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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SOLID HOST, NL,)	CASE NO. CV 08-5414 MMM (Ex)
)	
Plaintiff,)	
)	ORDER DENYING DEFENDANT
v.)	NAMECHEAP’S MOTION TO DISMISS
)	
NAMECHEAP, INC., a Delaware Corp.)	
d/b/a Namecheap and Whois Guard)	
Protected; DEMAND MEDIA, INC., a)	
Washington Corp. with its principal place)	
of business in Los Angeles, d/b/a eNom,)	
and JOHN DOE 1,)	
)	
Defendants.)	

On August 17, 2008, plaintiff Solid Host, NL filed this action against defendants NameCheap, Inc., dba Whois Guard Protected; Demand Media, Inc., dba eNom, Inc.; and John Doe 1.¹ Solid Host alleges that Doe “hijacked” its domain name, <solidhost.com>. On March 20, 2009, NameCheap filed a motion to dismiss the claims asserted against it for failure to state a claim under Rule 12(b)(6) of the Federal Rules of Civil Procedure.

¹For convenience, the court refers to NameCheap, dba Whois Guard, as “NameCheap” and to Demand Media, dba eNom, as “eNom.”

1 **I. FACTUAL AND PROCEDURAL BACKGROUND**

2 **A. Technical Background**

3 This action requires knowledge of certain of the technical aspects of registering domain
4 names for internet web sites. The court will briefly summarize this technical background before
5 outlining the facts of the case.

6 The location of individual sites on the internet is denoted by an internet protocol (“IP”)
7 address composed of a string of four groups of digits separated by periods. Each site has a unique
8 numeric internet address. *Lockheed Martin Corporation v. Network Solutions, Inc.*, 141
9 F.Supp.2d 648, 650-51 (N.D. Tex. 2001) (“*Lockheed Martin II*”); see also *Smith v. Network*
10 *Solutions, Inc.*, 135 F.Supp.2d 1159, 1160 (N.D. Ala. 2001). For ease of access, the numeric
11 addresses typically correspond to more easily remembered alphanumeric “domain names” (such
12 as <google.com>), which internet users can enter in their web browser to access specific sites.
13 *Lockheed Martin II*, 141 F.Supp.2d at 650-51; *Smith*, 135 F.Supp.2d at 1160. A domain name
14 is composed of two parts, separated by a period. The portion to the right of the period, i.e., the
15 “com” in <google.com>, is known as the “top level domain” or “TLD.” *Smith*, 135 F.Supp.2d
16 at 1160-61; see also *American Girl, LLC v. Nameview, Inc.*, 381 F.Supp.2d 876, 879 (E.D. Wis.
17 2005). The portion to the left of the period, generally a series of a numbers and letters chosen
18 by the operator of the site, i.e., the “google” in <google.com>, is known as the “second level
19 domain” or “SLD.” *Smith*, 135 F.Supp.2d at 1160-61.

20 One wishing to use a specific domain name must register the name with one of numerous
21 competing companies known as registrars. In 1993, pursuant to a contract with the National
22 Science Foundation, Network Solutions, Inc. (“NSI”) became the sole registrar for domain names
23 in the most commonly used TLD’s (“.com,” “.net,” “.org,” and “.edu”). *Id.* at 1161. In 1998,
24 the federal government adopted a policy favoring competitive domain name registration. “In
25 furtherance of this policy, a private, non-profit corporation, the Internet Corporation for Assigned
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1 Names and Numbers ('ICANN'),^[2] was formed to assume responsibilities for managing the
2 allocation of Internet Protocol numbers and the domain name system. Also as part of the
3 transition to a competitive system, NSI's domain name registration service was divided into two
4 separate units: a registrar and a registry." *Id.* The registry maintains a centralized, publicly
5 accessible database of information concerning all domain names in a TLD, known as the Whois
6 (or WHOIS) database;³ this database is compiled from information submitted by registrars. *Id.*
7 While there is only a single registry for each TLD, there are numerous competing registrars. *Id.*
8 Registrars control the IP addresses associated with particular domain names.⁴ Customers seeking
9 to register specific domain names interact with registrars; the registrars submit information
10 regarding domain names to the registry, which includes the information in the public Whois
11 database. A registrar must be accredited by ICANN for each TLD in which it operates. As part
12 of the certification process, all registrars must sign the ICANN Registrar Accreditation Agreement
13 (the "ICANN agreement").⁵

14 Generally, an individual seeking to use a domain name submits an online application to a
15 registrar. *Id.* at 1161-62. "[I]f someone submits an application for a particular domain name that
16 already exists in the Registry WHOIS database by virtue of a prior registration, that name cannot
17 be registered again, and the applicant is advised that the sought domain name is unavailable. . . .

18
19 ²"ICANN has four mandates. . . . First, ICANN bears responsibility for overseeing the
20 infrastructure of the Internet. Second, it bears responsibility for ensuring competition among
21 domain name registrars of the TLDs. Third, ICANN bears partial responsibility for establishing
22 domain name dispute resolution policies. And, fourth, ICANN bears responsibility for
determining whether and when to add new TLDs." *Lockheed Martin II*, 141 F.Supp.2d at 651.

23 ³"Technically, WHOIS is not the database, itself, but a protocol for submitting a query to
24 a database in order to find contact information for the owner of a domain name." Matthew Bierlin
25 & Gregory Smith, *Privacy Year in Review: Growing Problems with Spyware and Phishing,*
26 *Judicial and Legislative Developments in Internet Governance, and the Impacts on Privacy*, 1 I/S:
J. L. & POL'Y FOR INFO. SOC'Y 279, 313 (2005). Because it is common to refer to the "Whois
database," however, the court adopts that terminology.

27 ⁴Second Amended Complaint, ¶ 33.

28 ⁵*Id.*, ¶¶ 29-31.

1 If there is no existing registration for a given SLD name within a given TLD, [however,] that
2 domain name is considered available and generally may be registered on a first-come, first served
3 basis.” *Id.* at 1162. The registrant must provide personal and contact information that becomes
4 part of the Whois database. *American Girl*, 381 F.Supp.2d at 879. The Whois database “allows
5 all registrars to determine almost instantaneously which domain names are already registered and
6 therefore unavailable to others,” and “allow[s] a person whose registration application for a
7 particular domain name has been denied as unavailable to determine which registrar registered the
8 name he desires with the Registry.” *Smith*, 135 F.Supp.2d at 1160-62.

9 The fact that “every person who wants to register a domain name either consents to put
10 some sort of publicly accessible contact information on line, or is unable to register the domain
11 name” has drawn criticism from privacy and free speech advocates. See Matthew Bierlin &
12 Gregory Smith, *Privacy Year in Review: Growing Problems with Spyware and Phishing, Judicial
13 and Legislative Developments in Internet Governance, and the Impacts on Privacy*, 1 I/S: J. L. &
14 POL’Y FOR INFO. SOC’Y 279, 313-14 (2005); see also, e.g., Dawn C. Nunziato, *Freedom of
15 Expression, Democratic Norms, and Internet Governance*, 52 EMORY L.J. 187, 256 (Winter 2003)
16 (“Because of the important role anonymous speech serves within expressive forums – which in
17 turn are integral to democratic governments – ICANN should, in reevaluating its policies to accord
18 meaningful protection for freedom of expression, revise its policy requiring domain name holders
19 publicly to disclose their names and addresses. While protecting anonymous Internet speech is
20 clearly an important component of free speech within the United States, it is even more important
21 for ICANN to protect the identity of speakers from countries that are more inclined to retaliate
22 against speakers based on the ideas they express”). ICANN has been reconsidering its policies
23 in light of these concerns. Bierlin & Smith, *supra*, at 314. In addition, there has been a growth
24 in “companies that will register domain names for individuals and act as a proxy by using the
25 company’s contact information.” *Id.* Such services allow domain name registrants concerned
26 with maintaining their privacy to remain anonymous. Naturally, these services also appeal to
27 registrants who wish to conceal their identities for illegitimate purposes. NameCheap’s provision
28 of an anonymity service to Doe is central to the dispute before the court.

1 **B. Allegations in Solid Host’s Complaint**

2 **1. The Parties**

3 Solid Host is a corporation based in the Netherlands, which is in the business of providing
4 various internet-related services, including web hosting.⁶ Defendant eNom is an ICANN-
5 accredited registrar and a signatory to the ICANN agreement.⁷ Defendant NameCheap is also an
6 ICANN-accredited registrar and signatory to the ICANN agreement; Solid Host alleges that it
7 “does not currently know whether [NameCheap] may have acted as [a registrar] in connection
8 with the facts of this particular case.”⁸ In addition to functioning as a registrar, NameCheap offers
9 an anonymity service known as “WhoisGuard,” whereby NameCheap becomes the registered
10 owner of a domain name desired by a customer, and licenses the domain name to the customer.⁹
11 As a result, NameCheap’s contact information rather than the customer’s appears in the Whois
12 database.¹⁰ Defendant Doe is an anonymous individual described by Solid Host as a “hacker.”¹¹

13
14 **2. Doe’s Hijacking of Solid Host’s Domain Name**

15 Solid Host alleges that it is the owner of the domain name <solidhost.com>.¹² It
16 registered this name through eNom in December 2004, and has used the domain name to conduct
17 its business since that time.¹³

18 Solid Host asserts that on Monday, August 4, 2008, due to a “security breach” at eNom,

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⁶Second Amended Complaint, ¶ 6.

21 ⁷*Id.*, ¶¶ 29, 30.

22 ⁸*Id.*, ¶ 31. There are no allegations in the complaint suggesting that NameCheap acted as
23 a registrar with regard to the domain name at issue in this case.

24 ⁹*Id.*, ¶¶ 34, 37.

25 ¹⁰*Id.*

26 ¹¹*Id.*, ¶ 16.

27 ¹²*Id.*, ¶ 13.

28 ¹³*Id.*, ¶¶ 13-14.

1 “Doe unlawfully gained access to [Solid Host’s] domain registration account,” obtained Solid
2 Host’s login and password information, and “stole” the domain name <solidhost.com>.¹⁴
3 According to the complaint, Doe “either by himself, or through his agent, defendant NameCheap
4 . . . moved [Solid Host’s] domain name to another domain registration account with . . . eNom.”¹⁵
5 Doe “or NameCheap acting at Doe’s direction” altered the IP address associated with
6 <solidhost.com>, so that internet users accessing <solidhost.com> viewed a website
7 “controlled solely by Doe” rather than Solid Host’s site.¹⁶ The website stated that the domain
8 name <solidhost.com> was for sale, and provided an email address for inquiries.¹⁷ Solid Host
9 alleges that Doe and NameCheap entered into a contract pursuant to which NameCheap agreed
10 to become the registrant for <solidhost.com> listed in the Whois database and to “license[] the
11 domain’s operability and functionality back to Doe.”¹⁸ Once the registration for
12 <solidhost.com> was switched to a new account, Solid Host’s owner, Andre Van Vliet, could
13 no longer alter the IP address associated with the domain name to re-direct internet traffic to Solid
14 Host’s website.¹⁹

15 After discovering that he could no longer control the <solidhost.com> web site, Van Vliet
16 attempted to regain access of the domain name. Van Vliet contacted the email address listed on
17 <solidhost.com> and received an offer to sell the domain name for \$12,000 from a different
18 email address.²⁰ Because Doe demanded payment via wire transfer, Van Vliet refused to pay.²¹

20 ¹⁴*Id.*, ¶ 10, 16-19.

21 ¹⁵*Id.*, ¶ 19.

22 ¹⁶*Id.*, ¶¶ 17, 20.

23 ¹⁷*Id.*, ¶¶ 38, 53.

24 ¹⁸*Id.*, ¶¶ 25-26.

25 ¹⁹*Id.*, ¶ 21.

26 ²⁰*Id.*, ¶ 58.

27 ²¹*Id.*, ¶ 60.

1 Solid Host’s counsel then made various unsuccessful attempts to recover the domain name
2 through eNom; these are not pertinent to the present motion.²² On August 8, 2008, Solid Host’s
3 counsel contacted NameCheap in a further attempt to regain control of the domain name.²³
4 Although Solid Host does not specifically allege how it learned of NameCheap’s involvement, it
5 presumably discovered that NameCheap was listed as the registrant for the domain name in the
6 Whois database prior to contacting the company. Solid Host’s counsel requested that NameCheap
7 reveal the identity of the customer who had used NameCheap’s “WhoisGuard” service to register
8 <solidhost.com> and asked that the company “immediately take whatever steps were in its
9 power to cause the return of the [domain name] . . . to [Solid Host’s] control.”²⁴

10 NameCheap’s counsel requested evidence of the purported theft.²⁵ Solid Host alleges that
11 it provided “evidence, including (but not limited to) a sworn declaration of Andre Van Vliet
12 attesting to the relevant facts.”²⁶ NameCheap contacted Doe, who claimed that he had legitimately
13 purchased the domain name.²⁷ NameCheap communicated this information to Solid Host’s
14 counsel, who denied that the domain named had been sold, and expressed the opinion that Doe’s
15 story was not credible.²⁸ NameCheap indicated that it would “remain neutral” in what it perceived
16 to be a dispute between Solid Host and Doe, and refused to reveal Doe’s identity.²⁹

17 C. Procedural Background

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20 ²²*Id.*, ¶¶ 70-80.

