

No. C10-0116-1

IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 2010

RUNAWAY SCRAPE, L.P.,

Petitioner,

v.

CHATNOIR, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE FOURTEENTH CIRCUIT

BRIEF FOR RESPONDENT

Team 41
Counsel for Respondent

QUESTIONS PRESENTED

I. Whether Chatnoir, Inc. ("Chatnoir") is liable for intentionally inducing infringement of Runaway Scrape, L.P.'s ("Runaway Scrape") copyright when there is no direct evidence of unlawful intent and when such intent does not impute to Chatnoir.

II. Whether Runaway Scrape's domain name, www.aardvarks.com, is likely to dilute Chatnoir's "Aardvark" marks by blurring when the enumerated factors in the Trademark Dilution Revision Act ("TDRA") indicate that the domain name is likely to cause an association that weakens the strength of Chatnoir's famous marks.

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STATUTORY PROVISIONS INVOLVED

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

STATEMENT OF THE CASE

This case involves two claims: Runaway Scrape's claim for contributory copyright infringement and Chatnoir's counterclaim for trademark dilution by blurring. (R. 7-8.) The Fourteenth Circuit Court of Appeals affirmed the Northern District of Texas's judgment in favor of Chatnoir on both claims. (R. 1.)

Chatnoir develops and promotes Aardvark Lite

Chatnoir, a leader in communications software and hardware, released the Internet-based videoconferencing software "Aardvark Media" in 2003. (R. 3.) In 2006, Chatnoir developed two new features for the software: (1) a user would be able to strip a videoconference of its video component and stream the audio live; and (2) a user would be able to archive an entire recorded videoconference on a computer. (R. 4.) A user would also be able to strip the video portion from the archived conference, record the audio only, and store the audio as an MP3 file. (R. 4.) Chatnoir planned to incorporate these new features into a new version of the software, "Aardvark Pro." (R. 4.)

Before Chatnoir released Aardvark Pro, it decided to test the new features through a temporary promotion that allowed users to download

a limited version of the software, Aardvark Lite, for free. (R. 4.) The software would only function for six months after download, and unlike the full version of the software, would only allow a user to strip the video portion of a videoconference and store the audio on a computer. (R. 4.)

Chatnoir promoted Aardvark Lite in three ways. (R. 5-6.) First, Chatnoir e-mailed current customers with descriptions of the upgrades to its software and links to the webpage from which to download Aardvark Lite. (R. 5.) The emails suggested that users could employ Aardvark Lite to strip video and store sound from VuToob, a media company that operates a web site where users can upload videos that can be viewed by anyone on the Internet. (R. 5.) Second, Chatnoir purchased advertising on webpages that contained links to the Aardvark Lite download webpage. (R. 6.) Third, the company purchased advertising through Internet search engines. (R. 6.) Searches for terms such as "VuToob," "downloads," and "music" returned results that contained advertisements for Aardvark Lite. (R. 6.)

Poodle Corporation, the entity that owns VuToob, advertised on Chatnoir's web site. (R. 5, 17 n.5.) Chatnoir received a fraction of a cent each time a visitor to its web site clicked on Poodle Corporation's advertising content. (R. 17 n.5.)

VuToob encourages its users to upload non-copyright-infringing material to its web site. (R. 5.) VuToob also regulates the uploaded videos by using filtering software that searches for and disallows potentially infringing material. (R. 5.) Additionally, VuToob has a policy of and reputation for removing offending videos when contacted

by copyright holders. (R. 5.) Unfortunately, these procedures do not always prevent users from uploading copyright-infringing videos. (R. 5.)

Runaway Scrape responds to the release of Aardvark Lite

Runaway Scrape is an independent rock band that owns the copyright to all of the band's songs, videos, and merchandise. (R. 6 & n.1.) The band occasionally uploads music videos of their songs and home videos of their live performances on VuToob. (R. 6.) Additionally, VuToob users occasionally upload pirated videos that contain copyright-protected Runaway Scrape materials. (R. 6.)

On November 3, 2005, December 14, 2006, and January 3, 2007, Runaway Scrape sent letters to Chatnoir, asking the company to police the use of Aardvark Lite to prevent copyright infringement. (R. 6.) At that time, Chatnoir was aware of the potential for infringement but did not consider it a problem because: (1) infringement was not the primary purpose of the software; (2) Aardvark Lite was available for a limited time only; and (3) VuToob policed its own web site for copyright infringement. (R. 7.)

In February 2007, Chatnoir made Aardvark Lite available for free download from the company's web site. (R. 5.) The web site provided instructions for using the software, suggested uses for the software, and a disclaimer that stated "please don't use our product for illegal or unethical purposes." (R. 5.) One of the suggested uses included the phrase "make audio recordings of your favorite VuToob videos." (R. 5.)

Later that month, Runaway Scrape sent a series of cease and desist letters to Chatnoir. (R. 7.) The band alleged that users of

Aardvark Lite were making multiple unauthorized MP3 copies of the band's copyright-protected material on VuToob. (R. 7.) Chatnoir did not respond to Runaway Scrape's letters. (R. 8.)

On April 10, 2007, Runaway Scrape created a web site with the registered domain name "www.aardvarks.com." (R. 7.) The web site allowed viewers to download one of the band's unreleased songs, "Aardvarks." (R. 7 & n.3.) The web site also contained a link that read "Get it the right way," which directed visitors to the band's official music and merchandise web site. (R. 7.) Chatnoir responded to Runaway Scrape's new web site by sending cease and desist letters to the band. (R. 7.)

The present litigation

After Runaway Scrape received Chatnoir's cease and desist letters, the band brought suit in the United States District Court for the Northern District of Texas. (R. 7.) Runaway Scrape alleged that Chatnoir intentionally induced copyright infringement by promoting and distributing Aardvark Lite. (R. 8.) Chatnoir filed a countersuit, alleging Runaway Scrape's use of its domain name, www.aardvarks.com, was likely to dilute the company's famous marks by blurring. (R. 8.)

During the bench trial, Runaway Scrape presented uncontested evidence that third parties used Aardvark Lite to make unauthorized copies of its music. (R. 8.) Both parties agreed that roughly 70% of users employed the promotional software for infringing purposes. (R. 8.) Runaway Scrape also presented evidence that Chatnoir's CEO believed that a lawsuit brought by the band "would be great publicity for the success of all the Aardvark products." (R. 9.)

With respect to Chatnoir's claim against Runaway Scrape, the Chatnoir presented uncontested evidence that 2% of the general public stated that the domain name "www.aardvarks.com" brought to mind Chatnoir's software. (R. 8.) Moreover, the company presented evidence that 8% of its current customers believed that the band's web site brought to mind Chatnoir's software. (R. 8.)

After the bench trial, the District Court issued an order in favor of Chatnoir on both the copyright infringement and trademark dilution claims and entered judgment against Runaway Scrape, enjoining the band from using the www.aardvarks.com domain name. (R. 9.) The Fourteenth Circuit affirmed the District Court's judgment. (R. 9.)

