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*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## March 2012 Issue

### Civil Cases

***Bridgestone Ams. Tire Operations, LLC v. Fed. Corp.*,**
**2012 WL 954267 (Fed. Cir. Mar. 16, 2012)**

*by Danny M. Awdeh*

Federal Circuit reverses TTAB and sustains Bridgestone's opposition against application for the mark MILANZA for tires, finding a likelihood of confusion with Bridgestone's POTENZA and TURANZA marks, and that the BRIDGESTONE house mark does not detract from the strength of those marks.

***Coach Servs., Inc. v. Triumph Learning LLC*,**
**668 F.3d 1456 (Fed. Cir. Feb. 21, 2012)**

*by Stephanie H. Bald and Linda K. McLeod*

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**2012 WL 379930 (D. Neb. Feb. 6, 2012)**

*by David M. Kelly*

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***Nat'l Bus. Forms & Printing Inc. v. Ford Motor Co.*,**
**101 U.S.P.Q.2d 1746 (5th Cir. Feb. 16, 2012)**

*by Whitney Devin Cooke*

Fifth Circuit holds that commercial printer's inclusion of famous Ford marks in its "bank" of corporate logos made available to create custom signs, banners, and stickers, and sale of promotional materials bearing these marks constituted trademark infringement, but such use did not give rise to dilution claim because commercial printer did not "use" the marks to identify or distinguish its own goods and services.

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## Civil Cases

### ***Bridgestone Ams. Tire Operations, LLC v. Fed. Corp.,*** **2012 WL 954267 (Fed. Cir. Mar. 16, 2012)**

*by Danny M. Awdeh*

**CASE SUMMARY**

**FACTS**

Bridgestone Corporation ("Bridgestone"), represented by Finnegan in this case, owns the federally registered trademarks POTENZA and TURANZA for tires, which are among Bridgestone's top-selling brands. Over the years, POTENZA and TURANZA tires have been the subject of extensive sales and promotion, and have received considerable recognition and praise.

In 2006, Bridgestone opposed Federal Corporation's ("Federal") intent-to-use application for the mark MILANZA for tires based on a likelihood of confusion with Bridgestone's POTENZA and TURANZA marks.

Despite evidence of extensive sales and advertising, which was found by the TTAB to be "impressive under any standard," the TTAB concluded that "[t]here is simply nothing in the record to demonstrate that the marks POTENZA and TURANZA have achieved any significant recognition independent of the BRIDGESTONE mark." Based on this assessment of the strength of Bridgestone's marks and, despite acknowledging certain "obvious points of similarity," the TTAB concluded that no likelihood of confusion existed between POTENZA/TURANZA and MILANZA.

Bridgestone appealed the TTAB's decision to the Federal Circuit on the ground that the TTAB ignored substantial evidence (and the Federal Circuit's precedent) in failing to find the POTENZA and TURANZA marks famous and strong. Bridgestone contended that this error contaminated the TTAB's analysis, particularly its examination of the similarities between the marks.

**ANALYSIS**

On appeal, Bridgestone pursued two primary arguments. First, Bridgestone argued that the TTAB should be reversed for failing to follow the Federal Circuit's precedent in *Bose Corp. v. QSC Audio Products, Inc.*, 293 F.3d 1367 (Fed. Cir. 2002). There, the Federal Circuit held that product trademarks can achieve commercial strength and fame even when the marks frequently appear in the same advertisements and materials with an even more famous house mark. Bridgestone argued that the TTAB strayed far from both the letter and spirit of this precedent in ways that could have profound adverse ramifications for trademark owners and the public by essentially holding that product marks can never be deemed commercially strong or famous unless they are completely divorced from house marks, like BRIDGESTONE.

Second, Bridgestone argued that the TTAB failed to follow the evidentiary record in favor of its own unsubstantiated theories on how POTENZA and TURANZA would be perceived differently from MILANZA by consumers. Bridgestone noted the lack of record evidence establishing that consumers perceive POTENZA, TURANZA, or MILANZA as anything other than fanciful marks sharing the same Italian theme, sound, cadence, three-syllable rhythm, rhyme, and unifying -NZA suffix. In contrast to this evidentiary void, Bridgestone pointed to two surveys conducted during the opposition empirically confirming that consumers perceive these very similarities.