21 ²³*Id.*, ¶ 82.

22 ²⁴*Id.*

23 ²⁵*Id.*, ¶ 83.

24 ²⁶*Id.*, ¶ 84.

25 ²⁷*Id.*, ¶ 85.

26 ²⁸*Id.*, ¶ 86.

27 ²⁹*Id.*, ¶ 87.

1 Solid Host filed its initial complaint on August 18, 2008.³⁰ On August 21, 2008, it filed
2 an *ex parte* application for temporary restraining order. The court granted the application on
3 August 26, 2008.³¹ The court directed eNom to transfer <solidhost.com> to Solid Host’s
4 control, directed NameCheap to cooperate with eNom, and required it to transfer the domain name
5 to Solid Host if eNom failed to effect a transfer. That same day, eNom returned control of the
6 domain name to Solid Host.³² On September 4, 2008, NameCheap revealed Doe’s identity to
7 Solid Host’s counsel.³³ Solid Host has not sought to amend its complaint to substitute this
8 individual for the fictitious Doe defendant.

9 The order granting Solid Host’s application for temporary restraining order set September
10 4, 2008 as the date for a hearing on an order to show cause why a preliminary injunction should
11 not issue. The parties stipulated to continue this hearing numerous times. Finally, on January 7,
12 2009, the parties stipulated to entry of a preliminary injunction. Solid Host filed an amended
13 complaint on February 20, 2009, and a second amended complaint on February 27, 2009. On
14 March 20, 2009, NameCheap filed the present motion.

15 The second amended complaint alleges three causes of action against NameCheap:
16 cybersquatting in violation of the Anticybersquatting Consumer Protection Act (“ACPA”),
17 U.S.C. § 1125(d); breach of contract as a third party beneficiary; and unfair competition in
18 violation of California’s Unfair Competition Law (the “UCL”), California Business and
19 Professions Code § 17200 et seq. NameCheap argues that because it is an accredited registrar,
20 it is not subject to liability for cyberpiracy under the ACPA; that the complaint fails to state a
21 claim for cybersquatting and breach of contract as a third party beneficiary; and that Solid Host’s
22

23 ³⁰*Id.*, ¶ 95.

24 ³¹*Id.*, ¶ 96. Although the analysis below suggests that Solid Host may encounter some
25 difficulty proving its cybersquatting claim, the TRO application was based on claims not at issue
26 in this motion.

27 ³²*Id.*

28 ³³*Id.*, ¶ 97.

1 UCL claim fails because it is based on the cybersquatting claim and is not brought on behalf of
2 the general public.³⁴

4 II. DISCUSSION

5 A. Legal Standard Governing Motions to Dismiss under Rule 12(b)(6)

6 A Rule 12(b)(6) motion tests the legal sufficiency of the claims asserted in the complaint.
7 Dismissal is proper only where there is either a “lack of a cognizable legal theory” or “the
8 absence of sufficient facts alleged under a cognizable legal theory.” *Balistreri v. Pacifica Police*
9 *Dep’t*, 901 F.2d 696, 699 (9th Cir. 1988). The court must accept all factual allegations pleaded
10 in the complaint as true, and construe them and draw all reasonable inferences from them in favor
11 of the nonmoving party. *Cahill v. Liberty Mutual Ins. Co.*, 80 F.3d 336, 337-38 (9th Cir. 1996);
12 *Mier v. Owens*, 57 F.3d 747, 750 (9th Cir. 1995). It need not, however, accept as true
13 unreasonable inferences or legal conclusions cast in the form of factual allegations. See *Bell*
14 *Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S. Ct. 1955, 1965 (2007) (“While a complaint
15 attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a
16 plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to relief’ requires more than
17 labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.
18 Factual allegations must be enough to raise a right to relief above the speculative level, on the
19 assumption that all the allegations in the complaint are true (even if doubtful in fact)” (citations
20 omitted)).

21 In deciding a Rule 12(b)(6) motion, the court generally looks only to the face of the
22 complaint and documents attached thereto. *Van Buskirk v. Cable News Network, Inc.*, 284 F.3d

24 ³⁴Defendant NameCheap, Inc.’s Notice of Motion and Motion to Dismiss Second Amended
25 Complaint of Solid Host, NL (“Mot.”). In addition, NameCheap argues that the permanent
26 injunctive relief sought by Solid Host is “impractical.” (Mot. at 14.) This argument does not
27 address whether Solid Host’s complaint states a claim, and is based on numerous factual assertions
28 that are unsupported and outside the complaint. Accordingly, the court declines to address it. The
court will consider the propriety of the injunctive relief sought in the complaint if it concludes that
Solid Host is entitled to a permanent injunction.

1 977, 980 (9th Cir. 2002); *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.*, 896 F.2d 1542,
2 1555 n. 19 (9th Cir.1990). It may, however, consider documents that are incorporated by
3 reference, but not physically attached to, the complaint if they are central to plaintiff’s claim and
4 no party questions their authenticity. See *Marder v. Lopez*, 450 F.3d 445, 448 (9th Cir. 2006)
5 (in ruling on a motion to dismiss for failure to state a claim “[a] court may consider evidence on
6 which the complaint ‘necessarily relies’ if: (1) the complaint refers to the document; (2) the
7 document is central to the plaintiff’s claim; and (3) no party questions the authenticity of the copy
8 attached to the 12(b)(6) motion,” citing *Branch v. Tunnell*, 14 F.3d 449, 453-54 (9th Cir. 1994),
9 overruled on other grounds, *Galbraith v. County of Santa Clara*, 307 F.3d 1119 (9th Cir. 2002));
10 see also *Sanders v. Brown*, 504 F.3d 903, 910 (9th Cir. 2007) (“Review is generally limited to
11 the contents of the complaint, but a court can consider a document on which the complaint relies
12 if the document is central to the plaintiff’s claim, and no party questions the authenticity of the
13 document,” citing *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, 1141 n. 5 (9th Cir.
14 2003), and *Chambers v. Time Warner, Inc.*, 282 F.3d 147, 153 n.3 (2d Cir. 2002)). The court
15 may also properly consider matters that can be judicially noticed under Rule 201 of the Federal
16 Rules of Evidence. *Hal Roach Studios, Inc.*, 896 F.2d at1555 n.19; *Branch*, 14 F.3d at 454.

17 **B. Whether Solid Host Has Stated a Cybersquatting Claim Against NameCheap**

18 **1. Standard Governing Liability for Cybersquatting Under the ACPA**

19 Congress passed the ACPA in 1999 as an amendment to the Lanham Act. The statute is
20 designed to reach activities that might otherwise fall outside the scope of the Lanham Act, i.e.,
21 the bad faith registration of domain names with intent to profit from the goodwill associated with
22 the trademarks of another, or “cybersquatting.” See S. Rep. No. 106-140, at 4 (1999); see also
23 *Porsche Cars N. Am., Inc. v. Porsche.Net*, 302 F.3d 248, 260-61 (4th Cir. 2002) (“We may and
24 do conclude that the enactment of the ACPA eliminated any need to force trademark-dilution law
25 beyond its traditional bounds in order to fill a past hole, now otherwise plugged, in protection of
26 trademark rights. As the Second Circuit recently remarked, the ACPA ‘was adopted specifically
27 to provide courts with a preferable alternative to stretching federal dilution law when dealing with
28 cybersquatting,’” quoting *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 497 (2d

1 Cir. 2000)).

2 According to the Senate Report accompanying the ACPA, cybersquatters are those who
3 (1) “register well-known domain names in order to extract payment from the rightful owners of
4 the marks”; (2) “register well-known marks as domain names and warehouse those marks with
5 the hope of selling them to the highest bidder”; (3) “register well-known marks to prey on
6 customer confusion by misusing the domain name to divert customers from the mark owner’s site
7 to the cybersquatter’s own site”; or (4) “target distinctive marks to defraud customers, including
8 to engage in counterfeiting activities.” S. Rep. No. 106-140, quoted in *Lucas Nursery and*
9 *Landscaping, Inc. v. Grosse*, 359 F.3d 806, 809 (6th Cir. 2004); see also *Bosley Medical*
10 *Institute, Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005) (“[C]ybersquatting occurs when a
11 person other than the trademark holder registers the domain name of a well known trademark and
12 then attempts to profit from this by either ransoming the domain name back to the trademark
13 holder or by using the domain name to divert business from the trademark holder to the domain
14 name holder,” quoting *DaimlerChrysler v. The Net Inc.*, 388 F.3d 201, 204 (6th Cir. 2004)
15 (alteration original)); *Interstellar Starship Services v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir.
16 2002) (“Cybersquatting is the Internet version of a land grab. Cybersquatters register well-known
17 brand names as Internet domain names in order to force the rightful owners of the marks to pay
18 for the right to engage in electronic commerce under their own name”); *N. Light Tech. v. N.*
19 *Lights Club*, 97 F.Supp.2d 96, 115 (D. Mass. 2000) (noting that the ACPA was enacted
20 “primarily in an effort to stop ‘cybersquatters who register numerous domain names containing
21 American trademarks or tradenames only to hold them ransom in exchange for money,’” quoting
22 H.R. Rep. No. 106-412, at 5)), *aff’d*, 236 F.3d 57 (1st Cir. 2001).

23 To establish liability under the ACPA, a plaintiff must prove, “without regard to the goods
24 or services [offered by] the parties,” that the defendant:

25 “(i) has a bad faith intent to profit from [a] mark . . . ; and

26 (ii) registers, traffics in, or uses a domain name that –

27 (I) in the case of a mark that is distinctive at the time of registration
28 of the domain name, is identical or confusingly similar to that mark;

1 (II) in the case of a famous mark that is famous at the time of
2 registration of the domain name, is identical or confusingly similar
3 to or dilutive of that mark; or

4 (III) is a trademark, word, or name protected by reason of section
5 706 of Title 18 [the Red Cross] or section 22056 of Title 36 [the
6 Olympics].” 15 U.S.C. § 1125(d)(1)(A).

7 See also *Bosley Medical Institute*, 403 F.3d at 681 (“[A] ‘trademark owner asserting a claim under
8 the ACPA must establish the following: (1) it has a valid trademark entitled to protection; (2) its
9 mark is distinctive or famous; (3) the defendant’s domain name is identical or confusingly similar
10 to, or in the case of famous marks, dilutive of, the owner’s mark; and (4) the defendant used,
11 registered, or trafficked in the domain name (5) with a bad faith intent to profit,” quoting
12 *DaimlerChrysler*, 388 F.3d at 204)). The statute identifies nine non-exclusive factors that are
13 relevant in evaluating a defendant’s “bad faith intent.” 15 U.S.C. § 1125(d)(1)(B)(i).³⁵

14
15 ³⁵The factors are:

16 “(I) the trademark or other intellectual property rights, if any, in the domain name;
17 (II) the extent to which the domain name consists of the legal name of the person
18 or a name that is otherwise commonly used to identify that person;

19 (III) the person’s prior use, if any, of the domain name in connection with the bona
20 fide offering of any goods or services;

21 (IV) the person’s bona fide noncommercial or fair use of the mark in a site
22 accessible under the domain name;

23 (V) the person’s intent to divert customers from the mark owner’s online location
24 to a site accessible under the domain name that could harm the goodwill represented
25 by the mark, either for commercial gain or with the intent to tarnish or disparage
26 the mark, by creating a likelihood of confusion as to the source, sponsorship,
27 affiliation, or endorsement of the site;

28 (VI) the person’s offer to transfer, sell, or otherwise assign the domain name to the
mark owner or any third party for financial gain without having used, or having an
intent to use, the domain name in the bona fide offering of any goods or services,
or the person’s prior conduct indicating a pattern of such conduct;

(VII) the person’s provision of material and misleading false contact information
when applying for the registration of the domain name, the person’s intentional
failure to maintain accurate contact information, or the person’s prior conduct
indicating a pattern of such conduct;

(VIII) the person’s registration or acquisition of multiple domain names which the

1 ACPA also contains a safe harbor provision, which states: “Bad faith intent described
2 under subparagraph (A) shall not be found in any case in which the court determines that the
3 person believed and had reasonable grounds to believe that the use of the domain name was a fair
4 use or otherwise lawful.” 15 U.S.C. § 1125(d)(1)(B)(ii). In addition, several provisions of the
5 statute shield domain name registrars from liability under certain circumstances. 15 U.S.C.
6 § 1114(2)(D)(i) provides that “[a] domain name registrar, a domain name registry, or other
7 domain name registration authority” shall not be liable for damages or, with certain exceptions,
8 subject to injunctive relief for “refusing to register, removing from registration, transferring,
9 temporarily disabling, or permanently canceling a domain name” in compliance with a court order
10 or “in the implementation of a reasonable policy . . . prohibiting the registration of a domain name
11 that is identical to, confusingly similar to, or dilutive of another’s mark.” 15 U.S.C.
12 § 1114(2)(D)(iii) provides that “[a] domain name registrar, a domain name registry, or other
13 domain name registration authority shall not be liable for damages under this section for the
14 registration or maintenance of a domain name for another absent a showing of bad faith intent to
15 profit from such registration or maintenance of the domain name.”

