No. C10-0116-1

In the
SUPREME COURT OF THE UNITED STATES

RUNAWAY SCRAPE, L.P.,
Petitioners,

v.

CHATNOIR, INC.,
Respondents.

On Writ of Certiorari to the
United States Court Of Appeals for the Fourteenth Circuit

BRIEF FOR PETITIONER

Team 21

ORAL ARGUMENT REQUESTED

QUESTIONS PRESENTED

1. Did Chatnoir intentionally induce infringement of Runaway Scrape's copyright when Chatnoir targeted a special release of a software for use in an environment of known infringing activity?
2. Can Runaway Scrape use a website named "www.aardvarks.com" to sell its song named "Aardvarks" without impairing the distinctiveness of Chatnoir's famous trademarks "Aardvark Lite," "Aardvark Pro," and "Aardvark Media"?

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TABLE OF AUTHORITIES

United States Supreme Court Cases

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The unpublished opinion of the United States District Court for the Northern District of Tejas found in favor of Chatnoir on both counts. The unpublished opinion of the United States Court of Appeals for the Fourteenth Circuit affirmed the decision of the District Court and appears on pages 3 through 20 of the record. *Runaway Scrape, L.P. v. Chatnoir, Inc.*, No. 10-1174 (14th Cir. Oct. 1, 2010).

Jurisdictional Statement

The Supreme Court requirement for a statement of jurisdiction has been waived under Rule 2.2 of the Andrews Kurth Moot Court National Championship 2011 Competition Rules.

Constitutional and Statutory Provisions

The adjudication of this case involves the application of the Trademark Dilution Revision Act, 15 U.S.C. § 1125(c) (2006), the text of which is attached in Appendix A.

Statement of the Case

Runaway Scrape is one of the most popular independent rock bands in the country. (R. 6.) Runaway Scrape is not attached to any major record label, and the band records, licenses, and distributes their own music. *Id.* Since their formation, the band has recorded several albums and enjoyed both considerable and ever growing success. *Id.* Runaway Scrape owns the copyright to all of its songs, videos, and merchandise. *Id.*

Runaway Scrape attributes its success to its marketing strategies. (R. 6.) As part of its marketing strategy, Runaway

Scrape owns a website named "www.aardvarks.com." (R. 7.) The website allows fans to download one of the band's songs, "Aardvarks." *Id.* Based on a band member's childhood pet aardvark, the song has been a longtime part of Runaway Scrape's performance lineup. *Id.* The website also contains a link entitled "Get it the right way," which directs the viewer to the band's official website, where visitors may purchase the band's music and merchandise. *Id.* In addition to its website, the band promotes its songs by posting music videos for viewing on VuToob. *Id*. The videos provided by Runaway Scrape are licensed strictly for use by VuToob. *Id*.

VuToob is a media company, operating a very popular website for sharing user-uploaded videos. (R. 5.) In addition to user-generated videos, VuToob users sometimes upload pirated videos -- videos uploaded without the permission of the copyright holder. *Id*. VuToob attempts to regulate the availability of pirated videos through filtering software that blocks material that is potentially pirated. *Id.* In spite of these efforts, some pirated videos are posted on the site. *Id.* When contacted by the copyright holders, VuToob has a policy and reputation for removing the infringing material. *Id.*

Until recently, videos posted on VuToob could be viewed only as streaming video. *Id.* Videos could not be saved or downloaded for use outside of VuToob. *Id.* A new technology created by Chatnoir, Inc. ("Chatnoir") allows users to strip the video portion of a video, such as those posted on VuToob, and store the audio portion on the user's computer. (R. 4.)

In 2006, Chatnoir originally developed these new features for Aardvark Media.[1] *Id.* Chatnoir is known for its videoconferencing product, Aardvark Media, which allows any user to communicate visually and aurally over the internet with a camera and microphone. (R. 3.) Chatnoir planned to incorporate these new features into its next product, Aardvark Pro. (R. 4.) Before doing so, Chatnoir decided to test these new features through a temporary promotion of a product called Aardvark Lite. *Id.* Aardvark Lite was a free program, designed to work for only a six month period. *Id.* Chatnoir intended to discontinue Aardvark Lite once Aardvark Pro was finally launched. *Id.*

Chatnoir sent emails to its existing customers to promote Aardvark Lite and provided a link to a free download of the software. *Id.* These emails suggested that Aardvark Lite could be used to strip the video and store the sound from VuToob videos on a user's computer as MP3 files. *Id.* Chatnoir also purchased advertising space on various business websites, which contained links to the page to download Aardvark Lite. (R. 6.) Chatnoir further advertised Aardvark Lite through internet search engines, where certain search terms, including "VuToob," "downloads," and "music" would result in an advertisement for Aardvark Lite. *Id.*

Runaway Scrape was worried about the obvious infringing capabilities of Aardvark Lite, even before its release. (R. 6.) The band was concerned the software would be used to infringe on Runaway Scrape's copyright, by users stripping the video portion of their VuToob videos and saving the music as an MP3 audio file. *Id.* Prior

[1] "Aardvark Media" is Chatnoir's federally registered trademark. (R. 3.)

to the release of Aardvark Lite, Runaway Scrape sent three letters requesting Chatnoir to police its use in order to prevent copyright infringement. *Id.* Those letters were sent on November 3, 2006, December 14, 2006, and January 3, 2007. *Id.* Chatnoir never responded to the band's pleas. *Id*.

Chatnoir failed to see infringement as a problem with Aardvark Lite, because it claimed that the VuToob feature was not the "primary purpose" of the software and it was only available for a limited time. *Id.* Further, Chatnoir thought VuToob's policy of policing uploaded videos, eliminated the problem of potential infringement. *Id.* Aardvark Lite became universally available in February 2007, and any user could download it from Chatnoir's company website at www.chatnoir.com. (R. 5.) The website where users could download Aardvark Lite included three statements: (1) instructions for using Aardvark Lite, (2) a disclaimer, reading "please don't use our product for illegal or unethical purposes," and (3) suggested uses for Aardvark Lite, including "make audio recordings of your favorite VuToob videos." (R. 5.)

