(1)(A).

63. In *GoDaddy*, the court did not conduct an analysis of whether a cause of action for contributory cybersquatting existed, but assumed that it did exist only for purposes of disposing the case. See *Petroliaam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*12 (N.D. Cal. Jan. 3, 2012) ("A claim for contributory cybersquatting does not exist *under the circumstances of this case . . .*" (emphasis added)).

64. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*6 (C.D. Cal. July 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111-17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646-48 (E.D. Mich. 2001).

65. *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

66. *Id.* at 639-40.

67. *Id.* at 646.

68. *Id.* at 641-42.

“necessary marketplace” to permit the defendants to auction domain names containing its marks.<sup>69</sup>

In *Greatdomains*, the court found that the plaintiff did not establish sufficient facts to state a cause of action for contributory cybersquatting; however, the court acknowledged that contributory cybersquatting could state a valid cause of action under a flea market analysis along the lines set forth in *Fonovisa* and *Lockheed*.<sup>70</sup> In so doing, the court noted that the ACPA contains a “bad faith intent” requirement not required under the *Fonovisa*, *Lockheed*, and contributory tort law and this new element would require a “somewhat heightened standard” to impose liability under the ACPA.<sup>71</sup> The court then created a framework for imposing liability upon contributory cybersquatters.<sup>72</sup> Under this framework, the “plaintiff would have to demonstrate that the ‘cyber-landlord’ knew or should have known that its vendors had no legitimate reason for having registered the disputed domain names in the first place” in order to impose contributory liability.<sup>73</sup> However, in *Greatdomains* the court found that *Greatdomains* could not be expected to determine the good or bad faith intent of any of its vendors, so contributory liability could only apply in “exceptional circumstances.”<sup>74</sup> “No such exceptional circumstances [were] alleged” in the complaint, so the *Greatdomains* court dismissed the claim against *Greatdomains*.<sup>75</sup> This framework has been subsequently accepted, approved, and followed by the *Solid Host*, *Microsoft*, and *Above.com* courts.<sup>76</sup>

b. *Solid Host v. Namecheap, Inc.*

In *Solid Host*, the court found that a cause of action for contributory cybersquatting exists under the ACPA.<sup>77</sup> In *Solid Host* the owner of a domain name (*Solid Host*) brought an action for contributory cybersquatting against *Namecheap*<sup>78</sup> (a domain name registrar) seeking to hold *Namecheap* contributorily liable for the hijacking of *Solid Host*’s domain name by one of its customers.<sup>79</sup> *Solid Host* alleged that *Namecheap* supplied an anonymous domain name registration service which allowed a third party unauthorized use of plaintiff’s registered domain name.<sup>80</sup> After receiving notice that *Solid Host* was the true owner of the hijacked domain name, *Namecheap* refused to reveal

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69. *Id.* at 646–47.

70. *Id.*

71. *Id.*

72. *See id.* at 647 (stating that the framework is similar to that of the infringement context; however, the standard for “bad faith intent” would be somewhat heightened).

73. *Id.*

74. *Id.*

75. *Id.*

76. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*2–7 (C.D. Cal. July 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111–17 (C.D. Cal. 2009).

77. *Solid Host*, 652 F. Supp. 2d at 1117.

78. *Namecheap* is a company that offers an anonymity service for domain names. *Id.* at 1093.

79. *Id.* at 1111.

80. *Id.* at 1109.

the third party's identity or return the domain name to Solid Host.<sup>81</sup>

The *Solid Host* court found that Namecheap offered a service, rather than an infringing product, and applied the *Lockheed* test to determine the extent of Namecheap's control and monitoring of the instrumentality used by the third party.<sup>82</sup> The *Solid Host* court adopted the framework set out in *Greatdomains* and stated that it agreed that "'exceptional circumstances' must be shown to prove the degree of knowledge required to impose contributory liability for cybersquatting."<sup>83</sup> In reviewing the evidence, the *Solid Host* court looked to the plaintiff's complaint and focused on the allegation that "Solid Host gave Namecheap 'evidence, including (but not limited to) a sworn declaration . . . attesting to the relevant facts,' which 'would have led a normal and prudent person to conclude that the domain it registered had been stolen.'"<sup>84</sup> The court refused to dismiss Solid Host's complaint based on this allegation, noting that the court cannot, as a matter of law, find that Solid Host will not be able to prove exceptional circumstances that satisfy the knowledge requirement to establish contributory liability under the cybersquatting statute.<sup>85</sup>

In applying the exceptional circumstances test, the *Solid Host* court affirmed *Greatdomains* analysis that a cause of action for contributory cybersquatting can be established under traditional trademark infringement law as long as the alleged contributor's "somewhat heightened" standard of knowledge of the infringement can be established.<sup>86</sup>

c. *Microsoft Corp. v. Shah*

In *Microsoft*, the court found that a cause of action for contributory cybersquatting exists by building upon the principles and reasoning set forth in *Greatdomains* and *Solid Host*.<sup>87</sup> However, the *Microsoft* court also relied upon and incorporated traditional contributory infringement principles set forth in the *Inwood* and *Fonovisa* cases as the *Microsoft* case involved an inducement infringement action as opposed to a flea market type case.<sup>88</sup>

The defendants allegedly "registered domain names containing Microsoft trademarks in order to drive traffic to their website" and the use of the Microsoft trademarks had not been authorized by Microsoft.<sup>89</sup> The defendants also allegedly instructed others on how to use Microsoft trademarks in order to drive traffic to their websites by misleading web users into believing they were

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81. *Id.*

82. *Id.* at 1112 (citing *Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.*, 591 F. Supp. 2d 1098, 1111 (N.D. Cal. 2008) (quoting *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir. 1999))).

83. *Id.* at 1116.

84. *Id.*

85. *Id.*

86. *Id.* at 1114.

87. *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1-4 (W.D. Wash. Jan. 12, 2011).

88. *Id.* at \*1-3.