16 This particular case raises several novel interpretative issues regarding the ACPA. In
17 considering these issues, the court is mindful that the statute’s scope is narrow. See *Harrods Ltd.*
18 *v. Sixty Internet Domain Names*, 110 F.Supp.2d 420, 426 (E.D. Va. 2000) (“Our statutory
19 interpretation is consistent with the legislative history of the ACPA, which makes clear that the
20 statute’s scope is narrow”). ACPA was enacted to counter cybersquatting, a narrow class of
21 wrongdoing defined as registering, trafficking in, or using domain names “similar to trademarks
22 with the bad-faith intent to profit from the goodwill of the trademarks.” *Id.* (quoting H.R. Rep.
23

24
25 person knows are identical or confusingly similar to marks of others that are
26 distinctive at the time of registration of such domain names, or dilutive of famous
27 marks of others that are famous at the time of registration of such domain names,
28 without regard to the goods or services of the parties; and
(IX) the extent to which the mark incorporated in the person’s domain name
registration is or is not distinctive and famous within the meaning of subsection
(c)(1) of this section.”

1 No. 106-412 (1999) and citing S. Rep. No. 106-140 (cybersquatting refers to the “deliberate,
2 bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark
3 owners”)); see also, e.g., *Bosley Medical Institute*, 403 F.3d at 680 (“[C]ybersquatting occurs
4 when a person other than the trademark holder registers the domain name of a well known
5 trademark and then attempts to profit from this by either ransoming the domain name back to the
6 trademark holder or by using the domain name to divert business from the trademark holder to
7 the domain name holder”).

8 Several of the statutory interpretation questions before the court stem from the parties’
9 efforts to apply the ACPA to a situation that does not involve traditional cybersquatting. The
10 court therefore prefaces its analysis by noting the various ways in which this action differs from
11 the “paradigmatic” cybersquatting scenario. See *Lucas Nursery*, 359 F.3d at 810 (citing *Ford*
12 *Motor Co. v. Catalanotte*, 342 F.3d 543, 549 (6th Cir.2003) (“Registering a famous trademark
13 as a domain name and then offering it for sale to the trademark owner is exactly the wrong
14 Congress intended to remedy when it passed the ACPA”)).

15 Typically, a cybersquatter registers a well-known trademark as a domain name *before* the
16 trademark owner is able to register it. The prototypical cybersquatter is not, as Doe allegedly is,
17 a “hacker” who “steals” an existing domain name. Rather, he is a speculator who registers a
18 domain name not yet in use, taking advantage of the first-come first-served registration system,
19 with the expectation that the domain name will be of value to the trademark owner. Unlike the
20 usual cybersquatting victim, which has not yet registered its trade name, Solid Host alleges that
21 it was the registrant of the domain name at issue, and had been for several years prior to the
22 alleged theft.

23 This distinction between prototypical cybersquatting and hacking is not the only aspect of
24 the case that differs from the norm. Doe purportedly obtained control of <solidhost.com> by
25 “hacking” into eNom’s system and transferring the registration to a different account; he did not
26 register the domain name himself in the first instance. After obtaining the registration, however,
27 Doe proceeded as a typical cybersquatter would, attempting to ransom the domain name to Solid
28 Host, the alleged trademark owner. Thus, analyzing Doe’s liability under the ACPA would

1 appear to be relatively straightforward. Doe’s liability is not presently at issue, however. Rather,
2 Solid Host seeks to hold NameCheap liable for cybersquatting because it refused to reveal Doe’s
3 identity. For its part, despite the fact that it did not act as a registrar in this case, NameCheap
4 invokes the safe harbor provisions of the statute that were intended to shield registrars from
5 liability for accepting domain name applications. The court first considers NameCheap’s
6 argument that it is immune from liability under the ACPA.

7 **2. Whether NameCheap’s Status as a Registrar Shields it from Liability**

8 NameCheap advances two arguments in support of its contention that it cannot be held
9 liable for cybersquatting because it is a registrar. Citing *Lockheed Martin II*, 141 F.Supp.2d 648,
10 it asserts that “[b]y its own terms, the ACPA does not apply to domain name registrars such as
11 NameCheap.”³⁶ Additionally, it contends that the safe harbor provisions of § 1114(2)(D) shield
12 it from liability.³⁷

13 Drawing all inferences in Solid Host’s favor, although NameCheap is an ICANN-accredited
14 registrar, it did not act in that capacity in this case.³⁸ A registrar is a company that accepts and
15 processes applications for domain name registrations. Solid Host initially registered
16 <solidhost.com> through eNom. Although Doe gained control of <solidhost.com> in a
17 manner that the complaint does not detail fully, it appears clear that he did not gain access to the
18 domain name by submitting an application to NameCheap to register it. Had he attempted to
19 register <solidhost.com> through a registrar, in fact, he would have been informed that the
20 domain name was already in use. Instead, Doe gained access to eNom’s system and made two
21 changes related to <solidhost.com>. He altered the IP address associated with the domain name
22 so that it corresponded to an IP address in his control, and he altered the registration information

23
24 ³⁶Mot. at 4.

25 ³⁷*Id.* at 5-7.

26 ³⁸Solid Host asserts that it “does not currently know whether [NameCheap] may have acted
27 as [a registrar] in connection with the facts of this particular case.” (Second Amended Complaint,
28 ¶37.) None of the facts alleged in the complaint, however, indicates that SolidHost acted as a
registrar, and, in its opposition to the motion to dismiss, Solid Host argues that it did not.

1 to indicate that NameCheap, rather than Solid Host, was the registrant.³⁹ NameCheap did not use
2 the domain name but licensed it back to Doe.

3 As can be seen, Solid Host does not allege that NameCheap acted as a registrar; that is,
4 it did not allege that NameCheap processed the registration for <solidhost.com>, either for Doe
5 or on its own behalf. Although some registrars, perhaps including NameCheap, offer anonymity
6 services at the time of registration, see Ian J. Block, Comment, *Hidden Whois and Infringing*
7 *Domain Names: Making the Case for Registrar Liability*, 2008 U. CHI. LEGAL F. 431, 431-32
8 (2008), Solid Host alleges that Doe used NameCheap's anonymity service independent of its
9 domain name registration service. Whether the statutory protection afforded registrars in
10 § 1114(2)(D) applies to registrars who provide services other than processing applications for
11 domain name registration, simply by virtue of their status as accredited registrars, is apparently
12 a question of first impression.⁴⁰ Before examining the specific safe harbors set forth in
13 § 1114(2)(D), the court addresses NameCheap's argument that registrars cannot be held liable
14 under the ACPA under any circumstances.

15 **a. Whether *Lockheed Martin II* Grants Registrars Blanket Immunity**
16 **from Liability Under the ACPA**

17 Although the safe harbors for registrars provided by § 1114(2)(D) apply only in specific
18 circumstances, NameCheap argues that registrars can never be held liable under the ACPA. In
19 asserting an entitlement to blanket immunity, NameCheap relies solely on *Lockheed Martin II*.
20 There, Lockheed Martin Corporation sued NSI, a domain name registrar, arguing that NSI had
21

22
23 ³⁹The order in which Doe made these changes, and the manner in which he accomplished
24 them, is not clear.

25 ⁴⁰A student commentator has observed that “no federal court has considered whether the
26 sale of hidden Whois services can open a registrar to liability under the ACPA, and no court to
27 date has applied the ACPA to instances in which the registrar appears as a registrant in the Whois
28 database.” Block, *supra*, at 443. The issue before the court is slightly different, as the comment
does not address the possibility that a registrar might supply anonymity services separate and apart
from its registration service. No court appears to have considered that scenario either.

1 “failed to protect” it by accepting the registration of domain names that infringed its trademarks.⁴¹
2 *Lockheed Martin II*, 141 F.Supp.2d at 649-50. The court concluded that NSI was entitled to
3 summary judgment on Lockheed Martin’s ACPA claim. It stated: “Having studied the language
4 of § 1125(d) in the light of the summary judgment record, the court cannot conclude that it creates
5 a cause of action against defendant as a domain name registrar or registry.” *Id.* at 655. Citing
6 this sentence, NameCheap contends that the statute affords registrars blanket immunity from
7 liability. NameCheap overlooks the context of the court’s statement. The court concluded “in
8 the light of the summary judgment record” before it that NSI could not be held liable. It did not
9 purport to extend the ruling to every potential factual scenario involving a registrar.

10 Indeed, a close examination of *Lockheed Martin II* reveals that it stands merely for the
11 proposition that a registrar is not liable under § 1125(d) *when it acts a registrar*, i.e., when it
12 accepts registrations for domain names from customers. The court first noted that there was “no
13 summary judgment evidence that [defendant was] a person who . . . had a ‘bad faith intent to
14 profit from’ specific marks, 15 U.S.C. 1125(d)(1)(A)(i), that [were] registered with it or contained
15 in its registry.” *Id.* at 654. It then explained that “none of the conditions and conduct listed” in
16 § 1125(d)(1)(B)(I) as relevant to a finding of bad faith “would be applicable to a person
17 *functioning solely as a registrar or registry* of domain names.” *Id.* at 655 (emphasis added). Next,
18 the court observed that none of the actions triggering liability under the statute is the type of
19 conduct in which registrars engage when acting in their capacity as registrars:

20 “Moreover, the court has concluded that there is no summary judgment evidence
21 that defendant fits within the (ii) clause of § 1125(d)(1)(A). There is no evidence
22 that defendant is a person that ‘registers, traffics in, or uses a domain name. . . .’

23 The word ‘registers,’ when considered in context, obviously refers to a person who

24
25 ⁴¹Although it is not entirely clear from the court’s opinion, Lockheed Martin apparently
26 asserted claims against NSI both as a registrar and as a registry. As noted, these capacities are
27 separate and distinct. As a registrar, NSI is one of numerous competing companies that processes
28 domain name registration applications. As a registry, it maintains the centralized database of
domain names for various TLD’s. Lockheed Martin’s allegations that NSI wrongly accepted
registration of domain names appears to have concerned its actions as a registrar.

1 presents a domain name for registration, not to the registrar. The ‘traffics in’ part
2 of clause (ii) is defined by § 1125(d)(1)(E) to mean ‘transactions that include, but
3 are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency,
4 and any other transfer for consideration or receipt in exchange for consideration.’
5 There is no summary judgment evidence that defendant has engaged in transactions
6 of any of those kinds in reference to domain names. Section 1125(d)(1)(D)
7 expressly limits the ‘uses’ feature to the domain name registrant or the registrant’s
8 authorized licensee.” *Id.*

9 Thus, *Lockheed Martin* held only that, where the record indicates that a defendant did nothing
10 more than act as a registrar, no liability under § 1125(d) will lie.

11 As the court explained, to be liable under § 1125(d), a defendant must register, traffic in,
12 or use a domain name. As used in the statute, to “register” means to register a domain name by
13 submitting an application to a registrar. “Trafficking” refers to selling and licensing domain
14 names and similar activity. A registrar that processes domain name registration applications does
15 not register or traffic in domain names as those terms are used in the statute (although the registrar
16 presumably “registers” the domain name from which it conducts its business as a registrar).
17 Similarly, § 1125(d)(1)(D) implicitly limits registrars’ liability for “use” of an infringing domain
18 name. That section provides that “[a] person shall be liable for using a domain name under
19 subparagraph (A) only if that person is the domain name registrant or that registrant’s authorized
20 licensee.” Because a registrar, in its capacity as such, is merely an intermediary that registers
21 domain names, and does not typically act as a domain name registrant or licensee (except, again,
22 of its own domain name), this provision provides some protection for registrars. Nothing in
23 *Lockheed Martin II*, however, suggests that a registrar is immune under the ACPA when it acts
24 other than as a registrar. Indeed, to the extent that NameCheap was the registrant of the domain
25 name and “used” the name, this section would support the imposition of liability on it, not a grant
26 of immunity to it.

