Class 19: Cybersquatting; Secondary Liability
Class Outline

• Cybersquatting
• Secondary Liability
  • Vicarious
  • Contributory
Anticybersquatting Consumer Protection Act (ACPA)

• 15 U.S.C. §1125(d) –1999 amendment to Lanham Act: “A person shall be liable in a civil action by TM owner (including owner of a personal name protected as TM) if, without regard to the goods or services of the parties, that person--
  – (i) has a “bad faith intent to profit” from that mark and
  – (ii) registers, traffics in, or uses a domain name that:
    • is identical/confusingly similar to a distinctive mark or
    • is identical/confusingly similar to, or dilutive of, a famous mark
ACPA Bad Faith Factors

• D’s rights in the name
• Whether it is the D’s actual name
• Whether the D used the name to sell goods
• Whether the D is using the name non-commercially or making a “fair use”
• Whether D has an intent to divert customers to a site that could harm P’s goodwill
• Whether D has offered to sell the domain name
• Whether D provided false contact info
• Whether D has registered multiple domain names
• The degree of fame and distinctiveness of the P’s mark
ACPA - Defenses

- Bad faith intent shall not be found in any case in which the court determines that D reasonably believed that the use of the domain name was a fair use or otherwise lawful.
ACPA - Remedies

- Forfeiture or cancellation of domain name or transfer to Plaintiff
  - for in rem actions, this is the only remedy.
  - for Domain Names registered before Nov. 29, 1999 (ACPA effective date), this is the only remedy.
- D’s profits, P’s damages, attorneys fees. See §1117(a).
- Statutory damages of between $1,000 and $100,000 per domain name. See §1117(d).
Lanham Act §35(d)

“plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just.”
“Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.”
ACPA – In rem jurisdiction

• In lieu of establishing in personam jurisdiction over the defendant, a plaintiff may bring an in rem action against the domain name itself.

• TM owner may file an in rem action against a domain name in the judicial district where the domain name registrar is located if:
  – unable to obtain in personam jurisdiction over D, and
  – after due diligence, P cannot find D
Secondary Liability Review

CONTRIBUTORY LIABILITY

Intentionally induces another to infringe

or

Continues to supply product (or service, or space) to one whom it knows or has reason to know is infringing

or

Knew or had reason to know of infringement of one permitted on premises (but no duty to seek out violations or take precautions against infringing sales)

VICARIOUS LIABILITY

Defendant and direct infringer have apparent or actual partnership

or

authority to bind each other in transactions or exercise joint ownership

or

control over the infringing product
An actor is liable for the torts of others that it permits on its premises “knowing or having reason to know” that the others are acting, or will act, tortiously.
Contributory Liability Standard

Actual knowledge = “knows or has reason to know”
“Willful Blindness” = actual knowledge

7th Cir: If you shield yourself from discovering offending listings or identifying an infringing seller, you may be charged with knowledge of those sales, and thus can be liable for contributory infringement.

→ In other words, if you suspect wrongdoing and deliberately fail to investigate, this is the legal equivalent to actual knowledge.

→ Cf. “simple negligence” where you fail to take precautions to prevent counterfeiting. (This is the standard the district is accused of applying in error.)
Contributory Liability in Trademark

From Inwood Labs:

“If a manufacturer or distributor [1] intentionally induces another to infringe a trademark, or if it [2] 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 . . .”

→ “knows or has reason to know . . .”

• Willfully blind – “suspect wrongdoing and deliberately fail to investigate”

• Cf. Negligence – “failure to take reasonable precautions”
Tiffany & co Heart bracelet

Item condition: Pre-owned

Time left: 28m 41s (Apr 03, 2012 08:22:47 PDT)

Current bid: US $52.00 [ 4 bids ]

(Enter US $53.00 or more)

BillMeLater $10 back on 1st purchase & 6 months to pay
Subject to credit approval. See terms

Shipping: $8.49 - Standard Shipping | See all details
Item location: costa mesa, CA, United States
Ships to: United States
Specialty Sites
eBay Live! Event:
June 26 - 28, 2003, Orlando, FL
eBay Motors
eBay Stores
Half.com by eBay
PayPal
Sothebys.com

Categories
Antiques | Art | Books
Business & Industrial
Cars & Other Vehicles
Cars | Motorcycles | Parts | more
Clothing & Accessories
Coins | Collectibles
Dolls & Bears
Electronics & Computers
Cameras | Computers & Office
Home Electronics | Networking
Video Games | Wireless | more
Home
Baby | Crafts | Home Decor
Kitchen | Law & Garden
Pet Supplies | Tools | more

MOTHER'S DAY GIFTS

JEWELRY
- Tiffany & Co.
- Sapphire Rings
- Gemstone Rings
- Tennis Bracelets
- Charm Bracelets
- Diamond Stud Earrings

MORE GREAT GIFTS
- Proflowers
- FTD Flowers
- Spa Certificates
- Restaurant Certificates
- Gourmet Gift Baskets
- Bath & Beauty Baskets

HEALTH & BEAUTY
- Victoria's Secret Fragrance
- Estée Lauder Fragrance
- Fragrance Gift Sets
- Scented Candles
- Clinique Beauty

HOME DÉCOR.
- Vases | Candles | Fountains
- Floral Décor | Picture Frames

Special Offer!
Michael Kors 3.4 oz.
EDP $39.99!
Tiffany (NJ) Inc. v. eBay Inc.

“For contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.”
Vicarious Liability in Trademark v. Copyright

In Copyright:
- defendant has right and ability to supervise the infringing activity and also has a direct financial interest in such activities.
- the purpose of this doctrine “is to prevent an entity that profits from infringement from hiding behind undercapitalized ‘dummy corporations . . . ’”

vs. in Trademark (narrower):
- defendant and infringer have an apparent or actual partnership, or the authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.