89. *Id.* at \*1.

authorized Microsoft retailers.<sup>90</sup> Finally, defendants allegedly sold software that allowed the buyer of the software to “create websites incorporating Microsoft marks” without Microsoft’s permission.<sup>91</sup>

In finding that a cause of action for contributory trademark infringement exists, the *Microsoft* court looked to what it considered analogous case law in the contributory trademark infringement realm and applied the two prong test which the Supreme Court used in *Inwood*.<sup>92</sup> The *Microsoft* court found that the defendants met the first prong of the *Inwood* test (intentionally inducing another to infringe on a trademark) because selling a product designed to educate buyers on how to use Microsoft trademarks to create a domain name to attract others to their websites ultimately induced buyers to “use domain names incorporating Microsoft marks” without Microsoft’s permission.<sup>93</sup> Further, the court found that the defendants’ conduct satisfied the additional heightened standard set forth in *Greatdomains* for liability in that they acted in bad faith because they “knew or should have known” that the buyers of the defendants’ infringing product “could not have had a legitimate reason for purchasing the [product].”<sup>94</sup> Indeed, the court reasoned that buying a product which explains how to incorporate Microsoft marks to generate website traffic to a site unauthorized by Microsoft does not serve a legitimate purpose and therefore establishes a bad faith intent.<sup>95</sup>

*Microsoft* outlines and harmonizes the sparse case law that addresses contributory cybersquatting. It discusses how contributory cybersquatting is analogous to contributory trademark infringement liability and incorporates those precedents into its framework to serve as a basis for contributory cybersquatting under contributory tort law.<sup>96</sup> It also attempts to provide some direction as to what constitutes the “bad faith” prerequisite for cybersquatting and contributory cybersquatting.<sup>97</sup> In doing so, the *Microsoft* court explained that “mere awareness” of an infringing activity is not enough to show bad faith.<sup>98</sup> Instead, the contributor “must know or should have known” that the infringers had bad faith intent to establish a cause of action for contributory cybersquatting.<sup>99</sup>

d. *Verizon California, Inc. v. Above.com*

*Verizon California, Inc. v. Above.com* was the final case that addressed a

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90. *Id.*

91. *Id.*

92. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982). Under the two prong *Inwood* analysis a person is liable for contributory trademark infringement when he: 1) intentionally induces another to infringe a trademark; or 2) continues to supply his product to one whom he knows or has reason to know is engaging in trademark infringement. *Id.*

93. *Microsoft*, 2011 WL 108954, at \*2.

94. *Id.*

95. *Id.*

96. *Id.* at \*1–4.

97. *Id.*

98. *Id.* at \*2.

99. *Id.*

contributory cybersquatting cause of action. In *Above.com*, Verizon brought a contributory cybersquatting cause of action against Above.com under the ACPA.<sup>100</sup>

Verizon alleged that defendants were “serial cybersquatters” who registered “thousands of domain names that are confusingly similar to well-known trademarks,” including Verizon’s trademarks.<sup>101</sup> Defendants registered “variants” of well-known names including names with “typographical errors,” such as “www.ver9izon.com” and “www.verizo9n.com” to lure users searching for genuine trademarked goods or services to the defendants’ websites.<sup>102</sup> The “[d]efendants . . . were paid each time [their] advertisement was displayed or a link on the domain name was clicked.”<sup>103</sup> Codefendant, Above.com, “is a domain name registrar [which] registers domain names . . . and offers privacy services [which] conceal . . . the true name of the registrant contained in the WHOIS records for those sites . . . .”<sup>104</sup>

Verizon brought a cause of action for direct cybersquatting against the registrants and a direct and contributory action against Above.com.<sup>105</sup> Verizon alleged that Above.com was contributorily liable under the ACPA because it “‘contributed to the registration or use’ of the infringing domain names through use of the privacy and monetization services.”<sup>106</sup> In effect, Verizon argued that the registrants had control over the privacy and sources of income of the registrants, had the ability to monitor them, and knew that they were using the domain names in violation of the ACPA.<sup>107</sup> Defendants moved to dismiss the contributory cybersquatting claim on the grounds that no such action exists under the ACPA.<sup>108</sup> The *Above.com* court relying on *Solid Host* and *Greatdomains* denied the motion to dismiss and found that the complaint alleged sufficient facts to establish that exceptional circumstances existed to support contributory liability.<sup>109</sup> In particular, Verizon alleged that the defendants monitored and controlled the privacy and monetization services and must have been well aware of the cybersquatting of Verizon’s famous

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100. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*2–3 (C.D. Cal. July 13, 2011). Verizon also brought a direct cause of action for cybersquatting. *Id.*

101. *Id.* at \*1.

102. *Id.*

103. *Id.*

104. *Id.*

105. Reply Memorandum of Points and Authorities in Support of 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), *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV110973, 2011 WL 4400879, at \*1–2 (C.D. Cal.) [hereinafter Reply Memorandum]. Above.com denied that the facts could establish that it was directly liable but conceded that it is not immune from direct liability under the ACPA if the plaintiff can establish that it was an actor who with a bad faith intent registered, trafficked, or used a domain name that was identical or confusingly similar to a trademarked name. *Id.*; see also Memorandum of Points and Authorities in Support of 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), No. 11CV00973, 2011 WL 2929682, at \*1–4 (C.D. Cal.) [hereinafter Memorandum in Support].

106. *Above.com*, 2011 WL 8472379, at \*2.

107. *Id.*

108. *Id.*

109. *Id.* at \*4–7.

marks.<sup>110</sup> In so doing, the court rejected Above.com's argument that "[t]o allow a contributory cybersquatting cause of action would require Above.com to get into the minds of all of its tens of thousands of customers to determine their good or bad faith, and impose a substantial burden on all Internet service providers."<sup>111</sup>

The important question raised by the *Greatdomains*, *Solid Host*, *Microsoft*, and *Above.com* is whether this analysis using traditional contributory trademark infringement principles is applicable to the ACPA, which specifically incorporates a new bad faith requirement never before found in trademark law.

### B. *Is the Current Contributory Cybersquatting Analysis Sound?*

The few district courts which have created the "novel"<sup>112</sup> cause of action of contributory cybersquatting overlooked the plain language of the ACPA to find an ambiguity which does not exist in the statute.<sup>113</sup> It is fundamental to statutory interpretation that a court's initial inquiry when determining the meaning of a statute is to look to the plain language of the statute.<sup>114</sup> The Supreme Court has stated that, "The preeminent canon of statutory interpretation requires us to 'presume that [the] legislature says in a statute what it means and means in a statute what it says there.'"<sup>115</sup> If the language of the statute is not ambiguous, the court is to give effect to the plain language of the statute.<sup>116</sup> In following this canon, the first step of any statutory interpretation is to review the plain language of the statute. A review of the plain language of the ACPA reveals that it unambiguously does not provide liability for contributory cybersquatters. The ACPA provides in pertinent part as follows:

A person shall be liable in a civil action by the owner of a mark . . . if . . . that person (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and (ii) registers, traffics in, or uses a domain name that . . . is identical or confusingly similar to that mark.<sup>117</sup>

A plain reading of this section of the ACPA holds a person liable who

110. *Id.*

111. Memorandum in Support, *supra* note 105, at \*14.

112. *See, e.g.*, *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1 (W.D. Wash. Jan. 12, 2011) (referring to contributory cybersquatting as a "novel" cause of action).

113. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*4-5 (C.D. Cal. July 13, 2011); *Microsoft*, 2011 WL 108954, at \*1; *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111-12 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646-47 (E.D. Mich. 2001).

114. *Permanent Mission of India to the United Nations v. City of New York*, 551 U.S. 193, 197 (2007) ("We begin, as always, with the text of the statute.")

115. *BedRoc Ltd., LLC v. United States*, 541 U.S. 176, 184 (2004).

