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 ASSIGNED NAMES AND NUMBERS

10 UNITED STATES DISTRICT COURT
 11 CENTRAL DISTRICT OF CALIFORNIA
 12 WESTERN DIVISION

13
 14 IMAGE ONLINE DESIGN, INC.,
 15 Plaintiff,

16 v.

17 INTERNET CORPORATION FOR
 18 ASSIGNED NAMES AND
 NUMBERS,
 19 Defendant.

Case No. CV 12-08968-DDP (JCx)
 Assigned for all purposes to
 Hon. Dean D. Pregerson

**ICANN'S REPLY
 MEMORANDUM IN SUPPORT
 OF ITS MOTION TO DISMISS
 COMPLAINT**

Hearing Date: Jan. 28, 2013
 Hearing Time: 10:00 a.m.
 Hearing Location: 312 N. Spring St.

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INTRODUCTION

1
2 Plaintiff Image Online Design, Inc. (“IOD”) cannot avoid the unambiguous
3 and valid language in its 2000 release of ICANN, and it cannot sidestep the
4 established legal and pleading principles that doom its Complaint. In its 2000
5 release, IOD “released and forever discharged” ICANN of the very claims IOD
6 asserts in this action, claims that were not “unknown” to IOD when it signed the
7 release. Moreover, IOD’s Opposition does not address the substantive deficiencies
8 in IOD’s claims: IOD fails to identify a single contractual term that ICANN
9 breached by not selecting IOD’s 2000 Application to operate a .WEB top-level
10 domain (“TLD”); IOD fails to explain how this Court could adjudicate trademark
11 claims that are entirely dependent on future events that may not unfold the way
12 IOD suspects, or may not happen at all; IOD fails to point to facts plausibly
13 suggesting that its purported .WEB TLD enjoys trademark protections or that
14 ICANN “used” the .WEB trademark to infringe such rights; and IOD still does not
15 identify a single contract or relationship intentionally disrupted by ICANN to
16 support its tortious interference claims. IOD’s Complaint should be dismissed.

I. IOD’s Release Of ICANN Bars The Complaint.

17
18 In 2000, IOD executed a release in favor of ICANN so that ICANN would
19 consider IOD’s application to operate a .WEB TLD. IOD knew that ICANN might
20 decline to award IOD the requested TLD, or might award the TLD to a different
21 entity, but IOD specifically released ICANN from claims related to IOD’s 2000
22 Application and ICANN’s establishment or failure to establish a .WEB TLD. The
23 fact that twelve years passed before ICANN accepted new applications for
24 the .WEB TLD does not mean that the language in the release is somehow less
25 effective. The release is just as enforceable today as in 2000.

26 In its 2000 Application, IOD released ICANN “from any and all claims and
27 liabilities relating in any way to (a) any action or inaction by or on behalf of
28 ICANN in connection with this application or (b) the establishment or failure to

1 establish a new TLD.” (Request for Judicial Notice (“RJN”) submitted with
2 ICANN’s Motion, Ex. C ¶ B14.2.)¹ California courts have routinely upheld such
3 “contractual limitations on liability, even against claims that the breaching party
4 violated a law or regulation.” *CAZA Drilling, Inc. v. TEG Oil & Gas U.S.A., Inc.*,
5 142 Cal. App. 4th 453, 472 (2006). In fact, it is well-settled under California law
6 that corporations “are entitled to contract to limit the liability of one to the other, or
7 otherwise allocate the risk of doing business.” *Philippine Airlines, Inc. v.*
8 *McDonnell Douglas Corp.*, 189 Cal. App. 3d 234, 137 (1987). IOD does not argue
9 that the claims contained in its Complaint fall outside the scope of the release;
10 instead, IOD argues that its claims were unknown at the time IOD executed the
11 release, and that the release itself is void. Both positions are untenable.