On February 24, 2007, Runaway Scrape sent a cease and desist letter to Chatnoir. (R. 7.) Runaway Scrape demanded that Chatnoir stop offering Aardvark Lite, informing Chatnoir that an overwhelming amount of its users were using the software for infringement. *Id*. Specifically, Aardvark Lite was being used to make multiple unauthorized copies of Runaway Scrape's songs, from material uploaded on VuToob. *Id.* Chatnoir, again, failed to respond. *Id.* Runaway

Scrape sent a second cease and desist letter on March 24, 2007; again, Chatnoir was unresponsive. *Id.*

On April 15, 2007 and May 1, 2007, Chatnoir sent cease and desist letters to Runaway scrape, asking the band to take down the band's "aardvarks" website, and transfer the domain name to Chatnoir. *Id.* Runaway Scrape filed a suit against Chatnoir for contributory copyright infringement, due to Chatnoir's intentional encouragement of copyright infringement on the band's music by distribution of Aardvark Lite. *Id.* Chatnoir countersued, initially under the Anti-Cybersquatting Consumer Protection Act, which was later removed from the lawsuit and amended to trademark dilution by blurring. (R. 8.) Chatnoir alleged that Runaway Scrape was diluting Chatnoir's trademarks through use of the domain name www.aardvarks.com. *Id.*

During the underlying bench trial, it was uncontested that, overwhelmingly, Aardvark Lite was being used to make unauthorized copies of Runaway Scrape's music from VuToob. *Id.* Roughly seventy percent of all uses of Aardvark Lite are for infringing purposes. *Id.* It is also uncontested that only two percent of the general public when hearing the name "www.aardvarks.com" thought of Chatnoir's marks: Aardvark Media, Aardvark Pro, and Aardvark Lite, according to a survey conducted by Chatnoir. *Id.* Further, only eight percent of Chatnoir's own users responded similarly. *Id.*

In addition, a majority of users were drawn to Aardvark Lite for its ability to strip audio from VuToob's streaming videos. *Id.* Due to this capability, the number of downloads for Aardvark Lite far exceeded the number of anticipated future users of Aardvark Pro. *Id.*

Testimonial evidence showed that when Chatnoir's President learned of Runaway Scrape's cease and desist letters, he laughed and proclaimed:

> Ha! Those fools. A successful release of Aardvark Lite will more than pay for a copyright infringement lawsuit. Heck, a lawsuit brought by a popular band would be great publicity for the success of all Aardvark products. Aardvark Lite is going to provide us with a demographic we never would have reach otherwise!

(R. 9.)

The district court ruled in favor of Chatnoir on both the copyright infringement and trademark dilution claim, entering judgment for Chatnoir and enjoining Runaway Scrape's use of www.aardvarks.com. *Id.* The Fourteenth Circuit affirmed.

SUMMARY OF THE ARGUMENT

The Fourteenth Circuit failed to correctly apply this Court's standard announced in *Grokster*. When properly considering the facts as a whole, Chatnoir intentionally induced copyright infringement by distributing its software, Aardvark Lite. Chatnoir clearly had knowledge of specific acts of infringement, but made no good faith efforts to stem the tide of massive infringement. Chatnoir acknowledged and turned a blind eye to potential infringing use prior to distributing its product. Even after distributing Aardvark Lite, Chatnoir continued to condone infringing use. The primary purpose of Aardvark Lite was to induce infringement, because the VuToob video-stripping capabilities served no legitimate business purpose. Any incidental purpose served by this feature could have been easily accomplished through noninfringing means. Further, this infringing use was central to Chatnoir's business plan. Revenue was generated

almost exclusively by infringing traffic, and the infringing use was the primary method of attracting new customers. By Chatnoir's own admissions, infringing use of its software was meant to generate publicity for the company and drive additional users to Aardvark's products. The marketing efforts of Chatnoir were designed to stimulate potential users to commit violations, as shown by advertising that targeted known infringers and the dissemination of instructions for using its product to commit infringement. When considering these facts in their entirety, the only reasonable conclusion is that Chatnoir intentionally induced copyright infringement by distributing Aardvark Lite, and the Fourteenth Circuit's decision to the contrary is clearly erroneous.

Chatnoir's claim for trademark dilution by blurring, under the Trademark Dilution Revision Act, must also fail. Runaway Scrape's use of "www.aardvarks.com" is not for a source identifying purpose and is not a trademark use, therefore it is not protected under the statute. Even if this Court does find it to be a trademark use, Chatnoir's claim still fails; when the statutory factors for trademark dilution are properly applied and weighed to Runaway Scrape's use of "www.aardvarks.com", it is clear that they do not tend to show a likelihood of harm to Chatnoir's source-identifying power. First, Chatnoir's "aardvark" marks are not distinct as both their conceptual and commercial strength are relatively weak. Second, the marks are readily distinguishable, and not sufficiently similar. Third, Chatnoir has failed to show any more than a *de minimis* association between the marks and the website, as only two percent of the general

public stated that Chatnoir’s software came to mind when presented with Runaway Scrape’s domain name. Finally, there was simply no intent on behalf of Runaway Scrape to appropriate the fame of Chatnoir’s marks. As none of the statutory factors weigh in favor of dilution, the bands use of “aardvarks” is not likely to diminish the ability of Chatnoir to identify its products in the marketplace, and their claim for dilution by blurring fails.

ARGUMENT

I. STANDARD OF REVIEW

Neither party disputes the factual findings in this case. The two questions certified by this Court involve application of law to the undisputed facts. As the Fourteenth Circuit misapplied the law to both issues, this Court should apply *de novo* review. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 105 (2nd Cir. 2009).

II. CHATNOIR IS CONTRIBUTORILY LIABLE FOR THE DIRECT INFRINGEMENT OF RUNAWAY SCRAPE'S COPYRIGHTS

Under the standard announced in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), Chatnoir is liable for contributory infringement and the decision of the Fourteenth Circuit should be reversed. Contributory infringement is a broad concept of secondary liability for copyright infringement. *Grokster*, 545 U.S. at 930. Under this theory of liability, those who contribute to the acts of direct infringement can be held secondarily liable. *Id.* Contributory infringement occurs when a party has reasonable knowledge of the infringing activity and induces, causes, or materially contributes to the infringing conduct of another. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1027 (9th Cir. 2001); *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971). In this case, Chatnoir had reasonable knowledge of the infringing activity and took active steps to induce others to directly infringe copyrighted material.