116. *Id.* ("Thus, our inquiry begins with the statutory text, and ends there as well if the text is unambiguous."); *Lamie v. U.S. Trustee*, 540 U.S. 526, 533 (2004) ("It is well established that 'when the statute's language is plain, the sole function of the courts—at least where the disposition required by the text is not absurd—is to enforce it according to its terms.'")

117. 15 U.S.C. § 1125(d)(1)(A) (2006) (emphasis added).

acted with bad faith intent to profit from a mark and *registers, traffics in, or uses a domain name* that is similar to a registered trademark.<sup>118</sup> A fair reading of this language of the ACPA imposes as a prerequisite to liability that the person to be held liable thereunder *registers, traffics in, or uses a domain name*.<sup>119</sup> This requirement is not difficult to discern from the statute, as it is stated in its very words. What is also clear from a plain reading of the statute is that it does not state that one who assists, aids, or contributes to the registration, trafficking, or use of a domain name, or provides a marketplace for a person who engages in such conduct or exercises control over the person's means of infringement is liable for such conduct.<sup>120</sup>

The *Greatdomains*, *Solid Host*, *Microsoft*, and *Above.com* courts all recognized that the literal language of the ACPA did not expressly provide for contributory liability.<sup>121</sup> Were these courts to have found that the ACPA requires as prerequisite to liability that the infringer register, traffic in, or use a domain name, then these courts' inquiries would have stopped at that point and contributory liability would not exist under the ACPA. However, the district courts expressly or impliedly found that the ACPA language is ambiguous as they recognized that the ACPA did not provide an express cause of action for contributory cybersquatting, but they went beyond the literal language of the statute to find that contributory cybersquatting exists.<sup>122</sup> In so doing, the district courts all found that long held notions of common law tort principles could be used to supplement contributory cybersquatting liability under the ACPA.<sup>123</sup>

1. *The District Courts' Finding of Contributory Liability is Not Sound.*

a. *Ford Motor Co. v. Greatdomains.com, Inc.*

The first three courts namely, *Greatdomains*, *Solid Host*, and *Microsoft* in finding that contributory liability existed under the ACPA failed to provide any in-depth statutory analysis. The first district court to address contributory liability under the ACPA was *Ford Motor Company v. Greatdomains.com, Inc.*<sup>124</sup> In *Greatdomains*, Ford, a holder of famous marks, brought a suit

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118. *Id.*

119. *Id.*

120. *Id.*

121. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*3 (C.D. Cal. July 13, 2011) ("The ACPA neither expressly recognizes nor expressly prohibits a claim for contributory cybersquatting . . ."); *Microsoft v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*3 (W.D. Wash. Jan. 12, 2011) ("The Lanham Act itself does not expressly address causes of action for contributory liability."); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111-17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646-47 (E.D. Mich. 2001).

122. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*10 (N.D. Cal. Jan. 3, 2012); *Above.com*, 2011 WL 8472379, at \*3-5; *Microsoft*, 2011 WL 108954, at \*1-3; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

123. *GoDaddy.com*, 2012 WL 10532, at \*10; *Above.com*, 2011 WL 8472379, at \*3-5; *Microsoft*, 2011 WL 108954, at \*1-3; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

124. *Greatdomains.com*, 177 F. Supp. 2d at 646 (discussing the implications of imposing liability on Great Domains under the ACPA).

against Greatdomains, a domain registrar, alleging that it was contributory liable under the ACPA for auctioning domain names to the highest bidder which contained Ford's marks or similar marks.<sup>125</sup> The district court, in granting Greatdomains' motion to dismiss Ford's claim for contributory cybersquatting stated that the ACPA requires a showing of "bad faith intent" which is "not required under traditional infringement" and as such the standard for contributory cybersquatting "would be somewhat heightened."<sup>126</sup> The court further stated that "contributory liability would apply, if at all, in only exceptional circumstances."<sup>127</sup> The key point here is not that the court dismissed Ford's contributory cybersquatting claim, but that the court dismissed it because the conduct Ford alleged (i.e., registering domain names containing Ford's trademarks for profit) did not rise to the level of bad faith under the ACPA and did not constitute exceptional circumstances.<sup>128</sup> As such, the court recognized that the ACPA could provide a cause of action for contributory cybersquatting.<sup>129</sup> However, the court did not expressly find the statute ambiguous, nor did it address the issue of Congress' intent with regard to contributory liability.<sup>130</sup> The court merely assumed that principles of contributory liability were applicable to the ACPA without any statutory interpretation analysis.<sup>131</sup> Hence, the district court's statutory analysis for approving of contributory cybersquatting is completely absent.

The *Greatdomains* court's application of principles of contributory trademark liability cases to contributory cybersquatting is also problematic. The district court noted that the ACPA requires a showing of "bad faith intent" which was not required under traditional infringement claims and as such the standard to establish infringement would be "somewhat heightened."<sup>132</sup> The court applied a marketplace analysis with a higher standard than "willful blindness" which courts have traditionally applied in marketplace cases and stated that the plaintiff, in order to recover, "would have to demonstrate that the 'cyber-landlord' knew or should have known that its vendors had no legitimate reason for having registered the disputed domain names in the first place."<sup>133</sup> Finally, the court found that contributory liability would only apply in "exceptional circumstances" due to the difficulty that it would take Greatdomains to establish the "good or bad faith intent" of its vendors.<sup>134</sup> While this analysis has logic to it and is creative, that is all it is: creative. Nowhere in the ACPA is there a provision that provides for this heightened

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125. *Id.* at 639–40.

126. *Id.* at 647.

127. *Id.*

128. *Id.* ("No such exceptional circumstances have been alleged in this case; thus, the claim for contributory liability against Great Domains cannot be maintained.")

129. *Id.*

130. *Id.* at 646–47.

131. *Id.* The *Greatdomains* court did not supply any statutory analysis of the ACPA to support a finding of contributory cybersquatting. It merely went directly into a common law tort analysis. *Id.*

132. *Id.* at 647.

