
No. C10-0116-1

IN THE
SUPREME COURT OF THE UNITED STATES
October Term 2010

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 RESPONDENTS

Team #35
Counsel for Respondents

QUESTIONS PRESENTED

- I. Under the Grokster standard of secondary liability, a company intentionally induces copyright infringement when it promotes its products for infringing use by clear expression or affirmative steps. Although Chatnoir understood that its Aardvark teleconferencing software could be used to infringe, it intended and promoted its software for lawful use. If users nevertheless abuse the software, is Chatnoir secondarily liable?

- II. The Trademark Dilution Revision Act protects a famous and distinctive trademark from secondary marks that are likely to impair the famous mark's distinctiveness. Runaway Scrape created and used the domain name "www.aardvarks.com" to promote its music and merchandise during a public dispute with Aardvark technology. Is the use of "www.aardvarks.com" likely to dilute Chatnoir's famous and distinctive Aardvark trademarks by blurring?

TABLE OF CONTENTS

	<u>Page</u>
QUESTIONS PRESENTED.....	i
TABLE OF CONTENTS.....	ii
TABLE OF AUTHORITIES.....	iv
OPINIONS BELOW.....	1
CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED.....	1
STATEMENT OF THE CASE.....	1
SUMMARY OF THE ARGUMENT.....	7
ARGUMENT.....	9
I. CHATNOIR DID NOT INTENTIONALLY INDUCE OR ENCOURAGE USERS TO INFRINGE BY CLEAR EXPRESSION OR AFFIRMATIVE STEPS UNDER THE <u>GROKSTER</u> FRAMEWORK.....	9
A. Aardvark Lite Users Were Not Intentionally Induced To Infringe Runaway Scrape's Copyrights.....	11
1. Chatnoir's Business Model Does Not Rely On Copyright Infringement.....	12
2. Chatnoir's Lack of Filtering Technology Is In Good Faith And Does Not Underscore An Intention To Promote Infringement.....	13
3. Chatnoir Did Not Gear Aardvark Technology Towards Satisfying A Market Of Known Infringers.....	16
B. If This Court Holds That Chatnoir Can Be Held Secondarily Liable, There Will Be A Mass Chilling Effect On Entrepreneurial Innovation And Promotion.....	18
1. <u>Sony</u> Establishes A Realm Of Conduct That Companies Can Safely Imitate Without Incurring Secondary Liability.....	19
2. Chatnoir's Promotion Of Aardvark Lite Parallels The Facts Of <u>Sony</u>	19
3. Holding That Chatnoir Can Be Held Secondarily Liable Will Undermine <u>Sony</u> And Chill Technological Innovation And Promotion.....	21

II.	RUNAWAY SCRAPE'S RETALIATORY CREATION AND USE OF THE DOMAIN NAME "WWW.AARDVARKS.COM" TO PROMOTE ITS MUSIC AND MERCHANDISE DILUTES CHATNOIR'S AARDVARK TRADEMARKS BY BLURRING IN VIOLATION OF THE TRADEMARK DILUTION REVISION ACT.....	22
A.	Congress Places Special Emphasis On Protecting Company Trademarks, The Embodiments of Goodwill.....	24
B.	Using Domain Names In Commerce Is Particularly Likely to Dilute Famous and Distinctive Marks.....	25
C.	Using The Domain Name "www.aardvarks.com" Is Likely To Dilute The Aardvark Trademarks By Blurring.....	27
1.	The Aardvark Trademarks Are Inherently And Strongly Distinctive.....	28
2.	The Aardvark Trademarks And The Domain Name "www.aardvarks.com" Are Effectively Identical.....	29
3.	Runaway Scrape Created And Used "www.aardvarks.com" To Retaliate Against Chatnoir And To Profit From The Ensuing Publicity By Associating Runaway Scrape With Chatnoir's Aardvark Trademarks.....	32
4.	The General Public Already Associates The Aardvark Trademarks With "www.aardvarks.com.".....	34
	CONCLUSION.....	35
	APPENDIX "A".....	36

TABLE OF AUTHORITIES

	<u>Page</u>
 CONSTITUTIONAL PROVISIONS	
U.S. Const. art. I, § 8, cl. 8.....	1, 21
 UNITED STATES SUPREME COURT CASES	
<u>Inwood Labs., Inc. v. Ives Labs., Inc.,</u> 456 U.S. 844 (1982).....	28
<u>Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.,</u> 545 U.S. 913 (2005).....	passim
<u>Moseley v. V Secret Catalogue, Inc.,</u> 537 U.S. 418 (2003).....	24, 25
<u>Sony Corp. of America v. Universal City Studios, Inc.,</u> 464 U.S. 417 (1984).....	passim
<u>Two Pesos, Inc. v. Taco Cabana, Inc.,</u> 505 U.S. 763 (1992).....	28
<u>U.S. v. Paramount Pictures, Inc.,</u> 334 U.S. 131 (1948).....	21
<u>Wal-Mart Stores, Inc. v. Samara Bros.,</u> 529 U.S. 205 (2000).....	28
 UNITED STATES COURTS OF APPEALS CASES	
<u>CareFirst of Md., Inc. v. First Care, P.C.,</u> 434 F.3d 263 (4th Cir. 2006).....	34
<u>Jada Toys, Inc. v. Mattel, Inc.,</u> 518 F.3d 628 (9th Cir. 2008).....	29
<u>Marshak v. Green,</u> 746 F.2d 927 (2d Cir. 1984).....	24
<u>Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.,</u> 875 F.2d 1026 (2d Cir. 1989).....	27
<u>Nutri/System, Inc. v. Con-Stan Indus., Inc.,</u> 809 F.2d 601 (9th Cir. 1987).....	28
<u>Panavision Int’l, L.P. v. Toeppen,</u> 141 F.3d 1316 (9th Cir. 1998).....	26
<u>Perfect 10, Inc. v. Amazon.com, Inc.</u>	

508 F.3d 1146 (9th Cir. 2007).....	9, 14, 15
<u>Premier Dental Prods. Co. v. Darby Dental Supply Co.</u>	
794 F.2d 850 (3d Cir. 1986).....	24
<u>Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.,</u>	
588 F.3d 97 (2d Cir. 2009).....	27, 29, 31, 32
<u>Sugar Busters LLC v. Brennnan,</u>	
177 F.3d 258 (5th Cir. 1999).....	24
<u>Tiffany Inc. v. eBay Inc.,</u>	
600 F.3d 93 (2d Cir. 2010).....	22
<u>Visa Int’l Serv. Ass’n v JSL Corp.,</u>	
610 F.3d 1088 (9th Cir. 2010).....	23, 29, 30

UNITED STATES DISTRICT COURT CASES

<u>Arista Records LLC v. Lime Group LLC,</u>	
2010 WL 2291485 (S.D.N.Y. May 25, 2010).....	14, 17
<u>Arista Records LLC v. Usenet.com, Inc.,</u>	
633 F. Supp. 2d 124 (S.D.N.Y. 2009).....	15
<u>Cardservice Int’l v. McGee,</u>	
950 F. Supp. 737 (E.D. Va. 1997).....	26
<u>Columbia Pictures Indus., Inc. v. Fung,</u>	
2009 WL 6355911 (C.D. Cal. Dec. 21, 2009).....	17
<u>Eli Lilly and Co. v. Natural Answers, Inc.,</u>	
86 F. Supp. 2d 834 (S.D. Ind. 2000).....	29
<u>McNeil Consumer Brands, Inc. v. U.S. Dentek Corp.,</u>	
116 F. Supp. 2d 604 (E.D. Penn. 2000).....	29
<u>Pharmacia Corp. v. Alcon Labs., Inc.,</u>	
201 F. Supp. 2d 335 (D.N.J. 2002).....	35
<u>Planned Parenthood Fed’n of Am., Inc. v. Bucci,</u>	
1997 WL 133313 (S.D.N.Y. Mar. 24, 1997).....	26
<u>Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc.,</u>	
161 F. Supp. 2d 1339 (S.D. Fla. 2001).....	25

