

2014 WL 1510251 (U.S.) (Appellate Petition, Motion and Filing)
Supreme Court of the United States.

PETROLIAM NASIONAL BERHAD, (PETRONAS), Petitioner,
v.
GODADDY.COM, INC., Respondent.

No. 13-1255.
April 14, 2014.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

Petition for Writ of Certiorari

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***i QUESTION PRESENTED**

Do the normal rules for contributory trademark infringement set forth in *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) apply to trademark infringement by “cybersquatting” under Section 43(d) of the Lanham Trademark Act?

***II PARTIES TO THE PROCEEDING**

Petitioner Petroliam Nasional Berhad, (PETRONAS) was the plaintiff in the district court and appellant in the court of appeals below. Respondent GoDaddy.com, Inc. was the defendant in the district court and appellee below.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Petitioner states that there is no parent company or publicly held company that owns 10% or more of its stock.

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***1 PETITION FOR A WRIT OF CERTIORARI**

Petronas respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The decision of the court of appeals is available at [737 F.3d 546](#) and reproduced in the [Appendix A](#). The decision of the U.S. District Court for the Northern District of California is available at [897 F. Supp.2d 856](#) and reproduced in the Appendix C.

JURISDICTION

The court of appeals issued its judgment on December 4, 2013. Pet. App. 1. The court denied Petitioners' timely petition for rehearing en banc on January 13, 2014. Pet. App. 22. This Court's jurisdiction is invoked under [28 U.S.C. § 1254\(1\)](#).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The relevant statutory provisions of [15 U.S.C. § 1114](#) and [15 U.S.C. § 1125](#) are reproduced in Appendix E.

STATEMENT OF THE CASE

This case addresses whether there is a cause of action for contributory liability for trademark infringement in violation of Section 43(d) of the Trademark Act (Lanham Act), as amended, [15 U.S.C. § 1125\(d\)](#). This Court has long recognized a cause of action for contributory trademark infringement under the Lanham Act. *InwoodLabs., Inc. v. *2 Ives Labs., Inc.*, [456 U.S. 844, 854, 102 S.Ct. 2182, 72 L.Ed.2d 606 \(1982\)](#) (a party that “continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement ... is contributorily responsible for any harm done as a result of the deceit.”). Here, the Ninth Circuit concluded that there is no cause of action for contributory trademark infringement where the underlying trademark infringement violates Section 43(d) of the Lanham Act.

Section 43(d) of the Lanham Act deals with what the Ninth Circuit referred to as “cybersquatting.” The Ninth Circuit explained that “[c]ybersquatting can be understood 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.” Pet. App. 7 n. 3. Section 43(d) was added to the Lanham Act when, “[i]n 1999, Congress passed the ACPA [Anticybersquatting Consumer Protection Act], which amended the Lanham Act by adding two new causes of action aimed at cybersquatting.” Pet. App. 7.

Here, Petronas is a major oil and gas company with its headquarters in Kuala Lumpur, Malaysia. Petronas owns the trademark to the name “PETRONAS.” GoDaddy provides domain name forwarding services to its customers which allow them to direct Internet users who type in a particular domain name to a web site specified by the GoDaddy customer.

One of GoDaddy's customers used GoDaddy's domain name forwarding service to direct Internet users seeking “petronastower.net” and “petronastowers.net” to an adult web site owned by the GoDaddy customer. In late 2009, Petronas contacted *3 GoDaddy and requested that it “take action against the website associated with the ‘petronastower.net’ domain name.” Officials from the Malaysian and U.S. governments also contacted GoDaddy regarding the domain name. GoDaddy investigated the issue but took no action with respect to the cybersquatting by its customer.

Petronas sued GoDaddy in the United States District Court for the Northern District of California for contributory cybersquatting. The district court granted summary judgment in favor of GoDaddy.

The district court held that there was contributory liability for trademark infringement under Section 43(d) of the Lanham Act. But the district court granted summary judgment in favor of GoDaddy on the grounds that GoDaddy's customer did not violate Section 43(d) and thus that GoDaddy could not be contributorily liable for trademark infringement.

Although the Ninth Circuit affirmed the district court, it held “that there is no cause of action for contributory cybersquatting under the ACPA.” (Op. at 15). In so doing, the Ninth Circuit assumed there had been a violation Section 43(d) by the GoDaddy customer and did not address whether the district court was correct in finding no violation of Section 43(d).