SUMMARY OF THE ARGUMENT

I. The Fourteenth Circuit Court of Appeals correctly held that Chatnoir did not intentionally induce infringement of Runaway Scrape's copyright because there is no direct evidence of unlawful intent and such intent does not impute to Chatnoir.

In *MGM v. Grokster*, this Court held that a party is liable for the infringement of others if it distributes a device with the object of promoting its use to infringe copyrighted works. This Court explained that unlawful intent can be shown through a party's clear expression of such intent or affirmative steps taken to foster infringement. Here, Chatnoir's internal communications do not reveal clear expressions of unlawful intent, and its advertising efforts do not represent affirmative steps taken to encourage infringement. The evidence demonstrates that Chatnoir released Aardvark Lite as a temporary promotion to test new features in the full version of its

new videoconferencing software, Aardvark Pro, and that it did not encourage the specific illegal use of its device.

The *Grokster* Court also held that unlawful intent may be imputed to a party through common law principles of secondary liability. These principles are inapplicable to the present case because Chatnoir did not have the ability to control the use of Aardvark Lite once a user downloaded it and because Chatnoir did not provide both the infringing device and the copyright-protected material. Furthermore, VuToob, not Chatnoir, was in the most effective position to prevent infringement of Runaway Scrape's copyright.

Even if these common law principles were applicable, this Court held in *Sony Corp. of America v. Universal Studios, Inc.* that unlawful intent does not impute to the distributor of an infringing device if the device is capable of substantial noninfringing uses. Roughly 30% of Aardvark Lite users employed the software for noninfringing purposes. Thus, the software is capable of substantial noninfringing uses, and unlawful intent does not impute to Chatnoir.

Because there is no direct evidence of unlawful intent and the Sony safe harbor bars the imputation of such intent to Chatnoir, this Court should affirm the Fourteenth Circuit's judgment in favor of Chatnoir.

II. The Fourteenth Circuit correctly held that Runaway Scrape's domain name, www.aardvarks.com, is likely to dilute Chatnoir's marks—Aardvark Media, Aardvark Pro, and Aardvark Lite—by blurring.

Congress enacted the TDRA to ease the burden on a trademark holder to contest the dilution of its famous mark. Dilution by

blurring occurs when a mark previously associated with one product also becomes associated with a second, weakening the distinctiveness of the famous mark. Congress enumerated six non-exhaustive factors in the TDRA for a court to consider in analyzing the likelihood of dilution. The statute does not require a trademark holder to prove each of the enumerated factors. Rather, a court should weigh the factors relevant to the case at hand to determine whether a mark is likely to cause an association that weakens the strength of the famous mark.

The relevant factors in this case demonstrate that Runaway Scrape's domain name is likely to weaken the strength of Chatnoir's marks. First, a high degree of similarity exists between the domain name and the famous marks because all begin with the word "aardvark." Second, Runaway Scrape intended to create an association with Chatnoir's marks because of its ongoing dispute with the company. Third, the general public and Chatnoir's customers actually associate the domain name with Chatnoir's marks. Finally, Chatnoir's marks are unique and deserve a high degree of protection because they are not descriptive of the software.

For these reasons, this Court should affirm the Fourteenth Circuit's judgment in favor of Chatnoir.

ARGUMENT

I. CHATNOIR DID NOT INTENTIONALLY INDUCE INFRINGEMENT OF RUNAWAY SCRAPE'S COPYRIGHT

A district court's factual findings are reviewed for clear error, and its conclusions of law and resolution of mixed questions of law and fact are reviewed de novo. *Starbucks Corp. v. Wolfe's Borough*

Coffee, Inc., 588 F.3d 97, 105 (2d Cir. 2009). In this case, the Fourteenth Circuit Court of Appeals and District Court correctly held that Chatnoir did not intentionally induce infringement of Runaway Scrape's copyright. (R. 3.)

In *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, this Court held that a party is liable for the infringement of others if it distributes a device with the "object of promoting its use to infringe copyright." *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 936-37 (2005). A party's unlawful intent can be established by clear expressions of such intent or "affirmative steps taken to foster infringement." *Id.* The *Grokster* Court identified three facts which evidenced the defendant's unlawful intent in that case: (1) internal communications and advertising efforts, (2) failure to develop and implement filtering tools or other means of limiting infringement, and (3) reliance on infringing activity for the success of the defendant's business. *Id.* at 938-39.

The *Grokster* Court also held that unlawful intent to induce copyright infringement may be imputed through common law principles of secondary liability. *Id.* at 929-30, 934-35. These principles impute unlawful intent to a party if: (1) it had the ability to control the infringing third-party, such as an employer-employee or a principal-agent relationship; or (2) it materially contributed to the direct infringing activity at the same time the activity occurred. *Id.* at 929-30; *Sony Corp. of Am. v. Universal Studios, Inc.*, 464 U.S. 417, 436-38 (1982); *Elektra Records v. Gem Elec. Distribs., Inc.*, 360 F. Supp. 821, 822-25 (E.D.N.Y. 1973). These principles premise liability

on the theory that the contributory infringer was in the most effective position to prevent the infringement. *Grokster*, 545 U.S. at 929-30.

In *Sony Corp. of America v. Universal Studios, Inc.*, this Court adopted a safe harbor that precludes the imputation of unlawful intent from these common law principles. *Sony Corp. of Am.*, 464 U.S. at 442. Under this safe harbor, unlawful intent does not impute to the distributor of a device "capable of substantial noninfringing use[,]" even though third-parties employ that device for infringing purposes. *Id.* The safe harbor "str[ikes] a balance between the interests of protection and innovation." *Grokster*, 545 U.S. at 941. The safe harbor is inapplicable, however, when a party intentionally induces copyright infringement because *Grokster's* inducement rule "premises liability on purposeful culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful purpose." *Id.* at 937.

This Court should affirm the Fourteenth Circuit's judgment in favor of Chatnoir because the company did not intentionally induce infringement of Runaway Scrape's copyright. See *id.* at 929-30, 938-39; *Sony Corp. of Am.*, 464 U.S. at 442. There is no direct evidence of Chatnoir's unlawful intent because it did not express such intent or take any active steps to promote infringement. See *id.* at 938-39. Likewise, common law principles of secondary liability do not impute unlawful intent to Chatnoir. See *id.* at 929-30; *Sony Corp. of Am.*, 464 U.S. at 442. Even if these principles were applicable, the *Sony* safe harbor bars the imputation of unlawful intent to Chatnoir because

there is no direct evidence of such intent and Aardvark Lite is capable of substantial noninfringing uses. See *Sony Corp. of Am.*, 464 U.S. at 442. Accordingly, this Court should affirm the Fourteenth Circuit's judgment and hold that Chatnoir is not liable for contributory copyright infringement. See *id.*; *Grokster*, 545 U.S. at 929-30, 938-39.