STATUTORY PROVISIONS

15 U.S.C. § 1060 (2002).....	24
15 U.S.C. § 1125(c) (2006).....	passim

15 U.S.C. § 1125(d) (2006)	25
----------------------------------	----

LEGISLATIVE MATERIALS

141 Cong. Rec. § 19312-01 (Dec. 29, 1995)	25, 26
H.R. Rep. No. 2222, 60th Cong., 2d Sess. 7 (1909) (not reprinted)...	21
H.R. Rep. No. 104-374 (daily ed. Dec. 29, 1995) <u>as reprinted in</u> 1995 U.S.C.C.A.N. 1029	23

OTHER

2 McCarthy on Trademarks and Unfair Competition § 11:87 (4th ed. 2010)	29
Beebe Barton, <u>Intellectual Property Law and the Sumptuary Code,</u> 123 Harv. L. Rev. 809 (2010)	23
Brief for Grokster, Ltd. in Opposition to Petition for Certiorari, 2004 WL 2569692 (U.S. Nov. 08, 2004)	18
Frank Schechter, <u>Rational Basis of Trademark Protection,</u> 40 Harv. L. Rev. 813 (1927)	23
Peter Menell & David Nimmer, <u>Legal Realism in Action: Indirect Copyright Liability's</u> <u>Continuing Tort Framework and Sony's De Facto Demise,</u> 55 UCLA L. Rev. 143 (Oct. 2007)	18
U.S. Census Bureau Population Estimates, http://www.census.gov/popest/states/NST-ann-est2007.html	34

OPINIONS BELOW

The opinion of the United States District Court for the Northern District of Texas is unreported. The opinion of the United States Court of Appeals for the Fourteenth Circuit appears in the record at pages 3-20, and is pending publication in the Federal Reporter.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

United States Constitution, Article 1, Section 8, Clause 8

[Congress shall have the Power] to Promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

15 U.S.C. § 1125(c) (2006): Reproduced in Appendix "A"

STATEMENT OF THE CASE

Aardvark technology allows consumers to conduct real-time conferences over the internet using only a camera and a microphone.¹ (R. 3.) Recently, Chatnoir, Inc. ("Chatnoir") - the creators of Aardvark - publically advertised and tested two additional features: the ability to strip a teleconference of its video, and to archive the audio portion. (R. 4.)

Although Chatnoir requested that consumers not use Aardvark technology for illegal purposes, some abused the technology to create illegal MP3s of music videos. (R. 5, 8.) The rock band Runaway Scrape, L.P. ("Runaway Scrape") responded by creating a website with the domain name "www.aardvarks.com" before eventually suing Chatnoir for the third-party infringement. (R. 7.) This website contains a

¹ Aardvark technology refers collectively to "Aardvark Media," "Aardvark Lite," and "Aardvark Pro."

link diverting users to the official Runaway Scrape website. (R. 7.)
Now, Chatnoir seeks to protect its Aardvark trademarks from dilution
by blurring. (R. 7.)

Aardvark: The Future of Teleconferencing

Chatnoir is an electronics and communications company based in
New Jack City, Tejas. (R. 3.) Since its founding in 1997, Chatnoir
has proven itself to be a leading innovator in communications software
and hardware, especially in the area of teleconferencing. (R. 3.)

In 2003, Chatnoir released Aardvark Media, one of its best-
selling products. (R. 3-4.) Aardvark Media is a videoconferencing
software that allows users with a camera and a microphone to
communicate with others over the internet. (R. 3.) Businesses across
the nation praise Aardvark technology for its high quality,
affordability, and ability to connect users. (R. 3-4.)

But no product is perfect in its first release. (R. 4.)
Customers reported that although Aardvark Media worked well in areas
with ample bandwidth, it slowed down or malfunctioned in more remote
areas. (R. 4.) Customers also requested that Aardvark Media have the
ability to archive teleconferences for future use and review. (R. 4.)

Taking this feedback to heart, Chatnoir created two additional
features for Aardvark technology. (R. 4.) First, Chatnoir developed
a method to allow users to strip the video of teleconferences and
stream only live audio. (R. 4.) This feature allows users with
slower internet connections to participate in teleconferences without
restricting the session. (R. 4.) Second, Chatnoir created a
mechanism which allows the audio portions of a teleconference to be

stored on a computer as an MP3. (R. 4.)

The Release of Aardvark Lite

Before including these new features in the release of Aardvark Pro, Chatnoir decided to test them publicly. (R. 4.) Thus Aardvark Lite was born: a software incorporating both improvements. (R. 4.) In February 2007, Chatnoir made Aardvark Lite available to the world on its company website, "www.chatnoir.com."² (R. 5.) Once downloaded, Aardvark Lite only functioned for six months - enough time for consumers to become familiar with the software, and more importantly, notice and report any malfunctions or bugs. (R. 4.)

Naturally, Chatnoir promoted the new Aardvark technology. (R. 5-6.) Current Chatnoir customers were sent e-mails about the latest Aardvark advancements. (R. 5.) These e-mails described the various uses of Aardvark Lite, such as the ability to conduct teleconferences in remote areas, the ability to store the audio portion of legally uploaded VuToob videos, and the much-anticipated ability to archive a videoconference.³ (R. 5-6.) Chatnoir also purchased advertising on internet search engines so that certain search terms would direct users to Aardvark Lite.⁴ (R. 6.) Finally, Chatnoir purchased advertising space on various business web pages. (R. 6.)

Understanding that some users might abuse the technology by

² Chatnoir's website contains advertising coming from and maintained by VuToob's parent company, Poodle Corporation. (R. 5, 17.) When a user clicks on an ad, Chatnoir gets a fraction of a cent. (R. 17.) Runaway Scrape also takes advantage of this advertising. (R. 17.)

³ VuToob is an internet media company that allows people to upload their home videos for the world to view. (R. 5.)

⁴ Some of the many search terms implemented were "VuToob," "downloads," and "music." (R. 6.)

archiving illegally uploaded VuToob videos, Chatnoir considered creating and implementing filtering technology to detect possible copyright infringement. (R. 7, 11.) Chatnoir vetoed this option for three reasons. (R. 7.) First, Aardvark Lite only functioned for a limited time. (R. 7.) Second, VuToob already had (and still boasts) a strong reputation for filtering material before it is uploaded and removing offending videos which bypass the filtering system. (R. 7.) Finally, the primary purpose of Aardvark technology is to conduct teleconferences. (R. 7.)

Still, Chatnoir took precautions to combat the possibility of abuse. (R. 5.) On the web page where Aardvark Lite is downloaded, Chatnoir listed instructions for conducting teleconferences and suggested uses for Aardvark technology. (R. 6.) While recognizing that Aardvark Lite could be used to make audio recordings of VuToob videos, Chatnoir posted a clear disclaimer: "please don't use our product for illegal or unethical purposes." (R. 5.)

Runaway Scrape Takes Action

After Aardvark Lite was made available to the public, Runaway Scrape sent Chatnoir two cease and desist letters complaining that users of Aardvark technology were making unauthorized MP3s of Runaway Scrape's music.⁵ (R. 7.) Runaway Scrape demanded that Chatnoir discontinue offering Aardvark Lite to users. (R. 7.)