Petronas now respectfully petitions for a writ of certiorari.

***4 REASONS FOR GRANTING THE PETITION**

In rare cases, a federal court decides an important federal question in a way that conflicts with relevant decisions of this Court. This is such a case, as the court below held that there is no contributory liability for trademark infringement committed in violation of Section 43(d) of the Lanham Act. This approach conflicts with longstanding contributory liability principles that have guided this Court and other federal courts for more than 30 years. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) (holding that there is a cause of action for contributory trademark infringement under the Lanham Act.). And it contradicts this Court's well established precedent that “when Congress creates a tort action, it legislates against the legal background of ordinary tort-related vicarious liability rules and consequently intends its legislation to incorporate those rules.” *Meyer v. Holley*, 537 U.S. 280,285 (2003). Certiorari should be granted.

I. The Ninth Circuit's Opinion Raises An Important Federal Question.

This case raises the extremely important issue of whether the normal rules for contributory trademark infringement apply to trademark infringement by “cybersquatting” under Section 43(d). Like the district court below, every court - except the Ninth Circuit here - that has addressed the issue in a published opinion since the enactment of Section 43(d) has held that there is contributory liability for trademark infringement under Section 43(d). *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 897 F. Supp. 2d 856, 867 (N.D. Cal. 2012) (“In general, district courts that have considered the matter have found that because the *5 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.”); *Facebook, Inc. v. Banana Ads LLC*, 2013 WL 1873289 *12 (N.D. Cal. Apr. 30, 2013) (“[C]ontributory liability exists under the ACPA.”); *Verizon California, Inc. v. Above.com Pty, Ltd.*, 881 F. Supp. 2d 1173, 1178 (C.D. Cal. 2011) (“the statutory scheme of the ACPA, enacted against the settled common law theories of contributory liability in the trademark context, does not foreclose contributory liability for cybersquatting.”); *Microsoft Corp. v. Shah*, 2011 WL 108954 * 1-3 (W.D. Wash. 2011) (denying motion to dismiss claim for contributory cybersquatting; “these two decisions, along with the case at hand, reveal the relevance of the cause of action for contributory cybersquatting.”); *Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1117 (C.D. Cal. 2009) (“the court concludes that Solid Host has alleged sufficient facts to plead a claim for contributory liability for cybersquatting.”); *Ford Motor Co. v. GreatDomains.com*, 177 F.Supp.2d 635, 646-47 (E.D.Mich. 2001)); *Transamerica Corp. v. Moniker Online Services, LLC*, 672 F. Supp. 2d 1353 n. 12 (S.D. Fla. 2009) (“Transamerica has pled sufficient inducement, knowledge, and control by the John Doe Defendants to state a claim for contributory cybersquatting.”).

Trademark owners have come to rely on the ability to protect their trademarks in “cyberspace” to the same extent they can be protected elsewhere. But the Ninth Circuit's opinion creates a vast safe harbor from liability for contributory trademark infringement *6 where the trademark infringement occurs in “cyberspace.”

II. The Decision Below Contradicts This Court's Decisions On Contributory Trademark Liability.

Before Section 43(d) was added in 1999, a well-established theory of contributory liability for trademark infringement existed under the Lanham Act. *See, e.g., Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) (“[I]f a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.”). “Contributory trademark infringement is a judicially created doctrine that derives from the common law of torts.” *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 104 (2d Cir. 2010); *see also Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005) (stating in the context of the Copyright Act that, “[a]lthough ‘[t]he Copyright Act does not expressly render anyone liable for infringement committed by another,’ ... these doctrines of secondary liability emerged from common law principles and are well established in the law.”).

Against this backdrop, Congress codified the ACPA as an extension of trademark law because the problems created by cybersquatting did not fit neatly into traditional trademark principles. The Senate Report on the ACPA states expressly that the statute amends the Lanham Act “to provide an explicit trademark remedy for cybersquatting.” *7 1999 WL 594571 (Leg.Hist.), S. Rep. 106-140, at 12; *See also* 1999 WL 594571 (Leg.Hist.), S. Rep. 106-140, at 4 (1999) (noting that one purpose of the law was to “provide clarity in the law for trademark owners” in the area of cybersquatting).

The plain language of Section 43(d) shows that it is directed to trademark infringement committed by “cybersquatting.” Section 43(d) states that “[a] person shall be liable in a civil action by the owner of a mark ... if, that person has a bad faith intent to profit from that mark ... and registers, traffics in, or uses a domain name” that includes the protected mark. And Section 45 confirms that “[t]he term ‘mark’ includes any trademark, ...”