A. Chatnoir did not express unlawful intent or take affirmative steps to foster infringement of Runaway Scrape's copyright.

The *Grokster* Court held that a party's unlawful intent can be established by clear expressions of such intent or affirmative steps taken to foster infringement. *Grokster*, 545 U.S. at 936-37. The Fourteenth Circuit analyzed the following facts and correctly found that there was no direct evidence of Chatnoir's unlawful intent: (1) Chatnoir's internal communications and advertising efforts; (2) Chatnoir's decision to not implement a filtering tool or other means of limiting infringement in Aardvark Lite; and (3) the extent to which Chatnoir relies on infringing activity for the success of its business. (R. 9-12.) In addition to these facts, this Court should also consider the scale of infringement because it indicates that Chatnoir did not condone the illegal use of Aardvark Lite. See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd. (Grokster Remand)*, 454 F. Supp. 2d 965, 985 (C.D. Cal. 2006).

1. Chatnoir did not encourage the illegal use of Aardvark Lite in its internal communications.

Internal communications may "prove by a [party's] own statements that [its] unlawful purpose disqualifies [it] from claiming protection." *Grokster*, 545 U.S. at 938. A party's internal

communications constitute clear expression of its unlawful intent when those communications encourage the specific illegal use of the party's device. *See, e.g., Grokster Remand*, 454 F. Supp. 2d at 986. On remand, the California district court in *Grokster* found that the owner of a file-sharing network's internal communications demonstrated that it sought to offer the same illegal services as a better known network, Napster. *Id.* These communications revealed that the owner of the file-sharing network intended to direct advertising efforts at Napster users and that it measured its progress by comparing the number of files available for download on its network, most of which were copyrighted works, to those available through Napster. *Id.*

In the present case, the record reflects that Chatnoir's CEO, Stanley Rucker, stated: "[A] lawsuit brought by a popular band would be great publicity for the success of all the Aardvark products. Aardvark Lite is going to provide us with a demographic we never would have reached otherwise!" (R. 9.) The plain language of this statement does not encourage the use of Aardvark Lite on the copyright-protected material on VuToob or suggest that such use would be good for the company. The statement merely suggests that publicity from a lawsuit with Runaway Scrape would be beneficial for the company.

Furthermore, Chatnoir's internal e-mails indicated that, while the company was aware of the potential for infringement, the company did not consider infringement a problem because it was not the primary purpose of the software. (R. 7.) These statements do not reveal an unlawful purpose that disqualifies the company from claiming protection because the statements do not emphasize infringement as the

primary purpose of Aardvark Lite. See *Grokster*, 545 U.S. at 938; *Grokster Remand*, 454 F. Supp. 2d at 977-78. Thus, Chatnoir's internal communications do not evidence the company's intent to induce infringement. See *Grokster Remand*, 454 F. Supp. 2d at 986.

2. Chatnoir did not direct its advertising efforts at a known source of demand for copyright infringement.

"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 938. When a party directs its promotional efforts at a known source of demand for copyright infringement, those efforts are affirmative steps taken to promote infringement. *Grokster Remand*, 45 F. Supp. 2d at 986. A party may also have unlawful intent when it specifically directs its advertising efforts at recipients who employ other devices to infringe. *Arista Records LLC v. Lime Group LLC*, 2010 WL 2291485, at *18 (S.D.N.Y. May 25, 2010); *Arista Records LLC v. USENET.COM*, 633 F. Supp. 2d 124, 152 (S.D.N.Y. 2009).

Likewise, when a party targets known infringers who use Internet search engines to find infringing software or pirated materials, the purposeful targeting evidences the party's unlawful intent. *USENET.COM*, 633 F. Supp. 2d at 152. For example, in *Arista Records LLC v. USENET.COM*, a New York district court found that the defendants' use of the terms "warez" and "Kazaa" in the source code of their web site was evidence of their unlawful intent because warez is computer slang for pirated content and Kazaa was a notorious file-sharing service similar to Napster. *Id.*

Chatnoir purchased advertising whereby searches for terms such as "VuToob," "downloads," and "music" returned results that contained advertisements for Aardvark Lite. (R. 6.) As the Fourteenth Circuit noted, VuToob contains a substantial number of non-copyright-protected videos. (R. 10.) Thus, an Internet search for VuToob is distinguishable from a search for Napster or Kazaa because the latter systems primarily provided copyright-infringing services. See *USENET.COM*, 633 F. Supp. 2d at 152. Terms such as download and music, even when combined, do not convey a message of illegality, but the term warez means only pirated, copyright-protected material. See *id.*

Chatnoir also sent e-mails to its current customers with descriptions of the upgrades to its software and links to download Aardvark Lite. (R. 5.) However, there is no evidence that these customers employed other infringing devices so as to constitute a known source of demand for infringement. For these reasons, Chatnoir's advertising efforts were not active steps taken to bring about infringement and do not evidence unlawful intent. See *Grokster*, 545 U.S. at 938; *Lime Group LLC*, 2010 WL 2291485, at *18; *USENET.COM*, 633 F. Supp. 2d at 152; *Grokster Remand*, 454 F. Supp. 2d at 986.

3. Chatnoir's promotional e-mail advertising did not encourage the illegal use of Aardvark Lite.

Advertising that does not encourage the specific illegal use of a device is not evidence of unlawful intent even if that device is used for infringing purposes. *Monotype Imaging, Inc. v. Bitstream, Inc.*, 376 F. Supp. 2d 877, 889 (E.D. Ill. 2005). In *Monotype Imaging, Inc. v. Bitstream, Inc.*, Bitstream advertised that its software "could be used with any fonts and did not infringe upon intellectual property

rights.” *Id.* At trial, Bitstream employees clarified that “the statement that the software could be used with any fonts, referred to the fact that it could work with both Bitstream fonts, as well as fonts from other font distributors that had authorized the use of their fonts with [the software].” *Id.* An Illinois district court found that the plain language of the advertisement did not encourage the illegal use of Bitstream’s software. *See id.*

Like *Monotype Imaging*, the plain language of Chatnoir’s promotional e-mails did not encourage the illegal use of Aardvark Lite. *See id.* Instead, the e-mails simply encouraged users to strip video and store sound from VuToob videos. (R. 5.) VuToob contains a substantial number of non-copyright-protected videos, and Chatnoir’s advertising did not specifically encourage the use of its software on the copyright-protected videos. (R. 10.) Moreover, Chatnoir instructed users of Aardvark Lite to not employ the software for “illegal or unethical purposes.” (R. 10.) Because third parties employed Aardvark Lite for infringing purposes, hindsight may tempt the Court to read unlawful intent into Chatnoir’s promotional e-mails, but the Court should refuse to do so. *See id.* The promotional e-mails were not active steps taken to encourage the illegal use of Aardvark Lite. *See Grokster*, 545 U.S. at 938; *Monotype Imaging, Inc.*, 376 F. Supp. 2d at 889.