27 NameCheap’s blanket immunity argument, moreover, is inconsistent with the fact that
28 ACPA provides safe harbors for registrars in limited circumstances. The provision of limited safe

1 harbors would be unnecessary if the statute provided sweeping immunity. The court therefore
2 turns to whether the safe harbors apply to actions taken by a registrar in some other capacity.

3 **b. Whether NameCheap Is Immune Under Section 1114(2)(D)**

4 As noted, § 1114(2)(D) provides statutory safe harbors for registrars under various
5 circumstances. Section 1114(2)(D)(i) provides that “[a] domain name registrar, a domain name
6 registry, or other domain name registration authority” shall not be liable for damages or, with
7 some exceptions, subject to injunctive relief, for “refusing to register, removing from registration,
8 transferring, temporarily disabling, or permanently canceling a domain name” when such action
9 is in compliance with a court order or “in the implementation of a reasonable policy . . .
10 prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive
11 of another’s mark.”

12 ACPA’s legislative history indicates that this section was intended to “encourage[] domain
13 name registrars and registries to work with trademark owners to prevent cybersquatting. . . .”
14 See S. Rep. No. 106-140, at 11. It contemplates that registrars will respond to trademark owners’
15 complaints and help to resolve disputes between domain name registrants and trademark holders,
16 either by adopting policies targeted at preventing cybersquatting, or, where the parties have taken
17 their dispute to court, through compliance with court orders. Based on the factual allegations in
18 the complaint, NameCheap is not in a position in this case to “work with [the] trademark owner[]
19 to prevent cybersquatting” in the manner contemplated by the safe harbor. Instead of occupying
20 the neutral position envisioned for registrars by the statute, NameCheap is, by virtue of the
21 anonymity service it provides, the registrant of a domain name that allegedly infringes Sold Host’s
22 trademark. NameCheap is not “work[ing] with trademark owners to prevent cybersquatting” by
23 providing an anonymity service; although the service has legitimate uses, as this action
24 demonstrates, preventing cybersquatting is not one of them. The court thus concludes that
25 § 1114(2)(D)(i) was not intended to shield registrars from liability for actions outside their core
26 function as registrars. While § 1114(2)(D)(I) might protect NameCheap if it acted as the registrar
27 for <solidhost.com> , given the allegations in the complaint, the court must assume for purposes
28 of this motion that it did not act as registrar of the name. Further, the complaint does not allege

1 that Name Cheap registered, removed from registration, temporarily disabled or permanently
2 cancelled the Solid Host domain name.

3 Section 1114(2)(D)(iii) provides that “[a] domain name registrar, a domain name registry,
4 or other domain name registration authority shall not be liable for damages under this section for
5 the registration or maintenance of a domain name for another absent a showing of bad faith intent
6 to profit from such registration or maintenance of the domain name.” The purpose of this
7 provision is to “promote[] the continued ease and efficiency users of the current registration
8 system enjoy by codifying current case law limiting the secondary liability of domain name
9 registrars and registries for the act of registration of a domain name.” S. Rep. No. 106-140, at
10 11. Thus, this safe harbor applies to “the act of registration of a domain name,” an action that
11 the complaint alleges eNom, not NameCheap, took here. Given the facts alleged by Solid Host,
12 the provision is inapplicable. Additionally, because “bad faith intent to profit” is an element of
13 liability under § 1125(d), the provision adds little to the basic liability analysis.

14 For all of these reasons, the court concludes that NameCheap’s status as an accredited
15 registrar does not shield it from liability in cases where it did not act as a registrar. Because the
16 court assumes for purposes of this motion that NameCheap did not act as registrar for
17 <solidhost.com>, the fact that NameCheap is an accredited registrar does not prevent from Solid
18 Host from stating a claim against it. The court thus considers whether Solid Host has adequately
19 pled the elements of a cybersquatting claim against it.

20 3. Whether Solid Host’s Has Alleged Ownership of a Protected, Distinctive 21 Mark

22 To plead a cyberpiracy claim, Solid Host must first allege that it is the owner of a
23 protected, distinctive mark. *Bosley Medical Institute*, 403 F.3d at 681. Under the Lanham Act,
24 a mark⁴² is “distinctive” if it is either “inherently distinctive” or if it has acquired secondary
25

26 ⁴²The Lanham Act defines “mark” as including “any trademark, service mark, collective
27 mark, or certification mark.” 15 U.S.C. § 1127. “Thus, there is no requirement that the
28 protected ‘mark’ be registered [at the time of suit]: unregistered common law marks are protected
by the Act.” 4 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION

1 meaning, i.e., if people associate the mark with a particular source. See, e.g., *Kendall-Jackson*
2 *Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 (9th Cir. 1998); *Levi Strauss & Co.*
3 *v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir.1980).⁴³

4 _____
5 § 25:78, at 295-96 (4th ed., Release #39, 2006)); see also *Kendall-Jackson Winery, Ltd. v. E. &*
6 *J. Gallo Winery*, 150 F.3d 1042, 1047 n. 7 (9th Cir. 1998) (“Registration is not a prerequisite for
7 protection under § 43(a),” citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768
(1992)).

8 ⁴³Trademarks fall into four categories of distinctiveness: (1) generic, (2) descriptive,
9 (3) suggestive, and (4) arbitrary or fanciful. *Japan Telecom, Inc. v. Japan Telecom Am. Inc.*, 287
10 F.3d 866, 872 (9th Cir. 2002) (quoting *Self-Realization Fellowship Church v. Ananda Church of*
11 *Self-Realization*, 59 F.3d 902, 911 (9th Cir.1995), and *Levi Strauss & Co.*, 632 F.2d at 820).
12 Generic marks contain “common words or phrases that ‘describe a class of goods rather than an
13 individual product,’” and thus cannot be protected as trademarks because they do not relate
14 exclusively to the trademark owner’s product. *Id.* (citing *New Kids on the Block v. News Am.*
15 *Publ’g*, 971 F.2d 302, 306 (9th Cir. 1992)). “Descriptive terms directly describe the quality or
16 features of the product.” *Brookfield Communications v. West Coast Entertainment Corp.*, 174
17 F.3d 1036, 1058 n. 19 (9th Cir. 1999). Descriptive marks “suffer from the same problem” as
18 generic marks. *Japan Telecom, Inc.*, 287 F.3d at 872. Although descriptive terms relate more
19 directly to a particular product than do generic terms, since they “describe [] a person, a place or
20 an attribute of [the] product,” they do not support the grant of an exclusive property right
21 “[b]ecause they tend to consist of common words that might be the only way to describe [the]
category of goods.” *Id.*; see also *Kendall-Jackson Winery*, 150 F.3d at 1047 n. 8 (“Descriptive
marks define qualities or characteristics of a product in a straightforward way that requires no
exercise of the imagination to be understood”). Descriptive marks may be protected, however,
if they acquire secondary meaning, i.e., if consumers come to associate them with the trademark
owner’s goods or services. See *Rudolph Intern., Inc. v. Realys, Inc.*, 482 F.3d 1195, 1197-98
(9th Cir. 2007) (“Descriptive terms ‘generally do not enjoy trademark protection’ but may be
protected if they acquire “secondary meaning” in the minds of consumers, i.e., [they] become
distinctive of the trademark applicant’s goods in commerce”).

22 Terms that are suggestive, or arbitrary and fanciful, by contrast, are inherently distinctive,
23 and protectable as trademarks. *Japan Telecom*, 287 F.3d at 872 (noting that such terms are
24 protectable “without a showing of secondary meaning”); see also *Yellow Cab Co. of Sacramento*
25 *v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 927 (9th Cir. 2005) (suggestive, arbitrary, and
26 fanciful marks are “deemed inherently distinctive and are automatically entitled to protection
27 because they naturally serve to identify a particular source of a product” (citations and quotations
28 omitted)). A suggestive mark “conveys an impression of a good [or service] but requires the
exercise of some imagination and perception to reach a conclusion as to the product’s nature.”
Brookfield Communications, 174 F.3d at 1058 n. 19 (use of “Roach Motel” to describe insect
traps is suggestive); see also *Kendall-Jackson Winery*, 150 F.3d at 1047 n. 8 (a suggestive mark
is one for which “a consumer must use imagination or any type of multistage reasoning to

1 Solid Host alleges that its “services using <solidhost.com> have been visible and
2 available throughout the United States,” and that it has used the mark in interstate and
3 international commerce with American customers.”⁴⁴ It alleges that it registered the domain name
4 <solidhost.com> in December 2004, and that it has used the name actively in conducting its web
5 hosting business since that time.⁴⁵ On this basis, it asserts that it has acquired common law
6 trademark rights in the “Solid Host” mark.⁴⁶

7 NameCheap contends that Solid Host’s complaint “offers no evidence or even an allegation
8 showing. . . that the Solid Host is a mark that is inherently distinctive or . . . that the mark has
9 acquired distinctiveness through secondary meaning.”⁴⁷ Solid Host is, of course, not required to
10 adduce “evidence” to survive a motion to dismiss. Further, because the existence of secondary
11 meaning “may be ‘inferred from evidence relating to the nature and extent of the public exposure
12 achieved by the designation,’ or from proof of intentional copying,” see *Ashlar, Inc. v. Structural*
13 *Dynamics Research Corp.*, No. C-94-4344 WHO, 1995 WL 639599, *5 (N.D. Cal. June 23,
14 1995) (quoting *Papercutter, Inc. v. Fay’s Drug Co.*, 900 F.2d 558, 564 (2d Cir. 1990)), a plaintiff
15 asserting ownership of a common law trademark need not specifically allege the existence of
16 secondary meaning to survive a motion to dismiss. See *id.* (denying motion to dismiss on ground
17 that counterclaimant who alleged common law trademark failed to plead secondary meaning, and
18

19 understand the mark’s significance, [because] the mark does not *describe* the product’s features,
20 but *suggests* them” (emphasis original)). “If the mental leap between the word and the product’s
21 attribute is not almost instantaneous, this strongly indicates suggestiveness, not direct
22 descriptiveness.” *Self-Realization Fellowship Church*, 59 F.3d at 911 (quoting 1 J. Thomas
23 McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11.21[1], at 11-108 to -109
24 (3d ed., Release #3, 1994)). Here, the parties dispute whether the “Solid Host” mark is
25 suggestive or merely descriptive. The court need not resolve this issue, as the complaint
26 sufficiently pleads that the mark has acquired secondary meaning.

27 ⁴⁴Second Amended Complaint, ¶ 116.

28 ⁴⁵*Id.*, ¶¶ 13-14.

⁴⁶*Id.*, ¶ 116.

⁴⁷Mot. at 8.

1 concluding that “[a]lthough Graphsoft may ultimately be unable to prove a secondary meaning,
2 . . . Graphsoft is not required to plead secondary meaning in its countercomplaint”); see also
3 *Mid-West Management, Inc. v. Capstar Radio Operating Co.*, No. 04-C-720-C, 2005 WL
4 503817, *4-5 (W.D. Wis. Mar. 1, 2005) (plaintiff’s allegations that in 2004, “it began using the
5 phrase ‘Madison’s Progressive Talk’ in its WTDY radio broadcasts to identify the source of the
6 broadcasts and that the company ha[d] continued to use the phrase ‘Madison’s Progressive Talk’
7 since that date in its broadcasts and in advertising,” liberally construed, were sufficient to “suggest
8 that the phrase ha[d] become associated with WTDY,” and “[p]laintiff’s failure to allege that the
9 phrase ha[d] acquired secondary meaning in its amended complaint [was] not fatal to its
10 infringement claims”); see generally Thomas McCarthy, MCCARTHY ON TRADEMARKS AND
11 UNFAIR COMPETITION § 32:202 (observing that some courts have “held that in alleging
12 infringement of a descriptive term, it is not necessary to specifically allege that the term has
13 acquired a secondary meaning”).

14 Here, Solid Host’s allegation that it has consistently used the “Solid Host” mark in
15 commerce with American customers since 2004, construed liberally in its favor, suggests that the
16 phrase “Solid Host” has become associated in customers’ minds with the company’s services. See
17 *Levi Strauss*, 632 F.3d at 820 (“The basic element of secondary meaning is a mental recognition
18 in buyers’ and potential buyers’ minds that products connected with the symbol or device emanate
19 from or are associated with the same source. As recognized in this circuit, ‘(s)econdary meaning
20 has been defined as association nothing more,” quoting *Carter-Wallace, Inc. v. Proctor &*
21 *Gamble Co.*, 434 F.2d 794, 802 (9th Cir. 1970) (alteration original)); *Mid-West Management*,
22 2005 WL 503817 at *4-5 (an allegation that a radio station used a phrase in its broadcasts to
23 identify the source of programming gave rise to an inference that customers identified the phrase
24 with the station, and was sufficient to plead distinctiveness).