12 First, IOD argues that, under California Civil Code section 1542, it did not
13 release ICANN “from any claim that it was not aware of in 2000” and therefore did
14 not release the claims alleged in its Complaint. (Opp’n at 7:10-11.) The problem
15 with IOD’s argument is that IOD expressly contemplated in 2000 – and therefore
16 released ICANN from – the exact claims that IOD now asserts. IOD’s contract
17 claims, for instance, are based on the central allegation that ICANN failed to act on
18 IOD’s 2000 Application for the .WEB TLD. (Compl. ¶¶ 49, 56, 62, 63, 67-81, 83-
19 90, 136-143, 145-152.) But the release IOD signed in 2000 expressly contemplates
20 and exempts ICANN from liability for claims relating to “any action *or inaction* by
21 or on behalf of ICANN in connection with [IOD’s] application.” (RJN, Ex. C
22 ¶ B14.2.) Likewise, IOD was well aware of its potential trademark claims before it
23 executed the release in the 2000 Application because it was in the process of
24 litigating those claims. As set forth in ICANN’s Motion, shortly before IOD
25 executed the release, Judge Kelleher of this Court granted summary judgment
26

27 ¹ IOD does not oppose or challenge ICANN’s RJN. Accordingly, the
28 materials may be considered by the Court in deciding ICANN’s Motion to Dismiss.

1 against IOD's trademark claims relating to its purported .WEB TLD, which are
2 precisely the claims IOD asserts here. *Image Online Design, Inc. v. Core Ass'n*,
3 120 F. Supp. 2d 870 (C.D. Cal. 2000); Mot. at 11:14-22. IOD knew when it signed
4 the release in 2000 that it might have (and was releasing ICANN of) claims
5 identical to those it had asserted previously. In short, IOD cannot now argue that
6 ICANN is attempting to apply the release to "unknown" claims.²

7 Second, IOD's attempt to avoid dismissal of its claims by arguing that the
8 release is invalid as against public policy is also deficient. IOD's argument relies
9 entirely on the California Supreme Court's decision in *Tunkl v. Regents of*
10 *University of California*, 60 Cal. 2d 92 (1963). (Opp'n at 4-7.) In *Tunkl*, the
11 plaintiff alleged personal injuries resulting from the negligence of a nonprofit
12 research hospital. *Id.* at 94. Because the hospital's contracts with its patients,
13 signed when they entered the hospital in need of medical treatment, "affect[ed] the
14 public interest," the court concluded that the plaintiff's release of the hospital "from
15 any and all liability for the negligent or wrongful acts or omissions of its employees"
16 violated public policy and therefore violated California Civil Code section 1668. *Id.*
17 at 101-102. The determination in *Tunkl* was based on a list of factors found to
18 typify transactions that "affect the public interest": (1) the business involved is of
19 the type suitable for public regulation; (2) the services it provides are of great
20 importance and a practical necessity to the public; (3) the services are broadly
21 offered to the public; (4) as a result of the essential nature of the service, the party

22
23 ² Because ICANN does not contend that IOD released "unknown" claims,
24 California Civil Code section 1542 has no bearing here. Further, contrary to the
25 case cited by IOD, "[n]othing in that statute requires that it be designated in the
26 release or that a party specifically waive its provisions." *Perez v. Uline, Inc.*, 157
27 Cal. App. 4th 953, 959 (2007) ("While it might have been more comprehensive to
28 have a reference to Civil Code section 1542 in the release '[t]o be effective, a
release need not achieve perfection.'" (quoting *Skrbina v. Fleming Cos.*, 45 Cal.
App. 4th 1353, 1368 (1996)). Instead, a release is "binding on the signatories and
enforceable so long as [it is] ... clear, explicit and comprehensible in each [of its]
essential terms." *Id.* (citation omitted).

1 obtaining the release had a decisive bargaining advantage; (5) the exculpation of
2 liability is in a contract of adhesion; and (6) the transaction places the releasing
3 party's person or property in the control of the released party, subject to the risk of
4 negligence. *Id.* at 98-101.

5 In contrast with the situation in *Tunkl* involving a hospital and a patient in
6 need of medical care, the relationship between ICANN and IOD was a private
7 transaction between two corporations, where IOD's signature on a release did not
8 implicate any of the factors that caused the court in *Tunkl* to invalidate the release.
9 For example, IOD claims that ICANN is an organization "suitable for regulation,"
10 (Opp'n at 5:5-8), but the Complaint correctly notes that "**no** government entity or
11 regulatory scheme governs ICANN's decisions to approve TLDs or registries and
12 ICANN acts as a **purely private entity** in making decisions." (Compl. ¶ 27; *see also*
13 *id.* ("The DOC has no regulatory oversight and no statutory authority to direct
14 ICANN's decisions") (emphasis added).) Likewise, ICANN's administration of
15 the Internet's domain name system ("DNS"), while an important function, is not
16 similar to the basic necessary services contemplated by the *Tunkl* court, "such as
17 medical, legal, housing, transportation or similar services 'which must *necessarily*
18 be used by the general public.'" *Appalachian Ins. Co. v. McDonnell Douglas Corp.*,
19 214 Cal. App. 3d 1, 29 (1989) (quoting *Hulsey v. Elsinore Parachute Center*, 168
20 Cal. App. 3d 333, 343 (1985) (emphasis in original); *Tunkl*, 60 Cal. 2d at 99. And
21 unlike the patient in *Tunkl* who placed his body in the exclusive control of the
22 hospital, the transaction between ICANN and IOD in no way placed IOD's "person
23 or property in the control" of ICANN. To the contrary, IOD retained complete
24 control over its application and could at any time withdraw its application from
25 consideration. In short, the agreement between ICANN and IOD did not implicate
26 the public interest in the way required to void the release under *Tunkl*.