4. Chatnoir’s informed decision to not implement a
**filtering tool or other mechanism to limit infringement
in Aardvark Lite did not prevent copyright holders
from effectively enforcing their copyrights.**

“Although [a party] is not required to prevent all the harm that is facilitated by the technology, it must at least make a good faith

attempt to mitigate the massive infringement facilitated by its technology.” *Grokster Remand*, 454 F. Supp. 2d at 989. In the absence of other evidence of intent, a court may not hold a party liable for contributory infringement merely because that party decided to not take affirmative steps to prevent infringement. *Grokster*, 545 U.S. at 939 n.12. However, when a party has the opportunity to implement filtering mechanisms but refuses to do so because its business depends on its device’s ability to pirate copyrighted content, that decision evidences unlawful intent. *Lime Group LLC*, 2010 WL 2291485, at *21; *USENET.COM*, 633 F. Supp. 2d at 153; *Grokster Remand*, 454 F. Supp. 2d at 990-91.

When it released Aardvark Lite, Chatnoir was already a leader in communications that relied on the sale of its hardware and software for the success of its business. (R. 3.) Chatnoir decided to not implement a filtering mechanism in Aardvark Lite because infringement was not the primary purpose of the software and Aardvark Lite was available for a limited time only. (R. 7.) This informed decision was not an affirmative step taken to encourage infringement because Chatnoir’s business did not depend on Aardvark Lite’s ability to infringe copyright-protected material. See *Lime Group LLC*, 2010 WL 2291485, at *21; *USENET.COM*, 633 F. Supp. 2d at 153; *Grokster Remand*, 454 F. Supp. 2d at 990-91.

Moreover, Chatnoir did not implement a filtering mechanism because VuToob uses its own filtering software and has its own policy for removing copyright-protected material. (R. 5, 7.) In other words, Chatnoir encouraged users of Aardvark Lite to test the promotional

software via a web site that is actively monitored for copyright infringement. (R. 5, 7.) Copyright holders were able to monitor and enforce their rights through VuToob's filtering mechanism and policies. Thus, Chatnoir's suggestion that users employ Aardvark Lite on VuToob represents a good-faith effort to mitigate the infringing uses of the software, and its informed decision to not implement a filtering mechanism is not evidence of its unlawful intent. See *Grokster Remand*, 454 F. Supp. 2d at 989, 992.

5. Chatnoir did not rely on the infringing use of Aardvark Lite for the success of its business.

A party's reliance on infringing use for the success of its business is evidence of its unlawful intent to induce copyright infringement. *Grokster*, 545 U.S. at 940. When the distributor of a device's primary revenue source is advertising that it displays through software, which third parties employ for infringing purposes, a court may infer that the distributor relies on infringing use for the success of its business. *Id.*; *Lime Group LLC*, 2010 WL 2291485, at *19. A court may also justify this inference when third parties pay a distributor for access to its infringing device. *USENET.COM*, 633 F. Supp. 2d at 153.

Chatnoir was a leader in communications software and hardware for ten years prior to the company's release of Aardvark Lite. (R. 3-4.) Chatnoir only released Aardvark Lite as a free promotion to test its new videoconferencing software, Aardvark Pro. (R. 11.) Circuit Judge Armitage's dissenting opinion suggests that Chatnoir used the infringing capabilities to attract new customers for its other products. (R. 17.) The record indicates, however, that Chatnoir

believed that publicity from a lawsuit with Runaway Scrape, not infringing uses of its software, would be beneficial for the company. (R. 9.) There is also no evidence of any correlation between Poodle Corporation's advertisements and the infringing uses of Aardvark Lite. Chatnoir's revenue from its web site advertising was not related to the infringing uses of its software. See, e.g., *Limegroup LLC*, 2010 WL 2291485, at *19. Rather, the record demonstrates that Chatnoir is a legitimate business that sells full versions of its videoconferencing software to generate revenue. (R. 3, 4.) This Court should not infer that Chatnoir's business model relies on the infringing use of Aardvark Lite merely because third parties used the software for infringing purposes. See *Grokster*, 545 U.S. at 940; *Limegroup LLC*, WL 2291485, at *19; *USENET.COM*, 633 F. Supp. 2d at 153. Accordingly, there is no direct evidence of Chatnoir's unlawful intent. See *Grokster*, 545 U.S. at 936-37.

6. The scale of infringement demonstrates that Chatnoir did not condone the illegal use of Aardvark Lite.

Grokster's inducement rule generally arises in the context of suits against the owners and operators of file-sharing networks. See, e.g., *Grokster Remand*, 454 F. Supp. 2d at 985. These file-sharing networks are "engineered, disseminated, and promoted explicitly for the purpose of facilitating piracy of copyrighted music and reducing legitimate sales of such music to that extent." See *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n*, 494 F.3d 788, 801 (9th Cir. 2007). The scale of infringement on these networks is staggering. See, e.g., *Grokster Remand*, 454 F. Supp. 2d at 985. A staggering scale of infringement is not evidence of a distributor's unlawful intent but

makes it more likely that the distributor condoned the illegal uses of its device. *Id.*

To determine whether there is a staggering scale of infringement, courts have analyzed the percentage of a network's files offered for distribution that were infringing or highly likely to infringe. See e.g., *id.* The *Grokster* district court found a staggering scale of infringement when 97% of the files requested for download were infringing or highly likely to infringe. *Id.*; see also *Columbia Pictures Indus., Inc. v. Fung*, 2009 WL 6355911, at *8 (C.D. Cal. Dec. 21, 2009) (finding a staggering scale of infringement when 95% of the files available on the defendants' web sites were copyrighted or likely to be copyrighted).

Unlike *Grokster*, the scale of infringement in this case is not staggering. See *Grokster Remand*, 454 F. Supp. 2d at 985. Chatnoir released Aardvark Lite as a temporary promotion to test new features for the full version of its videoconferencing software. (R. 4.) This software was not engineered or designed for the purpose of facilitating piracy. See *Visa Int'l Serv., Ass'n*, 494 F.3d at 801. The record does not indicate the percentage of files stripped by Aardvark Lite users that were copyrighted or likely to be copyrighted because Aardvark Lite is not a network or web site through which infringing files are offered. This Court should not analogize the percentage of infringing use by Aardvark Lite users to the staggering scale of infringement in the file-sharing network cases. See *Fung*, 2009 WL 6355911, at *8; *Grokster Remand*, 454 F. Supp. 2d at 985.