Upon learning of Runaway Scrape's demand, the President and CEO of Chatnoir privately noted to his girlfriend that Chatnoir could

⁵ Surprisingly, roughly 70% of Aardvark Lite users abused the technology for infringing purposes. (R. 8.) Chatnoir was shocked to learn of this number. (R. 8.)

easily survive a copyright infringement lawsuit, and a lawsuit would merely bring more publicity to Aardvark technology.⁶ (R. 9.) Chatnoir continued to allow customers to test its new software. (R. 9.) Almost immediately, Runaway Scrape made its complaint against Aardvark technology public. (R. 7, 14.)

On April 10, 2007, Runaway Scrape created a website with the registered domain name "www.aardvarks.com." (R. 7.) Runaway Scrape concedes this is a mark in commerce. (R. 13.) There, users can download a single song titled "Aardvarks." (R. 7.) This song has never been included in any of Runaway Scrape's albums. (R. 7.) Also, Runaway Scrape cannot show that it has ever promoted the song before the creation of "www.aardvarks.com." (R. 7.) Despite this, the band alleges the 17-minute song has been performed live. (R. 7, 19.)

The "www.aardvarks.com" web page also contains a solitary link diverting users to Runaway Scrape's official website. (R. 7.) Once there, users can purchase the band's music and merchandise. (R. 7.) The link simply reads: "Get it the right way." (R. 7.) No evidence on the record suggests that Runaway Scrape has ever promoted its songs or merchandise in a similar manner. (R. 7.)

"Aardvark Media" has been a federally registered trademark since 2003. (R. 3.) Runaway Scrape concedes that the Aardvark trademarks are both distinctive and famous. (R. 13.) In fact, uncontested survey evidence shows that 2% of United States citizens, and 8% of Chatnoir's current customers, think about Aardvark technology when

⁶ This commentary was in fact recorded and played for the trial court using Aardvark technology. (R. 9.)

confronted with the domain name "www.aardvarks.com." (R. 8.)

Procedural History

Shortly after the creation of "www.aardvarks.com," Chatnoir sent two cease and desist letters to Runaway Scrape, asking that the website be taken down or transferred to Chatnoir. (R. 7.) Rather than complying, Runaway Scrape sued Chatnoir, alleging contributory copyright infringement. (R. 7-8.) Chatnoir responded with a countersuit, claiming the domain name "www.aardvarks.com" dilutes the Aardvark trademarks by blurring. (R. 8.)

After a bench trial, the United States District Court for the Northern District of Texas ("district court") issued an opinion and order in favor of Chatnoir on both issues. (R. 9.) The district court enjoined Runaway Scrape from using the "www.aardvarks.com" domain name. (R. 9.) Runaway Scrape appealed to the United States Court of Appeals for the Fourteenth Circuit ("Fourteenth Circuit"). (R. 9.) The Fourteenth Circuit affirmed. (R. 3.)

On the copyright issue, the Fourteenth Circuit examined the three features of evidence articulated by Grokster concerning secondary liability for third-party copyright infringement. (R. 9.) Applying these features, the district court held that Chatnoir's internal communications, advertising efforts, lack of filtering technology, and business model did not suggest Chatnoir was actively encouraging copyright infringement. (R. 9-10.)

The court then applied several factors under the Trademark Dilution Revision Act ("TDRA"), and held that Runaway Scrape's domain name, "www.aardvarks.com," is likely to dilute Chatnoir's Aardvark

marks. (R. 15.) The court emphasized the similarity of the marks, Runaway Scrape's ill intent in establishing the site, and the actual associations consumers have already drawn between "www.aardvarks.com" and Chatnoir's Aardvark marks. (R. 14-15.)

Judge Armitage dissented. (R. 15.)

SUMMARY OF THE ARGUMENT

I. The Fourteenth Circuit correctly applied Grokster in affirming the district court's holding. Chatnoir should not be secondarily liable when its customers use Aardvark Lite to create illegal MP3s. Businesses across the nation have long relied on the holding in Sony, upheld by Grokster, to define a realm of advertising they can safely stay within to avoid secondary liability. Chatnoir's actions fall directly within the boundaries of Sony, and pale in comparison to the egregious behavior of the Grokster defendants.

The evidence suggesting secondary liability in Grokster is conspicuously absent in this case. Chatnoir never sent a message, impliedly or otherwise, that Aardvark Lite was intended to infringe copyrights. Chatnoir did not try to foster an environment for infringers when it chose not to employ filtering technology. And Chatnoir's business model does not rely on infringement.

A ruling against Chatnoir on this issue would eviscerate the very essence of Sony, which companies have relied on Sony for the past 26 years. Such a drastic change in copyright law would not only result in countless companies becoming vulnerable to copyright suits, but it would chill innovators from creating and promoting multi-use products.

II. The Fourteenth Circuit also correctly upheld the district court's

ruling that Runaway Scrape's retributive use of the domain name "www.aardvarks.com" is likely to dilute Chatnoir's famous and distinctive Aardvark trademarks.

In today's electronic age, companies rely on their distinctive names and marks to survive. Chatnoir has invested considerable time and energy fostering goodwill in Aardvark technology. By selling useful and high-quality products at affordable prices, Chatnoir and its teleconferencing software has become nationally famous. Now, Runaway Scrape is asking this Court to condone its creation and use of "www.aardvarks.com" to publicly retaliate against Chatnoir, and to promote its songs and merchandise by associating itself with the Aardvark marks.

When viewed in the light of the Runaway Scrape's public dispute with Aardvark technology, the domain name "www.aardvarks.com" is likely to impair the distinctiveness of the Aardvark trademarks. The marks are effectively identical, and Runaway Scrape has evidenced a clear intent to associate itself with Chatnoir's Aardvark marks. As Chatnoir is a computer-based company, dilution through the use of a domain name is particularly sinister.

Chatnoir does not seek damages for the dilution of its Aardvark trademarks: it merely requests that this Court affirm the district court's decision to enjoin Runaway Scrape from further associating itself with Aardvark technology. The general public has already begun to associate the Aardvark marks with Runaway Scrape. If this is allowed to continue, the distinctiveness of the Aardvark trademarks will be irreversibly impaired.

ARGUMENT

I. CHATNOIR DID NOT INTENTIONALLY INDUCE OR ENCOURAGE USERS TO INFRINGE BY CLEAR EXPRESSION OR AFFIRMATIVE STEPS UNDER THE GROKSTER FRAMEWORK.

The Fourteenth Circuit correctly held that Chatnoir did not intentionally induce or encourage its customers to use Aardvark Lite to infringe Runaway Scrape's copyrights. This Court reviews secondary liability claims de novo. Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1157 (9th Cir. 2007).

In the wake of one of the greatest technological advancements in history - the invention of the internet - courts are often asked to balance the blessings of entrepreneurial innovation against unwieldy statutory protections. This case is no different. Chatnoir's latest advancements in teleconferencing - spurred solely by customer complaints and suggestions - must be balanced against Runaway Scrape's musical copyrights.

Chatnoir did not intentionally induce third-party copyright infringement of Runaway Scrape's music. This Court recently ruled in Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 919 (2005), that a company can be held secondarily liable for third party copyright infringement when it intentionally induces infringement by clear expression or affirmative steps.⁷ Although Chatnoir did suggest customers could use Aardvark technology to create MP3s of VuToob videos, Chatnoir never suggested or intended that users abuse the

⁷ Under Grokster, a company may also be held liable if its product is not capable of commercially significant noninfringing uses. 545 U.S. 913, 942 (Ginsberg, J., concurring). This theory of liability is not at issue today. (R. 2.)

technology by infringing copyrighted materials. (R. 5.)

Now this Court has the opportunity to revisit the Grokster decision. The outcome of this case should ensure that creators of innovative multi-use products, like Chatnoir, are protected from secondary liability when they do not intentionally induce and promote their technology for infringing purposes.