A. THE STANDARD ANNOUNCED IN GROKSTER OUTLINED A BROAD FRAMEWORK FOR FINDING LIABILITY BASED ON CONTRIBUTORY INFRINGEMENT

Grokster broadened the inducement standard of contributory copyright infringement by shifting the focus toward premising liability on an overall showing of intent. Prior to *Grokster*, lower courts had narrowly applied this Court's holding in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). *Grokster*, 545 U.S. 913, 933. Courts understood *Sony* to mean that distributors of products with infringing uses could never be held contributorily liable where (1) the distributor had no knowledge of a specific infringing use or (2) the product was capable of substantial noninfringing uses. *Id.* at 933-34. This Court rejected that narrow reading of contributory infringement, holding that a party cannot escape liability by showing that a device is capable of noninfringing uses when the circumstances indicate that the party has intentionally induced copyright infringement. *Id.*

Such intent is broadly defined, drawing on well-established common law and patent law principles that infer intentional conduct. *Id.* at 930-31. The common law standard provides that when a party acts with knowledge that infringement is the probable consequence, intent to induce is properly inferred. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1171 (9th Cir. 2007) (citing Restatement (Second) of Torts § 8A (1965)). The patent law standard finds intent to induce when a party takes active steps to encourage direct infringement. 35 U.S.C. § 271(b) (2006); *Grokster* , 545 U.S. at 936. Active steps means that a distributor's conduct shows that it purposely exploited its products infringing capabilities. *Grokster*,

545 U.S. at 936. Where a distributor has knowledge that its device is capable of infringing uses, and where the distributor has done more that merely distribute its product, a court should infer intentional inducement from the complete set of surrounding circumstances. *Id.* at 936, 940 n.13. Chatnoir did more than merely distribute a product with infringing capability and cannot, therefore, escape liability under *Sony's* narrow standard. Instead, the complete set of circumstances, analyzed under *Grokster's* broader standard, shows a clear intent to induce infringement.

B. THE COURTS BELOW FAILED TO CONSIDER THE ENTIRE CIRCUMSTANCES OF CHATNOIR'S KNOWLEDGE AND ACTIVITIES BY NARROWLY APPLING GROKSTER'S SPECIFIC FACTORS

The Fourteenth Circuit misapplied *Grokster's* broad standard of intentional inducement by failing to review the full set of circumstances. In examining evidence of intentional inducement, the requisite intent turns on the totality of the evidence of a particular case. *Grokster*, 545 U.S. at 940 (finding inducement "unmistakable" given the context of the entire record). In *Grokster*, for example, this Court pointed to three factors that demonstrated Grokster's intent to induce infringement: targeting a base of known infringing users with marketing materials; failing to add technology to limit infringing activity while knowing of infringing uses; and positioning the company to profit from substantial infringing uses of its product. *Id.* at 939-40. Using these factors as a backdrop, the District Court on remand looked at a variety of additional evidence showing an unlawful objective to promote infringement: overwhelming amount of actual infringing use; specific design measures to ensure infringing capability; and providing assistance for infringing users. *Metro-*

Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd. (*Grokster II*), 454 F. Supp. 2d 966, 984-92 (C.D. Cal. 2006).

When conducting a similar analysis in the instant case, the totality of evidence shows that Chatnoir intentionally distributed its product to induce copyright infringement. Chatnoir intentionally induced copyright infringement because it had reasonable knowledge that its product would be used for specific infringing activity, and it took active steps to encourage that activity. Aardvark Lite was marketed to users with instructions on how to use the product for infringing purposes. (R. 5.) The company used advertisements targeting its product to users seeking to strip music from VuToob videos. (R. 6.) Chatnoir ignored Runaway Scrape's specific notices that its software would be used to infringe the band's copyright and took no steps to prevent unauthorized audio stripping of the band's videos. (R. 6-7.) Chatnoir's primary purpose for releasing the product was to create publicity and increase its revenue stream based on infringing uses of its software. Had the Fourteenth Circuit properly applied the law by considering the circumstances in total, rather than considering each factor independently, Chatnoir would have been found liable for contributory infringement.

C. CHATNOIR IGNORED SPECIFIC KNOWLEDGE OF DIRECT INFRINGEMENT AND FAILED TO TAKE SIMPLE STEPS TO PREVENT THE INFRINGING ACTIVITY

Chatnoir's reasonable knowledge of specific infringing uses is evinced by the repeated letters from Runaway Scrape, Chatnoir's internal communications, and the staggering scale of infringing use. Intent to induce infringement is inferred when a party acts with reasonable knowledge that those actions will result in infringement.

See Napster, 239 F.3d at 1027. Reasonable knowledge is found where the actor knows or has reason to know that direct infringement will likely result. *See Adobe Sys. Inc. v. Canus Prods.*, Inc., 173 F. Supp. 2d 1044, 1048 (C.D. Cal. 2001); *Casella v. Morris*, 820 F.2d 362, 365 (11th Cir. 1987); *Louis Vuitton S.A. v. Lee*, 875 F.2d 584, 590 (7th Cir. 1989); *In re Aimster Copyright Litigation*, 334 F.3d 643, 650 (7th Cir. 2003). A party cannot claim a lack of knowledge by ignoring overwhelming evidence showing that copyright infringement will result. *Aimster*, 334 F.3d at 650 (stating that "willful blindness is knowledge" of direct infringement); *see also Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 261 (9th Cir. 1996)(ruling there is "no question" that sufficient knowledge alleged where sheriff sent letters to the defendant). The "staggering scale of infringement . . . provides the backdrop against which all of [the defendant's] actions must be assessed." *Grokster II*, 454 F. Supp. 2d at 985. Where infringement is serious and widespread, it is likely that the defendant knows about and condones the acts of infringement. *Mini Maid Servs. Co. v. Maid Brigade Sys. Inc.*, 967 F.2d 1516, 1522 (11th Cir. 1992).

Chatnoir received specific notice that its software would be used to infringe Runaway Scrape's copyright, and it knew that its software would be used extensively for infringing purposes before it distributed its software. Prior to Aardvark Lite's release date, Runaway Scrape sent letters explaining that Aardvark Lite's VuToob feature would be used to infringe the band's copyrighted music uploaded on VuToob. (R. 6.) Chatnoir's internal e-mails acknowledged

the truth in Runaway Scrape's letters, but Chatnoir ignored the warnings and released the product with infringing capability. Once released, Runaway Scrape again informed Chatnoir that its product was being used overwhelmingly for infringing purposes. (R. 7.) Runaway Scrape pointed to specific infringing downloads of the band's material on VuToob. *Id.* Experts from both parties agreed that approximately seventy percent of the uses were infringing. (R. 8.) Given Runaway Scrape's prior warnings, Chatnoir's internal acknowledgement, and the staggering scale of actual infringement, Chatnoir had more than the required reasonable knowledge of infringing acts.