Even if this Court does decide to so analogize the infringing uses of Aardvark Lite, only 70% of the software's users employed it for infringing purposes. (R. 8.) This figure is significantly less than the scale of infringement in the file-sharing network cases. See *Fung*, 2009 WL 6355911, at *8; *Grokster Remand*, 454 F. Supp. 2d at 985. Accordingly, this Court should conclude that the infringing uses of Aardvark Lite were not staggering in scale. See *Fung*, 2009 WL 6355911, at *8; *Grokster Remand*, 454 F. Supp. 2d at 985. If the Court does, however, conclude that the scale of infringement is staggering, it should still hold that Chatnoir is not liable for inducing infringement of Runaway Scrape's copyright because a staggering scale of infringement is not evidence of unlawful intent and there is no direct evidence of such intent. See *Grokster Remand*, 454 F. Supp. 2d at 983-92.

B. Common law principles of secondary liability do not impute unlawful intent to Chatnoir.

Even if there is no direct evidence of a party's unlawful intent to induce copyright infringement, such intent may be imputed to a party through common law principles of secondary liability. *Grokster*, 545 U.S. at 929-30, 934-35; *Perfect 10, Inc. v. Amazon.com*, 508 F.3d 1146, 1170-72 (9th Cir. 2007). These principles premise liability on the theory that the contributory infringer was in the most effective position to prevent the infringement. *Grokster*, 545 U.S. at 929-30 (citing *In re Aimster Corp.*, 334 F.3d 643, 645-46 (7th Cir. 2003)).

Unlawful intent imputes to a party when it has the ability to prevent infringement through its control over the direct infringer, such as a principal-agent or an employer-employee relationship. *Sony*

Corp. of Am., 104 S.Ct. at 436-38 (citing *Kalem Co. v. Harper Bros.*, 222 U.S. 55, 63 (1911); *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1163 (2d Cir. 1971)). Unlawful intent also imputes to a party when "[it] materially contribute[s] to the direct infringing activities at the same time the direct infringing activities occur[]." Meng Ding, *Perfect 10 v. Amazon.com: A Step Towards Copyright's Tort Law Roots*, 23 Berkeley Tech. L.J. 373, 399-400 (2008) (citing *Elektra Records*, 360 F. Supp. at 822-25). In *Elektra Records v. Gem Electronic Distributors, Inc.*, a New York district court held a retail store liable for contributory copyright infringement when it sold both blank and copyrighted audiocassettes and installed a coin-operated cassette duplicating system in the store. *Elektra Records*, 360 F. Supp. at 822-25. The court found that the store materially contributed to the direct infringing act because it was aware of the specific infringement and provided both the mechanism for the direct infringement—the duplicating system—and the copyright-protected material—the audiocassettes. *Id.* at 824-25.

These principles of secondary liability are inapplicable to the present case. See *id.*; *Sony Corp. of Am.*, 104 S.Ct. at 436-38; *In re Aimster Corp.*, 334 F.3d at 645-46. First, Chatnoir's buyer-seller or provider-downloader relationship is not a typical relationship from which unlawful intent imputes to a party, and there is no evidence that Chatnoir had the ability to control the use of its software once a user downloaded it. See *Sony Corp. of Am.*, 104 S.Ct. at 436-38. Second, Chatnoir did not materially contribute to the direct infringing activity because it did not provide both the infringing

device and the copyright-protected-material. See *Gem Elec. Distribs., Inc.*, 60 F. Supp. at 822-25. Instead, VuToob provided the copyrighted material. (R. 5.) Finally, Chatnoir was not in the most effective position to prevent infringement. See *In re Aimster Corp.*, 334 F.3d at 645-46. VuToob was in the most effective position to prevent infringement of Runaway Scrape's copyright because it monitored its web site and actively policed it for such infringement. (R. 5); see *In re Aimster Corp.*, 334 F.3d at 645-46. Accordingly, these common law principles of secondary liability do not impute unlawful intent to Chatnoir. See *Sony Corp. of Am.*, 104 S.Ct. at 436-38; *In re Aimster Corp.*, 334 F.3d at 645-46; *Gem Elec. Distribs., Inc.*, 60 F. Supp. at 822-25.

C. *Sony Corp. of America v. Universal Studios, Inc.* bars the imputation of unlawful intent from common law principles to Chatnoir.

Even if this Court concludes that these common law principles of secondary liability are applicable, unlawful intent does not impute to Chatnoir because there is no direct evidence of such intent and Aardvark Lite is capable of substantial noninfringing uses. See *Grokster*, 545 U.S. at 937; *Sony Corp. of Am.*, 464 U.S. at 442. In *Sony Corp. of America v. Universal Studios, Inc.*, this Court held that unlawful intent did not impute to Sony based solely on the design and distribution of the infringing device, the VCR, because it had substantial noninfringing uses. *Sony Corp. of Am.*, 464 U.S. at 442. The device was capable of substantial noninfringing uses because roughly 9% of its current uses were noninfringing. *Id.* at 424, 444; see also *Grokster*, 545 U.S. at 951-54 (Breyer, J., concurring)

(analogizing *Sony* and finding that the defendant's file-sharing-network was capable of substantial noninfringing uses because roughly 10% of the files on the network were noninfringing). The *Sony* Court justified this safe harbor because it struck a balance between the interests of copyright protection and technological innovation. *Sony Corp. of Am.*, 464 U.S. at 442.

Like the VCR in *Sony*, Aardvark Lite is capable of substantial noninfringing uses. See *id.* Roughly 30% of Aardvark Lite users currently employ the software for noninfringing purposes. (R. 8.) This percentage is already three times greater than that which the Court found sufficient in *Sony* and that which Justices Breyer, Stevens, and O'Connor found sufficient in *Grokster*. See *Grokster*, 545 U.S. at 951-54 (Breyer, J., concurring). Furthermore, Chatnoir only released Aardvark Lite to test new features of its videoconferencing software, and Aardvark Lite only functioned for a six-month period after a user downloaded it. (R. 3, 4.) Thus, the percentage of noninfringing uses of Chatnoir's video-stripping technology is likely to increase as Aardvark Lite downloads expire and Aardvark Pro is released. See *Grokster*, 545 U.S. at 951-54 (Breyer, J., concurring). Accordingly, *Sony* bars the imputation of unlawful intent to Chatnoir. See *Sony Corp. of Am.*, 464 U.S. at 442.

Because *Sony* bars the imputation of unlawful intent to Chatnoir and there is no direct evidence of such intent, this Court should affirm the Fourteenth Circuit's judgment and hold that Chatnoir is not liable for contributory copyright infringement.