27 Finally, even if it could be claimed that IOD's 2000 Application "affected the
28 public interest," the release would still be valid because California Civil Code

1 section 1668 is limited to contracts exempting *complete responsibility* for all “fraud,
2 willful injury to the person or property of another, or violation of law, whether
3 willful or negligent.” Cal. Civ. Code § 1668; *CAZA Drilling*, 142 Cal. App. 4th at
4 475 (Section 1668 inapplicable where party seeking to enforce exculpatory clause
5 “did not seek or obtain complete exemption from culpability on account of its
6 potential negligence or violation of any applicable regulation”). Nothing in the
7 2000 Application purports to exempt ICANN from all forms of “fraud, or willful
8 injury” to IOD’s property, “or violation of the law,” and IOD has presented no
9 evidence or argument of any such intention or conduct on ICANN’s part. Indeed,
10 the exculpatory clause does not permit ICANN to violate any and every law with
11 impunity. It merely bars suit by IOD on claims relating to ICANN’s action or
12 inaction with respect to IOD’s 2000 Application or “the establishment or failure to
13 establish a new TLD.” (RJN, Ex. C ¶ B14.2.)

14 In sum, the 2000 Application and its release are valid and proper under
15 California law. *Markborough Cal., Inc. v. Superior Court*, 227 Cal. App. 3d 705,
16 714 (1991) (“limitation of liability provisions have long been recognized as valid in
17 California”). Because IOD offers no principled basis to ignore the clear provisions
18 of the release, and IOD does not argue that its claims fall outside the scope of the
19 release, IOD’s Complaint should be dismissed with prejudice. *Grillo v. State of*
20 *Cal.*, No. C 05-2559 SBA, 2006 WL 335340, at *7-8 (N.D. Cal. Feb. 14, 2006).³

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22
23 ³ IOD argues that the Court cannot determine the scope of the release on a
24 motion to dismiss (Opp’n at 8:1-3), but IOD is wrong. There is no ambiguity in the
25 2000 Application and IOD does not claim otherwise. The references to the release
26 from claims “relating in any way to (a) any action or inaction by or on behalf of
27 ICANN in connection with this application or (b) the establishment or failure to
28 establish a new TLD” could not be more explicit and thus govern. Cal. Civ. Code
§ 1638 (“The language of a contract is to govern its interpretation, if the language is
clear and explicit, and does not involve an absurdity.”). Moreover, “[w]hether a
contract provision is clear and unambiguous is a question of law, not of fact.”
Baker Pacific Corp. v. Suttles, 220 Cal. App. 3d 1148, 1153 (1990).

II. IOD's Breach Of Contract Claims Should Be Dismissed.

IOD argues that ICANN breached a contract with IOD by failing to “consider” IOD’s 2000 Application for a .WEB TLD before accepting seven new applications for the .WEB TLD in 2012 as part of an entirely new TLD program. (*See* Opp’n at 9:15-22; 8:21-23 (“ICANN breached its contract with IOD that ICANN would consider IOD’s application before accepting other applications to operate the .WEB TLD registry.”); *see also* Compl. ¶ 78.) IOD’s claim is not supported by the terms of the purported contract or ICANN’s conduct.

