



## Ninth Circuit Declares GoDaddy Not Contributorily Liable For Cybersquatting

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In December, the Ninth Circuit held that the Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C. § 1125(d), does not support a cause of action for contributory cybersquatting. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 737 F.3d 546, 548 (9th Cir. 2013).<sup>1</sup>

Petroleum Nasional Berhad (Petronas), a major oil and gas company with its headquarters in Kuala Lumpur, Malaysia, owns the trademark PETRONAS. In 2009, Petronas discovered that a third party had registered the domain names “petronastower.net” and “petronastowers.net.” The third party then used GoDaddy’s domain name forwarding services to forward visitors of the two domain names to a pornographic web site. GoDaddy took no action against the alleged cybersquatting, claiming that (1) it did not host the site; and (2) it was prevented by the Uniform Domain Name Dispute Resolution Policy (“UDRP”) from participating in trademark disputes regarding domain name ownership. *Id.* at 548.

Petronas sued GoDaddy in the United States District Court for the Northern District of California on a number of theories, including cybersquatting under 15 U.S.C. § 1125(d), and contributory cybersquatting. Following limited discovery, the district court granted summary judgment in favor of GoDaddy. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 897 F. Supp. 2d 856 (N.D. Cal. 2012) *aff’d*, 737 F.3d 546 (9th Cir. 2013). Petronas appealed only with respect to its claim of contributory cybersquatting.

The Ninth Circuit defined cybersquatting as “registering a domain name associated with a protected trademark either to ransom the domain name to the mark holder or to divert business from the mark holder.” *Petroliam*, 737 F.3d at 550 n. 3 (citing *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir.2005)). Under the ACPA, a person may be civilly liable “if ... that person has a

<sup>1</sup> [http://scholar.google.com/scholar\\_case?case=6175308640758880979](http://scholar.google.com/scholar_case?case=6175308640758880979).



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bad faith intent to profit from that mark ... and registers, traffics in, or uses a [protected] domain name.” 15 U.S.C. § 1125(d)(1)(A). Petronas argued that the ACPA provided for a cause of action for contributory cybersquatting, claiming that “Congress intended to incorporate common law principles of secondary liability into the Act by legislating against the backdrop of the common law of trademark infringement and by placing the ACPA within the Lanham Act.” *Petroliam*, 737 F.3d at 550. The Ninth Circuit disagreed.

Beginning its analysis with the text of the ACPA, the Ninth Circuit noted that the ACPA imposes civil liability for cybersquatting on persons that “register[ ], traffic[ ] in, or use[ ] a domain name” with the “bad faith intent to profit” from that protected mark. 15 U.S.C. § 1125(d)(1)(A). The plain language of the statute thus prohibits the act of cybersquatting, but limits when a person can be considered to be a cybersquatter. *Id.* Taking notice that the statute makes no express provision for secondary liability, the Ninth Circuit held that “[e]xtending liability to registrars or other third parties who are not cybersquatters, but whose actions may have the effect of aiding such cybersquatting, would expand the range of conduct prohibited by the statute from a bad faith intent to cybersquat on a trademark to the mere maintenance of a domain name by a registrar, with or without a bad faith intent to profit.” *Petroliam*, 737 F.3d at 550-51.

Petronas then argued that Congress incorporated the common law of trademark, including contributory infringement, into the ACPA, citing a number of district courts decisions that relied on that reasoning in finding a cause of action for contributory cybersquatting. See *Verizon Cal., Inc. v. Above.com Pty Ltd.*, 881 F.Supp.2d 1173, 1176–79 (C.D.Cal.2011); *Microsoft Corp. v. Shah*, No. 10–0653, 2011 WL 108954, at \*1–3 (W.D.Wash. Jan. 12, 2011); *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).<sup>2</sup> Again, the Ninth Circuit was not persuaded, holding that the “circumstances surrounding the enactment of the ACPA [ . . . ] do not support the inference that Congress intended to incorporate theories of secondary liability into that Act.” Distinguishing between the Lanham Act’s codification of unfair competition and common law trademark infringement and the ACPA, the Ninth Circuit stated that claims under traditional trademark law and the ACPA have distinct elements. *Petroliam*, 737 F.3d at 552 (for example, under the ACPA a mark holder must prove “bad faith,” which is not a requirement under traditional trademark infringement claims, and cybersquatting liability, unlike traditional trademark infringement, does not require commercial use of a domain name).<sup>3</sup> As a consequence, the Ninth Circuit held that the ACPA simply created a new statutory cause of action to address the new cybersquatting problem and that imposing secondary liability on domain name registrars would unnecessarily expand the scope of the ACPA.

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<sup>2</sup> The Ninth Circuit commented that some of these district courts that recognized a cause of action for contributory liability required that a plaintiff show “exceptional circumstances” in order to hold a registrar liable under that theory. See *Above.com Pty Ltd.*, 881 F.Supp.2d at 1178; *Shah*, 2011 WL 108954, at \*2; *Greatdomains.com, Inc.*, 177 F.Supp.2d at 647. The Ninth Circuit noted that the “exceptional circumstances” test has no basis in either the Act, or in the common law of trademark. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 737 F.3d 546, 553 (9th Cir. 2013). Rather than attempt to cabin a judicially discovered cause of action for contributory cybersquatting with a limitation created out of whole cloth, the Ninth Circuit explicitly declined to recognize such a cause of action in the first place. *Id.*

<sup>3</sup> As a practical point, the Ninth Circuit noted that GoDaddy, a registrar holding over 50 million domain names, would have to presumably analyze its customer’s subjective intent with respect to each domain name, using the nine factor statutory test outlined in 15 U.S.C. § 1125(d)(1)(B). Moreover, domain name service providers would then be forced to inject themselves into trademark and domain name disputes, which is contrary to the purpose of the ACPA and the UDRP. *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 737 F.3d 546, 549-54 (9th Cir. 2013).

The Ninth Circuit's decision was not surprising. The purpose of the ACPA and the UDRP is to provide trademark owners with a remedy against those *actively* using their trademarks in "bad faith." As a domain name forwarding provider, GoDaddy simply did not meet the explicit definition of a "cybersquatter." Consequently, trademark owners must use the tools the ACPA and the UDRP provide to go after those the ACPA defines as liable, that is, the cybersquatters themselves.<sup>4</sup>

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<sup>4</sup> UDRP proceedings are a cost-effective means to protect your trademark online and to keep third parties from diverting people from your legitimate websites and siphoning off ad revenue.