II. RUNAWAY SCRAPE'S DOMAIN NAME IS LIKELY TO DILUTE CHATNOIR'S FAMOUS MARKS BY BLURRING

In 2006, Congress enacted the TDRA to ease the burden on a trademark holder to contest the dilution of its famous trademark. See 15 U.S.C. § 1125(c) (2006); Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat 1730; H.R. Rep. No. 109-23, at 3-6 (2005), *reprinted in* 2006 U.S.C.C.A.N. 1091, 1092-94 (explaining the purposes of TDRA). To state a claim for trademark dilution, Chatnoir must prove that: (1) it owns a mark that is both famous and distinctive; (2) after its mark became famous, Runaway Scrape began using a new mark in commerce; and (3) the new mark is likely to dilute Chatnoir's famous mark. 15 U.S.C. § 1125(c)(1). Because Runaway Scrape conceded the first and second elements, the only question at issue is whether Runaway Scrape's domain name, www.aardvarks.com, is likely to dilute Chatnoir's "Aardvark" marks. (R. 13.)

"Dilution occurs when consumers form new and different associations with the [trademark holder's] mark." *Visa Int'l Serv. Ass'n v. JSL Corp.*, 610 F.3d 1088, 1090 (9th Cir. 2010). The type of dilution at issue is "dilution by blurring," which "occurs when a mark previously associated with one product also becomes associated with a second[,]" effectively impairing "the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B); *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 635 (9th Cir. 2008). "[T]he introduction of a [second mark] to the marketplace means that there are now two products, not just one, competing for association with that word." *JSL Corp.*, 610 F.3d at 1091.

Congress enumerated a non-exhaustive list of six factors for a court to consider in analyzing the likelihood of dilution. 15 U.S.C. § 1125(c)(2)(B). A court is only required to consider the factors that are relevant to the case at hand.¹ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 107 (2d Cir. 2009) (quoting H.R. Rep. No. 109-23, at 7). The Fourteenth Circuit considered the following three factors in its analysis: (1) the degree of similarity between the mark and the famous mark; (2) whether the user of the mark intended to create an association with the famous mark; and (3) whether there is any actual association between the mark and the famous mark. 15 U.S.C. § 1125(c)(2)(B). The Fourteenth Circuit, affirming the District Court, correctly held that these three factors demonstrate that Runaway Scrape's use of its domain name, www.aardvarks.com, is likely to dilute Chatnoir's marks—Aardvark Media, Aardvark Pro, and Aardvark Lite—by blurring. (R. 3.) In addition to these three factors, this Court should also consider a fourth factor—the degree of inherent or acquired distinctiveness of the famous mark—because this factor is also relevant to the case. *See Starbucks Corp.*, 558 F.3d at 107.

A. A high degree of similarity exists between Runaway Scrape's domain name and Chatnoir's famous marks.

A court may analyze "the degree of similarity" between a mark and a famous mark to determine the likelihood of dilution. 15 U.S.C. § 1125(c)(2)(B)(i). When a high degree of similarity exists between such marks, it is likely that an association will arise that impairs the

¹ In the Fourteenth Circuit's majority and dissenting opinions, the judges only addressed three of the six TDRA factors. *See* 15 U.S.C. § 1125(c)(2)(B).

distinctiveness of the famous mark. *Id.*; *JSL Corp.*, 610 F.3d at 1090; 4 McCarthy on Trademarks and Unfair Competition § 24:119 (4th ed.). This association may arise even though the marks are not “substantially similar.” 15 U.S.C. § 1125(c)(2)(B)(i); *Starbucks Corp.*, 588 F.3d at 108. Congress did not impose a “substantial similarity” requirement in the TDRA because it did not intend for this individual factor to carry greater weight than the other factors. *Starbucks Corp.*, 588 F.3d at 108.

Likewise, Congress does not require a party to prove actual confusion or a likelihood of confusion between the two marks. *Id.* at 109; 15 U.S.C. § 1125(c)(2)(B). “Dilution does not rely upon the standard test of infringement, that is, the likelihood of confusion, deception, or mistake.” H.R. Rep. No. 109-23, at 4. Nonetheless, a showing of likelihood of confusion is persuasive in determining the degree of similarity between marks in a dilution claim. *See Starbucks Corp.*, 588 F.3d at 109.

1. A likelihood of confusion exists between Runaway Scrape’s domain name and Chatnoir’s famous marks.

To determine the likelihood of confusion between marks, a court generally compares the marks in their entireties. *In re Nat’l Data Corp.*, 753 F.2d 1056, 1058 (Fed. Cir. 1985). However, when a feature of a mark is particularly distinctive, a court may give more weight to that feature in its comparison. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 947 (Fed. Cir. 2000) (citing *In re Nat’l Data Corp.*, 753 F.2d at 1058; *Sweats Fashion, Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 1566 (Fed. Cir. 1987)).

In *Cunningham v. Laser Golf Corp.*, the Federal Circuit compared the marks "Laser" and "Laserswing." *Id.* Laser Golf used its mark, Laser, to market its golf clubs and golf balls, while Cunningham used its mark, Laserswing, to market its device that helped golfers improve their swings. *Id.* at 944-45. In its comparison of the marks, the court gave more weight to the distinctive part of Cunningham's mark, "Laser," and less weight to the descriptive part of the mark, "swing" because it described Cunningham's practice device and was a commonly used term in reference to golf clubs. *Id.* at 947. The court emphasized that both marks began with "Laser" and found that the marks were similar. *Id.*

If both marks do not contain the same distinctive term, a court may hold that there is no likelihood of confusion. See *Starbucks Corp.*, 588 F.3d at 107, 116. In *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, the Second Circuit compared the Starbucks mark with Wolfe Borough Coffee's marks, one of which was "Charbucks Blend." *Id.* Although the Second Circuit considered the marks in their entireties when holding that there was no likelihood of confusion, the court would have reached the same conclusion if it had separated the distinctive features of each mark. See *id.* at 116. Even if the court had given more weight to the distinctive feature of the mark, "Charbucks," and less weight to the descriptive feature, "Blend," there would not have been a likelihood of confusion with the Starbucks mark because "Charbucks" and "Starbucks" are not identical. See *id.* at 107, 116; *cf. Cunningham*, 222 F.3d at 947 (emphasizing that both terms began with "Laser").

Unlike *Starbucks*, Runaway Scrape's domain name incorporates the term that is the distinctive feature of Chatnoir's marks. See *Starbucks Corp.*, 588 F.3d at 107, 116. Runaway Scrape's domain name is *www.aardvarks.com*, and Chatnoir's marks are Aardvark Media, Aardvark Pro, and Aardvark Lite. (R. 3-4.) Like *Cunningham*, this Court should give more weight to the distinctive term "Aardvark" and less weight to "Media," "Pro," and "Lite," which simply describe the different versions of Chatnoir's software and are commonly used in reference to software in general. See *Cunningham*, 222 F.3d at 947. Because Runaway Scrape's domain name, *www.aardvarks.com*, and Chatnoir's famous Aardvark marks all begin with the distinctive term "aardvark," a likelihood of confusion exists between the domain name and the famous marks. See *id.* This likelihood of confusion indicates that there is also a high degree of similarity between the domain name and the famous marks for purposes of determining likelihood of dilution. See *Starbucks Corp.*, 588 F.3d at 109.