25 In addition, Solid Host has alleged that Doe intentionally took control of the domain name
26 <solidhost.com>, which raises an inference that the mark is distinctive. See *Ashlar*, 1995 WL
27 639599 at *5 (intentional copying is evidence of distinctiveness). Based on these allegations, the
28 court concludes that Solid Host has sufficiently pled ownership of a protected, distinctive mark.

1 Because the domain name <solidhost.com> is identical to Solid Host’s alleged trademark, the
2 requirement that the domain name be identical or confusingly similar to the protected mark is met
3 as well.

4 **4. Whether Solid Host Sufficiently Alleges NameCheap’s Bad Faith with**
5 **Intent to Profit**

6 To state a cybersquatting claim, Solid Host must also plead that NameCheap “ha[d] a bad faith
7 intent to profit from [Solid Host’s] mark.” See 15 U.S.C. § 1125(d)(1)(A)(i). The requirement
8 of bad faith intent to profit from the mark is distinct from the requirement that defendant “register[
9], traffic[] in, or use[] a domain name.” See 15 U.S.C. § 1125(d)(1)(A)(ii); *Fare Deals Ltd. v.*
10 *World Choice Travel.Com, Inc.*, 180 F.Supp.2d 678, 683 (D. Md. 2001) (“Under the federal
11 Anticybersquatting Consumer Protection Act. . . , Fare Deals cannot state a valid claim unless it
12 can allege that [defendant] had ‘a bad faith intent to profit from’ Fare Deal’s mark *and*
13 ‘register[ed], traffic[ked] in, or use[d]’ an infringing domain name,” citing *Virtual Works, Inc.*
14 *v. Volkswagen of Am., Inc.*, 238 F.3d 264, 269-70 (4th Cir. 2001) (engaging in a two-pronged
15 inquiry regarding use and bad faith under the ACPA (emphasis added)).

16 The bad faith required to support a cybersquatting claim is not general bad faith, but “a bad
17 faith intent to profit *from the mark*,” 15 U.S.C. § 1125(d)(1)(A)(I) (emphasis added). Thus, the
18 defendant must intend to profit specifically from the goodwill associated with another’s trademark.
19 See *Lucas Nursery*, 359 F.3d at 810 (“In its report on the ACPA, the Senate Judiciary Committee
20 distilled the crucial elements of bad faith to mean an ‘intent to trade on the goodwill of another’s
21 mark,’” quoting S. Rep. No. 106-140, at 9); *Sporty’s Farm*, 202 F.3d at 495 (Congress enacted
22 the ACPA “‘to protect consumers and American businesses, to promote the growth of online
23 commerce, and to provide clarity in the law for trademark owners by prohibiting bad-faith and
24 abusive registration of distinctive marks as Internet domain names *with the intent to profit from*
25 *the goodwill associated with such marks*,’” quoting S. Rep. No. 106-140, at 4 (emphasis added);
26 *id.* at 499 n. 13 (“We expressly note that ‘bad faith [and] intent to profit’ are terms of art in the
27 ACPA and hence should not necessarily be equated with ‘bad faith’ in other contexts”); *Healix*
28 *Infusion Therapy, Inc. v. Murphy*, Civil Action No. H-08-0337, 2008 WL 4155459, *4 (S.D.

1 Tex. Sept. 2, 2008) (“The ACPA makes a person who in bad faith seeks to profit from the
2 goodwill associated with an owner’s mark liable to the mark owner for damages”); H.R. Conf.
3 Rep. No. 106-464 (1999) (“[T]he bill does not extend to innocent domain name registrations by
4 those who are unaware of another’s use of the name, or even to someone who is aware of the
5 trademark status of the name but registers a domain name containing the mark for *any reason*
6 *other than with bad faith intent to profit from the goodwill associated with that mark,*” quoted in
7 *Harrods*, 110 F.Supp.2d at 426 (emphasis added)); S. Rep. No. 106-140 (“Under the bill . . . the
8 abusive conduct that is made actionable is appropriately limited just to bad-faith registrations and
9 uses of others’ marks by *persons who seek to profit unfairly from the goodwill associated*
10 *therewith,*” quoted in *Harrods*, 110 F.Supp.2d at 426 (emphasis added)).

11 Here, the sum total of Solid Host’s allegations regarding NameCheap’s bad faith is that
12 NameCheap acted in bad faith by refusing to reveal Doe’s identity “after being presented with
13 facts that would cause a reasonable person to conclude that Doe had stolen the domain [name].”⁴⁸
14 The complaint alleges that “NameCheap profited by charging a fee for the anonymity registration
15 service it provided to Doe, [that it] . . . also profited by maintaining the anonymous registration
16 . . . after being presented with facts that would cause a reasonable person to conclude that Doe
17 had stolen the domain;” and that “NameCheap has an economic incentive to resist any attempts
18 to expose [its customers’] identities, even where it is presented with reasonable evidence that it
19 has registered stolen property, i.e., a domain name that was hacked and stolen by the party . . .
20 seeking anonymity protection from it.”⁴⁹ Based on these allegations, Solid Host concludes that
21 “NameCheap had a bad faith intent to profit from [Solid Host’s] service mark <solidhost.com > .
22 . . .”⁵⁰

23 Solid Host’s reliance on these allegations to infer a bad faith intent to profit from its mark
24 fails. Nothing in the complaint suggests that by affording Doe the benefits of anonymous

25
26 ⁴⁸Second Amended Complaint, ¶ 121

27 ⁴⁹*Id.*, ¶¶ 122-123.

28 ⁵⁰*Id.*, ¶ 127.

1 registration, NameCheap sought to benefit in any way from the goodwill associated with Solid
2 Host's mark. The only bad faith alleged is NameCheap's provision of an indisputably legal
3 anonymous registration service without attempting to screen out customers who wish to use it to
4 cybersquat; and its decision to maintain its customer's anonymity when presented with evidence
5 that its services had been used for this illegitimate purpose.⁵¹ The only intent to profit alleged is
6 linked to NameCheap's operation and promotion of its anonymity service; none of Solid Host's
7 allegations suggests that NameCheap intended to profit from the goodwill associated with the Solid
8 Host trademarks.

9 Whether NameCheap's refusal to reveal Doe's identity might constitute bad faith in some
10 other context is irrelevant. See *Sporty's Farm*, 202 F.3d at 499 n. 13 (bad faith intent to profit
11 is a term of art with a specific legal meaning under the ACPA). Liability under the ACPA requires
12 a bad faith intent to profit from the goodwill of another's mark; the statute was not meant to
13 prohibit actions outside its scope simply because they were undertaken in "bad faith," or with a
14 motive to profit illegitimately. See *id.*; *Harrods*, 110 F.Supp.2d at 426 ("[T]he legislative history
15 of the ACPA . . . makes clear that the statute's scope is narrow"). Because Solid Host has not
16 pled facts sufficient to support the legal conclusion that NameCheap acted with a bad faith intent
17 to profit from Solid Host's mark, as that term is used in § 1125(d), the second amended complaint
18 fails to state a claim for cybersquatting against NameCheap. See *Bell Atlantic*, 127 S. Ct. at 1965
19 (the court need not accept legal conclusions cast as factual allegations).⁵²

21 ⁵¹NameCheap appears to argue that it acted in good faith because Solid Host requested
22 return of the domain name informally, and did not pursue NameCheap's formal dispute resolution
23 policy. (Mot. at 6.) This argument relies on facts outside the complaint; Solid Host alleges, in
24 fact, that NameCheap did not direct Solid Host to a formal dispute resolution process, but
requested further evidence, which Solid Host provided.

25 ⁵²The court's conclusion that the "bad faith" alleged in Solid Host's complaint is outside
26 ACPA's scope is supported by the fact that, in enacting the statute, Congress addressed the
27 anonymous registration of domain names. After weighing competing concerns regarding privacy
28 rights and protection against anonymous cybersquatters, Congress concluded that creating *in rem*
jurisdiction over domain names struck an appropriate balance between the two. See *Lucent
Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528, 530 (E.D. Va. 2000) ("Supporters of

1 This failure, however, may not be fatal. The complaint plainly states a claim for
2 cybersquatting against Doe. It alleges that he offered to sell the domain name to Solid Host after
3 pirating it. This constitutes trafficking in the domain name with a bad faith intent to profit from
4 Solid Host's mark. See *Catalanotte*, 342 F.3d at 549 (“[W]hen Catalanotte registered the domain
5 name FORDWORLD.COM and later offered it for sale to Ford, he trafficked in the domain name
6 for the purposes of the ACPA”). The court therefore considers whether NameCheap can be held
7 contributorily liable.

8 **5. Whether Solid Host Has Stated a Claim for Contributory Liability**

9 **a. Legal Standard Governing Contributory Liability Under the**
10 **Lanham Act**

11 It appears that, in addition to pleading that NameCheap is directly liable for cybersquatting,
12
13

14 _____
15 the ACPA were particularly concerned about anonymous trademark violators on the Internet.
16 That is, they were troubled by the increasing trend of individuals registering domain names in
17 violation of trademark rights and then eluding trademark enforcement because they could not be
18 found. The Senate Judiciary Committee observed: ‘A significant problem faced by trademark
19 owners in the fight against cybersquatting is the fact that many cybersquatters register domain
20 names under aliases or otherwise provide false information in their registration applications in
21 order to avoid identification and service of process by the mark owner.’ Sen. Rep. No. 106-140,
22 at 4 (1999). The Judiciary Committee believed that including an *in rem* provision in the ACPA
23 would alleviate the problem of anonymous cybersquatters, by allowing a mark owner to file an
24 action against the domain name itself, provided it satisfied the court that it exercised due diligence
25 in trying to locate the owner of the domain name but could not do so. *Id.*”); Charles McKenney
26 and George F. Long III, 2 FEDERAL UNFAIR COMPETITION: LANHAM ACT 43(a), Appx. H,
27 Selective Excerpts from the Legislative History Regarding the ACPA (1999) (“Additionally, some
28 have suggested that dissidents or others who are online incognito for similar legitimate reasons
might give false information to protect themselves and have suggested the need to preserve a
degree of anonymity on the Internet particularly for this reason. Allowing a trademark owner to
proceed against the domain names themselves, provided they are, in fact, infringing or diluting
under the Trademark Act, decreases the need for trademark owners to join the hunt to chase down
and root out these dissidents or others seeking anonymity on the Net. The approach in this bill
is a good compromise, which provides meaningful protection to trademark owners while balancing
the interests of privacy and anonymity on the Internet” (testimony of Sen. Hatch, 106th Congress,
Aug. 5, 1999)).

1 Solid Host also asserts a claim for “contributory cybersquatting.”⁵³ See *Newborn v. Yahoo!, Inc.*,
2 391 F.Supp.2d 181, 190 (D.D.C. 2005) (“The Court also notes that it is unclear whether the
3 plaintiff is alleging a direct trademark infringement action against the defendants or a contributory
4 trademark infringement action. However, it does appear that because the plaintiff alleges that the
5 defendants ‘have allowed other parties[’] unauthorized use of Plaintiff’s registered domain names’
6 . . . that he is raising a contributory trademark infringement claim”).

7 In general, “[c]ontributory [trademark] infringement occurs when the defendant either
8 intentionally induces a third party to infringe the plaintiff’s mark or supplies a product to a third
9 party with actual or constructive knowledge that the product is being used to infringe the service
10

11 ⁵³Solid Host also alleges that NameCheap was Doe’s “agent.” (Second Amended
12 Complaint, ¶ 19.) It is not clear whether Solid Host contends that this provides a basis for holding
13 NameCheap liable for Doe’s actions. Even if it does, Solid Host has not alleged any facts
14 indicating the existence of an agency relationship between NameCheap and Doe. “To allege an
15 agency relationship, a plaintiff must allege: (1) that the agent or apparent agent holds power to
16 alter legal relations between [the] principal and third persons and between [the] principal and
17 himself; (2) that the agent is a fiduciary with respect to matters within [the] scope of [the] agency;
18 and (3) that the principal has right to control [the] conduct of [the] agent with respect to matters
19 entrusted to him.” *Palomares v. Bear Stearns Residential Mortg. Corp.*, No. 07cv01899 WQH
20 (BLM), 2008 WL 686683, *4 (S.D. Cal. Mar. 13, 2008) (citing *Garlock Sealing Technologies*
21 *LLC v. NAK Sealing Technologies Corp.*, 148 Cal.App.4th 937, 965 (2007)); see also *Yalter v.*
22 *Endocare, Inc.*, No. SACV03 80 DOC (MLGX), 2004 WL 5237598, *5-6 (C.D. Cal. Nov.
23 8, 2004) (“The essential characteristics of an agency relationship are as follows: (1) An agent or
24 apparent agent holds a power to alter the legal relations between the principal and third persons
25 and between the principal and himself; (2) an agent is a fiduciary with respect to matters within
26 the scope of the agency; and (3) a principal has the right to control the conduct of the agent with
27 respect to matters entrusted to him,” citing *Alvarez v. Felker Mfring Co.*, 230 Cal.App.2d 987,
28 999 (1964)). Additionally, an agency relationship would not make NameCheap, as the agent,
vicariously liable for the torts of its principal, Doe. Rather, vicarious liability runs in the opposite
direction. See *Rookard v. Mexicoach*, 680 F.2d 1257, 1261 (9th Cir. 1982) (“[I]f Mexicoach was
the agent of Del Pacifico, it has no liability for the torts of its principal. . . . An agent, absent
fault on his part, cannot be vicariously liable for the wrongful acts of his principal”); *DeRoche v.*
Commodore Cruise Line, Ltd., 31 Cal.App.4th 802, 810 (1994) (“IMS, as Commodore’s travel
agent, has no liability for the torts, if any, of its principal and, absent fault on its own part, cannot
be vicariously liable for the wrongful acts of its principal”); cf. *Palomares*, 2008 WL 686683 at
*4 (“Principals are liable for the tortious acts of their agents committed within the scope of the
agency,” citing *Holley v. Crank*, 400 F.3d 667, 673 (9th Cir. 2004), and RESTATEMENT (THIRD)
OF AGENCY § 7.03 (2006)).