133. *Id.*

134. *Id.*

marketplace standard of liability for contributory cybersquatters.<sup>135</sup>

b. *Solid Host v. Namecheap, Inc.*

The *Solid Host* court, like *Greatdomains*, failed to conduct any statutory analysis of Congress' intent under the ACPA in the contributory cybersquatting context.<sup>136</sup> Indeed, *Solid Host* never addressed the threshold issue of whether the plain language of the statute applies to contributory cybersquatters.<sup>137</sup> Further, the *Solid Host* court failed to address why the legislative history did not provide any language addressing contributory cybersquatting.<sup>138</sup> As with *Greatdomains*, the *Solid Host* court began its analysis by applying and distinguishing traditional contributory infringement liability principles to the facts of the *Solid Host* case, without conducting any analysis as to whether Congress intended the statute to apply to contributory cybersquatters as far as the *Solid Host* court was concerned.<sup>139</sup> In so doing, *Solid Host* assumed that the ACPA was ambiguous as the plain language of the ACPA does not apply to contributory cybersquatting.<sup>140</sup> Further, under *Solid Host*, the issue of whether the ACPA applied to allegedly analogous contributory cybersquatters was to be found in contributory trademark infringement cases and not in the language of the statute or the legislative history of the statute.<sup>141</sup>

c. *Microsoft Corp. v. Shah*

The *Microsoft* court, like the courts before it, failed to conduct any in-depth statutory analysis of whether the plain language of the ACPA applies to contributory cybersquatters.<sup>142</sup> The *Microsoft* court merely noted that “[t]he Lanham Act itself does not expressly address causes of action for contributory liability.”<sup>143</sup> With that being said, the *Microsoft* court then said that the “court-made doctrine of contributory liability for trademark infringement is well established.”<sup>144</sup> The court found that “[b]oth trademark infringement and cybersquatting are tort-like causes of actions to which the theory of contributory liability would appear to be naturally suited.”<sup>145</sup> The court then relied upon a Ninth Circuit case, *DSPT International v. Nahum*, to interpret the ACPA broadly.<sup>146</sup> The *Microsoft* court stated that in *DSPT*, “[t]he Ninth

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135. 15 U.S.C. § 1125(d) (2006).

136. *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111–17 (C.D. Cal. 2009) (lack of any statutory analysis regarding contributory cybersquatting).

137. *Id.*

138. *Id.*

139. *Id.*

140. *Id.*

141. *Id.*

142. *Microsoft v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1–3 (W.D. Wash. Jan. 12, 2011).

143. *Id.* at \*3.

144. *Id.*

145. *Id.*

146. *Id.*; 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

Circuit concluded that while the paradigmatic harm that the ACPA was meant to eradicate is the practice of cybersquatters registering hundreds of domain names, the statute ‘is written more broadly than what may have been the political catalyst that got it passed.’<sup>147</sup>

The problem with the *Microsoft* court’s analysis is twofold. First, the *DSPT* court did not involve contributory cybersquatting, so no statutory analysis of contributory cybersquatting was undertaken by the *DSPT* court.<sup>148</sup> Second, the *DSPT* court found that a former employee who misappropriated a domain name was liable for cybersquatting under the ACPA.<sup>149</sup> The *DSPT* court was therefore referring to the reach of the statute to direct cybersquatters, not contributory cybersquatters, and the “more broadly” comment had no relation to the reach of the statute beyond direct cybersquatters.<sup>150</sup> The *Microsoft* court, therefore armed with the erroneous principle that the ACPA is to be interpreted broadly, stated that “[a] defendant who seeks to profit by selling a method that teaches others how to benefit from violating the ACPA should not be able to escape liability by interpreting the statute narrowly.”<sup>151</sup> *Microsoft* looked to a canon of statutory construction stating, “it is a well-established canon of statutory construction that a court should go beyond the literal language of the statute if reliance on that language would defeat the plain purpose of the statute.”<sup>152</sup> The problem with the court’s analysis here is that: 1) it did not look to the literal language of the statute which is the first rule of statutory construction; 2) it erroneously relied upon *DSPT* for the proposition that the ACPA is to be interpreted broadly to include contributory cybersquatters; and 3) it assumed Congress’ intent would be thwarted if contributory cybersquatters were not held liable to the extent of cybersquatters.<sup>153</sup> Had Congress not intended to hold contributory cybersquatters liable (which is a reasonable interpretation of the ACPA) then Congress’ intent would not be thwarted. Again, the *Microsoft* court failed to address why the plain language of the statute does not provide for contributory liability.<sup>154</sup> It is clear that the *Microsoft* court, like the courts before it, did not conduct a thorough and thoughtful analysis of Congress’ intent in enacting the ACPA in the contributory liability context.

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Under Fed. R. Civ. P. 12(b)(6) at 7, *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 110973, 2011 WL 8472379 (C.D. Cal. Jul. 13, 2011) [hereinafter Plaintiff’s Memorandum in Opposition] (“In *Microsoft Corp.*, the court noted that ‘[a] recent Ninth Circuit decision interprets the ACPA broadly, and therefore lends support to allowing claims of contributory cybersquatting.’”).

147. *Microsoft*, 2011 WL 108954, at \*3 (citing *DSPT Int’l v. Nahum*, 624 F.3d 1213, 1219 (9th Cir. 2010)).

148. See *DSPT*, 624 F.3d at 1213 (involving a claim of cybersquatting; there was not an issue of contributory cybersquatting); see also Memorandum in Support, *supra* note 105, at \*11.

149. *DSPT*, 624 F.3d at 1224; Memorandum in Support, *supra* note 105, at \*11.

150. *DSPT*, 624 F.3d at 1224.

151. *Microsoft*, 2011 WL 108954, at \*3.

152. *Id.* (citing *Bob Jones Univ. v. United States*, 461 U.S. 574, 586 (1983)).

153. *Id.* at \*1–4.

154. *Id.*

d. *Verizon California, Inc. v. Above.com*

In *Above.com*, the district court found that “the ACPA neither expressly recognizes nor expressly prohibits a claim for contributory cybersquatting.”<sup>155</sup> The court, unlike the three courts before it, then went on to review the legislative history of the ACPA.<sup>156</sup> In finding that a cause of action for contributory cybersquatting exists, the *Above.com* court placed significant emphasis on the fact that, before the ACPA was passed in 1999, there was a well-established theory of contributory liability in the context of trademark infringement.<sup>157</sup> The court relied upon the principle that “except when a statutory purpose to the contrary is evident” Congress does not “write upon a clean slate” when there is an existing body of common law to which the statute “invades.”<sup>158</sup> With this principal in mind, the court noted that “well-established theory of contributory liability . . . existed under the Lanham Act” and therefore since no legislative history clearly abrogated the tort of contributory liability, contributory liability would be permitted under the ACPA.<sup>159</sup> The court stated that it “must presume that Congress was aware of the standard common law principles of contributory trademark infringement when it enacted the ACPA” and that “[w]ithout an expressed legislative desire to the contrary, the ACPA carried forward traditional common law principles attendant to trademark rights.”<sup>160</sup> Thus, the court found contributory cybersquatting is incorporated into the ACPA.<sup>161</sup>

There are a number of problems with the *Above.com* court’s reasoning. First, the court’s finding that the statute is ambiguous is not well founded, as the statute as written does not provide for contributory liability.<sup>162</sup> Second, the court relied heavily upon the principle that when Congress legislates, it is presumed to favor the retention of long established and familiar principles of common law unless the statutory purpose to the contrary is evident.<sup>163</sup> This is a founded principle, but is not applicable in this case. The critical analysis here is whether the liability that Congress created under the ACPA is a type of liability which can be analogized to traditional common law contributory trademark infringement. It is not. The ACPA substantially varies from common law trademark infringement as it requires as a prerequisite to liability that the infringer acts in bad faith.<sup>164</sup> Indeed, the *Above.com* court noted that “the ACPA varies somewhat from traditional trademark law—most notably with the addition of a bad faith intent requirement . . . .”<sup>165</sup> All of the other

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155. *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*3 (C.D. Cal. July 13, 2011).

