

Technology Law

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Northern District Decision Expands Scope of Liability for Facilitating Cybersquatting

A pair of cases out of district courts in Illinois and California demonstrate that the civil cause of action created by the Anticybersquatting Consumer Protection Act (“ACPA”), 15 USC § 1125(d), reaches other defendants besides just those who register abusive internet domain names. Congress passed the ACPA in 1999 as an amendment to the Lanham Act intended to target those who register internet domain names in bad-faith with the intent to capitalize on goodwill associated with others’ trademarks (known as “cybersquatting”). The courts in *Vulcan Golf, LLC et al. v. Google, Inc.*, No. 1:07-cv-03371, 2010 WL 2363620 (N.D. Ill. June 9, 2010), and *Solid Host, NL v. NameCheap, Inc.*, 652 F.Supp. 2d 1092 (C.D. Cal. May 19, 2009), however, have ruled that victims of cybersquatting can also maintain ACPA claims against the defendants who facilitate cybersquatting, not just the cybersquatters themselves.

Recently, the court in *Vulcan Golf* denied Google’s motion to dismiss the ACPA claim against it. The claim was based on advertising services that Google provided to its clients who engaged in cybersquatting. The court found that Google was technically a licensee with respect to the defendants’ allegedly infringing internet domain names and could, therefore, face ACPA liability because the Act applies to the licensees of cybersquatting domain names as well as their registrants. *Vulcan*, 2010 WL 2363620 at *5. In its original form, the *Vulcan Golf* lawsuit focused on trademark infringement claims against the defendants with registered domain names that were allegedly the same or substantially and confusingly similar to the plaintiffs’ registered marks. For example, the plaintiff Vulcan Golf, LLC alleged that the website “wwwVulcanGolf.com” (with the period intentionally left off) was a misuse of its registered mark “www.VulcanGolf.com.” The plaintiffs’ theory was that the defendant’s domain name was designed so that customers seeking out Vulcan Golf’s website might accidentally navigate to the defendant’s website instead, where they would click on advertising and purchase products presented by third parties rather than by Vulcan Golf.

After a number of settlements left Google as the lone remaining defendant, Google moved for summary judgment on the ACPA claim. This claim is based on Google’s AdSense for Domains product (“AdSense”) which provides its customers with advertising content and search results to display on their otherwise undeveloped websites. In the case of the “wwwVulcanGolf.com” website, for example, internet surfers would normally receive an error message if they typed the domain name into their internet browser because the site is undeveloped, but if the registrant of the domain subscribed to AdSense, Google would populate the page with advertisements similar to the content that the surfer might have found on the actual Vulcan Golf website.

Google argued that it could not be held liable under the ACPA because it was not within the class of potential defendants defined by the Act. The ACPA imposes liability on those who register, traffic in, or use a domain name that is confusingly similar to a registered mark. Liability for “using” an infringing domain name, however, only attaches to the domain name registrant and its authorized licensees. 15 U.S.C. § 1125(d)(1)(D).

In its motion to dismiss, Google argued that it was not a licensee of its customers' domain names, so it could not be held liable for "using" those domain names to provide content for the customers' websites.

The court disagreed based on a provision of Google's contract with its AdSense customers entitled "License," which granted Google a license to use customers' domain names for the purpose of providing the AdSense service. *Vulcan Golf*, 2010 WL 2363620 at *4. Google argued that it was not a true licensee because it was not licensed to use the domain names "as domain names" and because its contract explicitly prohibited customers from using domain names that infringed on any third party rights. The court was unconvinced and held that the purpose of the license granted in the contracts made no difference and that Google had not presented any argument for why its prohibition against customers using infringing domain names meant that it was not a licensee. *Id.* at *6-7. As a result, the court denied Google's motion and allowed the ACPA claim to stand. *Id.* at *8.

Last year in *Solid Host, NL v. NameCheap, Inc.*, a California district court took a similar step toward confirming that the ACPA has potentially broad applications. There, the court ruled that a claim for contributory ACPA violation could be maintained against a domain name registrar (a company that facilitates the registration of domain names) for refusing to disclose the identity of a registrant when it knows or reasonably should know that the registrant is cybersquatting.

In *Solid Host*, the registrant of the domain name "SolidHost.com" sued NameCheap, Inc., under the ACPA asserting claims for direct and contributory violations. NameCheap, like Google, was not accused of cybersquatting itself, but of facilitating another's cybersquatting. Solid Host alleged that an unidentified third party, a computer hacker, had managed to infiltrate the database of the domain name registrar with which SolidHost.com was registered, steal the domain name by reassigning it a different internet protocol ("IP") address, re-register it under his own name through NameCheap, another domain name registrar, and then attempted to ransom the domain name back to Solid Host. Solid Host's ACPA claim against NameCheap, one of multiple registrars who offers "privacy services" to the registrants who use its services, was based on NameCheap's refusal to reveal the hacker's identity. *Solid Host*, 652 F.Supp.2d at 1102.

NameCheap argued that the ACPA's safe harbor provision for domain name registrars shielded it from liability. *See* 15 USC § 1114(2)(D)(iii). Solid Host countered that it did not seek to hold NameCheap liable for the registrar services it provided, but for its anonymity services, and that the safe harbor provisions therefore did not apply. The court agreed with Solid Host and held that the safe harbor provisions in the ACPA do not blanket registrars with immunity from all ACPA liability, just from certain types of claims. *Id.* at 1105. It found that the safe harbors were designed to enable registrars to adopt policies and to comply with court orders in ways that would help to combat cybersquatting and that NameCheap's refusal to identify the hacker was outside the scope of the provisions. *Id.* at 1105-06.

The court in *Solid Host* also found, however, that Solid Host had failed to allege that NameCheap acted with the requisite bad-faith intention to profit from the goodwill associated with Solid Host's trademark that was needed to maintain an action for direct violation of the ACPA, so it granted NameCheap's motion to dismiss with respect to the direct violation claim. *Id.* at 1110-11. It denied the motion to dismiss Solid Host's claim for contributory violation though. *Id.* at 1117. The court analogized the claim to other contributory trademark violation claims, holding that to state a claim Solid Host had to allege that NameCheap supplied a service to the hacker with actual or constructive knowledge that the service was being used to infringe the mark, and that NameCheap had knowledge and direct control and monitoring of the instrumentality used by the hacker to infringe Solid Host's mark. *Id.* at 1112.

Referring to NameCheap as the "cyber-landlord" of the "internet real estate" stolen by the hacker, the court found that Solid Host had alleged the necessary knowledge and control to state a claim because it alleged that Name Cheap had the power to turn the domain name back over to it or to reveal the hacker's identity. *Id.* at 1115-16. The court also found a sufficient allegation that NameCheap knew that the hacker was cybersquatting, satisfying the second prong of the contributory violation test. *Id.* at 1116-17. Thus the court ruled that Solid Host had stated a valid claim for contributory violation of the ACPA. *Id.*

Because the privacy services offered by many domain name registrars are particularly attractive to cybersquatters, the existence of a contributory ACPA claim for concealing cybersquatters' identities may go a long way toward achieving the Act's goal of curbing abusive domain name registration.

About the Authors

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