Congress never intended for copyrights to chill technological innovation, and Runaway Scrape is trying to exert its limited monopoly to do precisely that. In light of the Grokster decision, companies should be able to rely on its well-known predecessor, Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417 (1984), to define the boundaries for what types of promoting and advertising companies can safely employ without being held secondarily liable for copyright infringement.⁸

This case is vastly different from Grokster for three reasons. First, Chatnoir's business model does not rely on profiting from copyright infringement. Second, Chatnoir's lack of filtering technology is in good faith, and does not underscore an intention to promote infringement. Finally, Chatnoir has never tried to target and lure a pool of known infringers to become customers.

Chatnoir's actions are far more similar to the facts of Sony than Grokster. If this Court holds that Chatnoir can be secondarily liable, innovators relying Sony's boundaries will similarly be vulnerable to

⁸ This is not to say that if a company falls within the "Sony safe harbor," it is immune from secondary liability under Grokster. It is not. Grokster, 464 U.S. at 934-35. Rather, if a company's conduct mirrors the conduct in Sony, where secondary liability was not found, it follows that a company should not be held liable under Grokster.

lawsuits. This will only serve to chill future innovation and advertising in the marketplace.

A. Aardvark Lite Users Were Not Intentionally Induced To Infringe Runaway Scrape's Copyrights.

Under Grokster, a company can be held secondarily liable for third party infringement when the company actively induces infringement through clear expression or affirmative acts. 545 U.S. at 919. Mere knowledge of the potential for infringement, or even knowledge of actual infringement, is not enough to find liability. Id. at 937. Instead, there must be evidence of an affirmative intent to foster and promote infringement. Id. This standard requires "purposeful, culpable expression and conduct." Id.

The Grokster decision involved two software companies, Grokster and StreamCast (known for its software, Morpheus), that had created a peer-to-peer ("P2P") file-sharing software. 545 U.S. at 919. The software allowed users to find and download copyrighted music from the computer hard-drives of other users. Id. at 922. Both companies were taking advantage of the rise and fall of the P2P giant, Napster.⁹ Id. at 939. Grokster and StreamCast made it their goal to take Napster's place, and absorb Napster's residue of infringers. Id. at 925, 939.

This Court unsurprisingly reversed the summary judgment that had been granted to both defendants and held that a reasonable jury could find an intention to induce users to infringe copyrights through the companies' advertising, internal e-mails, and affirmative acts to help

⁹ Napster ran a similar file-sharing software and ultimately obtained a use base of 50 million subscribers before it was shut down. Grokster, 545 U.S. at 924.

users infringe. Id. at 941. Here, Chatnoir is not seeking to prevail on summary judgment; a bench trial has already been conducted, and a fact-finder has already ruled in Chatnoir's favor. (R. 9, 15.)

Because the evidence here does not establish that Chatnoir intentionally induced users to infringe through clear expression or affirmative acts, Chatnoir should not be held secondarily liable.

1. Chatnoir's Business Model Does Not Rely On Copyright Infringement.

Chatnoir is an electronics and communications company that has been supplying United States consumers with software and hardware for over 13 years. (R. 3.) During those years, Chatnoir has become a leading innovator in communications technology, especially in the area of teleconferencing. (R. 3.) When Aardvark Media hit the virtual shelves, it was an instant success: customers could communicate with each other over the internet with just a camera and a microphone. (R. 3-4.) Runaway Scrape does not deny that Chatnoir and its Aardvark trademarks are famous. (R. 13.) Businesses across the nation praise Chatnoir for the quality, affordability, and usefulness of its teleconferencing software. (R. 3-4.)

In response to customer feedback, Chatnoir created and promoted Aardvark Lite. (R. 4.) This new technology has two advantages over Aardvark Media: it allows users to smoothly communicate with each other even in areas with slow internet connections, and it allows users to archive a teleconference for future use and reference. (R. 4.) It is merely an unfortunate side-effect that Aardvark Lite has the potential to be abused to infringe copyrights.

Chatnoir's business model is not dependent on having a customer

base engaged in copyright infringement. This is in stark contrast to Grokster, where the defendants profited solely by selling advertising space that appeared on customers' computers while they infringed. 545 U.S. at 926, 939-40. The companies in Grokster necessarily relied on high-volume use and infringement. Id. at 940. The mere fact that Chatnoir sells advertising space on its website to Poodle Corporation does not suggest that Chatnoir relies on selling advertising space to keep its business afloat. (R. 17.) Selling advertising space is not an uncommon internet practice, and in fact, Runaway Scrape also sells advertising space to Poodle Corporation. (R. 17.)

Even if this Court finds that Chatnoir's business model relies on its customers to infringe, this is not in itself enough to hold Chatnoir secondarily liable for copyright infringement. Id. At best, a successful promotion of Aardvark Lite could arguably result in a new customer base of infringing users with the release of Aardvark Pro. (R. 9, 11.) But as Judge Armitage pointed out in the dissent below, "the VuToob feature will not be a part of the final product." (R. 17.) Therefore, it is highly unlikely that users will purchase Aardvark Pro to infringe musical copyrights. Chatnoir is not a company with a business model that relies on infringement, but a company that does its best to satisfy its customers and provide high-quality and affordable products. (R. 4.)

2. Chatnoir's Lack of Filtering Technology Is In Good Faith And Does Not Underscore An Intention To Promote Infringement.

Before releasing Aardvark Lite, Chatnoir thoughtfully considered creating and implementing filtering technology in an attempt to block

infringing uses. (R. 7.) This option was rejected in good faith for three reasons. First, Aardvark Lite only functioned for a limited time. (R. 7.) Second, the source of infringing material, VuToob, is already well-known for its anti-infringement policies. (R. 7.) Finally, the purpose of Aardvark technology is to allow users to conduct teleconferences; not to infringe. (R. 7.)

Importantly, these are not post hoc reasons concocted to justify Chatnoir's lack of filtering technology. These are the reasons discussed at length in Chatnoir's internal e-mails. (R. 7.) Not a single e-mail remotely suggests that Chatnoir purposefully refrained from using filtering technology in order to foster an environment for infringing activity. (R. 7.)

Again Chatnoir's intent is divergent from the intent of the companies in Grokster. In Grokster, StreamCast not only failed to implement filtering technology, but rejected another company's offer to help monitor infringement. Id. at 926-27. StreamCast then blocked that company from monitoring its software because it believed the company was nonetheless attempting to police infringement. Id. at 927. Other courts have been faced with similarly egregious behavior when holding that a lack of filtering technology suggests an intention to induce infringement. See, e.g., Arista Records LLC v. Lime Group LLC, 2010 WL 2291485, at *20 (S.D.N.Y. May 25, 2010) (defendant failed to actively employ filtering technology to prevent infringement, but employed active filtering to restrict pornographic content and to prevent users from sharing files purchased on company website).

Runaway Scrape touts the Ninth Circuit opinion, Perfect 10 v.

Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007), as a controlling interpretation of Grokster in this case. In Perfect 10, the court held that when a "computer system operator" has actual knowledge of specific infringement, it can take "simple measures" to prevent the infringement, and it fails to do so, it can be held secondarily liable. Id. at 1172. There are two fatal flaws with this argument.

First, the Perfect 10 reasoning places a burden on companies to take affirmative steps to prevent infringement, which this Court has suggested treads too close to the "Sony safe harbor." Grokster, 545 U.S. 913, 939, fn. 12. And second, Chatnoir is not a "computer system operator." Rather, Chatnoir's "last meaningful contact with the product was at the point of purchase," after which Chatnoir has "no ongoing relationship with the product or end-user." Arista Records LLC v. Usenet.com, Inc., 633 F. Supp. 2d 124, 156 (S.D.N.Y. 2009).

