



# New trends in cybersquatting law: domain name registrars may be held liable for contributory infringement

John Di Giacomo of Traverse Legal looks at the legal changes in domain infringement

**Historically, domain name registrars have not been held liable for contributory infringement under the common law concerning trademark infringement. Since courts have held that a registrar's registration of a domain name on behalf of a third-party does not constitute "commercial use" because the registrar has no "knowledge of how a registrant will use a domain name," registrars have remained relatively unscathed in modern cybersquatting lawsuits, eg, *Acad. of Motion Picture Arts & Sciences v Network Solutions Inc.*, 989 F. Supp. 1276, 1281 (C.D. Cal. 1997).**

However, new theories of contributory infringement, in combination with a blurring of the lines between a domain name registrant and a domain name registrar, have resulted in a new trend: holding domain name registrars liable for contributory infringement.

In the past, registrars have been protected from secondary liability under the theory that domain name registrars provide a service and "do not monitor or control the use of domain names," for example *Size, Inc. v Network Solutions, Inc.*, 255 F. Supp. 2d 568, 572 (E.D. Va. 2003). Courts have analogised that domain name registrars act as passive messenger services that merely transmit users seeking a website's IP address to the

appropriate computer. Id. Much like the safe harbour granted under the Digital Millennium Copyright Act or the immunity granted to interactive computer services under the Communications Decency Act, registrars have received special statutory protections under the Anticybersquatting

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Consumer Protection Act. Specifically, a domain name registrar cannot be held liable for injunctive or monetary relief for its failure to provide a court with control over the domain name, or to transfer a domain name, except in cases of bad faith or reckless disregard. See 15 U.S.C. § 1125(d)(2)(D)(ii).

Despite these protections, courts are now holding that domain name registrars can potentially be held liable for contributory infringement, where one:

"intentionally induces a third party to infringe the plaintiff's mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe the... mark." *Lockheed Martin Corp. v Network Solutions, Inc.*, 194 F.3d 980, 983 (9th Cir. 1999).

In determining whether a registrar can, in fact, be held liable for such contributory infringement, the ultimate question is whether or not the registrar had intent to induce infringement or possessed actual or constructive knowledge of infringement, thus prompting the courts to:

"consider the extent of control exercised by the [registrar] over the third party's means of infringement." *Lockheed* at 984.

When a registrar not only acts as a service, but also provides a WHOIS privacy protection service that conceals the registrant's identity from public view, it becomes more likely that a registrar can be held liable for contributory infringement. Under the ICANN Registrar Accreditation Agreement ("RAA"), the "Registered Name

Holder" of a domain name is the holder of a "Registered Name." The RAA's Section 3.3, which covers a registrar's duty to provide WHOIS service to the public, states that a registrar has a duty to provide the name and postal address of a "Registered Name Holder" through the WHOIS service. Based on this language and as McGrady on Domain Names recognises:

"one can reasonably conclude from the RAA that the owner of a domain name is the party whose name and address is published in the public WHOIS in the Registered Name Holder (or "registrant") field." McGrady on Domain Names § 1.06.

When a registrar provides a WHOIS privacy protection service, that registrar replaces the registrant's personal information in the WHOIS database with its own. In undertaking this action, a registrar also increases its risk of liability. Under § 3.7.7.3 of the RAA: A Registered Name Holder licensing use of a Registered Name according to this provision shall accept liability for harm caused by wrongful use of the Registered Name, unless it promptly discloses the identity of the licensee to a party providing the Registered Name Holder reasonable evidence of actionable harm.

Based on this language, it appears that when acting as a Registered Name Holder through the provision of a WHOIS privacy protection service, a registrar's failure to respond to a request to promptly disclose the identity of a cybersquatter may subject it not only to claims for contributory infringement, but for claims of direct infringement as well.

This interpretation comports with recent decisions on this subject. In *Transamerica Corp. v Moniker Online Services*, the Southern District of Florida examined the question of whether a cybersquatter's use of WHOIS privacy protection and domain name parking services provided by a registrar can subject a registrar to liability for contributory infringement. See *Transamerica Corp. v Moniker Online Services, LLC*, 672 F. Supp. 2d 1353, 1361 (S.D. Fla. 2009). Transamerica filed suit against Moniker Online, a domain registrar, Moniker Privacy, a WHOIS privacy protection service, and Oversee, a domain parking and advertising company, for the registration and use of numerous domain

names containing the TRANSAMERICA mark. Moniker first argued that its registration of domain names did not constitute a "use" of Transamerica's trademark, a prerequisite for a finding of trademark infringement.

Since Moniker only registers the domain name and because the domain is "used" by the registrant, Moniker argued that it could not be held liable for direct or contributory trademark infringement. The court found this argument "unavailing", and declined to dismiss Transamerica's counts.

Moniker also argued that Transamerica filed to plead that Moniker either

domain name, and acted in concert with the cybersquatter to profit from the use of the domain names through its domain parking service – a service that provides Moniker with pay per click revenue. After examining the relevant case law, the court held that Moniker "continued to register domain names substantially similar to well-known trade names to the same John Doe Defendants", even after they had notice of cybersquatting through the initiation of arbitration proceedings under the Uniform Domain Name Dispute Resolution Policy. This fact, in combination with Moniker's intent to profit from the use of the Transamerica marks, caused the court to deny Moniker's motion to dismiss.

### Summary

The Transamerica case, as well as other recent cases of similar nature, indicates that courts are willing to hold that a registrar can act as a registrant in many cases and, consequently, can also be held liable for direct or contributory infringement. To protect against this risk of liability, registrars would be wise to adopt measures to remove WHOIS privacy protection services upon the receipt of notification of trademark infringement, and to adopt terms of use provisions that allow them to do so. It appears that the era of blanket registrar immunity is now over, and registrars would be well advised to prepare accordingly.

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intentionally induced the actions of the cybersquatter, or had knowledge and control over the actions of the cybersquatter. The court ultimately found that Transamerica's complaint, which alleged that Moniker enabled the cybersquatter to monetise counterfeit domain names, concealed the cybersquatter's identity and continued to supply registration services to the cybersquatter with knowledge of its cybersquatting, had stated a valid claim for contributory infringement. Moniker also attempted to claim registrar immunity under the Anticybersquatting Consumer Protection Act, which states that a person will be held liable "only if that person is the domain name registrant or that registrant's authorised licensee." Since Moniker is a registrar and not a registrant, as it contended, they could not be held liable under the ACPA.

Transamerica, in contrast, argued that Moniker was the *de facto* registrant of the

### Author



John Di Giacomo is an associate attorney with Traverse Legal, PLC, and practices in the areas of trademarks, copyrights, defamation, non-compete agreements, e-commerce and commercial transactions, and general Internet law.