2. The Internet is the proper context in which to compare Runaway Scrape's domain name and Chatnoir's famous marks.

When a court compares marks to determine the degree of similarity, it should look to the context in which the marks are found. *Starbucks Corp.*, 588 F.3d at 106. In *Starbucks*, the Second Circuit compared the parties' logos and packaging when determining the degree of similarity because those were the contexts in which the marks primarily appeared. *Id.* at 106-07. The court found that the marks were not similar because of differences in imagery, color, and format. *Id.* *Starbucks* is distinguishable from this case because

Starbucks does not take into account the unique considerations that arise in the context of the Internet. See *id.*; *Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165, 1174 (9th Cir. 2007).

In *Perfumebay.com Inc. v. eBay Inc.*, the Ninth Circuit stated that unique considerations are present in the Internet context because a "domain name is the simplest way of locating a web site." See *Perfumebay.com Inc.*, 506 F.3d at 1169 (quoting *Panavision Int'l, L.P. v. Toepfen*, 141 F.3d 1316, 1319 (9th Cir. 1998)). The court also noted that, "[t]he Web, as a marketing channel, is particularly susceptible to a likelihood of confusion since . . . it allows for competing marks to be encountered at the same time, on the same screen." *Id.* at 1175 (quoting *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000)).

When a domain name incorporates the distinctive feature of a famous mark, a court may find that a high degree of similarity exists between the domain name and the famous mark for determining likelihood of dilution. *Nike, Inc. v. Nikepal Int'l, Inc.*, 2007 WL 2782030, at *6, *8 (E.D. Cal. Sept. 18, 2007). In *Nike, Inc. v. Nikepal International, Inc.*, a California district court compared the famous mark "NIKE" with the defendant's domain names—nikepal.biz, nikepal.net, nikepal.us, nikepal.info, and nikepal.tv. *Id.* In its comparison of "NIKE" to "nikepal," the court gave greater weight to the dominant feature of the defendant's domain names, "nike," and less weight to the term of affinity, "pal." *Id.* at *6.

The court also noted that the domain names led to web sites that included promotions and advertisements for Nike products. *Id.* at *8.

Thus, the domain names and the famous mark often appeared on the same screen at the same time. *Id.* The court ultimately found that there was a high degree of similarity between the domain names and the famous mark. *Id.* at *6.

Likewise, when a domain name incorporates a famous mark by adding a letter to the distinctive term in that mark, a court may find that there is a high degree of similarity between the domain name and the famous mark. *JSL Corp.*, 610 F.3d at 1090. In *Visa International Service Ass'n v. JSL Corp.*, the Ninth Circuit found that there was a high degree of similarity between the domain name, www.eVisa.com, and the famous mark "VISA." *Id.* The only difference between the domain name and the famous mark was the prefix "e," which commonly refers to the electronic or online version of a brand. *Id.* The prefix did not effectively distinguish the domain name from the famous mark. *Id.*

This Court should evaluate the similarity between Runaway Scrape's domain name and Chatnoir's famous marks in light of the unique considerations that arise in the Internet context. *See id.*; *Perfumebay.com Inc.*, 506 F.3d at 1169; *Nike, Inc.*, 2007 WL 2782030, at *6, *8. Runaway Scrape does not effectively distinguish its domain name, www.aardvarks.com, from the distinctive feature of Chatnoir's Aardvark marks by simply adding an "s" onto the end of the word "aardvark." *See JSL Corp.*, 610 F.3d at 1090. Runaway Scrape's plural use of the word is likely to create an association with Chatnoir's software because consumers will likely think that the domain name, www.aardvarks.com, refers to the Aardvark software as a group. *See id.* These consumers will likely encounter the domain name when they look

for Chatnoir's software online because a domain name is the simplest way of locating a web site. See *Perfumbay.com Inc.*, 506 F.3d at 1169; *Nike, Inc.*, 2007 WL 2782030, at *8.

Additionally, both Chatnoir and Runaway Scrape market their goods and services on the Internet. (R. 6, 7, 17 n.5.) Internet users will likely encounter both parties' marks on the same screen at the same time. See *Perfumbay.com Inc.*, 506 F.3d at 1174; *Nike, Inc.*, 2007 WL 2782030, at *8. For these reasons, there is a high degree of similarity between Runaway Scrape's domain name and Chatnoir's marks, which indicates that the domain name is likely to cause an association that weakens the strength of Chatnoir's marks. See *JSL Corp.*, 610 F.3d at 1090; *Nike, Inc.*, 2007 WL 2782030, at *8.

B. Runaway Scrape intended to create an association with Chatnoir's famous marks when it created its domain name, www.aardvarks.com.

A court may consider whether the user of a mark intended to create an association with a famous mark when determining likelihood of dilution. 15 U.S.C. § 1125(c)(2)(B)(v). When a party is aware of a famous mark before it adopts its own mark, courts have found that the party intended to create an association with the famous mark. *The New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 323 (S.D.N.Y. 2010); *Nike, Inc.*, 2007 WL 2782030, at *7. In *Nike, Inc. v. Nikepal International, Inc.*, a California district court held that because Nikepal, the defendant, "was plainly aware of the existence of the NIKE mark before [it] adopted [its] company name[,]" Nikepal intended to create an association with the famous mark. *Nike, Inc.*, 2007 WL 2782030, at *7. The court also found Nikepal's

explanation that it found its mark by opening the dictionary to a random page not credible. *Id.*

Here, Runaway Scrape was plainly aware of Chatnoir's famous marks before it created its domain name. Runaway Scrape sent Chatnoir five letters, two of which were cease and desist letters, regarding Chatnoir's Aardvark Lite software. (R. 7.) Only after Runaway Scrape did not receive a response from Chatnoir did the band register its domain name, www.aardvarks.com. (R. 7.)

Runaway Scrape asserts that it used the word "aardvarks" because of the unique property of the word when it is sorted alphabetically and because one of the band members had a pet aardvark as a child. (R. 19 n.6.) Even if these assertions are true, "good intentions alone do not negate a showing of a likelihood of dilution." *JSL Corp.*, 610 F.3d at 1090. It is more likely that Runaway Scrape created its domain name because of its dispute with Chatnoir.

First, the lyrics of the song, "Aardvarks," which is found on Runaway Scrape's web site, www.aardvarks.com, do not lend credibility to either of the two reasons proffered by Runaway Scrape for choosing its domain name. (R. 19.) The lyrics analogize aardvarks hunting for ants to the narrator of the song's love for someone, which has no relation to an aardvark as a pet or the unique nature of the word when sorted alphabetically. (R. 19.) Second, the song has not appeared on any of Runaway Scrape's albums, and the band admits that it did not promote the song until after its dispute with Chatnoir. (R. 7 n.3.)