First, IOD identifies no facts in the Complaint supporting IOD’s conclusory claim that ICANN never considered IOD’s 2000 application. The opposite, in fact, is true. Specifically, IOD submitted its application for the .WEB TLD on October 1, 2000. (Compl. ¶ 45.) Thereafter, “[t]he applications and the public comments [pertaining to each application] were *carefully reviewed* by technical, financial, and legal advisors, who applied the criteria set forth in the various materials previously published by ICANN.” (RJN, Ex. H at 2.) This evaluation team produced a **326-page report** that summarized the team’s findings with respect to each application, including IOD. (*Id.*) IOD had the opportunity to, and in fact did, submit comments on this report. (*Id.* at 4 (“all applicants, including IOD, had the opportunity to submit comments on the staff report”); *id.* (“IOD itself submitted written comments to the Board in various forms”)). IOD then filed a request that ICANN *reconsider* its decision not to approve IOD’s .WEB TLD. (Compl. ¶ 49.) In denying that request, ICANN detailed some of the reasons why ICANN did not select IOD’s 2000 Application. (RJN, Ex. H at 3-5.) These facts demonstrate beyond question that ICANN considered IOD’s 2000 Application. And this is not the result of a “hyper-technical” or “strained interpretation of ‘consider,’” as posited by IOD. (Opp’n at 10:1-8). IOD cannot ignore these facts in the hopes of evading dismissal

1 and pushing ICANN into discovery.⁴

2 Second, IOD fails to cite a single provision in a single document comprising
3 IOD's 2000 Application (*i.e.*, the alleged contract) that would require ICANN to
4 consider IOD's 2000 Application every time ICANN decides to accept new
5 applications for TLDs.⁵ To the contrary, the facts alleged in IOD's Complaint and
6 the documents governing its 2000 Application clearly establish that IOD would
7 have to *reapply* in order to have its application reconsidered.

8 Specifically, ICANN made clear that the 2000 process was a "proof of
9 concept phase" aimed at identifying TLDs which could be safely introduced and
10 which would allow ICANN to make informed decisions about the speed and type of
11 future introductions. (Compl. ¶ 46; RJN, Ex. G (FAQ # 28); *id.* at Ex. H at 1.)
12 Only after these initial introductions were in place could decisions be made about
13 the evolution of the DNS (including new TLDs) based on the experience gained.
14 Because subsequent rounds would be "based on experience in the first round,"
15 (RJN, Ex. G (FAQ # 54)), ICANN expressly informed applicants in 2000, including
16 IOD, that in the future "there will be revisions in the program" and, for applicants
17 seeking reconsideration in later rounds, such rounds "will likely require submission
18 of new application materials." (*Id.*) Consistent with this notion, the

19 _____
20 ⁴ To the extent IOD is arguing that to "consider" IOD's 2000 Application
21 ICANN must have issued a formal rejection of the application, IOD has failed to
22 identify any contractual term requiring such action. As ICANN demonstrated in its
23 Motion – and as IOD failed to challenge in its Opposition – the documents forming
24 the 2000 Application make clear that ICANN would "evaluat[e] all of the
25 applications received" and, in mid-November 2000, "announce its *selection of*
applications for negotiations toward agreements" with any applicants it approved.
(Mot. at 13; RJN, Ex. E ¶¶ 135, 138 (emphasis added); *id.*, Ex. F ¶ 4 ("After
approval by the Board, ICANN to announce selections for negotiations toward
entry of agreements with registry sponsors and operators.")) There was no promise
that ICANN would do anything other than announce the TLDs it selected for
approval, which is exactly what ICANN did. (Compl. ¶ 46.)

26 ⁵ IOD claims, without citation, that statements made by a member of
27 ICANN's Board of Directors somehow support its breach of contract claim.
28 (Opp'n at 9:3-14.) There is no allegation, however – and IOD cannot plausibly
contend – that these alleged statements are somehow part of the contract ICANN
and IOD executed before the statements were made.

1 Reconsideration Report stated that those applicants not selected in 2000 would have
2 the “option” of re-applying in subsequent rounds. (*Id.* at Ex. H at 3.) In 2012,
3 ICANN gave IOD the option of reapplying (and an \$86,000 reduction in the
4 application fee), but IOD chose not to. (Compl. ¶ 56-57.) As these facts make
5 clear, absent IOD’s submission of a new application, ICANN had no obligation to
6 consider IOD’s 2000 Application in the 2012 Application Round.

7 IOD’s claim for breach of the covenant of good faith and fair dealing must
8 also be dismissed. While IOD cites its conclusory allegation that ICANN’s actions
9 were “improper and inequitable” and makes vague references to alleged conflicts of
10 interest, neither is sufficient to establish the “bad faith” necessary to maintain a
11 claim for breach of the implied covenant. *Walnut Creek Pipe Distrib., Inc. v. Gates*
12 *Rubber Co Sales Div.*, 228 Cal. App. 2d 810, 817 (1964) (breach of the implied
13 covenant requires a finding of defendant’s bad faith or unfairness). This is even
14 more the case where the defendant, like ICANN here, complied with the clear terms
15 of the contract.