In spite of this knowledge of infringement, Chatnoir made no attempts to mitigate the massive infringement facilitated by Aardvark Lite. Intent to induce infringement is found where a defendant, with knowledge of infringing acts, fails to take meaningful steps to prevent infringement. *Grokster*, 545 U.S. at 939; *Grokster II*, 454 F. Supp. 2d at 989; *Arista Records LLC v. Lime Group LLC*, 715 F. Supp. 2d 481, 512 (S.D.N.Y. 2010). Once evidence of substantial infringing use is shown, the burden shifts to the software provider to show that it attempted to reduce infringement. *Aimster*, 334 F.3d at 653. At a minimum, providers of such software must "make a good faith attempt to mitigate the massive infringement facilitated by its technology." *Grokster II*, 454 F. Supp. 2d at 989.

Chatnoir received notice of inevitable infringement before it released its software. (R. 6.) Even after acknowledging the infringing potential of its software, Chatnoir made no modifications. (R. 7.) After distributing Aardvark Lite, Chatnoir learned of the

staggering levels of actual infringement, specifically Runaway Scrape's music videos. Again, Chatnoir made no modifications. Instead, it relied on VuToob's policy to filter and remove pirated material. VuToob's policy, however, did not prevent using Aardvark Lite to make unauthorized downloads of legally posted material.

At a minimum, Chatnoir could have reduced the rampant infringement with low cost options such as removing the VuToob link from its website, discontinuing advertisements that associate Aardvark Lite with VuToob, or removing the "suggested use" of downloading MP3 audio from VuToob videos. Instead of making a good faith effort to even investigate any of these options, Chatnoir rejected efforts to curb the misuse of its software. In fact, Chatnoir hoped to capitalize on the publicity of a potential copyright infringement law suit. (R. 9.) Together, these facts show an intent to encourage infringing uses. Even after receiving information that Chatnoir's software was being used overwhelmingly for infringing purposes, Chatnoir refused to consider options to curb infringement, in hopes that the infringement and benefits received would continue.

D. CHATNOIR SPECIFICALLY DESIGNED AARDVARK LITE WITH THE PRIMARY PURPOSE OF FACILITATING INFRINGEMENT, UNRELATED TO THE SOFTWARE'S PURPORTED PURPOSE

Chatnoir designed Aardvark Lite with the unnecessary capability to infringe artist's copyrights by downloading stripped audio from VuToob videos. This further demonstrates its unlawful intent. In looking to the actual use of the product, the Fourteenth Circuit failed to consider that audio-stripping from all VuToob videos constitutes copyright infringement. Instead, the court focused its analysis on a limited subset of infringing activity: stripping audio

from “infringing material” that had been uploaded to VuToob without permission of the copyright holder. (R. 5.) But the underlying VuToob content itself need not be pirated to be protected from unauthorized audio-stripping. Copyright protection is provided to all “original works . . . fixed in a tangible medium.” 17 U.S.C. § 102(a) (2006). Copyright protection provides exclusive rights to the author of the work. 17 U.S.C. § 106 (2006). These exclusive rights are a bundle of rights which include the right to duplicate the work and the right to perform the work publically. 17 U.S.C. § 106(1),(4). The right to duplicate a work is separate and distinct from public performance of the work. *Interstate Hotel Co. v. Remick Music Corp.*, 157 F.2d 744, 745 (8th Cir. 1946). Exercising one right does not exhaust the other enumerated rights. *Id*.

In this case, individuals posting home videos, commentary, artistic videos, or official promotional videos on VuToob may have exhausted their right to public performance. However, in making a work available for public viewing on VuToob, authors have not exhausted their exclusive right to duplicate and distribute the work. *See United States v. Am. Soc’y of Composers, Authors, & Publishers*, 485 F. Supp. 2d 438, 444-46 (S.D.N.Y 2007), *aff’d*, 96 U.S.P.Q.2d 1360 (2d Cir. 2010) (holding that streaming videos over the internet constitutes the “public performance” right under 17 U.S.C. § 106(4), which is different from the right to reproducing a digital copy under § 106(1)). Because the right to make and distribute copies has not been exhausted, downloading stripped audio from VuToob videos violates a copyright holder’s exclusive right to reproduce the work. Runaway

Scrape placed some of its music videos on VuToob, and these videos were licensed strictly for viewing on VuToob. (R. 6.) By placing videos on VuToob, the band did not relinquish its exclusive right to reproduce copies. Under this license, users are free to watch a the videos on VuToob, but users are not free to download a copy of the video on their computers. This means that users who download stripped audio, from either legally licensed content or from pirated content, have infringed the band's exclusive right to duplicate their material.

While it is possible to download and strip audio from some VuToob content without infringing a copyright, (R. 11), the mere possibility is not relevant in addressing the issue of that material which does infringe. *Grokster II*, 454 F.Supp.2d at 987 (rejecting the argument that the existence of noninfringing material addresses the issue of infringing material); *see Lime Group*, 715 F. Supp. 2d at 509-10 (determining that evidence of some noninfringing uses was insufficient to overcome the overwhelming evidence of infringing uses). Even though it is possible that Chatnoir's product could be used for legitimate purposes on VuToob, Chatnoir failed to provide any reason for specifically designing and including the VuToob capable audio-stripping download feature in Aardvark Lite. Chatnoir claims that this limited version of its video-conferencing software was only for "testing" purposes, there was simply no legitimate need to include the VuToob feature. This is especially true as the final version of Aardvark Pro would not include the VuToob feature. It becomes clear that the primary purpose of this otherwise unnecessary feature was to

attract users with the ability to circumvent the exclusive license provided to VuToob videos.

E. Chatnoir Encouraged Infringement by Recommending Infringing Uses and Targeting Marketing Towards Users in Search of Infringing-Capable Software

Further demonstrating Chatnoir's intent to induce infringement is its concerted marketing strategy to encourage copyright infringing uses of its software. "The classic instance of inducement is by advertisement or solicitation that broadcasts a message designed to stimulate others to commit violations." *Grokster*, 545 U.S. at 937. An example of a message designed to stimulate violations is an advertisement that recommends an infringing configuration of a product. *E.g.*, *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354, 1362 (Fed. Cir. 2006) (holding that teaching an infringing configuration of a patented technology leads to intentional inducement).

Chatnoir promoted Aardvark Lite's infringing feature in several ways. First, Chatnoir sent e-mails to their existing customers, highlighting the new VuToob capabilities. (R. 5.) Such e-mails were designed to attract Chatnoir's existing customers away from videoconferencing and towards Aardvark Lite's infringing audio-downloading capability. Second, Chatnoir bought ad space on other websites that directed potential customers to Chatnoir's website. (R. 5.) Chatnoir's website encouraged the infringing use of the software to "make audio recordings of your favorite VuToob videos." (R. 6.) The website went on to provide users with step-by-step instructions on how to use the software for this purpose. (R. 6.) By extolling the infringing feature of its software and by providing instructions on

how to use this infringing feature, Chatnoir has broadcast a message designed to stimulate others to commit infringement.