The Federal Circuit agreed with Bridgestone, concluding that the concurrent use of the BRIDGESTONE house mark does not diminish the status of POTENZA and TURANZA as strong marks. The Federal Circuit found that Bridgestone established commercial strength through evidence of prolonged exclusive use, extensive promotion and marketing, and billions of dollars of sales of tires bearing the marks.

The Federal Circuit also agreed that where, as here, the parties' goods are identical, similarities in sound, appearance, or connotation are more likely to cause confusion than where the goods are significantly different. Citing *Bose*, which involved the marks WAVE, ACOUSTIC WAVE, and POWERWAVE, the Federal Circuit noted that the presence of a common root element may on its own create "a strong similarity" between marks.

Finally, the Federal Circuit cautioned that there is a heavy burden on a newcomer to avoid consumer confusion when selecting a mark, admonishing that there is "no excuse for even approaching the well-known trademark of a competitor."

Considering the identity of the goods, the lengthy prior use of POTENZA and TURANZA, the strength of those marks, and the similarities between POTENZA, TURANZA, and MILANZA, the Federal Circuit held that MILANZA is likely to cause consumer confusion, deception, or mistake. Thus, the Federal Circuit concluded that the TTAB erred in denying Bridgestone's opposition and reversed the TTAB's decision.

**CONCLUSION**

This Federal Circuit's decision reverses a potentially harmful ruling by the TTAB that could have marginalized the strength of product marks that appear with house marks, making it increasingly difficult for brand owners to enforce those marks.

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### *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1456 (Fed. Cir. Feb. 21, 2012)

*by Stephanie H. Bald and Linda K. McLeod*

**CASE SUMMARY**

**FACTS**

Triumph Learning LLC ("Applicant") filed use-based trademark applications for the mark COACH in various formats. Each of the applications covered computer software for use in child and adult education (Class 9), and printed materials in the field of child and adult education (Class 16). Coach Services, Inc. ("Opposer"), owner of the COACH mark for handbags, apparel, and other related products, opposed the applications on the grounds of likelihood of confusion, dilution, and descriptiveness. Opposer asserted numerous prior registrations for the COACH mark for various products and services, including handbags, luggage, clothing, watches, eye glasses, and wallets. Opposer also offered evidence of its use of the COACH mark, including evidence of its trade channels, advertising and marketing efforts, and unsolicited media attention, among others. The TTAB dismissed Opposer's opposition on all three counts.

On appeal to the Federal Circuit, Opposer argued that the TTAB erred when it (1) improperly balanced the *DuPont* likelihood-of-confusion factors to find no likelihood of confusion; (2) ignored substantial evidence showing that Opposer's COACH mark was famous for dilution purposes; and (3) found that Applicant's descriptive COACH mark had acquired distinctiveness. In response, Applicant argued that (1) the TTAB correctly found no likelihood of confusion "in light of the vast differences in the parties' respective goods, the channels of trade through which those goods are sold, and the vastly different commercial impressions made by the marks on consumers"; (2) the TTAB correctly found no likelihood of dilution because Opposer did not meet the stringent standards for fame under the Trademark Dilution Revision Act ("TDRA") and because "its mark has not become the principal meaning of the word "coach"; and (3) Applicant's mark had acquired secondary meaning.

**ANALYSIS**

As an initial matter, the Federal Circuit affirmed the TTAB's exclusion of certain printed corporate annual reports that were submitted by Opposer through a notice of reliance. The appeals court rejected Opposer's argument that the printed reports were admissible through notice of reliance alone (and, thus, were self-authenticating) because identical copies of the annual reports were available online. The court acknowledged that although the TTAB's decision in *Safer Inc. v. OMS Investments Inc.*, 94 U.S.P.Q.2d

1031, 1039 (TTAB 2010), allowed for submission of annual reports obtained from the Internet by notice of reliance, Opposer's printed annual reports did not appear to have been obtained from the Internet and did not bear the identifying information required under *Safer*, namely, the online source and date accessed. The appeals court also pointed out that the annual reports had been submitted in October 2008, and the TTAB's decision in *Safer* did not issue until 2010 (pre-*Safer* Internet printouts were not self-authenticating). The court also dismissed Opposer's argument that one of Opposer's witnesses had authenticated the annual reports in her testimony deposition by referring generally to the fact that certain advertising information was publicly available in Opposer's "annual report." The Federal Circuit agreed with the TTAB that this testimony was not sufficient to authenticate the annual reports or independently establish the information contained therein.

