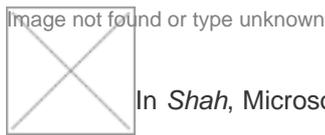




Washington District Court Will Entertain Microsoft's "Novel" Contributory Cybersquatting Claim

01.01.2011

On January 12, 2011, the United States District Court for the Western District of Washington denied a motion to dismiss, among other claims, a claim of contributory cybersquatting asserted by plaintiff Microsoft in *Microsoft v. Shah, et al.*, case No. 2:10-cv-00653-RSM.



In *Shah*, Microsoft alleges that a pair of individuals, Amish P. Shah and Jose A. Rivera, and a pair of companies, Digispace Solutions LLC and yMultimedia LLC, committed acts of trademark infringement and unfair competition, as well as violated the Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) ("ACPA"). Specifically, Microsoft asserts that the defendants not only registered and operated domain names that incorporated Microsoft trademarks, or misspellings thereof, in order to drive traffic to their emoticon e-business, but also induced, or attempted to induce, third parties to do the same. Defendants' websites both "provided instructions" to third parties "for how to misleadingly use Microsoft marks" and supplied software to enable such misuse. These actions, Microsoft argue, give rise to a claim for contributory cybersquatting.

The court was not persuaded by defendants' motion to dismiss the claim, which was based on defendants' assertion that "[n]o court has recognized a cause of action for induced violations of the ACPA" and that prior courts addressing such a claim had concluded that it "would apply, 'if at all, in only exceptional circumstances.'" The court cited to *Ford Motor Co. v. Greatdomains.com*, in which the Eastern District of Michigan, although it ultimately dismissed a similar claim on motion, had "noted that [its analysis of contributory liability], while traditionally applied to trademark infringement, could potentially be applied to allegations of cybersquatting."

One wrinkle, the *Shah* court noted, in applying contributory liability to cybersquatting is that the ACPA "requires a showing of 'bad faith intent,' which is not a requisite element under traditional trademark infringement, unfair competition, or dilution causes of action." The *Ford* court had been forced to dismiss the claim for contributory cybersquatting because the plaintiff could not show bad faith on the part of the alleged contributory infringer, who in that case had "simply provide[d] a marketplace where a trade in domain names [could] take place." By contrast in *Shah*, the defendants "allegedly developed and marketed a method, the sole purpose of which was to allow purchasers to profit from the illicit use of Microsoft marks" and therefore "should have known that [any such] purchasers ? could not have had a legitimate reason for purchasing the method."

The *Shah* court thus concluded that Microsoft's pleading had met the heightened standard required by the ACPA, and accordingly dismissed the defendants' motion to dismiss this claim. The court further concluded that a cause of action for contributory cybersquatting is squarely within the ambit of the ACPA, as the "practice of instructing others on how to engage in cybersquatting runs counter to the purpose" of the statute. To decline to recognize such a cause of action, the court reasoned, would be to "unduly constrain the protections [the ACPA] is meant to afford against cybersquatters."

Related People