156. *Id.* at \*4.

157. *Id.* at \*3.

158. *Id.*

159. *Id.*

160. *Id.* at \*4.

161. *Id.*

162. 15 U.S.C. § 1125(d) (2006).

163. *Above.com*, 2011 WL 8472379, at \*3.

164. 15 U.S.C. § 1125(d).

165. *Above.com*, 2011 WL 8472379, at \*4.

courts addressing the issue have noted that the bad faith requirement is not found in traditional trademark law.<sup>166</sup> As such, these courts' attempts to apply traditional contributory infringement concepts to the ACPA, which requires a bad faith requirement, have been strained and problematic. This struggle the courts are having in applying the bad faith requirement to contributory cybersquatters is, in and of itself, an indication that this principle in contributory liability is not well founded in prior law. Hence, the ACPA is not analogous to traditional common law contributory trademark infringement, and the court erred when it presumed that Congress intended contributory liability to apply to the ACPA.

Finally, there is substantial evidence that Congress did not intend to apply contributory liability to the ACPA. The statute itself contains a provision that expressly limits liability under the ACPA to a "domain name registrant or its licensee."<sup>167</sup> This provision clearly establishes that the ACPA does not impose liability beyond the registrant or its licensee, but courts have ignored this limitation and attempted to impose liability through the back door in the name of "contributory liability."<sup>168</sup>

e. *Petroliam Nasional Berhad v. GoDaddy.com., Inc.*

The final district court case addressing contributory cybersquatting is, *Petroliam Nasional Berhad v. GoDaddy.com., Inc.*<sup>169</sup> The *GoDaddy* court found that the plaintiff failed to state a cause of action for contributory cybersquatting without conducting any statutory inquiry into whether the ACPA included liability for contributory cybersquatters.<sup>170</sup> *GoDaddy* is a domain name registrar with over 50 million registered names.<sup>171</sup> In *GoDaddy*, the plaintiff, Petronas, was a national oil company of Malaysia that owned two domain names, namely [www.petronastower.net](http://www.petronastower.net) and [www.petronastowers.net](http://www.petronastowers.net).<sup>172</sup> The two domain names which were registered by *GoDaddy* were used by one or more non-parties to divert traffic using *GoDaddy*'s automated systems to a pornographic website hosted elsewhere.<sup>173</sup> Petronas sought to hold *GoDaddy* contributorily liable under the ACPA since the domain names contained Petronas's name and there would be no legitimate reason to register these names by one other than the owner, Petronas.<sup>174</sup> Further, Petronas alleged that *GoDaddy*'s domain name forwarding service which forwarded the domain names to the other host service was an

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166. *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*2 (W.D. Wash. Jan. 12, 2011); *Solid Host, N.L. v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1116 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com*, 177 F. Supp. 2d 635, 647 (E.D. Mich. 2001).

167. 15 U.S.C. § 1125(d)(1)(D).

168. See 15 U.S.C. § 1125(d)(1)(D) (expressly limiting registrar liability).

169. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*9 (N.D. Cal. Jan. 3, 2012).

170. *Id.* at \*9–12.

171. *Id.* at \*1.

172. *Id.*

173. *Id.* at \*3.

174. *Id.* at \*11.

instrumentality of the direct cybersquatters.<sup>175</sup> Petronas also alleged that GoDaddy knew the identity of the registrant and knew or should have known that the registrant was using its forwarding service to engage in cybersquatting.<sup>176</sup> As such, Petronas alleged that GoDaddy should be contributorily liable.<sup>177</sup>

Under the facts of this case, the *GoDaddy* court assumed for purposes of argument that a cause of action for contributory cybersquatting exists under the ACPA based on past district court findings.<sup>178</sup> The court did not conduct any statutory analysis of the ACPA and *assumed that this cause of action exists* for the purpose of disposing of the contributory cybersquatting claims.<sup>179</sup> Interestingly, the court noted that GoDaddy argued that “contributory cybersquatting is not a cognizable claim, as there is no mention of contributory liability in the ACPA.”<sup>180</sup> The court was well within its rights to make this assumption as it found that the plaintiff did not make out a cause of action under the ACPA.<sup>181</sup> Under these circumstances, the court did not have to address the issue of whether the ACPA statute in fact provides for a cause of action for contributory cybersquatting.<sup>182</sup> Therefore, the *GoDaddy* case cannot be used as authority or precedent that the ACPA provides for a cause of action for contributory cybersquatting or that the legislature intended this result. Indeed, that the treatment by the *GoDaddy* court of whether contributory cybersquatting is a cognizable cause of action is in the form of an assumption only (when another district court in its circuit, *Solid Host*, has answered that question in the affirmative), may imply that the *GoDaddy* court had concerns about whether ACPA does in fact create a cause of action for contributory cybersquatting.

A review of the analyses of *Greatdomains*, *Solid Host*, *Microsoft*, *Above.com*, and *GoDaddy* reveals that none of the courts, except *Above.com*, discussed whether the plain language of the statute prohibits a cause of action for contributory cybersquatting.<sup>183</sup> Indeed, *Above.com* recognized that the ACPA does not “expressly . . . recognize . . . a claim for contributory cybersquatting.”<sup>184</sup> Moreover, the *GoDaddy* court noted that the issue of contributory cybersquatting being provided for in the ACPA had been raised,

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175. *Id.*

176. *Id.*

177. *Id.*

178. *Id.* at \*10.

179. *Id.* at \*10, \*12.

180. *Id.* at \*9.

181. *Id.* at \*12.

182. *Id.* at \*10 (“In general, district courts that have considered the matter have found that because the ACPA was enacted against the settled common law theories of contributory liability in the trademark context, a judicially-created claim of contributory cybersquatting would be valid. In line with these analyses, this court assumes for the sake of argument that contributory liability exists under the ACPA.”)

183. *Id.* at \*9–10; *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*5 (C.D. Cal. July 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*3–4 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap*, 652 F. Supp. 2d 1092, 1111–17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com*, 177 F. Supp. 2d 635, 646–47 (E.D. Mich. 2001).

184. *Above.com*, 2011 WL 8472379, at \*3.

but the court did not address it on the merits.<sup>185</sup> Finally, none of the courts thoroughly addressed the absence of any discussion in the legislative history regarding contributory liability or Congress' intent on this issue.<sup>186</sup> In sum, all of the district courts that addressed contributory liability on the merits failed to conduct a thorough and thoughtful analysis of whether Congress intended for the ACPA to apply to contributory cybersquatters, and, as such, these courts' findings of contributory cybersquatting under the ACPA are questionable.