Turning to Opposer's likelihood-of-confusion claim, the Federal Circuit reviewed the TTAB's findings on certain *DuPont* factors: (1) the strength or fame of Opposer's COACH mark; (2) the similarity of the parties' goods; (3) the channels of trade; (4) the classes of consumers; and (5) the similarity of the marks in their entireties. On appeal, Opposer argued that the TTAB failed to give proper weight to (1) the fame of its COACH mark; (2) the identical nature of the parties' marks; and (3) the overlap between the parties' goods and the overlap and sophistication of the parties' customers.

Regarding the strength/fame factor, the Federal Circuit agreed with the TTAB's finding that Opposer's COACH mark was famous for purposes of likelihood of confusion. The court also agreed with the TTAB that, despite the undisputed similarity between the parties' respective marks, they had different meanings and created distinct commercial impressions. This was especially true, the TTAB noted, given that the word "coach" is a common English word that has many different definitions in different contexts. As such, the court found that Applicant's COACH mark, when applied to educational materials, brought to mind someone who instructs students, while Opposer's COACH mark, when used in connection with luxury leather goods, including handbags, suitcases, and other travel items, brought to mind traveling by carriage. Thus, the distinct commercial impressions of the marks outweighed the similarities in sound and appearance, particularly since (as discussed below) the parties' goods were unrelated.

With respect to the similarity-of-goods factor, the appeals court agreed with the TTAB that the parties' goods were unrelated. On appeal, Opposer conceded that the parties' products were not the same, but argued that there was some overlap between their goods because Opposer "has used the mark in connection with books and audio and videotapes and in connection with tote bags, caps and shirts." The court found, however, that this alleged overlap did not help Opposer's position because there was no evidence in the record as to the sale of these products by Opposer. Further, at least with respect to shirts, caps, and tote bags, these items were not included in Applicant's trademark applications and were thus not relevant to the likelihood-of-confusion analysis, which looks only to the goods specified in those applications.

Regarding channels of trade and classes of consumers, the Federal Circuit agreed with the TTAB that those factors favored Applicant. Among other things, the Court found that although there could be some overlap in the classes of purchasers for the parties' products (females between the ages of 25-65, on the one hand, and educational professionals, on the other), it was unlikely that, in the circumstances in which the products were sold, consumers would associate Opposer's COACH products with educational materials used to prepare students for standardized tests. Further, there was nothing in the record to suggest that a purchaser of test-preparation materials who also purchases a luxury handbag would consider the goods to emanate from the same source.

As for balancing the *DuPont* factors, the Federal Circuit found that the TTAB had given proper weight to its determination that Opposer's COACH mark was famous. The appeals court noted that fame, while important, is insufficient standing alone to establish a likelihood of confusion. Accordingly, although Opposer's COACH mark was famous for likelihood-of-confusion purposes, the unrelated nature of the parties' goods and their different channels of trade weighed heavily against Opposer. And because the *DuPont* factors favoring Applicant outweighed those favoring Opposer, the TTAB was correct in finding no likelihood of confusion.

On Opposer's dilution claim, the Federal Circuit also sided with the TTAB, finding that Opposer had not made sufficient evidence of record to establish fame for dilution purposes (which required a higher showing than fame for purposes of likelihood of confusion). Opposer argued that the TTAB had improperly disregarded (1) sales and advertising figures for the years 2000-2008; (2) Opposer's sixteen federal trademark registrations; (3) unsolicited media attention; (4) joint marketing efforts; (5) two Second Circuit decisions finding Opposer's hangtag, which features the COACH mark, to be famous; and (6) Opposer's internal brand-awareness survey showing brand awareness among eighteen-to twenty-four-year-old consumers. Regarding the sales and advertising figures, the Federal Circuit reiterated that the annual reports containing these figures were not admissible. Further, Opposer's witness testimony as to its sales and advertising in one isolated year (2008) was insufficient to establish fame for dilution purposes. The court also found that the mere existence of federally registered trademarks was insufficient to show fame for dilution. While evidence of the registrations was relevant to the fame analysis, it was not *determinative*. Regarding media attention, the Federal Circuit found that there was evidence of record that Opposer's mark had achieved a substantial degree of recognition. However, many of the articles postdated Applicant's filing date and thus did not show fame before that date (as is required for dilution). Accordingly, while there was some evidence of media attention, it did not show the widespread recognition required for dilution. With respect to joint marketing efforts, the Federal Circuit agreed with the TTAB that the fact that other popular brands like LEXUS and CANON had used the COACH mark in connection with their products did not show that these marketing efforts were successful and thus were of little value to the fame analysis. The Federal Circuit similarly discounted the weight of an internal brand-awareness study because Opposer did not offer a witness with firsthand knowledge of the study to explain how it was conducted, the study provided no evidence of brand awareness among women generally or among men (it related only to women ages 13-24), and it had been conducted in 2007, several years after Applicant filed its applications. Finally, the court found the Second Circuit's decisions irrelevant because they focused on the hangtag on Opposer's handbags (not the alleged fame of the COACH mark generally), and one of the decisions did not even involve a dilution claim. Thus, the Federal Circuit affirmed the TTAB's finding that Opposer had not provided sufficient evidence of fame for dilution purposes.