Simply put, “cybersquatting” under Section 43(d) is trademark infringement. And the Ninth Circuit's holding that “that there is no cause of action for contributory cybersquatting” (Op. at 15) contradicts this Court's holding in *Inwood* establishing contributory liability for trademark infringement. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982).

III. The Ninth Circuit's Decision Contradicts This Court's Decisions On Vicarious Liability For Statutory Torts.

It is well-settled that where, as here, a statute creates tort liability, the common law rules of vicarious liability apply. *Meyer v. Holley*, 537 U.S. 280, 285 (2003) (“[W]hen Congress creates a tort action, it legislates against the legal background of ordinary tort-related vicarious liability rules and consequently intends its legislation to incorporate those rules.”). *8 And it is equally well-settled that this Court will “presume that ‘Congress is aware of existing law when it passes legislation.’ ” *Mississippi ex rel. Hood v. AU Optronics Corp.*, - U.S. - ; 134 S. Ct. 736, 742, 187 L. Ed. 2d 654 (2014).

Here, when Congress passed the ACPA in 1999 adding Section 43(d) to the Lanham Act, the *Inwood* case recognizing contributory liability under the Lanham Act had been the law of the land for 17 years. Thus, under *Hood*, Congress was presumed to have been aware of the existence of contributory liability recognized in *Inwood*. And under *Meyer*, Congress must have intended to incorporate contributory liability into Section 43(d). The

Ninth Circuit's holding "that there is no cause of action for contributory cybersquatting" (Op. at 15) thus directly contradicts this Court's holdings in *Hood* and *Meyer* regarding vicarious liability for statutory torts.

But even putting aside this Court's precedent in *Hood* and *Meyer*, Congress's amendments to the Lanham Act in enacting the ACPA show its intent to allow contributory liability. At the same time Congress added Section 43(d) to the Lanham Act, it amended Section 32 to state:

(D)(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

*9 Section 32(D)(iii) thus recognizes the existence of a cause of action for contributory cybersquatting by creating a narrow limitation on such liability. Under Section 32(D)(iii), an entity is shielded from liability where (1) it is "[a] domain name registrar, a domain name registry, or other domain name registration authority," (2) it provides "the registration or maintenance of a domain name for another," and (3) it does not have a "bad faith intent to profit from such registration or maintenance of the domain name."

But where an entity's conduct "for another" does not fall within the narrow circumstances of Section 32(D)(iii), the entity can be liable for the actions it takes "for another" (*i.e.* contributorily liable). Put another way, if Congress did not intend there to be contributory liability for cybersquatting, it would not have added the limitation on secondary liability in Section 32(D)(iii) at the same time it enacted Section 43(d).

But the Ninth Circuit held that there can be no contributory liability for cybersquatting, even where the entity contributing to the cybersquatting acted with "a bad faith intent to profit." Specifically, the Ninth Circuit based its decision that there is no cause of action for contributory cybersquatting on the grounds that:

Extending 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 *10 registrar, with or without a bad faith intent to profit. This cuts against finding a cause of action for contributory cybersquatting.

Op. at 9 (emphasis added).

The Ninth Circuit's opinion thus misapprehends Section 32(D)(iii) - quoted above - which only exempts from liability the registration or maintenance of a domain name by a registrar "absent a showing of bad faith intent to profit from such registration or maintenance of the domain name."

More importantly, it contradicts the plain language of the statute which shows that Congress did intend for there to be contributory liability for cybersquatting in violation of Section 43(d), albeit subject to the narrow exception in Section 32(D)(iii). And the legislative history of Section 32(D)(iii) confirms what the statute's plain language makes clear, namely, that Congress was codifying an existing limitation on secondary liability for cybersquatting. *See* 1999 WL 594571 (Leg.Hist.), S. Rep. 106 140, at 11 (Section 32(D)(iii)'s intended effect was "codifying current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name."). Neither the language of the statute nor the legislative history supports the Ninth Circuit's conclusion that Congress intended to eliminate secondary liability altogether.

Certiorari is warranted to prevent the Ninth Circuit's holding from creating a vast immunity from liability for contributory trademark infringement committed in "cyberspace." No such immunity was *11 intended by Congress and such an immunity directly contradicts the relevant holdings of this Court.

CONCLUSION

The petition for a writ of certiorari should be granted.

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