#### IV. RECOMMENDATION

A thorough analysis of the ACPA weighs against the judicially-created tort of contributory cybersquatting. First, the ACPA is unambiguous, and the courts should give effect to the plain meaning of Congress' words in the statute.<sup>187</sup> The unambiguous language of the statute imposes liability upon a person who "registers, traffics in, or uses a domain name" in bad faith in order to profit from the goodwill of another's trademark.<sup>188</sup> The statute does not use any language which would provide for contributory liability, period.<sup>189</sup> The defendants in the contributory cybersquatting cases have raised this issue.<sup>190</sup> The lack of any contributory liability language in the ACPA is an important fact which must be given weight as the Supreme Court instructs us to look to the language of the statute for its meaning,<sup>191</sup> and the fact that Congress left out contributory language from the actual statute when it could have been so easily added has to be given thoughtful consideration.<sup>192</sup> For example, the statute could have provided for contributory liability by simply including a few words providing that liability extends to a person who "assists, contributes, or facilitates the bad faith registering, trafficking or use of another's trademark for profit" or similar words to this effect. Congress did not do this. Further, Congress could have codified contributory cybersquatting by amending the statute, as it did with the copyright and patent statutes; however, Congress did not do this.<sup>193</sup>

Had the courts who examined the plain language of the statute given meaning to the long-held, predominate canon of statutory construction that "[t]he preeminent canon of statutory interpretation requires [the courts to] 'presume that [the] legislature says in a statute what it means and means in a statute what it says there. . . .' [the court's] inquiry begins with the statutory

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185. *GoDaddy.com*, 2012 WL 10532, at \*9–10.

186. *Id.* at \*9–12; *Above.com*, 2011 WL 8472379, at \*3–6; *Microsoft*, 2011 WL 108954, at \*1–3; *Solid Host*, 652 F. Supp. 2d at 1111–17; *Greatdomains.com*, 177 F. Supp. 2d at 646–47.

187. 15 U.S.C. § 1125(d) (2006).

188. *Id.*

189. *Id.*

190. Memorandum in Support, *supra* note 105, at \*4–8; Reply Memorandum, *supra* note 105, at \*3; Notice of Motion, Motion, and Memorandum of Points and Authorities in Support of Defendant's Motion for Judgment on the Pleadings and for an Order Finding Plaintiff Liable for Fees, No. 09-CV-5939 PJH, 2010 WL 3590235, at \*5 (N.D. Cal.) [hereinafter Notice of Motion].

191. *BedRoc Ltd., LLC v. United States*, 541 U.S. 176, 183 (2004).

192. 15 U.S.C. § 1125(d) *et. seq.*

193. Note, *Central Bank and Intellectual Property*, 123 HARV. L. REV. 730, 742 (2010).

text, and ends there as well if the text is unambiguous,”<sup>194</sup> then the district courts reviewing the ACPA would have found that the plain language of the ACPA does not provide for contributory liability and therefore no contributory liability under the ACPA exists. Had the courts ruled this way, their holdings would have been well supported by the statutory language in the ACPA and this fundamental canon of statutory construction. However, none of the district courts that reviewed the ACPA in the contributory cybersquatting context discussed this predominate principle of statutory interpretation in their analysis, but all, without thoughtful analysis, found the ACPA ambiguous, thereby opening the door to a search for Congress’ intent in enacting the statute to determine the scope of liability under the statute.<sup>195</sup> This search for Congress’ intent was unnecessary and unwarranted as the plain language of the statute does not provide for contributory liability. Indeed, the district courts did not address the Supreme Court’s holding in *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.* which provided that when Congress does not provide for secondary aiding and abetting liability in a federal statute, such liability does not exist.<sup>196</sup> In *Central Bank*, the Supreme Court refused to extend aiding and abetting liability to private suits under section 10(b) of the Securities and Exchange Act of 1934.<sup>197</sup> This principle relating to secondary liability has been expanded to at least seventeen federal statutes.<sup>198</sup> A recent Seventh Circuit decision interpreting *Central Bank* in an aiding and abetting context summed up the ruling with one statement, “So statutory silence on the subject of secondary liability means there is none . . . .”<sup>199</sup> The ACPA is silent on secondary liability and as such, *Central Bank* is strong precedent that no contributory liability exists.

However, the courts disregarded Congress’ silence and opened the door in search for Congress’ intent. Each later district court decision relied upon the analysis of the first court, *Greatdomains*, and the subsequent cases finding that contributory liability was persuasive, all without specifically stating that the statute was ambiguous, but impliedly finding it ambiguous by delving into Congress’ intent in enacting the statute.<sup>200</sup> These courts, in determining the scope of the statute, looked only to what general harm the ACPA was intended to prevent and did not look to whether Congress specifically intended to hold contributory cybersquatters liable under the statute.<sup>201</sup> The courts all found

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194. *BedRoc*, 541 U.S. at 183 (quoting *Conn. Nat. Bank v. Germain*, 503 U.S. 249, 253–54 (1992)).

195. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*9–12 (N.D. Cal. Jan. 3, 2012); *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379, at \*5–7 (C.D. Cal. July 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*3 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1111–17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 646–47 (E.D. Mich. 2001).

196. *Cent. Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 190 (1994).

197. *Id.*

198. *Central Bank and Intellectual Property*, *supra* note 193, at 734–35.

199. *Boim v. Holy Land Found. for Relief and Dev.*, 549 F.3d 685, 689 (7th Cir. 2008) (en banc).

200. *GoDaddy.com*, 2012 WL 10532, at \*10–11; *Above.com*, 2011 WL 8472379, at \*3–5; *Microsoft*, 2011 WL 108954, at \*1–3; *Solid Host*, 652 F. Supp. 2d at 1111–12.

201. *GoDaddy.com*, 2012 WL 10532, at \*10–11; *Above.com*, 2011 WL 8472379, at \*3–5; *Microsoft*, 2011 WL 108954, at \*3; *Solid Host*, 652 F. Supp. 2d at 1109–11; *Greatdomains.com*, 177 F. Supp. 2d at 643–44.

that the purpose of the ACPA was to hold cybersquatters accountable while not extending liability so far as to slow or stifle the Internet.<sup>202</sup> Although this was clearly Congress' intent in creating the ACPA and is entirely consistent with direct liability of cybersquatters, none of the courts focused on the threshold issue: what does the legislative history say with regard to contributory liability? The answer of course is nothing. The error of these courts is that they focused only on what was in the legislative history, but did not take note of what was not in the legislative history. What is not in the legislative history was any discussion of contributory liability under the ACPA.<sup>203</sup> This fact speaks loudly. As such, this important fact leads to three logical possibilities.<sup>204</sup> First, Congress did not intend contributory liability under the statute, so it did not discuss it. Second, Congress did not consider contributory liability so it is absent from the legislative history. Third, Congress intentionally left it up to the courts to decide whether contributory liability should apply. All three of these possibilities weigh in favor of finding no contributory liability under the ACPA.