16 **III. IOD’s Trademark Claims Should Be Dismissed.**

17 IOD’s Opposition does not salvage its trademark claims from their
18 substantive deficiencies. The claims remain unripe and speculative and impossible
19 to adjudicate at this stage. IOD has not identified any facts or law demonstrating
20 that its alleged use of the .WEB trademark to sell “mouse pads,” “fanny packs” and
21 “backpacks” is somehow impinged by ICANN’s unrelated receipt of applications to
22 run a .WEB TLD. In addition, IOD has not identified any facts or law
23 demonstrating that it enjoys common law trademark rights in a .WEB TLD, or why
24 this Court’s 2000 ruling that IOD enjoyed no such rights is distinguishable today.

25 **A. IOD’s trademark claims are not ripe.**

26 IOD has not pled facts constituting either actual infringement or facts
27 evidencing “an immediate capability and intent” to infringe IOD’s alleged .WEB
28 trademark. *Swedlow, Inc. v. Rohm & Haas Co.*, 455 F.2d 884, 886 (9th Cir. 1972).

1 Instead, IOD argues that it is plausible that ICANN’s intent to permit someone to
2 operate a .WEB TLD will be realized sometime in the future. (Opp’n at 13.) IOD’s
3 speculation, however, is not enough to invoke the jurisdiction of this Court.

4 Even if it were true that ICANN stated that it “intends to permit” operation of
5 a .WEB TLD – as IOD asserts – IOD’s trademark claims would still be unripe and
6 impossible to adjudicate at this stage. There would remain the obvious questions,
7 and unknown impact, of whether and when ICANN would actually grant such
8 approval. There would remain the questions, and unknown impact, of who would
9 be selected to operate the .WEB TLD and whether IOD could assert trademark
10 rights superior to that entity. There would remain the questions, and unknown
11 impact, of whether and how the unidentified .WEB TLD operator would use the
12 TLD and whether it would actually offer registry services that actually infringe on
13 IOD’s alleged trademark. And there would remain the questions, and unknown
14 impact, of whether ICANN’s mere act of approving a .WEB TLD would constitute
15 an actual “use of a trademark in interstate commerce” and whether such “use”
16 would actually cause consumer confusion in the marketplace sufficient to actually
17 injure IOD and its alleged trademark rights. *Brookfield Commc’ns, Inc. v. West*
18 *Coast Entm’t Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999) (stating that a plaintiff
19 must prove that (1) it has a valid, protectable trademark; (2) the defendant used an
20 infringing mark in commerce; and (3) the infringing mark is likely to cause
21 consumer confusion in order to prove trademark infringement); 15 U.S.C. § 1127
22 (mandating that a mark is “used” in commerce “when it is used or displayed in the
23 sale or advertising of the services and the services are rendered in commerce.”).

24 In other words, if this Court were to entertain IOD’s trademark claims at this
25 point, it would be impossible for the Court to determine whether IOD has proved its
26 claims because there would be no factual basis on which to judge the claims. IOD
27 concedes as much in its Opposition by arguing that its substantive trademark
28 infringement claims cannot be dismissed at this point because it is not yet known

1 whether an eventual .WEB TLD operator will offer goods and services that are
2 related to those offered by IOD under its alleged .WEB mark. (Opp'n at 16 n.13.)

3 The fact that ICANN is in receipt of applications for new a .WEB TLD does
4 not necessarily mean that one of the applications will be approved or that, if
5 approved, IOD's alleged trademark rights would be infringed. In this sense,
6 ICANN's receipt of applications for a .WEB TLD is no different than the
7 manufacturer's construction of its plant in *Swedlow*. According to the Ninth Circuit,
8 the fact that the plant was under construction did not necessarily mean that the plant
9 would be completed or that, if completed, it would infringe the plaintiff's patents
10 once operational. *Swedlow*, 455 F.2d at 885.

11 As ICANN established in its Motion, claims that rest upon "contingent future
12 events that may not occur as anticipated, or indeed may not occur at all" are
13 insufficient to meet Article III's justiciability requirement. *Bova v. City of Medford*,
14 564 F.3d 1093, 1096 (9th Cir. 2009) (quoting *Texas v. United States*, 523 U.S. 296,
15 300 (1998)). Here, IOD seeks an advisory opinion about what the law would be
16 upon the hypothetical approval of a .WEB TLD and the hypothetical infringement
17 of its alleged .WEB trademark. IOD's claims are not ripe.