Finally, the Federal Circuit reviewed the TTAB's finding that Applicant's mark had acquired distinctiveness. Both Opposer and Applicant took issue on appeal with portions of the TTAB's decision on this finding. Applicant argued that the TTAB incorrectly found that Opposer had standing to oppose registration on descriptiveness grounds. Opposer argued, on the other hand, that it had standing and that Applicant's COACH mark had not, in fact, acquired distinctiveness. On the issue of standing, the Federal Circuit noted its precedent that, once standing is established, an opposer is entitled to rely on any of the grounds set forth in Section 2 of the Lanham Act that negate Applicant's right to registration. Thus, here, because Applicant had not challenged Opposer's standing to assert claims for likelihood of confusion and dilution, and Opposer had established standing for bringing those claims, it also had standing to assert a claim on descriptiveness grounds.

On the merits of Opposer's descriptiveness claim, the Federal Circuit affirmed the TTAB's decision that Applicant's COACH mark was merely descriptive. However, it found that the TTAB had committed certain evidentiary errors in concluding that Applicant's COACH mark had acquired distinctiveness, particularly with respect to its finding that Applicant's use of the COACH mark had been "substantially exclusive." Opposer had submitted evidence of forty-three book and software titles not affiliated with Applicant that included the word "coach." The TTAB found no evidence in the record as to the sale of these books, and that most of the titles did not relate to educational materials for preparing standardized tests. And although the TTAB acknowledged that five titles of record arguably related to Applicant's subject matter, it dismissed those titles at least in part on the ground that they were published after Applicant's filing date. But the TTAB erred in doing so. Specifically, acquired distinctiveness is determined *at the time of trial*, and, thus, the five titles should have been considered in the analysis of whether Applicant's use of the COACH mark had been substantially exclusive.

On appeal, Opposer also argued that (1) there was no testimony authenticating certain documents introduced by Applicant (e.g., advertising materials dating back to the early 1990s); and (2) the witness that Applicant used to introduce these documents had no personal knowledge of when, where, to whom, and how many of these materials were distributed (she had only worked at the company since 2003). The Federal Circuit agreed with Opposer, instructing the TTAB, on remand, to address the weight, if any, to be given to pre-July 2003 documents in the absence of any testimony authenticating them or addressing their use. Further, the court advised that TTAB must also assess whether the apparent gaps in Applicant's proofs impact its determination that the mark was in continuous use during the relevant time period.

Thus, the Federal Circuit affirmed the TTAB's findings of no likelihood of confusion and no dilution, and remanded the case for further proceedings solely on the issue of acquired distinctiveness.

**CONCLUSION**

This decision reaffirms earlier Federal Circuit precedent finding that fame, while important, may be insufficient standing alone to establish a likelihood of confusion where the other *DuPont* factors weigh heavily against a likelihood of confusion.

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## Civil Cases

### *Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC,* 2012 WL 379930 (D. Neb. Feb. 6, 2012)

*by David M. Kelly*

**CASE SUMMARY**

**FACTS**

Plaintiff Lovely Skin, Inc. ("Plantiff") sold skin-care products under the registered mark LOVELY SKIN and operated a website at lovelyskin.com. Defendant Ishtar Skin Care Products, LLC ("Defendant") sold skin-care products from its website at livelyskin.com. Plaintiff sued Defendant, asserting that its use of the name Lively Skin constituted trademark infringement, among other claims. Defendant asserted numerous affirmative defenses, including unclean hands.