The "simple measures" test contemplates a company that can easily monitor and remove infringing material, while having an on-going relationship with its customers. See Perfect 10, 508 F.3d at 1174 (explaining how the "simple measures" test applied to Napster because Napster "could terminate its users' accounts and block their access to the Napster system.") There is no evidence that shows Chatnoir can somehow block users who have already downloaded Aardvark Lite; Chatnoir can only stop offering Aardvark Lite for download. (R. 7.) Chatnoir is simply not the type of company Perfect 10 had in mind, and this Court should not adopt the "simple measures" test in this case.

Chatnoir's lack of filtering technology is not indicative of an ill intent. And even if this Court holds that Chatnoir's lack of

filtering technology shows an intention to foster infringement, this is not alone sufficient for Chatnoir to be held secondarily liable. Grokster, 545 U.S. at 939, fn. 12.

3. Chatnoir Did Not Gear Aardvark Technology Towards Satisfying A Market Of Known Infringers.

As discussed above, none of Chatnoir's internal e-mails remotely suggest that Chatnoir intended to target a known pool of infringers. (R. 7.) Chatnoir at worst used search terms and acknowledgments that Aardvark Lite could be used to download VuToob videos. (R. 7.) However, Runaway Scrape does not dispute that recording many videos available on VuToob would not constitute infringement. (R. 10.) VuToob videos range from home videos, to user commentary, to artistic video. (R. 5.) The fact that VuToob has a policy and reputation for preventing copyright infringement additionally shows that Chatnoir was not attempting to target infringers. (R. 5.)

Runaway Scrape points out that the CEO and President of Chatnoir made a private comment on how a copyright suit against Chatnoir may actually promote the Aardvark line of products. (R. 7.) But what Runaway Scrape omits is that the comment was not made to Chatnoir executives or to the Board of Directors; it was an offhanded comment to a lover. (R. 7.) The comment was merely an observation after Runaway Scrape began to complain about Aardvark Lite, not a comment evidencing ill intent in the creation and promotion of Aardvark Lite. (R. 7.) Nothing in the observation suggests that Chatnoir had "planned all along" to instigate a copyright infringement suit in order to promote its products.

The behavior and intentions of the defendants in Grokster are

incongruous to the case at hand. The defendants in Grokster were attempting to fill the shoes that Napster had spawned for copyright infringers. Id. at 925, 939. Some of the advertisements proposed by the StreamCast were: (1) "[N]apster Inc. has announced that it will soon begin charging you a fee. That's if the courts don't order it shut down first. What will you do to get around it?"; (2) "#1 alternative to Napster"; and (3) "When the lights went off at Napster ... where did the users go?" Id. at 925 (ellipses in original). StreamCast even admitted that "[t]he goal is to get in trouble with the law and get sued. It's the best way to get in the new[s]." Id. Furthermore, Grokster diverted internet searches for "Napster" and "[f]ree file sharing" to its website. Id. Even the name "Grokster" is a derivative of "Napster." Id.

Courts that have analyzed this feature of evidence under Grokster are often faced with similarly unmistakable intentions. See, e.g., Lime Group, 2010 WL 2291485, at *17 (defendant advertised using "Free music downloads," "Outperforms Morpheus!"); Columbia Pictures Indus., Inc. v. Fung, 2009 WL 6355911, at *5 (C.D. Cal. Dec. 21, 2009) (defendant gave interviews encouraging users to infringe, and responded to customer questions with links and instructions on how to infringe). Companies gearing towards a known infringing demographic often campaign using particularly suggestive search terms. See, e.g., Lime Group, at *17 (search terms included "replacement napster," "napster mp3," "morpheus," and "napster download").

Where other companies have evidenced a clear intent to lure known infringers to their websites, Chatnoir has not. There is no evidence

that Chatnoir ever advised consumers on how to infringe. (R. 5.) Although Aardvark Lite allows users to create MP3s, Chatnoir never intended or promoted itself as a substitute for Napster, Kazaa, Morpheus, or any other site infamous for its infringers. In fact, the only website Chatnoir arguably associated itself with is VuToob; a site not known for fostering infringement, but a site known for its strict and efficient policy against copyright infringement. (R. 5.)

The facts show that Chatnoir did not intentionally induce users of Aardvark Lite to infringe through clear expression or affirmative acts. Therefore the Fourteenth Circuit's opinion should be affirmed.

B. If This Court Holds That Chatnoir Can Be Held Secondarily Liable, There Will Be A Mass Chilling Effect On Entrepreneurial Innovation And Promotion.

For the past 26 years, Sony has set the standard for companies promoting multi-use technologies. 464 U.S. at 417. Innovators of all stripes depend on Sony to demarcate the boundaries where companies can safely promote legitimate products without opening themselves up to secondary liability suits. Brief for Grokster, Ltd. in Opposition to Petition for Certiorari, 2004 WL 2569692, at *4 (U.S. Nov. 08, 2004). Sony has come to be seen as the "Magna Carta" for product innovation and sales. Peter Menell & David Nimmer, Legal Realism in Action: Indirect Copyright Liability's Continuing Tort Framework and Sony's De Facto Demise, 55 UCLA L. Rev. 143, 156 (Oct. 2007). This case mirrors the facts in Sony, and so Chatnoir should not be held secondarily liable under Grokster. To hold otherwise would undermine the long-established boundaries for promotional advertising, and cause mass confusion for businesses across the United States.

1. Sony Establishes A Realm Of Conduct That Companies Can Safely Imitate Without Incurring Secondary Liability.

In Sony, this Court addressed the balancing act of copyrights and the leading technological advancements of the day. Sony, an electronics company, created and released Betamax video tape recorders ("VTR"s), devices which can be used to record copyrighted television shows and movies. 464 U.S. at 420. In advertising its product, Sony urged users to record "favorite shows" and "classic movies" in order to "build a library" of materials. Id. at 459, 489. Sony did not include any warnings about copyright infringement in its advertisements, though the operating instructions of the VTR did contain such a warning. Id. at 459.

Despite this conduct, this Court did not find Sony liable because VTRs can be used for noninfringing uses, such as "time-shifting."¹⁰ Id. at 423. Since this ruling, companies have been put on notice for the kinds of advertising that are permissible when promoting a multi-use technology feasibly capable of copyright infringement.

This standard was bolstered after the Grokster decision, when this Court unequivocally held that "no evidence in Sony stated or indicated intent to promote infringement." 545 U.S. at 931 (emphasis added). Since Chatnoir did not overstep the Sony boundaries, the Fourteenth Circuit's opinion should be affirmed.

2. Chatnoir's Promotion Of Aardvark Lite Parallels The Facts Of Sony.

Like VTRs, Chatnoir's teleconferencing software is capable of

¹⁰ "Time-shifting" is the practice of recording a program to view it at a later time and then erasing it. 464 U.S. at 423.

commercially significant noninfringing uses. VTRs conveniently allow consumers to engage in "time-shifting"; Aardvark Lite allows consumers to conduct and archive videoconferences in areas with low bandwidth. Sony, 464 U.S. at 423; (R. 4.)

In other words, Aardvark Lite falls within the "Sony safe harbor." Grokster, 545 U.S. at 939, fn. 12. Of course, this fact alone does not insulate Chatnoir from secondary liability. Id. at 934-35. But as this Court affirmed in Grokster, so long as a company imitates and does not substantially go beyond the promotional techniques used in Sony, it cannot be held secondarily liable under the Grokster inducement test. See id. at 931.

