UNITED STATES: Domain Name Administrator Not Liable for Contributory Infringement

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The U.S. Court of Appeals for the Ninth Circuit held that no cause of action exists under the Anticybersquatting Consumer Protection Act (ACPA) for contributory cybersquatting. Petroliam Nasional Berhad (Petronas) v. GoDaddy.com, Inc., 737 F.3d 546 (9th Cir. 2013), aff’g 897 F. Supp. 2d 856 (N.D. Cal. 2012).

Petroliam Nasional Berhad (Petronas), a Malaysian energy company and the owner of the trademark PETRONAS, brought an action against the domain name registrar GoDaddy.com, Inc. (GoDaddy) in the U.S. District Court for the Northern District of California, alleging that GoDaddy was liable for contributory cybersquatting under the ACPA. GoDaddy served as the registrar for the allegedly infringing domain names petronastower.net and petronastowers.net and provided forwarding services to the owner of those domain names that redirected consumers accessing those domain names to an adult website.

Before filing the lawsuit, Petronas contacted GoDaddy and demanded that it take action against the alleged infringer. GoDaddy declined to take any action, reasoning that it did not host the websites and that the Uniform Domain-Name Dispute-Resolution Policy prohibited it from participating in domain name disputes. The trial court dismissed the contributory cybersquatting claim, and Petronas appealed to the Ninth Circuit.

In determining whether a cause of action existed for contributory cybersquatting under the ACPA, the appellate court looked to the plain text and purpose of the statute. Under the ACPA, a person is liable for cybersquatting if that person registers, traffics in or uses a domain name with the “bad faith intent to profit” from the protected mark of another. The court found that extending liability from the cybersquatter to those whose actions may aid a cybersquatter, regardless of whether there is a “bad faith intent to profit,” would extend liability to the “mere maintenance of a domain name.” Imposing liability on those who neither use the domain name nor show bad faith would undermine the purpose of the law.

The Ninth Circuit upheld the trial court’s decision granting summary judgment to GoDaddy. It found that (1) the plain language of the ACPA does not create a new cause of action for contributory cybersquatting; (2) there was no congressional intent to incorporate the common law of trademarks, including contributory infringement, into the ACPA; and (3) creating liability for contributory cybersquatting would not progress the objectives of the ACPA.

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