Even though Chatnoir may have included a warning against using Aardvark Lite for "illegal or unethical purposes," such a warning does not disguise Chatnoir's otherwise blatant directions to use its software for infringing purposes. Warning users about infringing content does not necessarily prevent an inference of inducement. *See Grokster*, 545 U.S. at 926; *Lime Group*, 715 F. Supp. 2d at 514. In *Lime Group*, a software company marketed the infringing uses of its software but also included an electronic notice that required a user to select one of two options. 715 F. Supp. 2d at 514. If the user selected "I will not use [the software] for copyright infringement," the user was free to download the software. *Id.* If the user selected "I might use [the software] for copyright infringement," the user was prevented from downloading the software. *Id.* In spite of this extra step, the court found the warnings ineffective at neutralizing an inference of inducement of copyright infringement. *Id.* (*citing Grokster*, 545 U.S. at 962).

Chatnoir provided even less of a warning than the defendant's warning in *Lime Group*, and thus that warning does not absolve them of liability. Chatnoir's meager warning requested: "Please don't use our product for illegal or unethical purposes." (R. 5.) The disclaimer did not prevent downloads of the software to users who intended to use the product for copyright infringing purposes, nor did the warning refer specifically to copyright infringement. As the *Lime Group* warning was insufficient, Chatnoir's warning is also

insufficient to overcome its concerted marketing efforts to encourage infringing uses of its software.

Beyond broadcasting a message encouraging infringing uses, Chatnoir targeted an audience of known infringers by choosing infringement-related words for its internet search engine advertisements. Where a company seeks to attract infringing users, an inference of intentional inducement is proper. *Grokster II*, 454 F. Supp. 2d at 986; *Lime Group*, 715 F. Supp. 2d at 510-11. Advertisements need not expressly solicit infringing users, but any demonstration of an attempt to reach infringing users helps draw an inference of intent. *Grokster II,* 454 F. Supp. 2d at 986. On remand, the District Court rejected Grokster's arguments that an inference of inducement was improper where the company merely sought a "desirable demographic" of users. *Id.* The court reasoned that when the "desirable demographic" shared the characteristic of a proclivity for infringement, an inference of intentional inducement was proper. *Id.; accord. Arista Records LLC v. Usenet.com, Inc.*, 633 F. Supp. 2d 124, 133 (S.D.N.Y.,2009) (discussing how certain popular key words can identify a demographic of infringing users).

Similarly, in *Lime Group*, a software company, Limewire, utilized an online marketing campaign to target its free software to potential infringing users. 715 F. Supp. 2d at 511. The campaign used specific key words that known infringers typically type into various search engines to find software with infringing capability. *Id.* The court held that, by seeking this customer base, Limewire evinced its intent to induce infringement and was therefore liable. *Id.*

Like Limewire, Chatnoir has targeted known infringers by using words that infringers typically type into search engines. The fact that Chatnoir specifically chose the words "VuToob," "downloads," and "music" to advertise Chatnoir's software contradicts its claims that the software was intended for noninfringing videoconferencing purposes. Because VuToob videos are normally licensed exclusively for use on VuToob, this combination of words shows a desire to find users who wish to circumvent VuToob's limited license for streaming videos. By targeting advertisements to users desiring to engage in infringing audio-stripping downloads, Chatnoir intended to satisfy the demand for infringement. No plausible inference may be drawn from Chatnoir's targeted marketing efforts other than that Chatnoir intended to induce infringement.

F. CHATNOIR'S BUSINESS PLAN RELIED ON INFRINGEMENT BY PROFITING FROM ILLEGAL MUSIC DOWNLOADS AND BY REACHING AN EXPANDED CUSTOMER BASE

Chatnoir's business plan relied on infringing activity because it derived profits from VuToob downloads and promoted this feature to attract customers. The Fourteenth Circuit erred by reading *Grokster* as requiring proof that defendant's "entire business model" be based on infringing activity. This reading of *Grokster* is too narrow. Instead, an inference of inducement is bolstered when combined with evidence that a company's business profits from the infringing activity. *Grokster*, 545 U.S. at 926. Intent to induce can be found when some sort of revenue stream is linked to infringing uses. *See Grokster II*, 454 F. Supp. 2d at 988-89 (finding an inference of intent even where only half of the revenue could be traced to infringing use of its software); *Lime Group*, 715 F. Supp. 2d at 512-13.

Additionally, intent to induce can be found when a company exploits infringing uses to increase its customer base. *Cf. Monotype Imaging, Inc. v. Bitstream, Inc.*, 376 F. Supp. 2d. 877, 889 (N.D. Ill. 2005).

Here, direct evidence exists to show that Chatnoir attempted to profit from infringing activity when it tied advertising to infringing activity and increased its customer base by reaching out to infringing users. Initially, Chatnoir obtained a revenue stream from its association with VuToob. (R. 17 n.5.) Like Grokster and Limewire before it, Chatnoir did not charge users to download Aardvark Lite. *Grokster,* 545 U.S. at 926; *Lime Group,* 715 F. Supp. 2d at 512-13. Instead, each time a user was directed by Chatnoir's website to VuToob, Chatnoir would retain a fee. (R. 17.) Through this strategy, Aardvark Lite's commercial success was derived solely from high-volume, infringing use. *See Grokster*, 545 U.S. at 926; *Lime Group*, 715 F. Supp. 2d at 512-13. As the number of infringing users increased, the value of Chatnoir's click-through advertising increased, and Aardvark Lite became more of a commercial success. Aardvark Lite's revenue stream shows a link between Chatnoir's business model and the infringing uses of its software.

Not only does Chatnoir's business model for Aardvark Lite depend on the revenue generated from high volume of illicit use, Chatnoir capitalized Aardvark Lite's infringing capabilities to attract new customers. This is reflected by Chatnoir's marketing efforts, designed to stimulate illicit use and attract illicit users. Expressly acknowledging the publicity benefit of inducing others to commit infringement, Chatnoir's president stated, "[h]eck, a lawsuit

brought by a popular band would be great publicity for the success of all the Aardvark products." (R. 9.) This again mirrors the intent evinced by Grokster before it, whose president called a lawsuit "the best way to get in the new[s]." *Grokster*, 545 U.S. at 925 (internal citations omitted).

Combining all of this evidence, it is clear that Chatnoir expected business revenues, publicity, and customers to increase as a direct result of the infringing capability provided in Aardvark Lite. Even if this does not amount the "entire business model," Chatnoir's deliberate objectives to increase business from infringing activity draws an inference of intentional conduct.