1 mark.” *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 983 (9th Cir. 1999)
2 (“*Lockheed Martin I*”) (citing *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 853-54
3 (1982)); see also *Perfect 10, Inc. v. Visa Intern. Service Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007)
4 (“To be liable for contributory trademark infringement, a defendant must have (1) ‘intentionally
5 induced’ the primary infringer to infringe, or (2) continued to supply an infringing product to an
6 infringer with knowledge that the infringer is mislabeling the particular product supplied,” citing
7 *Inwood Lab.*, 456 U.S. at 855). Where the defendant supplies the infringer with a service rather
8 than a product, however, courts “consider the extent of control exercised by the defendant over
9 the third party’s means of infringement” in analyzing whether a claim for contributory
10 infringement lies. *Lockheed Martin I*, 194 F.3d at 948 (citing *Fonovisa, Inc. v. Cherry Auction,*
11 *Inc.*, 76 F.3d 259, 265 (9th Cir. 1996), and *Hard Rock Cafe Licensing Corp. v. Concession*
12 *Servs., Inc.*, 955 F.2d 1143, 1148-49 (7th Cir. 1992)); see also *Perfect 10*, 494 F.3d at 807
13 (“When the alleged direct infringer supplies a service rather than a product, under the second
14 prong of this test, the court must ‘consider the extent of control exercised by the defendant over
15 the third party’s means of infringement,’” quoting *Lockheed Martin I*, 194 F.3d at 984); *Louis*
16 *Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.*, 591 F.Supp.2d 1098, 1111 (N.D. Cal. 2008)
17 (“[W]hen a defendant offers a service instead of a product, a plaintiff can base its contributory
18 trademark infringement claim on the ‘extent of control’ theory or the ‘intentional inducement’
19 theory”).

20 Under the extent of control theory, “a plaintiff must prove that the defendant had
21 knowledge and ‘[d]irect control and monitoring of the instrumentality used by the third party to
22 infringe the plaintiff’s mark.’” *Louis Vuitton*, 591 F.Supp.2d at 1111 (quoting *Lockheed Martin*
23 *I*, 194 F.3d at 984); see also *Perfect 10*, 494 F.3d at 807 (“For liability to attach, there must be
24 ‘[d]irect control and monitoring of the instrumentality used by a third party to infringe the
25 plaintiff’s mark,’” quoting *Lockheed Martin I*, 194 F.3d at 984). Courts have applied this theory
26 to cybersquatting claims under the ACPA. See *Ford Motor Co. v. Greatdomains.Com, Inc.*, 177
27 F.Supp.2d 635, 646 (E.D. Mich. 2001).

1 **b. The Extent of NameCheap’s Control over Doe’s Means of**
2 **Cybersquatting**

3 NameCheap supplied an anonymous domain name registration service, which Doe allegedly
4 used to “steal” Solid Host’s domain name and hold it for ransom. Because NameCheap offered
5 a service rather than an infringing product, Solid Host must show that NameCheap either
6 intentionally induced Doe to cybersquat or directly controlled and monitored the instrumentality
7 used by Doe. There are no allegations that NameCheap induced Doe’s cybersquatting. As
8 respects direct control and monitoring of the instrumentality Doe used to infringe, the court finds
9 the Ninth Circuit’s analysis in *Lockheed Martin I* instructive on the application of this framework
10 to domain name piracy.

11 There, the court considered whether NSI, as a registrar, could be liable for contributory
12 infringement because it accepted for registration domain names that infringed Lockheed Martin’s
13 trademarks.⁵⁴ *Lockheed Martin I*, 194 F.3d at 983. The court first noted that the case “involve[d]
14 a fact pattern squarely on the ‘service’ side of the product/service distinction suggested by *Inwood*
15 *Lab* and its offspring” *Id.* It then explained that the “direct control and monitoring” rule in
16 service-based contributory infringement cases evolved in the “context of renting booth space at
17 a flea market.” See *id.* at 984 (citing *Hard Rock Cafe*, 955 F.3d at 1148-49). In *Hard Rock Cafe*,
18 the Seventh Circuit concluded that a flea market operator could be held liable for the sale of
19 infringing products at the market, citing “the close comparison between the legal duty owed by
20 a landlord to control illegal activities on his or her premises and by a manufacturer to control
21 illegal use of his or her product.” See *id.* (construing *Hard Rock Cafe*). The Ninth Circuit
22 adopted the analysis of the *Hard Rock Cafe* court in *Fonovisa*, “holding that a flea market could
23 be liable for contributory infringement if it ‘suppl[ied] the necessary marketplace’ for the sale of
24 infringing products.” See *id.* (quoting *Fonovisa*, 76 F.3d at 265).

25 In *Lockheed Martin I*, the Ninth Circuit rejected Lockheed Martin’s efforts to characterize

27 ⁵⁴*Lockheed Martin* was decided prior to the enactment of the ACPA, which immunized
28 registrars from liability for accepting registrations. See 15 U.S.C. § 1114(2)(D) and discussion,
supra, part II.B.2.

1 the case in a way that would fit the *Hard Rock Cafe* framework. The court first observed that
2 “[w]here domain names are used to infringe, the infringement does not result from NSI’s
3 publication of the domain name list, but from the registrant’s use of the name on a web site or
4 other Internet form of communication in connection with goods or services. . . . NSI’s
5 involvement with the use of domain names does not extend beyond registration.” *Id.* at 985
6 (quoting district court, 985 F.Supp. at 962). Next, the court observed that NSI’s service did not
7 “entail the kind of direct control and monitoring required to justify an extension of the ‘supplies
8 a product’ requirement.” *Id.* It noted that “[w]hile the landlord of a flea market might reasonably
9 be expected to monitor the merchandise sold on his premises, NSI [could not] reasonably be
10 expected to monitor the Internet.” *Id.* (quoting the district court’s opinion at 985 F.Supp. at 962).

11 Finally, the court addressed “Lockheed[’s] characteriz[ation] [of] NSI’s service as a licensing
12 arrangement with alleged third-party infringers.” *Id.* While the court acknowledged that the
13 registration agreement constituted a license, it did not find this dispositive; rather, the issue was
14 whether NSI as registrar retained direct control over the thing licensed:

15 “Although we accept Lockheed’s argument that NSI licenses its routing service to
16 domain-name registrants, the routing service is just that – a service. In *Fonovisa*
17 and *Hard Rock*, by contrast, the defendants licensed real estate, with the consequent
18 direct control over the activity that the third-party alleged infringers engaged in on
19 the premises. *Hard Rock*, 955 F.2d at 1149; see *Fonovisa*, 76 F.3d at 265.” See
20 *id.*

21 See also *Fare Deals*, 180 F.Supp.2d at 689 (discussing *Lockheed Martin I* and stating that “[t]he
22 key distinction between the potentially infringing conduct in *Hard Rock Cafe* and *Fonovisa* and
23 that of NSI lay in what the defendants were licensing”).

24 In *Ford Motor Co.*, 177 F.Supp.2d at 646, the district court applied the direct control and
25 monitoring test to a cybersquatting claim, and held that the owner of an auction website was not
26 contributorily liable under the ACPA. The website facilitated users’ sales of domain names and
27 defendant, the site’s owner, collected commissions on the sales. *Id.* Plaintiff claimed that domain
28 names sold through the site infringed its trademarks, and sought to hold defendant contributorily

1 liable for cybersquatting. It asserted that, like a flea market owner, defendant “provided ‘the
2 necessary marketplace’ for the . . . alleged cybersquatting.” *Id.* (quoting *Lockheed Martin I*, 194
3 F.3d at 984-85). Addressing this argument, the court considered expansion of the direct control
4 and monitoring rule to the cybersquatting context:

5 “Although the ‘flea market’ analysis generally has been applied in the infringement
6 context, a similar standard arguably could be applied to allegations of
7 cybersquatting. However, because the ACPA requires a showing of ‘bad faith
8 intent’ – a subjective element not required under traditional infringement, unfair
9 competition, or dilution claims – the standard would be somewhat heightened. For
10 example, it would be insufficient that an entity such as [defendant] were merely
11 aware that domain names identical or similar to protected marks were being sold
12 over its website. Rather, because legitimate uses of others marks are protected
13 under the ACPA, a plaintiff would have to demonstrate that the ‘cyber-landlord’
14 knew or should have known that its vendors had no legitimate reason for having
15 registered the disputed domain names in the first place. Because an entity such as
16 [defendant] could not be expected to ascertain the good or bad faith intent of its
17 vendors, contributory liability would apply, if at all, in only exceptional
18 circumstances.” See *id.* at 647.

19 As “[n]o such exceptional circumstances [were] alleged” in the case before it, the court concluded
20 that plaintiff had failed to state a claim for cybersquatting. *Id.*

21 In *Fare Deals*, 180 F.Supp.2d at 689-91, the district court applied *Lockheed Martin I* to
22 analyze a trademark claim based on an infringing domain name. While the plaintiff, Fare Deals,
23 Ltd., alleged a traditional infringement claim rather than a cybersquatting claim, *Fare Deals* is
24 nonetheless instructive. Fare Deals asserted that the operators of a website with the domain name
25 <faredeals.com> infringed its trademark. *Id.* at 681. Among the defendants was HRN, a
26 company that maintained a different website where customers could book hotel reservations. *Id.*
27 HRN entered into an affiliate agreement with the operators of “faredeals.com,” whereby
28 <faredeals.com> displayed banner advertisements linking to HRN’s website, and the operators

1 of <faredeals.com> received a commission on every sale generated by the links. *Id.* Because
2 HRN did not own or control <faredeals.com>, the court concluded that it could not be held
3 directly liable for infringement. *Id.*

4 It next examined whether HRN could be held contributorily liable for <faredeals.com>'s
5 infringement. See *id.* at 689-91. Citing *Lockheed Martin I's* discussion of the direct control and
6 monitoring rule, the court considered the flea market context in which the rule originated. It
7 observed that "the flea-market operators were providing the very medium through which the
8 infringing vendors conducted their businesses. If the flea-market operators had stopped providing
9 the vendors space, the vendors would have been forced to shut down completely." See *id.* at
10 689-90. The court contrasted this with that HRN's service, which was not necessary to
11 <faredeals.com>'s infringement; rather, it stated, "[i]f HRN severed its link to
12 <faredeals.com>, the infringement could readily continue." *Id.* at 690. The court thus found
13 HRN's position more analogous to that of the temporary worker who assembles an infringer's
14 booth at a flea market than to the owner of the market itself. Unlike the owner, the temporary
15 worker is not liable for contributory infringement. *Id.*

16 The court also considered the knowledge element required for a finding of contributory
17 infringement. It noted that there were no facts suggesting that HRN had any knowledge of the
18 infringement before Fare Deals, mistakenly believing that HRN owned and controlled the site, sent
19 it a letter demanding that <faredeals.com> be taken down. *Id.* The court observed that "[t]he
20 demand letter . . . gave HRN knowledge of Fare Deals' . . . position with respect to infringement
21 by the <faredeals.com> site; it may also have given HRN reason to suspect [that] it might be
22 linked to a site infringing Fare Deals' mark and so have given rise to an obligation on the part of
23 HRN to investigate the matter." *Id.*

24 The court noted, in this regard, that, under *Hard Rock Cafe*, "willful blindness" – defined
25 as a "deliberate failure to investigate suspected wrongdoing" – could satisfy the knowledge
26 requirement for contributory infringement. *Id.* (citing *Hard Rock Cafe*, 955 F.2d at 1149). It
27 concluded, however, that notice of Fare Deals' position "did not . . . obligate HRN to
28 immediately terminate the link from the disputed web site." See *id.* (comparing *Hard Rock Cafe*,

1 955 F.2d at 1149 (suggesting that a flea market operator, without knowing more, may not have
2 been obligated to take action against a vendor simply because it learned that the vendor was selling
3 inexpensive T-shirts with cut labels) with *Fonovisa*, 76 F.3d at 261 (holding that a flea market
4 operator had sufficient knowledge of infringement and should have taken action when the sheriff
5 raided the market, seized 38,000 counterfeit music recordings, and notified the operator that there
6 were ongoing sales of infringing materials)).