Moreover, the band already had an official web site when it registered the domain name, www.aardvarks.com, where it could have

easily promoted the song, "Aardvarks," and allowed users to download it. (R. 7.) Finally, Runaway Scrape included a link on its new web site that read, "Get it the right way," which directed viewers to the band's official web site. (R. 7.) This language is an explicit reference to the band's dispute with Chatnoir. This link and the song "Aardvarks" comprise the entirety of the content on the new web site. (R. 7.) Runaway Scrape's explanations, like those of the defendant in *Nike*, are not credible and this Court should conclude that Runaway Scrape intended to create an association with Chatnoir's marks. See *Nike, Inc.*, 2007 WL 2782030, at *7. This factor indicates that the domain name is likely to cause an association that weakens Chatnoir's famous marks. See *id.*; 15 U.S.C. § 1125(c)(2)(B)(v).

C. An actual association exists between Runaway Scrape's domain name and Chatnoir's famous marks.

A trademark holder may show "any actual association" between a mark and its famous mark to demonstrate likelihood of dilution. 15 U.S.C. § 1125(c)(2)(B)(vi) (emphasis added). The statute does not require a party to submit survey evidence of association nor does it require a party to show that a certain percentage of people associate the mark with the famous mark. *Id.*; *Jada Toys*, 518 F.3d at 636. Here, Chatnoir presented uncontested evidence of a survey in which 2% of the general public and 8% of Chatnoir's current customers responded that Runaway Scrape's domain name brought to mind Chatnoir's marks. (R. 8.) This evidence establishes "any actual association" between Runaway Scrape's domain name and Chatnoir's Aardvark marks. See 15 U.S.C. § 1125(c)(2)(B)(vi) (emphasis added); *Jada Toys, Inc.*, 518 F.3d at 636.

In *Jada Toys, Inc. v. Mattel, Inc.*, the Ninth Circuit compared the marks of competing companies that sold toy vehicles, "HOT RIGZ" and "HOT WHEELS." *Jada Toys, Inc.*, 518 F.3d at 631. Mattel, owner of the famous mark HOT WHEELS, submitted two surveys in which 28% and 7% of the respondents thought that the toy vehicle put out under the competitor's mark was either made by Mattel or by the same company that produced the HOT WHEELS mark. *Id.* at 636. The Ninth Circuit held that a reasonable trier of fact could conclude that there was an actual association between the marks. *Id.* Like *Jada Toys*, Chatnoir's survey evidence demonstrates that there is an actual association between Runaway Scrape's domain name and Chatnoir's famous marks. *Id.*

Circuit Judge Armitage's dissenting opinion suggests that these numbers are too low to demonstrate actual association, but this Court should not require Chatnoir to prove higher association numbers because the plain language of the TDRA provides that "any association" is relevant. 15 U.S.C. § 1125(c)(2)(B)(vi). Congress enacted the TDRA to ease the burden for trademark holders to contest the dilution of their trademarks, and other courts have refused to impose a heightened burden when it is not required by the plain language of the statute. See H.R. Rep. No. 109-23, at 3-6 (explaining that the TDRA does not require a showing of actual dilution); *Starbucks Corp.*, 588 F.3d at 108 (refusing to require that similarity between the subject marks be "substantial" when the TDRA does not impose such a burden).

Chatnoir presented uncontested evidence of a survey in which the general public and current customers thought that Runaway Scrape's domain name brought to mind the company's famous marks. (R. 8.) Like

Jada Toys, this survey evidence demonstrates that there is an actual association between Runaway Scrape's domain name and Chatnoir's marks. See *Jada Toys*, 518 F.3d at 636. Accordingly, this factor indicates that Runaway Scrape's domain name is likely to create an association that weakens the strength of Chatnoir's famous marks. See *id.*; 15 U.S.C. § 1125(c) (2) (B) (vi).

D. Chatnoir's famous marks have a high degree of inherent or acquired distinctiveness.

A court may consider the degree of inherent or acquired distinctiveness to determine the likelihood of dilution. 15 U.S.C. § 1125(c) (2) (B) (ii).² "In general, the more unique or arbitrary a mark, the more protection a court will afford it." *JSL Corp.*, 610 F.3d at 1090 (quoting *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 605 (9th Cir. 1987)). A mark is unique when it is not particularly descriptive of the trademark holder's goods or services. *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734, 746 (W.D. Ky. 2008). In *V Secret Catalogue, Inc. v. Moseley*, a Kentucky district court held that Victoria Secret's mark deserved a high degree of protection because there was nothing "about the combination of the possessive 'Victoria's' and 'secret' that automatically conjure[d] thoughts of women's underwear—except, of course, in the context of [Victoria's Secret's] line of products." *Id.* (quoting *V Secret*

² The Fourteenth Circuit did not consider this fourth factor; however, this factor is relevant to Chatnoir's famous marks. See 15 U.S.C. § 1125(c) (2) (B) (iii). Because a court should consider all relevant factors to determine the presence of dilution by blurring, this Court should consider this fourth factor in its analysis. See *Starbucks Corp.*, 588 F.3d at 107 (quoting H.R. Rep. No. 109-23, at 7).

Catalogue, Inc. v. Moseley, 259 F.3d 464, 470 (6th Cir. 2001), *rev'd*, 537 U.S. 418 (2003)).

Like *V Secret Catalogue*, Chatnoir's Aardvark marks are not descriptive of its product, videoconferencing software. See *id.* The company's software does not relate whatsoever to any feature of the animal of the same name. Chatnoir selected the word, "Aardvark," because of a "unique property when in a list that [is] sorted alphabetically." (R. 19 n.6.) In this way, nothing about the combination of "Aardvark" and "Media," "Pro," or "Lite" conjures thoughts of videoconferencing software, except in the context of the company's software. See *V Secret Catalogue, Inc.*, 558 F. Supp. 2d at 746. Accordingly, Chatnoir's marks are unique and deserve a high degree of protection. See *id.*; 15 U.S.C. § 1125(c)(2)(B).

A court should balance the relevant factors to determine whether the introduction of a new mark to the marketplace is likely to weaken the strength of a famous mark. 15 U.S.C. § 1125(c)(2)(B); *JSL Corp.*, 610 F.3d at 1091. Because the relevant factors in this case weigh in favor of Chatnoir, this Court should hold that Runaway Scrape's domain name is likely to dilute Chatnoir's famous marks. See 15 U.S.C. § 1125(c)(2)(B).

CONCLUSION

For the reasons stated above, this Court should affirm the judgment of the Fourteenth Circuit Court of Appeals in favor of Chatnoir.

Respectfully Submitted,

Team 41

APPENDIX "A"

15 U.S.C. § 1125—Trademark Dilution Revision Act

a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement 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 the matter sought to be protected is not functional.

(b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

(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 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.

(d) Cyberpiracy prevention

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

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

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

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

(III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (a), a court may consider factors such as, but not limited to

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

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

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

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

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

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

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section.

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person

believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c) of this section; and

(ii) the court finds that the owner--

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by--

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.