G. HOLDING CHATNOIR LIABLE FOR CONTRIBUTORY INFRINGEMENT BALANCES THE NEEDS OF COPYRIGHT OWNERS WITH THE INCENTIVE TO CREATE NEW TECHNOLOGY

Allowing Chatnoir to knowingly distribute software with infringing capability while at the same time encouraging those infringing uses prevents copyright holders from meaningfully enforcing their copyrights. However, copyright holders cannot meaningfully protect their works when only the actual infringing users may be held liable. In 2008 alone, there were over 80 billion illegal music downloads worldwide. Rosie Swash, *Online Piracy: 95% of Music Downloads Are Illegal*, Guardian (UK), Jan. 17, 2009. Neither the courts, nor independent artists, such as Runaway Scrape, have the capabilities to handle all of these suits. The only way to stem the tide of rampant infringement is to hold the creators of these illicit technologies, such as Chatnoir, contributorily liable for the environment they have created.

Copyright laws are based on promoting creativity by providing protection to authors of creative works. U.S. Const. art I, § 8, cl. 8. The *Grokster* and *Sony* holdings balance the need for copyright protection with the need for a free market for new technologies. *Grokster*, 545 U.S. at 950 (Breyer, J., dissenting). At one end, *Sony* allows creation of new technologies that may have infringing capabilities. *Id.* At the other end, *Grokster* prevents technology creators from exploiting these infringing capabilities. *Id.* at 942 (Ginsburg, J., dissenting). When considering the entire set of circumstances, Chatnoir has exploited its new technology to purposely induce others to infringe. Therefore, Chatnoir cannot escape liability under the standard announced in *Grokster*.

III. USE OF THE WORD *AARDVARKS* AS A DOMAIN NAME DOES NOT IMPAIR THE DISTINCTIVENESS OF CHATNOIR'S MARKS AND THEREFORE DOES NOT CONSTITUTE DILUTION BY BLURRING

Chatnoir cannot meet the standard for dilution by blurring. The mere existence of Runaway Scrape's aardvarks website does not cause harm to the fame of Chatnoir's marks because the type of usage here is not likely to diminish the ability of Chatnoir to identify its products in the marketplace. While the Fourteenth Circuit individually considered the statutory factors, the Court failed to weigh the likelihood of harm to the mark's source-identifying power. When properly weighing the statutory factors, Runaway Scrape's usage of the common word "aardvarks" as part of an internet domain name is not likely to dilute the power of Chatnoir's software marks.

A. Runaway Scrape's Use of the Word "Aardvarks" is Not a Trademark Use

Even though the parties concede that a domain name is a commercial use, Runaway Scrape has not conceded that the domain name represents a trademark use. Famous trademarks do not enjoy an absolute right to prohibit all uses. 15 U.S.C. § 1125(c)(3)(A) (2006). In order to succeed on a claim for dilution, the accused use must be a trademark use. *See* 15 U.S.C. § 1125(c)(2)(B) (defining dilution by blurring as arising from usage of "a mark or trade name" that impairs the famous mark's distinctiveness); *see also Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 266 (4th Cir. 2007) (distinguishing a "trademark use" from a "fair use"). Fair use of a famous mark is allowed, provided it is not being used to identify a product's source. 15 U.S.C. § 1125(c)(3)(A) (excluding "any fair use" that does not serve as a "designation of source for the person's own goods"); *see also* Stacey L. Dogan & Mark A. Lemley, *The Trademark Use Requirement in Dilution Cases*, 24 Santa Clara Computer & High Tech. L.J. 541 (2008).

In this case, Runaway Scrape's use of the word "aardvarks" is not a trademark use. The band does not brand itself under the name "aardvarks," nor does it seek to use "aardvarks" as a source-identifying mark for its goods. Instead, the word "aardvarks" merely corresponds to the title of one of the band's many songs. (R. 7.) The fact that Chatnoir's marks are famous does not require companies to eradicate the word "aardvark" from its products and literature. It only requires companies to avoid creating a source-identifying trademark from the word. *Prestonettes, Inc. v. Coty*, 264 U.S. 359,

368 (1924) (noting that words, once trademarked, do not somehow become "taboo"). Because Runaway Scrape's use of the word "aardvarks" simply describes the band's song title, the use is not a trademark use, and Chatnoir's claim of dilution must fail.

B. STATUTORY FACTORS WEIGH AGAINST A LIKELIHOOD OF BLURRING

Even if Runaway Scrape's website is considered a trademark use, Chatnoir has failed to establish that the usage is likely to harm its famous marks. Dilution by blurring does not occur unless the owner of a famous mark shows a likelihood of harm to the distinctiveness of the mark.[2] 15 U.S.C. § 1125(c)(2)(B); *Miss Universe, L.P., LLLP v. Villegas,* 672 F. Supp. 2d 575, 595 (S.D.N.Y. 2009). Impairing the distinctiveness means that the famous mark will "lose its ability to serve as a unique identifier." *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994). In evaluating the likelihood of such harm, courts consider the distinctiveness of the famous mark, similarities between the marks, exclusivity of use, degree of recognition, evidence of actual association, and intent to create association.[3] 15 U.S.C. § 1125(c)(2)(B)(i)-(vi); *Starbucks Corp.*, 588 F.3d at 109-10 (2nd Cir. 2009). A defendant is liable for dilution only if these factors, when weighed together, show that injury to the mark's distinctiveness is likely to occur. *Haute Diggity Dog*, 507

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[2] The Trademark Dilution Revision Act was enacted in 2006, partially in response to the Court's opinion in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), in which this Court held that a showing of actual harm was required for establishing a claim under the Federal Trademark Dilution Act. The 2006 revision to the Act, instead, requires only a likelihood of harm.

[3] Chatnoir has provided no evidence as to the exclusivity of use of its marks nor as to the degree of recognition of the marks. Thus, those two factors are not discussed.

F.3d at 266. No single statutory factor is dispositive of dilution by blurring and a court may consider "all relevant factors." 15 U.S.C. § 1125(c)(2)(B). Chatnoir's marks are only weakly distinctive, the marks do not possess a strong degree of similarity, Chatnoir's survey evidence shows that an association is unlikely, and Chatnoir failed to provide evidence of Runaway Scrape's intent to unfairly capitalize on Chatnoir's fame. Because these factors do not weigh in Chatnoir's favor, Runaway Scrape's domain registration is unlikely to dilute Chatnoir's famous marks.