Chatnoir's promotional techniques for Aardvark Lite are practically identical to the techniques employed by Sony. While Sony encouraged users to record "favorite shows" and "classic movies" to "build a library" of cassettes, Chatnoir only used search terms and suggestions that Aardvark Lite could be used to record "favorite VuToob videos." Id. at 459, 489; (R. 5.) Neither Sony nor Chatnoir advised against infringing through advertisements. Id. at 459; (R. 5.) However, each advised users against abusing the technologies in the instructions for use. Id.; (R. 5.)

The parallels are evident. Sony established the boundaries for what types of advertisements companies can employ when promoting multi-use products, and Chatnoir kept its advertising within those boundaries. A holding that Chatnoir can nevertheless be held secondarily liable will have dire consequences for businesses and innovators nationwide.

3. Holding That Chatnoir Can Be Held Secondarily Liable Will Undermine Sony And Chill Technological Innovation And Promotion.

If this Court holds that Chatnoir can be held secondarily liable for its conduct, businesses across the nation that have based their advertising models on the Sony decision will suddenly be exposed to copyright lawsuits. Such a drastic change in copyright law will inevitably create confusion and cause a mass chilling effect on technological innovation and promotion.

The United States Constitution provides that:

The Congress shall have the Power ... to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

U.S. Const. art. I, § 8, cl. 8.

As the text of the Constitution makes plain, the primary purpose of copyright law is not to provide private benefits for copyright holders like Runaway Scrape. U.S. v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948). Rather, the primary purpose is to promote innovation and creativity for the benefit of the general public. Id. In passing the Copyright Act of 1909, the Judiciary Committee of the House of Representatives aptly summed up these interests: granting authors and inventors limited exclusive rights "confers a benefit upon the public that outweighs the evils of the temporary monopoly." H.R. Rep. No. 2222, 60th Cong., 2d Sess., at 7 (1909) (not reprinted).

Today, Runaway Scrape is urging this Court to upset this careful balance by favoring the evils of a temporary monopoly over the primary objectives of copyright law: technological

creativity and innovation. This rebalancing of the scales should be firmly rejected, especially without Congressional direction. Innovators like Chatnoir should be encouraged – not dissuaded – to create and fairly distribute new technologies, even if those technologies might be capable of copyright infringement.

To hold against Chatnoir in this case will chill the innovation and promotion of any technology that is capable of an infringing use. Chatnoir never intended for Aardvark technology to be abused, and it carefully aligned its advertising efforts to mirror those used in Sony. If Chatnoir can nevertheless be held secondarily liable, the underpinnings of Sony will be cast into doubt. This will inevitably cause innovators to become overly cautious in promoting their latest technological advancements, chilling creativity in the free market.

The Fourteenth Circuit's opinion should be affirmed.

II. RUNAWAY SCRAPE'S RETALIATORY CREATION AND USE OF THE DOMAIN NAME "WWW.AARDVARKS.COM" TO PROMOTE ITS MUSIC AND MERCHANDISE DILUTES CHATNOIR'S AARDVARK TRADEMARKS BY BLURRING IN VIOLATION OF THE TRADEMARK DILUTION REVISION ACT.

The Fourteenth Circuit correctly upheld the district court's ruling that Runaway Scrape's domain name "www.aardvarks.com" dilutes Chatnoir's Aardvark trademarks by blurring. This Court reviews trademark dilution claims de novo. Tiffany Inc. v. eBay Inc., 600 F.3d 93, 101 (2d Cir. 2010).

To establish dilution under the TDRA, Chatnoir need only show that (1) the Aardvark trademarks are distinctive and famous, and (2) once famous, Runaway Scrape used a mark in commerce that is likely to cause dilution of the Aardvark trademarks by blurring or tarnishment.

15 U.S.C. § 1125(c) (2006). By definition, blurring exists when a mark is so similar to a famous mark that the distinctiveness of the famous mark is impaired. 15 U.S.C. § 1125(c)(2)(B) (2006).

This phenomenon occurs when a mark previously associated with one product becomes associated with a second. Visa Int'l Serv. Ass'n v JSL Corp., 610 F.3d 1088, 1090 (9th Cir. 2010). Consumers have to "think for a moment" before connecting a famous mark to its actual source, increasing "imagination costs." Beebe Barton, Intellectual Property Law and the Sumptuary Code, 123 Harv. L. Rev. 809, 849-50 (2010). Dilution by blurring is the "gradual whittling away... of the identity and hold upon the public mind of [a] mark." Frank Schechter, Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 815 (1927). Some commonly cited examples of marks that unquestionably dilute by blurring include: "Dupont shoes," "Buick aspirin," and "Kodak pianos." H.R. REP. NO. 104-374, at 3 (1995), as reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

Here, the TDRA requirements are met. Runaway Scrape concedes the Aardvark trademarks are distinctive and famous. (R. 13.) It also admits "www.aardvarks.com" is the use of a mark in commerce. (R. 13.) Thus, only the dilution by blurring issue remains.

The domain name "www.aardvarks.com" dilutes the inherently distinctive Aardvark trademarks for three reasons: (1) The marks are similar; (2) Runaway Scrape created the website to profit from the goodwill of the Aardvark trademarks; and (3) a substantial amount of people have already associated the marks with each other. 15 U.S.C. § 1125(c)(2)(B). To hold otherwise would encourage disgruntled parties

to ignore established judicial avenues for relief and instead try to self-help through retaliatory acts over the internet.

A. Congress Places Special Emphasis On Protecting Company Trademarks, The Embodiments of Goodwill.

Companies live, die, and profit from the goodwill they put into their products and trademarks. Every year, companies spend countless hours advertising so their marks will be easily recognized and known for characteristics like quality, affordability, and reliability. A trademark symbolizes public confidence - or goodwill - in a particular product, and has no independent significance apart from that goodwill. Sugar Busters LLC v. Brennnan, 177 F.3d 258, 265 (5th Cir. 1999). Trademarks help advertise the source of goods, distinguishing products from those of other companies. Premier Dental Prods. Co. v. Darby Dental Supply Co., 794 F.2d 850, 853 (3d Cir. 1986).

The law takes special care to avoid consumer confusion and trademark dilution between products. Sugar Busters, 177 F.3d at 265; 15 U.S.C. § 1125. The concept of goodwill is so important the law does not allow a trademark to be divorced from its goodwill. 15 U.S.C. § 1060 (2002). Courts have even characterized an attempt to separate a trademark from its goodwill by assignation as fraud. Marshak v. Green, 746 F.2d 927, 929 (2d Cir. 1984). Consumers may mistakenly purchase a product believing it to be from a certain source and of a certain quality only to discover, too late, their error. Id.

This Court recently ruled on the issue of trademark dilution by blurring in Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003). In Moseley, this Court held that when two marks are not identical, evidence showing that consumers have made mental associations between

them is not sufficient to demonstrate blurring. Id. at 433 (“‘Blurring’ is not a necessary consequence of mental association.”) To establish blurring, the Moseley Court held that plaintiffs must show actual dilution of a famous mark, as opposed to a simple likelihood of dilution. Id. Congress swiftly reacted to this decision by passing the Trademark Dilution Revision Act of 2006.

Now, the use of a trademark similar to a distinctive and famous mark is prohibited when the second mark is “likely” to impair the famous mark. 15 U.S.C. § 1125(c)(1). Furthermore, actual harm is no longer necessary for a trademark dilution suit. 15 U.S.C. § 1125(c)(1). These recent amendments show a Congressional intent to grant expansive and more reliable protections for companies, like Chatnoir, who have earned their goodwill through advertising and selling high-quality products.