First, if Congress did not discuss contributory liability in the legislative history because it did not intend contributory liability, then the courts' decision is simple, and the ACPA statute should be enforced as written, that is, providing liability only as to direct cybersquatters and not to contributory cybersquatters. Certainly, if Congress did not intend for contributory liability and the statute does not expressly provide for contributory liability, then the courts must enforce the statute as written and as intended.

Second, if the legislative history is void of discussion of contributory liability because Congress did not consider it, then the courts should not find contributory liability as it was not considered by Congress and therefore, Congress certainly did not intend to impose liability upon contributory cybersquatters because it did not even consider them in enacting the statute. As such, the courts cannot substitute their judgment for that of Congress.

Finally, Congress may not have discussed contributory liability as it left it for the courts to decide when contributory liability would be appropriate. This situation also weighs in favor of no contributory liability. Congress cannot delegate its legislative authority to the courts as this violates the separation of powers of the Constitution.<sup>205</sup> This fundamental principle is what keeps government in check and although Congress may have provided an incomplete remedy for a wrong, that is within Congress' province. If Congress intended contributory liability, the courts have the power to find that contributory liability exists; however, Congress cannot leave it up to the courts to decide

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202. *Above.com*, 2011 WL 8472379, at \*3-5; *Microsoft*, 2011 WL 108954, at \*3; *Solid Host*, 652 F. Supp. 2d at 1099-1100; *Greatdomains.com*, 177 F. Supp. 2d at 643-44.

203. See S. REP. NO. 106-140 (1999) (demonstrating the lack of any discussion or mention of contributory cybersquatting).

204. One could argue that a fourth possibility exists, namely that the lack of discussion of contributory liability in the legislative history means that Congress intended the statute to provide for contributory liability. But, that would be an illogical possibility because the statute does not expressly provide for contributory liability in its plain language.

205. *BedRoc Ltd., LLC v. United States*, 541 U.S. 176, 183 (2004).

whether contributory liability is proper when enacting a new cause of action. The courts are to interpret law, not make law.<sup>206</sup>

This takes us back to the fundamental issue. In interpreting the legislative history, does the legislative history support a finding that Congress intended the ACPA to apply to contributory cybersquatters? The weight of evidence is simply that contributory liability is not supported in the legislative history, and in all three situations, contributory liability does not exist under the statute. Unfortunately, the few district courts that have found that contributory cybersquatting exists paid no attention to Congress' lack of discussion of contributory liability when it enacted the statute.<sup>207</sup> Instead, these courts, some of which noted that this new cause of action was "novel," entered into a tortured analysis of historical notions of premises tort law to find contributory liability in the cybersquatting context through what they termed analogous contributory infringement cases.<sup>208</sup> This analysis is tortured because the courts use contributory trademark infringement cases which have no "bad faith intent" element to support the proposition that Congress intended the ACPA to apply to contributory cybersquatters.<sup>209</sup> This was necessary because the ACPA requires the cybersquatter to have a "bad faith intent" to profit from the registration, trafficking, or use of the domain name.<sup>210</sup>

As the cases that the district courts rely upon in analogizing that contributory liability should apply to the ACPA do not have a bad faith requirement, they are not analogous. Congress created a new cause of action with the ACPA which requires the cybersquatter to have a "bad faith intent to profit" from another's trademark.<sup>211</sup> To apply contributory principles from cases which do not require a bad faith intent compares apples to oranges. This inapplicability is evident in the *Greatdomains* creation of the "somewhat heightened" standard of knowledge, which would likely apply only in "exceptional circumstances" to a contributory cybersquatter under a flea market analysis theory.<sup>212</sup> This "somewhat heightened" and "exceptional circumstances" language is not found in the ACPA or its legislative history.<sup>213</sup> It is clear that the *Greatdomains* court created this "framework" in order to try to fit many years of traditional contributory trademark infringement law into the ACPA, a new law providing for a new bad faith intent element in order to limit the reach of the ACPA and a concept foreign to historic trademark

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206. *Id.*

207. *Petroliaam Nasional Berhad v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*10-11 (N.D. Cal. Jan. 3, 2012); *Above.com*, 2011 WL 8472379, at \*3-5; *Microsoft*, 2011 WL 108954, at \*3; *Solid Host*, 652 F. Supp. 2d at 1109-11; *Greatdomains.com*, 177 F. Supp. 2d at 643-44.

208. *GoDaddy.com*, 2012 WL 10532, at \*9-12; *Above.com*, 2011 WL 8472379, at \*5-11; *Microsoft*, 2011 WL 108954, at \*1-3; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

209. *GoDaddy.com*, 2012 WL 10532, at \*9-12; *Above.com*, 2011 WL 8472379, at \*5-11; *Microsoft*, 2011 WL 108954, at \*1-3; *Solid Host*, 652 F. Supp. 2d at 1111-17; *Greatdomains.com*, 177 F. Supp. 2d at 646-47.

210. 15 U.S.C. § 1125(d) (2006).

211. *Id.*

212. *Greatdomains.com*, 177 F. Supp. 2d at 647.

213. 15 U.S.C. § 1125(d) (there is no language in the ACPA discussing contributory cybersquatting); S. REP. NO. 106-140, (1999) (there is no language in the Senate Report discussing contributory cybersquatting).

infringement law.<sup>214</sup> The *Greatdomains* court's struggle to apply the bad faith intent requirement to contributory cybersquatters evidences that historical contributory trademark infringement is not so analogous as the *Greatdomains*, *Solid Host*, *Microsoft*, and *Above.com* cases would have one believe.<sup>215</sup> Indeed, the bad faith intent requirement was put into the ACPA to limit its reach as Congress was concerned with slowing the progress of the Internet with the enactment of the ACPA.<sup>216</sup> It may be that the contributory liability under the ACPA was the farthest concept from Congress' intent, as contributory liability will only serve to expand the reach of the ACPA.