1. The Word "Aardvarks " is Not Distinctive When Detached From Its Software Product

While Chatnoir's marks may possess sufficient distinctiveness to provide trademark protection, its overall distinctiveness in the marketplace is weak. Distinctiveness describes the overall strength of the mark. *E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502, 512 (D.C.N.Y 1979). Overall strength is measured by a mark's conceptual strength combined with its commercial strength. *In re Chippendales USA, Inc.*, 622 F.3d 1346, 1353-54 (Fed. Cir. 2010). Conceptual strength involves placing a mark in a range from weak to strong when considering the type of goods on which the mark is placed. *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1033 (9th Cir. 2010) (*citing Abercrombie & Fitch Co. v. Hunting World*, Inc., 537 F.2d 4, 9 (2nd Cir. 1976)).

When measuring conceptual strength in the context of dilution, the mark must be distinctive even when separated from the products with which the mark is associated and remain distinctive in "almost any context." *Id.* Admittedly, the mark "Aardvark Lite" may be

distinctive when used to identify a software product. However, standing alone, the generic word "aardvark" loses is conceptual strength. *See* Restatement (Third) of Unfair Competition § 25, cmt. e (1995) ("A mark that evokes an association with a specific source only when used in connection with the particular goods or services that it identifies is ordinarily not sufficiently distinctive to be protected against dilution."). Therefore, the mark's conceptual strength is low.

Not only is Chatnoir's mark conceptually weak when disassociated with its software products, it is also commercially weak. Commercial strength refers to the mark's actual marketplace recognition. *Fortune Dynamic,* 618 F.3d at 1034. Where actual market recognition is low, the mark's strength is diminished. *Frank Brunckhorst Co. v. G. Heileman Brewing Co.*, 875 F. Supp. 966, 976 (E.D.N.Y. 1994) ("A finding that a mark is inherently distinctive does not guarantee a determination that the mark is a strong one, since inherent distinctiveness does not guarantee distinctiveness in the marketplace."). When considering the scant evidence of commercial strength, it is apparent that Chatnoir's marks are weak. Only eight percent of Chatnoir's current customers and only two percent of the general public associated the internet domain "aardvarks" with Chatnoir's software products. (R. 8.) This miniscule percentage clearly shows that in the marketplace Chatnoir's marks are commercially weak. Therefore, Chatnoir's overall distinctiveness is relatively low, as its marks are both commercially and conceptually weak. This factor weighs against a finding of dilution.

In rendering its opinion, the Fourteenth Circuit failed to analyze the degree of distinctiveness of Chatnoir's marks. Even though Runaway Scrape has conceded that Chatnoir's marks are distinctive as a threshold matter for trademark protection, (R. 13), the court should have considered the strength of this distinctiveness. In the dilution context, failure to consider the strength of a famous mark is reversible error. *Perfumebay.com v. eBay, Inc.*, 506 F.3d 1165, 1181 (9th Cir. 2007). The strength required to support a dilution claim is much higher than it is for other types of trademark infringement. *Toro Co. v. ToroHead Inc.*, 61 U.S.P.Q.2d 1164, 1170 (T.T.A.B. 2002). Where a mark is less distinctive, it receives less protection. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999). The Court erred in failing to consider the degree of strength or weakness of Chatnoir's marks; as such the Fourteenth Circuit's decision should be reversed.

2. Substantial Differences Between Chatnoir's Marks and "www.aardvarks.com" Show that Dilution is Unlikely

The internet domain named "aardvarks" is not similar to Chatnoir's multiword trademarks. In evaluating the similarity of the marks in the dilution context, the test for similarity is a stringent one. *Thane Int'l v. Trek Bicycle Corp.*, 305 F.3d 894, 906 (9th Cir. 2002). When measuring similarity, the marks must be more than just "confusingly similar"; they must be "essentially the same." *Toro*, 61 U.S.P.Q.2d at 1183 (finding dilution unlikely where "ToroMR" was not essentially the same as "Toro"); *7-Eleven, Inc. V. Lawrence I. Wechsler*, 83 U.S.P.Q.2d 1715 (T.T.A.B. 2007) (finding dilution unlikely where "Gulp" lacked sufficient similarity to the mark

"Gulpy"). A viable claim of dilution occurs where the marks are identical or nearly identical. *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1011 (9th Cir. 2004). Where marks are not identical, it is less likely the accused use will lead to dilution and the court should weigh the similarities. *See AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 806 (6th Cir. 2004); *Miss Universe,* 672 F. Supp. 2d at 593 ("[Courts] must now weigh the *degree* of similarity."). Here, the marks are not identical and the court failed to weigh the degree of similarity when comparing the website to Chatnoir's marks.

In evaluating the degree of similarity, Runaway Scrape's marks are only weakly similar to Chatnoir's marks. Similarities are viewed in the context of how the marks are perceived by the public. *Sensient Tech. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 764 (8th Cir. 2010). This perception includes the sight, sound, and meaning of the words, and how customers encounter the products in the marketplace. *Id*. (finding that, although they had similar dominant words, "SensoryEffect Flavor Systems" and "Sensient Flavors" were not similar because they had significant visual difference); *Everest Capital Ltd. v. Everest Funds Management, LLC*, 393 F.3d 755, 761 (8th Cir. 2005) (finding that even though both marks used "Everest, that word is part of a longer product names that employ different fonts and graphics"); *A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 218 (3d Cir. 2000) (finding that "Miraclesuit" and "The Miracle Bra" were sufficiently different in sight and sound). Mere popularity does not factor into the analysis of similarity. In this case, the Fourteenth Circuit improperly considered the publicity created by the

lawsuit as a factor for determining similarity. (R. 14.) A proper analysis of similarity shows that the marks are dissimilar in their visual appearance and spoken cadence. Each of the marks "Aardvark Pro," "Aardvark Lite," and "Aardvark Media" are three-syllable combinations of two distinct words. These two-word, three-syllable combinations create an anticipation that an essential word will follow "aardvark." The terms "Lite," "Pro," and "Media" are often used to identify a type of software product. Without these additional words to help contextualize a specific software product, the word "aardvarks" has no independent software-related meaning. Thus, from the point of view of a typical software consumer, the word "aardvarks" is not essentially the same as "Aardvark Lite."

Furthermore, the marks become even less similar when considering the commercial context in which they are used. In the context of a domain name, users generally understand the domain name to identify the source of the products -- not the products themselves. *See Visa Int'l Serv. Ass'n v. JSL Corp.*, 610 F.3d 1088, 1091 (9th Cir. 2010) (describing a domain name as identifying the source of the products as well as the name of the consumer product). In *Visa Int'l*, the word "visa" was the product name, the domain name, and the name of the source of the product. *Id.* at 1089. The continuity of trademark, source, and domain were important factors in finding similarity amid minor variations in the word "visa." *Id.* Here, reliance on *Visa Int'l* is misplaced. The word "aardvark" is unrelated to the named source of the products: Chatnoir. Moreover, Chatnoir already owns a website identifying the source of its software at www.chatnoir.com.