B. Using Domain Names In Commerce Is Particularly Likely to Dilute Famous and Distinctive Marks.

Even before passing the TDRA, Congress has been sensitive to dilution by blurring through the use of internet domain names. The legislative history of the Federal Trademark Dilution Act (“FTDA”) indicates great concern over “cybersquatting,” or creating a domain name in bad faith practically identical or confusingly similar to a famous mark.¹¹ 15 U.S.C. § 1125(d) (2006); Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1346 (S.D. Fla. 2001). Senator Patrick Leahy observed:

¹¹ Chatnoir initially also brought suit under the Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d). This action was eventually removed upon the filing of an amended petition.

[I]t is my hope that this antidilution statute can help stem the use of deceptive Internet addresses by those who are choosing marks that are associated with the products and reputations of others.

141 Cong. Rec. § 19312-01 (daily ed. Dec. 29, 1995). Congress finds trademark dilution by use of domain names an important and troubling issue.

Domain names are inarguably important in today's electronic age. A domain name not only marks the location of a website on the internet, but it relays information about the website's content. Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1327 fn. 8 (9th Cir. 1998). Significantly, a domain name also identifies the website owner. Id. at 1327. Indeed, "[a] customer who is unsure about a company's domain name will often guess that the domain name is also the company's name [or famous trademark]." Cardservice Int'l v. McGee, 950 F. Supp. 737, 741 (E.D. Va. 1997). Furthermore, "[p]rospective users of plaintiff's services who mistakenly access defendant's website may fail to continue to search for plaintiff's own home page, due to anger, frustration or the belief that plaintiff's home page does not exist." Panavision, 141 F.3d at 1327 (quoting Planned Parenthood Fed'n of Am., Inc. v. Bucci, 1997 WL 133313, at *4 (S.D.N.Y. Mar. 24, 1997)).

Unlike many companies, Chatnoir is computer-based and relies on its good name and trademarks to be recognized. (R. 3.) Consumers necessarily search for Aardvark technology using the internet. It follows that Runaway Scrape's use of the domain name "www.aardvarks.com" is especially likely to impair the

distinctiveness of Chatnoir's Aardvark trademarks.

C. Using The Domain Name "www.aardvarks.com" Is Likely To Dilute The Aardvark Trademarks By Blurring.

Runaway Scrape's creation and use of the domain name "www.aardvarks.com" will likely dilute Chatnoir's Aardvark trademarks. In fact, it already has and will continue to do so if it is not taken down or transferred to Chatnoir. The TDRA sets forth six non-exhaustive factors to help courts decide whether there is a likelihood of dilution by blurring:

- 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 mark is engaging in substantially exclusive use of the mark.
- iv. The degree of recognition of the famous mark.
- v. Whether the use 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.

15 U.S.C. § 1125(c) (2) (B) (i)-(vi). The primary protection afforded by antidilution laws is to prevent "the whittling away of an established trademark's selling power and value through its unauthorized use by others." Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 105 (2d Cir. 2009) (quoting Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989)). The domain name "www.aardvarks.com" will continually "whittle away" at the Aardvark trademark unless the website is taken down.

Here, dilution by blurring exists for three reasons. First, the inherently distinctive Aardvark trademarks share a strong similarity with the domain name "www.aardvarks.com." Second, Runaway Scrape created the website to retaliate - and profit - from its publicized

dispute with Chatnoir. Finally, a substantial number of people have already started to associate the two marks.¹²

1. The Aardvark Trademarks Are Inherently And Strongly Distinctive.

The Aardvark trademarks are inherently and strongly distinctive and deserve judicial protection. This Court has recognized five classifications for trademarks: generic, descriptive, suggestive, arbitrary, and fanciful. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992). On a scale, merely generic marks are the least distinctive, and fanciful marks are the most distinctive. Id. Arbitrary and fanciful marks rise to a high level of distinctiveness, known as possessing a "secondary meaning." Id. at 769 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851, n. 11 (1982)).

Inherently distinctive marks "automatically tell a customer that they refer to a brand." Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 212 (2000) (emphasis in original). The more arbitrary the mark, the more protection courts afford. Nutri/System, Inc. v. Con-Stan Indus., Inc., 809 F.2d 601, 605 (9th Cir. 1987).

The Aardvark trademarks fall into the arbitrary classification. The word "aardvark" does not describe Chatnoir's teleconferencing technology, even remotely. Rather, the word "aardvark" is being used in an unfamiliar way in an unnatural context. Runaway Scrape even concedes the Aardvark trademarks are famous and distinctive. (R. 13.)

The fact that "aardvark" is a word in the dictionary does not

¹² The third and fourth factors of 15 U.S.C. § 1125(c)(2)(B) will not be discussed given the lack of evidence in the district court on these factors.

make its use as a trademark any less distinctive. See, e.g., Visa Int'l Serv. Ass'n v. JSL Corp., 610 F.3d 1088, 1091 (9th Cir. 2010) (holding that "visa" is distinctive because it plays weakly on its definition, and there is no evidence that a third party has used the mark). "The significant factor is not whether the word itself is common, but whether the way the word is used in a particular context is unique enough to warrant trademark protection." See 2 McCarthy on Trademarks and Unfair Competition § 11:87 (4th ed. 2010).

Given the strong distinctiveness and fame of the Aardvark trademarks, consumers "automatically" know they are dealing with Aardvark technology when they see the word "aardvark." Hence Runaway Scrape's use of the domain name "www.aardvarks.com" is certainly likely to dilute Chatnoir's Aardvark marks by blurring.

**2. The Aardvark Trademarks And The Domain Name
"www.aardvarks.com" Are Effectively Identical.**

Courts often look to spelling and sound to determine the degree of similarity between two marks. See, e.g., Jada Toys, Inc. v. Mattel, Inc., 518 F.3d 628, 634 (9th Cir. 2008) ("HOT WHEELS" and "HOT RIGZ" nearly identical); McNeil Consumer Brands, Inc. v. U.S. Dentek Corp., 116 F. Supp. 2d 604, 608 (E.D. Penn. 2000) ("Tylenol" and "Tempanol"); Eli Lilly and Co. v. Natural Answers, Inc., 86 F. Supp. 2d 834, 841 (S.D. Ind. 2000) ("Prozac" and "Herbrozac"); but see Starbucks, 588 F.3d at 106 ("Starbucks" and "Charbucks" sound similar, but packaging and logos so drastically different that marks are minimally similar in context). The domain name "www.aardvarks.com" is effectively identical to the Aardvark trademarks.

The only differences between the two marks are that Runaway

Scrape's use of "aardvark" is plural, and the domain name does not include "Media," "Pro," or "Lite." These are distinctions without a difference. The word "aardvark" automatically brings to mind Chatnoir's Aardvark trademarks, and tells consumers about the source and quality of a product they may purchase. The emphasis of Chatnoir's marks is not on the words "Media," "Pro," or "Lite," but on the recognizable and distinctive word, "aardvark." Descriptors like "Media," "Pro," and "Lite" are little different than tacking "Corp." or "Inc." to the end of a business name, which do not distinguish two otherwise identical marks. Visa, 610 F.3d at 1090. If a consumer tries to collectively refer to or search for "Aardvark Media," "Aardvark Pro," and "Aardvark Lite," the two most natural choices are "Aardvark" and "Aardvarks."

Adding a single letter to a domain name does not change the underlying meaning of the name and is not sufficient to distinguish a second mark from a famous and distinctive mark. The Ninth Circuit ruled on this exact issue. Id. In Visa, the court compared the domain name "www.evisa.com" to the "Visa" trademark. Id. The defendant's evidence showed that the "e" in "evisa" was chosen in good faith and stands for "Eikaiwa," a Japanese term for English-education schools. Id. at 1089. The court nevertheless found dilution by blurring, since the prefix "e" is commonly used to refer to electronics. Id. at 1090. Finding for Visa, the court held that "evisa" is effectively identical to "visa." Id. at 1090.