**ANALYSIS**

To prevail on its "unclean hands" defense, Defendant had to show that Plaintiff "engaged in inequitable conduct or bad faith" and that the misconduct had "a material relation to the equitable relief" that Plaintiff sought in this case. Defendant claimed that Plaintiff bought keyword advertising containing Defendant's company name alone and in combination with its headquarters location, including "livelyskin," "lively skin el granada ca," "lively skin granada hills ca," and "livelyskin san fernando." Plaintiff claimed that it often bought keywords reflecting misspellings of its name to "maximize its adword search traffic." The court, however, noted that Plaintiff did "not explain how the purchase of adwords that added geographical terms close in proximity to [Defendant's] place of business in California was an aid in the correction of potential customers' spelling or typographical errors." Plaintiff also argued that even if its purchase was inequitable, it stopped purchasing the keyword "livelyskin," but Defendant claimed that the advertisements were recently displayed. Despite the court's questioning of Plaintiff's explanation for its keyword activities, it nonetheless denied both parties' motions for summary judgment, holding that there were "genuine factual issues" in the case "that must be more fully developed at trial."

**CONCLUSION**

This decision is interesting because defendants frequently raise unclean hands as a defense in Internet-based infringement and cybersquatting litigation, but such defense is rarely, if ever, successful.

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### *Nat'l Bus. Forms & Printing Inc. v. Ford Motor Co.*, 101 U.S.P.Q.2d 1746 (5th Cir. Feb. 16, 2012)

*by Whitney Devin Cooke*

**CASE SUMMARY**

**FACTS**

National Business Forms & Printing Inc. ("NBFP") is a small commercial printer, located in Texas, that makes custom signs, stickers, banners, and other advertising materials.  NBFP's website contains a "bank" of corporate logos available on its website available for use as part of NBFP's custom printing services, including fourteen trademarks owned by Ford Motor Co. ("Ford" and the "Ford marks").  To access NBFP's online catalog, a visitor must enter a corporate name and then click "Go" or "Enter." NBFP's websites state that "[b]y clicking Go or Enter, you agree that any artwork submitted or requested by you is a representation and warranty to us that you have written authorization, if needed, to order its reproduction."  The websites also state in red lettering that NBFP "is not affiliated with, licensed by, or endorsed by any company."  NBFP filled orders from authorized Ford dealerships and independent used car dealerships for advertising materials bearing the Ford marks, and had used one of the Ford marks on its website in connection with a "NO BIG 3 BAILOUT" bumper sticker.

Following its receipt of a cease-and-desist letter from Ford, NBFP sued Ford in Texas state court seeking a declaratory judgment that its use of the Ford marks did not constitute trademark infringement.  Ford removed the case to the U.S. District Court for the Southern District of Texas and raised counterclaims of trademark infringement, counterfeiting, dilution, and false designation of origin under the Lanham Act and state law.  Ford moved for summary judgment on all of its claims.

The district court divided NBFP's uses of the Ford marks into four categories: (1) advertising materials bearing the Ford marks and printed at the request of authorized Ford dealerships; (2) advertising materials bearing the Ford marks and printed for independent used car dealerships not affiliated with Ford; (3) custom decals bearing the Ford logo and the message "NO BIG 3 BAILOUT"; and (4) a residual category of products, including decals, stickers, banners, and license-plate frames that NBFP offered for design and sale to which Ford logos could be attached.

The district court granted NBFP's motion for declaratory judgment and denied Ford summary judgment with regard to NBFP's use of the Ford marks in connection with advertising materials printed at the request of authorized Ford dealerships and advertising materials printed for independent used car dealerships.  The district court also found that NBFP's use of the Ford marks in connection with the NO BIG 3 BAILOUT sticker constituted a fair use.  The district court granted Ford's motion for summary judgment with regard to residual products, such as decals, banners, stickers, and signs offered for design and sale on NBFP's website to which the Ford marks could be attached, and entered a permanent injunction targeting this category of products. Following a three-day bench trial, the district court ruled that (1) NBFP did not infringe the Ford marks by selling trademarked products to authorized Ford dealers; (2) NBFP did infringe the Ford marks by selling similar merchandise to three nonaffiliated used car dealerships; and (3) NBFP did not dilute the Ford marks because it did not use the Ford marks to identify or distinguish its goods or services. The parties cross-appealed.