18 **B. IOD's Section 1114 trademark infringement claim remains deficient.**

19 As set forth in ICANN's Motion, to state a claim for trademark infringement
20 under 15 U.S.C. section 1114, IOD must allege facts plausibly suggesting that:
21 (1) it has a valid, protectable trademark; (2) ICANN used an infringing mark in
22 commerce; and (3) the infringing mark is likely to cause consumer confusion.
23 *Brookfield*, 174 F.3d at 1047. The essential elements of "use" and "consumer
24 confusion" are missing from IOD's Section 1114 trademark infringement claim. 15
25 U.S.C. § 1127; *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th
26 Cir. 1992) ("The core element of trademark infringement is the likelihood of
27 confusion, i.e., whether the similarity of the marks is likely to confuse consumers
28 about the source of the products.").

1 First, the Complaint contains no facts plausibly suggesting that ICANN has
2 “used” the alleged .WEB trademark in “the sale or advertising” of ICANN’s own
3 services. *Brookfield*, 174 F.3d at 1047; 15 U.S.C. § 1127 (“a mark shall be deemed
4 to be in use in commerce . . . when it is used or displayed in the sale or advertising
5 of the services and the services are rendered in commerce.”) Nor is there any
6 plausible justification – and IOD offers none – to infer that ICANN would use
7 the .WEB mark to market its own services.

8 Second, assuming ICANN were to “use” the .WEB trademark in the sale and
9 advertising of its own services, there is no likelihood of confusion because goods
10 and services covered by IOD’s mark – “mouse pads,” “fanny packs” and
11 “backpacks” – are totally unrelated to ICANN’s only operations, the coordination
12 of the Internet’s DNS. Ironically, IOD claims that it is too early to make this
13 determination (which contradicts IOD’s argument that its trademark claims are
14 ripe), but the Court can determine as a matter of law that the goods and services are
15 unrelated, which permits dismissal of the claims. *Murray v. Cable Nat’l*
16 *Broadcasting Co.*, 86 F.3d 858, 860 (9th Cir. 1996) (“If the court determines as a
17 matter of law from the pleadings that the goods [and/or services offered by the
18 parties] are unrelated and confusion is unlikely, the complaint should be
19 dismissed.”).

20 In *Toho Co., Ltd. v. Sears, Roebuck & Co.*, the Ninth Circuit affirmed
21 dismissal of the plaintiff’s complaint for trademark infringement and unfair
22 competition because the goods at issue – the plaintiff’s toys and the defendant’s
23 garbage bags – were unrelated as a matter of law. 645 F.2d 788, 790-91 (9th Cir.
24 1981). Just last month, in *E Clampus Vitus, Inc. v. Steiner*, a California district
25 court dismissed a trademark infringement claim for the plaintiff’s failure to allege
26 facts plausibly suggesting that the plaintiff’s goods – pins, shirts, and headgear –
27 were related in any way to the defendant’s offerings – the sale of hot dogs and the
28 auctioning of a motorcycle. No. 12-cv-01381 GEB-GGH, 2012 WL 6608612, at *6

1 (E.D. Cal. Dec. 18, 2012). Toys and garbage bags, and pins and hot dogs, are no
2 more unrelated than fanny packs and DNS coordination services.

3 IOD argues that in addition to the “cups,” “mugs” and “beverage can
4 insulating sleeves” offered by IOD under the .WEB mark, it also offers “online
5 retail store services featuring computer accessories.” (Opp’n at 16 n. 13.) But this
6 assertion is irrelevant because ICANN does not offer any services that in any way
7 overlap with these particular goods, and IOD does not allege in the Complaint that
8 ICANN uses the .WEB mark in connection with “online retail store services
9 featuring computer accessories.” Nor does IOD’s Complaint include any
10 allegations that ICANN is using the mark in connection with any goods or services
11 that are related to, or touch upon, “online retail store services featuring computer
12 accessories.” IOD admits as much in its Opposition by trying to shift the burden to
13 ICANN to establish an absence of overlap and confusion. (Opp’n at 17-18,
14 “[T]here is no information in the record regarding whether the goods and services
15 offered under IOD’s .WEB trademark are complementary”) But that is not
16 ICANN’s burden. It is IOD that must plead the essential elements of its claim. *E*
17 *Clampus Vitus*, 2012 WL 6608612, at *5-7 (dismissing the plaintiff’s complaint for
18 failure to plead a prima facie case of trademark infringement).