Applying the Visa rationale to this case is logical and appropriate. If the mere addition of a single letter to a famous

trademark is enough to protect a defendant from a trademark dilution claim, the consequences border on the absurd. In particular, if pluralizing a famous mark does not suggest dilution, courts will inevitably have to protect secondary marks such as "www.duponts.com," "www.buicks.com," and "www.kodaks.com." Arbitrary marks like Chatnoir's will also be in danger through the creation of domain names such as "www.visas.com," "www.apples.com," and "www.targets.com." These examples, like "www.aardvarks.com," are effectively identical to the underlying famous marks, and should not be afforded any protection merely because they are pluralized. The similarity factor weighs heavily in Chatnoir's favor.

Runaway Scrape erroneously contends that this case is more analogous to the Starbucks decision. In Starbucks, the Second Circuit ultimately held that the name "Charbucks" was minimally similar to "Starbucks." 588 F.3d at 106. But this was not based on the spelling and sound of the marks. Id. Rather, the court explicitly held that the word "Charbucks" was similar to "Starbucks." Id. The difference between the two marks was the presentation and packaging of the marks. Id. While Starbucks promoted its coffee products with a green, mermaid-like siren in a circle with the name "Starbucks Coffee," Charbucks promoted its product with images of a man named "Mr. Charbucks," and a black bear over a large logo reading "BLACK BEAR MICRO ROASTERY." Id. at 102-03. The two products in Starbucks were easily distinguished. Id. at 106. There was certainly no "whittling away" of the Starbucks mark given the context. Id. at 105.

Unlike the products in Starbucks, Aardvark technology cannot be

distinguished from the domain name "www.aardvarks.com" by visual presentation or packaging. Chatnoir is a company that promotes itself on the internet. (R. 3.) Aardvark teleconferencing technology is a software downloaded from a website, not a product sold in a box. (R. 3.) Thus, Chatnoir necessarily relies on its distinctive Aardvark name to distinguish itself from other products and services. Because nothing truly distinguishes the Aardvark trademarks from the domain name "www.aardvarks.com," the two marks are effectively identical.

3. Runaway Scrape Created And Used "www.aardvarks.com" To Retaliate Against Chatnoir And To Profit From The Ensuing Publicity By Associating Runaway Scrape With Chatnoir's Aardvark Trademarks.

The Fourteenth Circuit correctly noted that Runaway Scrape created and used the "www.aardvarks.com" website to deliberately create an association with Chatnoir's Aardvark trademarks. (R. 15.) "The determination of an 'intent to associate' ... does not require the additional consideration of whether bad faith corresponded with that intent." Starbucks, 588 F.3d at 109. Even so, this case is wrought with evidence that shows Runaway Scrape's bad faith, and its intent to associate its mark with Chatnoir's.

Runaway Scrape's dispute with Chatnoir is highly publicized, and the evidence shows that Runaway Scrape is trying to turn this publicity into profit. (R. 7, 14-15.) After Runaway Scrape failed to bar consumers from using Aardvark Lite, Runaway Scrape immediately retaliated by creating "www.aardvarks.com." (R. 7.) The domain name is a crystal clear reference to Runaway Scrape's alleged complaint with Chatnoir: Aardvark technology.

Still, the evidence of Runaway Scrape's intent to associate

itself with Aardvark technology goes much further. On the website, the band offers a single free, 17-minute song called "Aardvarks." (R. 7, 17.) The band insists the song was part of its live performances prior to creating the website. But this assurance is undercut by the fact that the song has never been featured on any album. (R. 7.) In fact, the song was never promoted in any way before the band created "www.aardvarks.com." (R. 7.)

Contrary to what Runaway Scrape would have this Court believe, the creation of this website was not coincidental or done in good faith. No evidence suggests that Runaway Scrape has ever promoted other songs in a similar manner. (R. 7.) Why Runaway Scrape did not simply promote this song on its official website is manifest. This is an isolated marketing maneuver that smacks of bad faith.

Worse, the web page contains a single link diverting users to Runaway Scrape's official web page where potential Chatnoir customers can instead purchase the band's music and merchandise. (R. 7.) The link simply reads: "Get it the right way." (R. 7.) This statement highlights the current controversy of Runaway Scrape's underlying lawsuit, and suggests the "wrong way" to get Runaway Scrape's music is to use Aardvark technology. Runaway Scrape clearly intends associate itself with Chatnoir's Aardvark trademarks.

Now, potential customers searching for Aardvark technology are likely to stumble across "www.aardvarks.com," be diverted to the official Runaway Scrape web page, and potentially purchase the band's music and merchandise. Not only is Runaway Scrape associating itself with Aardvark technology, but it is attempting to promote itself

through this association. The creation of "www.aardvarks.com" was and is nothing but an attempt at self-help while ignoring established judicial avenues for relief. This vindictive behavior should not be tolerated by this Court. Because of this case's publicity, consumers will likely associate Chatnoir's trademarks with Runaway Scrape.

4. The General Public Already Associates The Aardvark Trademarks With The Domain Name "www.aardvarks.com."

Not only is it likely that the Aardvark trademarks will be diluted by blurring, but evidence of actual dilution already exists. Survey evidence shows that 2% of the general public thinks about Aardvark technology when confronted with the domain name "www.aardvarks.com." (R. 8.) According to the estimated United States population, over 6 million United States citizens have already drawn an association between the two marks.¹³ Additionally, 8% of Chatnoir's current customers have responded that "www.aardvarks.com" brings to mind Aardvark technology.

Though some courts reject survey results if they only tend to show confusion, the survey results in this case show more. CareFirst of Md., Inc. v. First Care, P.C., 434 F.3d 263, 274-75 (4th Cir. 2006). Here, the surveys show actual mental associations consumers are drawing between Runaway Scrape and Chatnoir. These numbers are already significant and accentuate the likelihood that "www.aardvarks.com" will dilute Chatnoir's Aardvark trademarks.

¹³ When this case arose, the estimated population in the United States was 301,621,157. U.S. Census Bureau Population Estimates, <http://www.census.gov/popest/states/NST-ann-est2007.html> (follow "Formats Available" hyperlink) (last visited Dec. 6, 2010). Two percent of this number is approximately 6,032,423.

As can be expected, some courts have required more than 2% of the general public to draw associations between two marks to show dilution. See, e.g., Pharmacia Corp. v. Alcon Labs., Inc., 201 F. Supp. 2d 335, 380-81 (D.N.J. 2002) (holding that 14% association is in itself insufficient to support a preliminary injunction). But it cannot be denied that these statistics show the damage already done to the distinctiveness of Chatnoir's Aardvark trademarks.

This Court should hold that when 2% of the general public irreversibly associates a famous mark with a secondary mark, there is a stronger likelihood of dilution. The plain language of the TDRA only requires "any actual association" to show likelihood of dilution, and not, for example, a substantial amount of association. 15 U.S.C. § 1125(c)(2)(B)(vi) (emphasis added). The evidence here is not merely anecdotal; it is statistical evidence that tends to show that over 6 million consumers have already associated Chatnoir's Aardvark trademarks with Runaway Scrape. The Fourteenth Circuit did not err when it held the Aardvark trademarks are likely to be diluted.

CONCLUSION

For the foregoing reasons, this Court should AFFIRM the decision of the Fourteenth Circuit.

Respectfully submitted,

Team #35

APPENDIX "A"

Trademark Dilution Revision Act, 15 U.S.C. § 1125(c)

(c) 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 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 the purposes of paragraph (1), a mark is famous if it is widely recognized by the general public of the United States as a designation 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 trade dress not registered on the principle 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 principle 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 a famous mark shall also be entitled to the remedies set forth in section 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 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 a 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 principle 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.