7 The *Fare Deals* court found it unclear “what an investigation by HRN could have
8 uncovered,” since an investigation “would have disclosed no more than that the site’s domain
9 name was indeed <faredeals.com>. It would not, self-evidently, have disclosed any
10 infringement of the ‘Fare Deals’ mark, which was, as yet, unregistered.” *Id.* at 690-91. The
11 court therefore concluded that even if Fare Deals could have established that HRN directly
12 monitored or controlled the means of infringement, it could not establish HRN’s knowledge of the
13 infringement. *Id.* at 691.

14 Turning to the present case, NameCheap’s position is closer to that of a flea market
15 operator or the owner of the auction site in *Ford Motor Co.* than it is to that of HRN in *Fare Deals*
16 or a registrar like NSI in *Lockheed Martin I.* NameCheap acted as the registrant for the domain
17 name utilized in Doe’s cybersquatting scheme, which it then licensed to Doe. Solid Host alleges
18 that, while the website was “controlled solely by Doe,” NameCheap had the ability to transfer the
19 domain name to Solid Host or to reveal Doe’s identity.⁵⁵ Thus, NameCheap was, to borrow a
20 phrase from *Ford Motor Co.*, the “cyber-landlord” of the internet real estate stolen by Doe, i.e.,
21 the domain name <solidhost.com>. See *Ford Motor Co.*, 177 F.Supp.2d at 647. Just as the
22 auction website in *Ford Motor Co.* provided an essential forum for traffic in domain names,
23 NameCheap’s anonymity service was central to Doe’s cybersquatting scheme. If NameCheap had
24 returned the domain name to Solid Host, Doe’s illegal activity would have ceased. This crucial
25 factor distinguishes NameCheap from defendants like HRN in *Fare Deals*, who merely receive
26 link traffic from an infringing website, and from a registrar like NSI, which provides nothing

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28 ⁵⁵Second Amended Complaint, ¶ 17.

1 more than a registration service. As alleged in the complaint, NameCheap’s ability to monitor and
2 control the instrumentality used by Doe to engage in cybersquatting satisfies the direct control and
3 monitoring requirement necessary to plead a contributory liability claim.

4 Solid Host must also allege that NameCheap knew of Doe’s cybersquatting, however. See
5 *Louis Vuitton*, 591 F.Supp.2d at 1111. To allege this element, Solid Host must plead not only that
6 NameCheap knew that Doe was trafficking in a domain name similar or identical to Solid Host’s
7 mark, but also that knew that Doe was doing so with bad faith intent to profit from Solid Host’s
8 mark. See 15 U.S.C. § 1125(d)(1)(A)(i)-(ii); *Ford Motor Co.*, 177 F.Supp.2d at 647 (“[B]ecause
9 the ACPA requires a showing of ‘bad faith intent’ – a subjective element not required under
10 traditional infringement, unfair competition, or dilution claims . . . it would be insufficient that
11 an entity such as [defendant] were merely aware that domain names identical or similar to
12 protected marks were being sold over its website”). Because some people use its services for
13 legitimate reasons, NameCheap cannot be expected to analyze the good or bad faith of every
14 customer who wishes to remain anonymous online. See *Ford Motor Co.*, 177 F.Supp.2d at 647
15 (“[A]n entity such as [defendant] could not be expected to ascertain the good or bad faith intent
16 of its vendors”); cf. *Lockheed Martin I*, 194 F.3d at 984-85 (“While the landlord of a flea market
17 might reasonably be expected to monitor the merchandise sold on his premises, NSI cannot
18 reasonably be expected to monitor the Internet”). Because of this, and because a defendant in
19 NameCheap’s position may not easily be able to ascertain a customer’s good or bad faith, the
20 court agrees with the *Ford Motor Co.* court that “exceptional circumstances” must be shown to
21 prove the degree of knowledge required to impose contributory liability for cybersquatting. See
22 *Ford Motor Co.*, 177 F.Supp.2d at 647.

23 The complaint alleges that Solid Host gave NameCheap “evidence, including (but not
24 limited to) a sworn declaration of Andre Van Vliet attesting to the relevant facts,” which “would
25 have led a normal and prudent person to conclude that the domain it registered had been stolen.”⁵⁶
26 Based on this allegation, the court cannot conclude, as matter of law, that Solid Host will be
27

28 ⁵⁶*Id.*, ¶¶ 84, 127.

1 unable to prove exceptional circumstances satisfying the knowledge requirement for contributory
2 liability. What constitutes exceptional circumstances, and whether they can be proved in this case
3 are matters that can only be addressed on a more fully developed factual record. The court,
4 however, offers a few preliminary observations. As *Fare Deals* suggests, in the case of
5 cybersquatting, mere receipt of a demand from a third party will not generally suffice to provide
6 notice of the illegitimate use of a domain name so as to justify the imposition of contributory
7 liability. See *Fare Deals*, 180 F.Supp.2d at 690. The demand gives notice only of the third
8 party’s position regarding the matter. Where the demand is accompanied by sufficient evidence
9 of a violation, the defendant may have a duty to investigate. The extent of that duty, however,
10 will be circumscribed by the relative difficulty of confirming or denying the accusation under the
11 facts of a particular case. See *id.* at 690-91

12 In general, cybersquatting is less easily detected than standard trademark infringement,
13 both because it involves the consideration of intent and because it is less “transparent” than
14 “handbags labeled Louis Vuitton and Gucci, cheaply made, lined with purple vinyl, and sold by
15 itinerant peddlers at bargain-basement prices.” See *id.* at 691 (citing *Louis Vuitton S.A. v. Lee*,
16 875 F.2d 584, 590 (7th Cir. 1989)). This may be especially true where the trademark forming
17 the basis of the cybersquatting allegation is unregistered. See *id.* Nonetheless, at this stage of the
18 litigation, the court concludes that Solid Host has alleged sufficient facts to plead a claim for
19 contributory liability for cybersquatting. Consequently, it denies NameCheap’s motion to dismiss
20 Solid Host’s cybersquatting claim against it.⁵⁷

21 **C. Whether Solid Host Has Stated a Claim for Breach of Contract as a Third**
22 **Party Beneficiary Against NameCheap**

23 **1. Legal Standard Governing Third Party Beneficiaries’ Ability to Sue for**
24 **Breach of Contract**

25 Under California law, a third party may sue to enforce a contract if that party “can show
26

27 ⁵⁷If NameCheap utilizes a formal dispute resolution process to resolve complaints about
28 anonymous cybersquatters, as it contends it does, that may also be a factor weighing in its favor
in conducting the exceptional circumstances analysis.

1 that the contracting parties intended to benefit the third party and that the contract terms evidence
2 that intent.” *Panavision International, L.P. v. Toebben*, 945 F.Supp. 1296, 1305 (C.D. Cal.
3 1996) (citing *Karo v. San Diego Symphony Orchestra Ass’n*, 762 F.2d 819, 821-22 (9th Cir.
4 1985), and *Jones v. Aetna Casualty & Sur. Co.*, 26 Cal.App.4th 1717, 1724 (1994)); see also
5 *Spinks v. Equity Residential Briarwood Apartments*, 171 Cal.App.4th 1004, 1021 (2009)
6 (“California law permits third party beneficiaries to enforce the terms of a contract made for their
7 benefit,” quoting *Principal Mutual Life Ins. Co. v. Vars, Pave, McCord & Freedman*, 65
8 Cal.App.4th 1469, 1485 (1998)).

9 The third party “need not be named or identified individually to be an express beneficiary.”
10 *Spinks*, 171 Cal.App.4th at 1023 (quoting *Kaiser Engineers, Inc. v. Grinnell Fire Protection*
11 *Systems Co.*, 173 Cal.App.3d 1050, 1055 (1983)). Rather, “[a] third party may enforce a contract
12 where he shows that he is a member of a class of persons for whose benefit it was made.” *Id.*
13 (quoting *Garratt v. Baker*, 5 Cal.2d 745, 748 (1936)); see also *Panavision International*, 945
14 F.Supp at 1305 (“The third party need not be mentioned by name in the contract but must at least
15 be a member of a class referred to in the contract and intended to benefit from the contract,” citing
16 *Karo*, 762 F.2d at 821); *Boliver v. Surety Co.*, 72 Cal.App.3d Supp. 22, 27 (1977) (“ It is not
17 necessary that an express beneficiary be specifically identified in the contract; he may recover on
18 it if he can show that he is one of a class of persons for whose benefit it was made”). As a result,
19 determining whether a third party is an intended beneficiary of a contract requires “construction
20 of the [contracting] parties’ intent, gleaned from reading the contract as a whole in light of the
21 circumstances under which it was entered.” *Hilderman v. Enea TekSci, Inc.*, 551 F.Supp.2d
22 1183, 1195 (S.D. Cal. 2008) (quoting *Jones v. Aetna Cas. & Surety Co.*, 26 Cal.App.4th 1717,
23 1725 (1994)); see also *Spinks*, 171 Cal.App.4th at 1022 (“The test for determining whether a
24 contract was made for the benefit of a third person is whether an intent to benefit a third person
25 appears from the terms of the contract. . . . If the terms of the contract necessarily require the
26 promisor to confer a benefit on a third person, then the contract, and hence the parties thereto,
27 contemplate a benefit to the third person. The parties are presumed to intend the consequences
28 of a performance of the contract,” quoting *Johnson v. Holmes Tuttle Lincoln-Merc.*, 160

1 Cal.App.2d 290, 297 (1958)). In conducting this inquiry, the court employs ordinary principles
2 of contract interpretation. *Spinks*, 171 Cal.App.4th at 1023.

3 **2. Solid Host’s Breach of Contract Claim**

4 Solid Host’s breach of contract claim is based on paragraph 3.7.7.3 of the ICANN
5 agreement, which all accredited registrars must sign.⁵⁸ It provides:

6 “3.7.7 Registrar shall require all Registered Name Holders to enter into an
7 electronic or paper registration agreement with Registrar including at least the
8 following provisions: . . .

9 3.7.7.3. Any Registered Name Holder that intends to license use of a
10 domain name to a third party is nonetheless the Registered Name Holder of
11 record and is responsible for providing its own full contact information and
12 for providing and updating accurate technical and administrative contact
13 information adequate to facilitate timely resolution of any problems that arise
14 in connection with the Registered Name. A Registered Name Holder
15 licensing use of a Registered Name according to this provision shall accept
16 liability for harm caused by wrongful use of the Registered Name, unless it
17 promptly discloses the identity of the licensee to a party providing the
18 Registered Name Holder reasonable evidence of actionable harm.”⁵⁹

19 Solid Host argues that it was an intended beneficiary of NameCheap’s promise to “promptly
20 disclose the identity” of the licensee for <solidhost.com> once it provided “reasonable evidence
21 of actionable harm,” and that NameCheap breached this promise. Solid Host asserts that
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23 ⁵⁸Second Amended Complaint, ¶¶ 166-169.

24 ⁵⁹Request for Judicial Notice in Support of Defendant NameCheap, Inc.’s Motion to
25 Dismiss (“RJN”) at 10. NameCheap has submitted a copy of the ICANN agreement with its
26 motion to dismiss. (*Id.*) Because Solid Host relies on the ICANN agreement, refers to the
27 agreement in its complaint, and does not dispute the authenticity of the copy submitted by
28 NameCheap, the court may consider the agreement under the incorporation by reference doctrine.
See *Marder*, 450 F.3d at 448. Because the incorporation by reference doctrine applies, the court
need not decide whether the agreement is also a proper subject of judicial notice.

1 NameCheap made the promise by entering into the agreement with ICANN, and by entering into
2 a separate agreement with eNom, which incorporated paragraph 3.7.7.3 of the ICANN agreement.
3 NameCheap executed the eNom agreement when it became the “Registered Name Holder”– i.e.,
4 the “registrant”– of <solidhost.com> .⁶⁰

5 **3. Whether Solid Host Has Stated a Claim for Breach of the ICANN**
6 **Agreement**

7 In support of its motion to dismiss, NameCheap cites paragraph 5.10 of the ICANN
8 agreement, which provides: “No Third-Party Beneficiaries. This Agreement shall not be construed
9 to create any obligation by either ICANN or Registrar to any non-party to this Agreement,
10 including any Registered Name Holder.”⁶¹ This provision unambiguously manifests the parties’
11 intents not to benefit third parties. Moreover, paragraph 3.7.7.3 is not itself a term of the ICANN
12 agreement; the agreement merely required that NameCheap include such a provision in future
13 contracts between it and parties to whom it registered domain names. For these reasons, the court
14 concludes that Solid Host has failed to state a claim for breach of the agreement between ICANN
15 and NameCheap.