Although the legislative history is devoid of any reference to contributory cybersquatting, there is some legislative history which supports that the reach of the ACPA is to be limited.<sup>217</sup> The relevant legislative history shows that Congress intended the remedies under the ACPA to be "carefully and narrowly tailored."<sup>218</sup> Senator Patrick Leahy, one of the ACPA's sponsors, stated that "[a]ny legislative solution to cybersquatting must tread carefully to ensure that any remedies do not impede or stifle the free flow of information on the Internet."<sup>219</sup> This legislative history supports that Congress sought to limit the scope of the ACPA to the extent it would impede, stifle, or slow the flow of information on the Internet. Indeed, if courts continue to allow for contributory cybersquatting, this will slow the Internet. For example, if registrars are required to monitor each domain name issued then it will take longer for domain names to be issued because the registrar will have to determine if each registrant has a "bad faith intent." Moreover, registrars will have to continually monitor their registered domain names, those newly-issued and old, to ensure that no cybersquatting is taking place. The registrar GoDaddy, alone, has 53 million registered domain names.<sup>220</sup> If GoDaddy was required to monitor each domain name to ensure that no cybersquatting was taking place it would take more time and money to issue domain names, ultimately slowing down the Internet. As such, courts' expansion of liability under the ACPA should be undertaken with this limiting concept in mind. However, contributory liability expands liability under the ACPA because the cybersquatter can be liable under traditional contributory trademark infringement law when the contributor assists an infringer, creates a marketplace where an infringer can thrive, exercises a degree of control over

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214. *Greatdomains.com*, 177 F. Supp. 2d at 647 ("Although the 'flea market' analysis generally has been applied in the infringement context, a similar standard arguably could be applied to allegations of cybersquatting. However, because the ACPA requires a showing of 'bad faith intent'—a subjective element not required under traditional infringement, unfair competition, or dilution claims—the standard would be somewhat heightened.").

215. *Id.*

216. S. REP. NO. 106-140, at 8 (1999) ("Abusive conduct, like cybersquatting, threatens the continued growth and vitality of the Internet as a platform for all these uses. But in seeking to curb such abuses, Congress must not cast its net too broadly or impede the growth of technology, and it must be careful to balance the legitimate interests of Internet users with the other interests sought to be protected.").

217. *Id.*

218. *Id.* at 12.

219. 145 Cong. Rec. S9755 (daily ed. July 29, 1999) (statement of Sen. Patrick Leahy); Memorandum in Support, *supra* note 105, at \*5.

220. *Domain Names*, GODADDY.COM, [www.godaddy.com](http://www.godaddy.com) (last visited Oct. 2, 2012).

the infringer, induces the infringer to act, or any number of other possibilities which would be construed of as aiding or contributing to the cybersquatter.

Fortunately so far, the district court cases which have addressed contributory liability, namely the *Greatdomains*, *Solid Host*, *Microsoft*, *Above.com*, and *GoDaddy*, have created a new standard which requires that the contributory cybersquatter possess a “somewhat heightened” knowledge on the part of the contributory cybersquatter to find liability under the ACPA.<sup>221</sup> This will act as a limiting factor of the expansion of liability to contributory cybersquatters to some extent, but there is no telling how effective this court-created standard will be to limit the reach of contributory liability under the ACPA. It is also difficult to predict how the various districts and circuits will accept this court-created standard as it has no foundation in traditional trademark law. It is clear that the courts are struggling with the “bad faith” requirement in the context of contributory liability as it has not existed in the infringement cases upon which these courts rely and does not fit into traditional contributory infringement analysis. However, as the district courts struggle to import a bad faith requirement into contributory liability in an apparent effort to not stem the flow of the Internet, the danger of slowing the Internet is very real. Indeed, the expansive nature of contributory liability is evident from the *Greatdomains*, *Solid Host*, *Microsoft*, *Above.com*, and *GoDaddy* cases. In *Microsoft*, the court found that defendants who did not actually register, traffic in, and use a domain name may be liable under the ACPA as they instructed others how to do so.<sup>222</sup> In *Solid Host*, the court sustained a cause of action against an Internet company which provided Internet services including domain name anonymity services.<sup>223</sup> Various plaintiffs have also filed and prosecuted suits against domain name registrars including *Greatdomains* and *GoDaddy*, and this is likely only the beginning of many cases affecting these registrars and Internet providers. Internet providers who are litigants under the ACPA have argued that if they are exposed to contributory liability they will have to monitor millions of domain names slowing the process of registration and limit privacy services they provide.<sup>224</sup>

Although *Namecheap* and *GoDaddy* have escaped liability thus far, a cause of action has been sustained against *Greatdomains* and other registrars and Internet providers are becoming targets. With tens of millions of registrations in existence and growing, any number of which can contain a trademark name or variation thereof, the exposure to expensive litigation of these registrars is great. These registrars have argued that contributory liability risks slowing the Internet and stifling innovation in the Internet, exactly what

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221. *Petroliam Nasional Behard v. GoDaddy.com, Inc.*, No. C 09-5939 PJH, 2012 WL 10532, at \*9-12 (N.D. Cal. Jan. 3, 2012); *Verizon Cal., Inc. v. Above.com Pty. Ltd.*, No. CV 11-0973 ABC (CWx), 2011 WL 8472379 at \*5-11 (C.D. Cal. July 13, 2011); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at \*1-3 (W.D. Wash. Jan. 12, 2011); *Solid Host, NL v. Namecheap*, 652 F. Supp. 2d 1092, 1111-17 (C.D. Cal. 2009); *Ford Motor Co. v. Greatdomains.com*, 177 F. Supp. 2d 635, 646-47 (E.D. Mich. 2001).

222. *Microsoft*, 2011 WL 108954, at \*3.

223. *Solid Host*, 652 F. Supp. 2d at 1108-17.

224. *GoDaddy.com*, 2012 WL 10532, at \*11; Memorandum in Support, *supra* note 105, at \*5-9.

Congress sought to prevent.<sup>225</sup> The risk of slowing the Internet with contributory liability is real and rapidly developing. The logical solution here, which is well founded in the ACPA and statutory interpretation, is for future district courts and appellate courts to enforce the ACPA as written and find that it does not provide for contributory liability to domain name registers, or anyone else.

## V. CONCLUSION

The tort of contributory cybersquatting under the ACPA is a cause of action in its infancy rapidly developing, apparently viable, but its fate is in question. The few district courts that have considered this novel cause of action have concluded that it may be maintained under the ACPA under limited and exceptional circumstances. These courts have based their determination that contributory cybersquatting is viable under exceptional circumstances solely on traditional and borrowed principles of contributory trademark infringement cases. Due to the fact that the ACPA contains a bad faith intent requirement not found in these traditional contributory infringement cases, these district courts have struggled with how to apply the bad faith requirement to contributory cybersquatting claims.

At present, all of the district courts have adopted the *Greatdomains* framework which requires a heightened standard of knowledge for the contributory cybersquatter to be liable under the ACPA. The issue of whether this new standard and application of the ACPA to contributory cybersquatting will survive further court scrutiny is questionable. The standard was purely created by the *Greatdomains* district court without any statutory basis and is merely one court's view of a novel way to provide for contributory cybersquatting while tempering the reach of the statute. A more thorough analysis of the statutory language by other courts, particularly circuit courts, may result in a finding that no contributory cybersquatting liability exists under the ACPA as that statute does not expressly provide for contributory liability and the legislative history is devoid of any legislative intent to extend liability to contributory parties.

Finally, the concerns of the legislature to not slow or impede the flow of information of the Internet coupled with the absence of any language in the statute extending liability to contributory cybersquatters should serve as an important fact to temper courts' extension of contributory liability to cybersquatting.

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225. S. REP. NO. 106-140, at 8-9, 11 (1999).