Without the synergy of product name and company name, the internet domain context does not provide the same level of continuity as was found in *Visa*. When Chatnoir's marks are considered in light of their use in the marketplace, "Aardvark Lite," "Aardvark Pro," and "Aardvark Media" are readily distinguishable from "www.aardvarks.com." As such, this factor weighs against a finding of trademark dilution.

3. Chatnoir's Evidence of Association Only Supports a Conclusion that Dilution is Unlikely

Chatnoir has failed to produce sufficient evidence of association between Runaway Scrape's songs and Chatnoir's software. Where a low degree of similarity exists, a greater amount of evidence of association is required. *Cf. Carefirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263 (4th Cir. 2006) (finding no dilution where the marks were not sufficiently similar despite some evidence of actual association was presented). Even where survey evidence shows that some association occurs, survey evidence alone is insufficient to establish a presumption of dilution. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.,* 454 F.3d 108, 118-19 (2d Cir. 2006) ("The fact that consumers mentally associate the junior mark with the famous mark, at least where the marks . . . are not identical, will not establish actionable dilution."). In producing evidence to show actual association, the evidence must be more than *de minimis* associations in an isolated context. *See Miss Universe*, 672 F.Supp.2d at 594-95. *(*rejecting the isolated evidence as falling short of the 30.5% association found in *Starbucks*, 588 F.3d at 109). Several commentators have noted that survey evidence should reflect at least twenty percent of consumers making the mental connection between the

marks to be actionable for a claim of dilution. *See, e.g.*, Xuan-Thao N. Nguyen, *The New Wild West: Measuring and Proving Fame Under the Federal Trademark Dilution Act*, 63 Alb. L. Rev. 201, 237 (1999) ("To establish proof of dilution, survey evidence must meet a minimum threshold of at least 20% of respondents making the mental association between the famous mark and the junior mark.").

Chatnoir has only shown isolated evidence, and the evidence amounts to nothing more than a *de minimis* association. Only eight percent of consumers familiar with Chatnoir's software products where reminded of Chatnoir's software when presented with the "aardvarks" web address. (R. 8.) And only two percent of the general public brought Chatnoir's software to mind. *Id.* These percentages are significantly low. Chatnoir has provided no other evidence of association. The "aardvarks" website did not contain any contextual references that might relate the band's music to Chatnoir's video conferencing software. Instead, the website only displayed one link to a downloadable song and a second link to Runaway Scrape's music and merchandise website. (R. 7.) Because Chatnoir has demonstrated only an insignificant association between "www.aardvarks.com" and Chatnoir's software, even among its own customers, it is unlikely that this usage will impair the distinctiveness of Chatnoir's marks. The evidence supports the conclusion that dilution is unlikely to occur.

4. Runaway Scrape Did Not Intend to Ride on the Coattails of Chatnoir's Fame When the Band Created A New Song

Runaway Scrape's usage of the word "aardvark" in a domain name was not an intentional attempt to usurp the fame embedded in Chatnoir's marks. The purpose of the anti-dilution statute is to

prohibit users from taking unfair advantage of another's trademark investments and fame. *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 (8th Cir. 1984). This does not prohibit commentary, comparisons, or parodies, even when intentionally referencing another's trademark. *See* 15 U.S.C. § 1125(c)(3)(A)(ii); *Haute Diggity Dog*, 507 F.3d at 260. Accordingly, consideration of intent under the statute focuses on intentionally free-riding on the success of another's trademark. 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:119 (4th ed. 2010). Evidence is limited to that which shows an intent to appropriate the fame of the already established mark. *Starbucks*, 588 F.3d at 109-10; *see Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the H. Comm. of the Judiciary*, 109th Cong. (2005) (testimony of Anne Gundelfinger, President, International Trademark Association). Here, Runaway Scrape had no intent to capitalize on Chatnoir's mark. The band simply created a website that was named after one of the band's original songs. (R. 7.) There is nothing in the record to suggest that the band created its website in order to unfairly benefit from the fame of Chatnoir's software label.

In evaluating intent, the Fourteenth Circuit incorrectly focused on Runaway Scrape's reference to its dispute with Chatnoir. Runaway Scrape's reference to "Get it the right way" was not an association with Chatnoir's trademarks; it was merely a reference to illegal music downloads. While the reference may be interpreted as a commentary about the present dispute, this type of intentional use is excluded under the statute. 15 U.S.C. § 1125(c)(3). Commentary alone does not show any intent to free-ride on Chatnoir's trademark fame. Runaway

Scrape had a legitimate reason to name the website, and the tacit reference to illegal downloads is permissive commentary. Thus, this dilution factor weighs against a likelihood of blurring.

In sum, Chatnoir's claim for dilution must fail because Runaway Scrape's use of "aardvarks" is not for source identifying purposes and is not a trademark use. Even assuming this Court finds it to be a trademark use, Chatnoir's claim still fails, because when the statutory factors for trademark dilution are properly applied and weighed to Runaway Scrape's use of "www.aardvarks.com," it is clear that they do not tend to show a likelihood of harm to Chatnoir's source-identifying power.

IV. CONCLUSION

Wherefore, Runaway Scrape respectfully request that this Court reverse the decision of the Fourteenth Circuit and find that Chatnoir intentionally induced infringement of Runaway Scrape's copyright, and that Runaway Scrape's use of the domain name "www.aardvarks.com" is not likely to dilute Chatnoir's trademark by blurring.

Respectfully submitted,

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Team 21, Counsel for Petitioners

APPENDIX A: STATUTORY PROVISIONS

15 U.S.C. § 1125(c) (2006)

Dilution by blurring; dilution by tarnishment

(1) Injunctive relief
Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions
(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:
(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
(iii) The extent of actual recognition of the mark.
(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:
(i) The degree of similarity between the mark or trade name and the famous mark.
(ii) The degree of inherent or acquired distinctiveness of the famous mark.
(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
(iv) The degree of recognition of the famous mark.
(v) Whether the user of the mark or trade name intended to create an association with the famous mark.
(vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof

In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that--

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies

In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity if--

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006; and

(B) in a claim arising under this subsection--

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action
The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that--

(A)
(i) is brought by another person under the common law or a statute of a State; and
(ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

(B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) Savings clause
Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.