**ANALYSIS**

On appeal, NBFP challenged the district court's finding that NBFP infringed Ford's marks by offering products for design and sale on its website to which the Ford marks could be attached, as well as the district court's finding that NBFP's sale of promotional materials bearing the Ford marks to used car dealerships constituted trademark infringement.

The Fifth Circuit reviewed the district court's ruling that NBFP's offering for sale of decals, stickers, banners, and license-plate frames to which Ford logos could be attached, (the "fourth category" of products) constituted trademark infringement, but noted that on appeal NBFP failed to "adequately target" any aspects of the district court's grant of summary judgment that warranted reversal. Accordingly, the Fifth Circuit found that NBFP waived this issue on appeal.

With regard to sales of promotional materials to used car dealerships not affiliated with Ford, the Fifth Circuit disagreed with the district court's holding, finding that printed stickers containing the Ford "oval logo," printed banners, and vinyl decals used by used car dealerships did not create a likelihood of confusion because the "grouping of several competitors extinguishes any possible confusion," particularly in light of the fact that the used car dealers did not display the Ford marks elsewhere on the showroom floors or lots. The appeals court further noted that "the context in which the Ford marks appear in the promotional materials . . . makes the likelihood of consumer confusion negligible," due to the appearance of the Ford marks alongside several other domestic automakers' logos. The court was not convinced that the "typical consumer" would mistakenly deduce that Ford approved the used car dealerships' use of the Ford marks.

Ford also challenged the district court's finding that NBFP's use of the Ford marks for promotional materials sold to authorized Ford dealerships did not constitute trademark infringement, as well as the district court's dismissal of its dilution claim. However, the Fifth Circuit affirmed the district court's finding that those did not constitute trademark infringement, finding that the Ford Sales and Service Agreement ("SSA") between Ford and its authorized dealers did not instruct Ford dealerships how to meet their advertising and visual media needs, and did not require these dealerships to purchase advertising through Ford-licensed printers.

Regarding Ford's dilution claim, the Fifth Circuit agreed that NBFP did not "use" the Ford marks since NBFP, in filling its orders, did not use the Ford marks to identify or distinguish its own goods and services as required by the Trademark Dilution Revision Act ("TDRA"). The appeals court further agreed that NBFP did not use the marks for purposes of the TDRA because its use was "merely by reproducing them for customers as part of its commercial printing business," and NBFP "had not appropriated Ford's marks as its own."

Finally, the Fifth Circuit affirmed the district court's denial of attorneys' fees to Ford, finding that the district court did not err in finding that this was not an "exceptional" case for Lanham Act purposes. Ford had argued before the district court that this case was "exceptional" due to the bad faith shown by NBFP in its filing a declaratory judgment action. The Fifth Circuit found, however, that NBFP brought its declaratory judgment action in good faith based on its belief that it had a legitimate defense to Ford's claims of trademark infringement. The Fifth Circuit was further persuaded that no bad faith existed on the part of NBFP, based on the disclaimers found on its websites, and the fact that the president of NBFP regularly attended trademark law seminars to ensure that NBFP complied with the law.

**CONCLUSION**

This decision shows that while a commercial printer's use of a famous trademark in connection with a "bank" of trademark logos and sale of promotional materials bearing that mark may constitute trademark infringement, such use may not give rise to a successful trademark dilution claim unless the commercial printer "uses" the mark in connection with its own goods and services. Since a commercial printer typically sells promotional materials that promote the goods and services of others, this decision suggests that a dilution claim may only succeed against a commercial printer under a very narrow set of circumstances.

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## Civil Cases

### *Petroliam Nasional Berhad v. GoDaddy.com, Inc.*, 2012 WL 10532 (N.D. Cal. Jan. 3, 2012)

*by David M. Kelly*

**CASE SUMMARY**

**FACTS**

Petroliam Nasional Berhad ("PNB") is the national oil company of Malaysia, which operates websites at "petronas.com.my" and "petronastowers.com.my." In 2003, a third party registered the domain names "petronastower.net" and "petronastowers.net," and forwarded those names to pornographic websites. In 2007, the registrant changed registrars to GoDaddy.com, Inc. ("GoDaddy") and continued to forward the domain names to pornographic websites using GoDaddy's free forwarding service. In 2009, PNB requested that GoDaddy cease its "direct and contributory infringement" of PNB's mark. GoDaddy responded that while it would not tolerate illegal content on its customers' websites, any disputes regarding the domain names had to be resolved with the registrant directly through arbitration at the WIPO or the local courts. After PNB brought two successful in rem actions for cybersquatting against the registrant of the domain names, it sued GoDaddy for both direct and contributory cybersquatting under the Anticybersquatting Consumer Protection Act ("ACPA"). Both parties moved for summary judgment.