16 **4. Whether Solid Host Has Stated a Claim for Breach of the Agreement**
17 **Between eNom and NameCheap**

18 Solid Host also alleges breach of a separate agreement between eNom and NameCheap that
19 incorporated paragraph 3.7.7.3 of the ICANN agreement. This contract bound NameCheap to
20 the substance of paragraph 3.7.7.3. The eNom/NameCheap agreement, however, is not before
21 the court. Solid Host’s complaint does not allege any facts regarding the formation of the
22 contract, nor does it allege that either eNom or NameCheap had an intent to benefit trademark
23 owners faced with cybersquatting by anonymous domain name licensees. Construing all
24 allegations in Solid Host’s favor, however, the court infers such intent from the language of
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26
27 ⁶⁰Second Amended Complaint, ¶¶ 166-169.

28 ⁶¹RJN at 20.

1 paragraph 3.7.7.3, which is quoted in Solid Host’s complaint.⁶² Because they involve factual
2 questions of intent, third party beneficiary claims are often not appropriate for resolution via
3 motion to dismiss. See *Hotel Employees and Restaurant Employees Local 2 v. Vista Inn Hotel*
4 *Employees and Restaurant Employees Local 2 v. Vista Inn Management Co.*, 393 F.Supp.2d 972,
5 986-87 (N.D. Cal. 2005) (“Without consideration of the purchase agreement and other evidentiary
6 submissions concerning the contracting parties’ intent, this court has no basis on which to evaluate
7 whether plaintiff was an intended third-party beneficiary. Such an inquiry depends ultimately on
8 questions of fact that are inappropriate on the present motion to dismiss”); *Barnett v. Carnival*
9 *Corp.*, No. 06-22521-CIV, 2007 WL 1746900, *4 (S.D. Fla. June 15, 2007) (“The defendant
10 correctly points out that intent, either expressed by the parties, or in the provisions of the contract,
11 is one of the key factors in a third party beneficiary claim. To determine the parties’ intent . . .
12 necessarily would require the Court to look at matters outside of the complaint. As such, the issue
13 of intent is not appropriate for resolution on a motion to dismiss,” citing *Westinghouse Electric*
14 *Supply Co. v. Wesley Construction Co.*, 414 F.2d 1280, 1281-82 (5th Cir. 1969) (reversing the
15 district court’s order dismissing a third party beneficiary claim)). Given the substance of
16 paragraph 3.7.7.3, the court concludes, at this stage, that Solid Host has adequately alleged a
17 breach of the eNom/NameCheap contract as a third party beneficiary. It therefore denies
18 NameCheap’s motion to dismiss Solid Host’s third party beneficiary claim.⁶³

19
20 ⁶²See Second Amended Complaint, ¶ 166.

21 ⁶³The court recognizes that the district court in *Panavision International*, addressing a
22 factual scenario similar to this one, concluded, on a motion for summary judgment, that the
23 dispute resolution policy set forth in an agreement between a registrar and a domain name
24 registrant was not intended to benefit trademark owners, but only to protect the registrar. See
25 *Panavision International*, 945 F.Supp at 1305 (“The portions of the Toeppen-NSI contract that
26 Panavision claims created third-party rights are found in NSI’s domain name dispute policy
27 (‘Policy’). However, nothing in the Policy evidences an intent to benefit intellectual property
28 owners. It is clear beyond question that the Policy’s sole purpose is to protect NSI. Indeed, as
Panavision itself stated in its opposition to defendant NSI’s motion to dismiss: ‘NSI has chosen
to take absolutely no action whatsoever to ensure that the domain names it registers do not violate
the rights of third parties. In fact, NSI has repeatedly represented that it is out to protect no
interests but its own.’ Although third-party contract issues are questions of intent and therefore
not generally amenable to summary judgment, Panavision has not established any genuine issue

1 **D. Whether Solid Host Has Stated a UCL Claim Against NameCheap**

2 Under the UCL, any person or entity that has engaged, is engaging, or threatens to engage
3 “in unfair competition may be enjoined in any court of competent jurisdiction.” CAL. BUS. &
4 PROF. CODE §§ 17201, 17203. “Unfair competition” includes “any unlawful, unfair or fraudulent
5 business act or practice and unfair deceptive, untrue or misleading advertising.” *Id.*, § 17200.
6 The California Supreme Court has construed this term broadly. See *Cel-Tech Communications,*
7 *Inc. v. Los Angeles Cellular Telephone Co.*, 20 Cal.4th 163, 180 (1999) (“[Section 17200] defines
8 ‘unfair competition to include any unlawful, unfair or fraudulent business act or practice. . . . Its
9 coverage is sweeping, embracing anything that can properly be called a business practice and that
10 at the same time is forbidden by law. . . . By proscribing any unlawful business practice, section
11 17200 borrows violations of other laws and treats them as unlawful practices that the unfair
12 competition law makes independently actionable. . . . However, the law does more than just
13 borrow. The statutory language referring to any unlawful, unfair or fraudulent practice . . .
14 makes clear that a practice may be deemed unfair even if not specifically proscribed by some other
15 law. Because Business and Professions Code section 17200 is written in the disjunctive, it
16 establishes three varieties of unfair competition – acts or practices which are unlawful, or unfair,
17 or fraudulent” (internal quotations omitted)); see also *Paulus v. Bob Lynch Ford, Inc.*, 139
18 Cal.App.4th 659, 676-77 (2006) (“The purpose of the UCL is to protect both consumers and
19 competitors by promoting fair competition in commercial markets for goods and services. Thus,
20 the scope of the UCL is broad. It covers a wide range of conduct” (citations, internal quotation
21 marks and footnote omitted)).

22 NameCheap’s primary argument for dismissal of Solid Host’s UCL claim is that the claim
23 fails because it is based on Solid Host’s cybersquatting claim. The court has concluded that Solid
24 Host’s complaint adequately pleads a cybersquatting claim against NameCheap on a contributory

25 _____
26 of material fact with regard to this claim. The Court finds that a jury could not reasonably infer
27 that the Toeppen-NSI contract was intended to benefit intellectual property owners”). Because
28 the contract in question here is not presently before the court, it cannot conclude, as did the
Panavision court, that NameCheap and eNom did not intend to confer rights on third parties such
as Solid Host.

1 liability theory. Consequently, its derivative argument regarding the UCL claim is unavailing.
2 Because Solid Host has sufficiently alleged that NameCheap engaged in a business practice that
3 violated a law other than the UCL, i.e., the ACPA, it has stated an unfair competition claim. See,
4 e.g., *Aadventure Products, Inc. v. Simply Smashing, Inc.*, No. 07cv499 BTM(AJB), 2007 WL
5 2775128, *3 (S.D. Cal. Sept. 20, 2007) (holding that plaintiff’s UCL cause of action “state[d] a
6 claim because . . . [p]laintiff ha[d] sufficiently pled trade dress infringement and false
7 advertising”); *Smith v. State Farm Mut. Auto. Ins. Co.*, 93 Cal.App.4th 700, 717-18 (2001) (the
8 “unlawful” prong proscribes “anything that can be properly be called a business practice and that
9 at the same time is forbidden by law” (internal quotations omitted)).

10 NameCheap asserts that Solid Host’s UCL claim “is not adequately brought on behalf of
11 the general public because it is unique and necessarily dependent upon the individual facts of
12 [p]laintiff’s own claim.”⁶⁴ The court is not aware of any requirement that a UCL claim be brought
13 on behalf of the general public or be independent of “the individual facts” of a particular plaintiff’s
14 claim. California courts have held that, in addition to actions brought on behalf of the general
15 public, private actions under § 17200 may be maintained. See, e.g., CAL. BUS. & PROF.CODE
16 § 17204 (providing that a § 17200 action may be brought “by a person who has suffered injury
17 in fact and has lost money or property as a result of the unfair competition”); see also *Hernandez*
18 *v. Atlantic Finance Co.*, 105 Cal.App.3d 65, 72 (1980) (noting that the statute permits a member
19 of the public “to sue on his own behalf *or* on behalf of the public generally” (emphasis added)).
20

21 NameCheap cites *Committee on Children's Television, Inc. v. General Foods Corp.*, 35
22 Cal.3d 197 (1983), in support of its argument; it provides no pin cite, quotation, or discussion of
23 the manner in which the opinion limits Solid Host’s right to sue under § 17200, however.
24 *Childrens’ Television* held that, in enacting the UCL, “[t]he Legislature . . . provided that suit
25 may be brought by any person acting in his own behalf *or* on behalf of the general public.” *Id.*
26
27

28 ⁶⁴Mot. at 13.

1 at 215 (emphasis original).⁶⁵ The case thus does not support NameCheap’s position that UCL
2 claims must be brought on behalf of the general public.

3 In its reply, NameCheap quotes the opinion in *Gregory v. Albertson’s, Inc.*, 104
4 Cal.App.4th 845, 854 (2002), which states that “where a claim of an unfair act or practice is
5 predicated on public policy . . . the public policy which is a predicate to the action must be
6 ‘tethered’ to specific constitutional, statutory or regulatory provisions.”⁶⁶ The application of this
7 rule to the present case is unclear. Solid Host’s claim is based on a specific statutory violation.
8 The *Gregory* court was applying a rule derived from the California Supreme Court’s opinion in
9 *Cel-Tech*, 20 Cal. 4th 163; as it explained, the *Cel-Tech* court stated that the rule applied only to
10 UCL claims based on “unfair” business practices, not “fraudulent” or “unlawful ones.” See *Cel-*
11 *Tech*, 20 Cal.4th at 187 n. 12 (“Nothing we say relates to actions by consumers or by competitors
12 alleging other kinds of violations of the unfair competition law such as ‘fraudulent’ or ‘unlawful’
13 business practices”); see also *id.* at 180 (the UCL “establishes three varieties of unfair competition
14 – acts or practices which are unlawful, or unfair, or fraudulent”). Accordingly, NameCheap’s
15 argument that Solid Host’s claim is insufficient because it is not asserted on behalf of the general
16 public fails. Similarly, its argument respecting the lack of a specific statutory provision on which
17 the claim is based fails. As a result, the court concludes that the complaint states a claim for
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20 ⁶⁵Proposition 64, passed by California voters in 2004, amended the UCL to bar persons
21 from suing as “private attorneys general,” or from suing on behalf of others, absent a showing
22 that they themselves had suffered injury as a result of the allegedly unfair business practice. See
23 CAL. BUS. & PROF. CODE § 17204; *Paulus*, 139 Cal.App.4th at 677 n. 13 (“California’s electorate
24 narrowed the scope of the UCL in 2004 by passing Proposition 64. . . . Proposition 64’s
25 provisions included – by amendment to Business and Professions Code section 17204 – the
26 elimination of the right of a person ‘acting for the interests of itself, its members or the general
27 public’ to bring a UCL suit, changing the language of the statute to read that a person could bring
28 suit only if the person ‘has suffered injury in fact and has lost money or property as a result of
such unfair competition.’ (Ballot Pamp., Gen. Elec. (Nov. 2, 2004) text of Prop. 64, § 3, p.
109”).

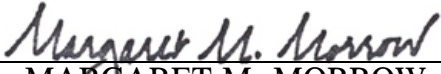
⁶⁶Defendant NameCheap, Inc.’s Reply in Support of Motion to Dismiss Second Amended
Complaint of Solid Host, NL (“Reply”) at 12.

1 violation of the UCL.⁶⁷

2
3 **III. CONCLUSION**

4 For the reasons stated, the court denies NameCheap’s motion to dismiss.

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6 DATED: May 19, 2009

7 
8 MARGARET M. MORROW
9 UNITED STATES DISTRICT JUDGE

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23 ⁶⁷Citing *Norwest Mortgage, Inc. v. Superior Court*, 72 Cal.App.4th 214, 222-23 (1999),
24 NameCheap argues that the UCL does not apply “to claims of non-California residents injured by
25 conduct occurring beyond California’s borders.” See also *Churchill Village, L.L.C. v. General*
26 *Elec. Co.*, 169 F.Supp.2d 1119, 1126 (N.D. Cal. 2000) (“[S]ection 17200 does not support claims
27 by non-California residents where none of the alleged misconduct or injuries occurred in
28 California,” citing *Norwest*, 72 Cal.App.4th at 222). (Reply at 13.) The complaint alleges,
however, that NameCheap’s dba, Whois Guard, which provided the anonymity service to Doe,
conducts its business from California. (Second Amended Complaint, ¶ 7.) Based on the
allegations in the complaint, therefore, the conduct at issue occurred in California.