**ANALYSIS**

Regarding direct infringement, the court held that PNB did not provide evidence sufficient to raise a triable issue as to elements of that claim, namely, that (1) GoDaddy registered, trafficked in, or used a domain name (2) that is identical or confusingly similar to the plaintiff's protected mark, and (3) with a bad-faith intent to profit from PNB's mark. The court held that GoDaddy did not "use" the domain name for purposes of the first element because it did not charge for its domain-name-forwarding service and did not control where or when the customer forwarded the domain. Rather, GoDaddy "simply provided the infrastructure to the registrant to route the . . . [d]omains to the website of his choosing." Nor was there any evidence that GoDaddy had a license from the registrant to use the domain names. According to the court, GoDaddy's contractual right to alter or terminate services to the registrant did not equate to a license for GoDaddy to "use" the registrant's domain names. Finally, the court found no evidence that GoDaddy had a bad-faith intent to profit from PNB's mark. Although GoDaddy's forwarding service was valuable to its customers, GoDaddy neither charged nor profited from this service.

Turning to contributory liability, the court held 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," i.e., it is a "cognizable claim." PNB, however, failed to show that GoDaddy exercised the type of "direct control" required for contributory liability. Specifically, GoDaddy's domain-name-forwarding service was a type of routing, and a "company providing [an] Internet routing service does not exercise the type of direct control and monitoring that would justify recognition" of the claim. Furthermore, the court held that direct cybersquatting was a necessary element of contributory cybersquatting, but PNB failed to prove the registrant's bad-faith intent to profit from PNB's mark required to establish cybersquatting.

**CONCLUSION**

This case is of interest because it appears to be the first time a court in the Ninth Circuit has recognized the viability of a contributory cybersquatting claim under the ACPA.

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## March 2012 Issue

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## Unregistrable

### ®ust Never Sleeps

*by Robert D. Litowitz*

“Out of the blue and into the black. They give you this, but you pay for that. And once you’re gone, you can never come back.” - Neil Young

In “Hey Hey, My My,” Neil Young lamented the fates of Elvis and Johnny Rotten. But his lyrics could have applied as well to the fates of many songs, books, and other creative works that originated outside the United States and were protected by foreign copyright, but had entered the public domain in the United States. Those works are free for anyone to perform, reproduce, or use in this country. That situation was a boon for orchestras, singers, publishers, and others, who had a trove of material to use for free. At least that was the case until the U.S. Congress stepped in. In 1994, Congress passed a law to implement treaty obligations imposed by a global agreement—the so-called Uruguay Round. The law essentially rescued a large volume of foreign-based works from the public domain and put them back under copyright protection.

The law threatened to impose a hefty toll on users who had become accustomed to using those works on the public domain’s “freeway.” So a coalition of orchestra conductors, educators, performers, motion picture distributors, and others challenged the law. They argued that the law violated the U.S. Constitution, challenging Congress’s right to resurrect works whose copyrights had died. They also complained that the law trammeled their freedom of speech.

The U.S. Supreme Court, in a 2012 opinion by Justice Ginsburg, rejected the challenge across the board in *Golan v. Holder.* The Court confirmed Congress’s power to restore copyrights, just as the Court had previously affirmed Congress’s power to lengthen their term. *See Eldred v. Ashcroft.* The *Golan* decision confirms that works protected by foreign copyright also enjoy the protections of the U.S. copyright law for the rest of their term in their home country, even if those works had entered the public domain in this country. And the Court showed no sympathy for the challengers’ claims that plucking works from the public domain would put free-riding performers on the sidelines or in the poorhouse.

So now, orchestras will have to pay to play Prokofiev’s Russian-born *Peter and the Wolf*, just as they pay to perform Aaron Copland’s quintessentially American *Fanfare for the Common Man.* But the United States will be able to honor its Uruguay Round obligations, U.S. copyright law will be harmonized with international standards, and, to paraphrase Neil Young, everyone can “Keep on Rockin' in the Free World.” Just not for free.

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