19 **C. IOD’s Section 1125 trademark infringement claim remains deficient.**

20 This Court already has found that the .WEB TLD enjoys no common law
21 trademark protection under 15 U.S.C. section 1125 because the TLD does not
22 indicate source to a potential domain name registrant or a potential web site visitor.
23 *Image Online Design, Inc. v. Core Ass’n*, 120 F. Supp. 2d 870, 876-77 (C.D. Cal.
24 2000). While that decision is somehow still on appeal, IOD offers no facts
25 plausibly suggesting why a different result is compelled now.⁶ In the absence of a

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27 ⁶ IOD argues that ICANN was disingenuous by failing to note in its Motion
28 that Judge Kelleher’s opinion remains on appeal. In fact, ICANN is the one that
called the appeal to the Court’s attention by concurrently filing with its Motion a
Notice of Pendency of Other Action, which IOD should have filed under the

1 reversal from the Ninth Circuit, Judge Kelleher’s decision regarding the .WEB TLD
2 and its underlying rationale remains persuasive, if not dispositive.

3 The notion that a mechanism is available for trademark holders to file
4 objections to TLD applications in no way amounts to an admission that TLDs may
5 enjoy trademark protection, as IOD argues. (Opp’n at 21.) ICANN’s position on
6 this issue is clear – TLDs generally serve no source identifying function. (Mot. at
7 19.) Moreover, any trademark rights protection mechanism that ICANN may
8 provide would be designed to prevent post-delegation trademark infringement.
9 This is consistent with well-settled law. *Brookfield*, 174 F.3d at 1055.

10 Similarly, IOD’s assertion that the Patent and Trademark Office has
11 registered TLDs as trademarks is misleading (and actually a confirmation in the
12 correctness of ICANN’s argument). (Opp’n at 22.) Each of the four examples
13 cited by IOD is a “design mark registration,” which protects the overall appearance
14 of the mark as registered, not the underlying words. In every example IOD cites,
15 the text comprising the TLD has been “disclaimed.”⁷ Such disclaimers were
16 necessary to secure the registrations because, in each case, the TLD in the mark
17 merely denotes a TLD that has no meaningful source-identifying function and could
18 not be trademarked on its own. *In re Reed Elsevier Props. Inc.*, 77 USPQ2d 1649,
19 1657-58 (TTAB 2005); *In re Steelbuilding.com*, 415 F.3d 1293, 1297, 75 USPQ2d
20 1420, 1422 (Fed. Cir. 2005). Registration of these disclaimed design marks means
21 that the registrants do **not** enjoy trademark rights to the underlying TLDs. *See*
22 TMEP § 1213.

23 _____
(continued...)

24 Central District Local Rules. Central Dist. L.R. 83-1.4. Somehow, IOD’s appeal
25 has been pending for twelve years and still has not yet been briefed. *Image Online*
26 *Design, Inc. v. Core Ass’n*, No. 00-56284 (9th Cir. July 31, 2000). Given this, there
can be no basis to stay “this issue,” as IOD suggests. (Opp’n at 19.)

27 ⁷ “The purpose of a disclaimer is to permit the registration of a mark that is
28 registrable as a whole but contains matter that would not be registrable standing
alone.” TMEP § 1213.

1 In short, the Complaint is devoid of any facts upon which IOD can plausibly
2 state a claim for relief under Section 1125. IOD's alleged .WEB mark is nothing
3 more than a *generic* TLD, with no source-identifying function.

4 **D. IOD's contributory infringement claim remains deficient.**

5 In its Opposition, IOD argues that its contributory infringement claim is
6 sufficiently pled because its underlying trademark infringement claims are
7 sufficiently pled. (Opp'n at 23 n. 20.) But IOD's contributory infringement claim
8 fails for at least two reasons. First, IOD's contributory infringement claim is
9 indeed totally dependent on IOD's other trademark claims, which are unripe and
10 substantively deficient, as set forth above. Second, ICANN established in its
11 Motion that, in order for IOD to state a claim for contributory infringement, IOD
12 must allege facts regarding the primary infringer and ICANN's relationship with,
13 and control over, the primary infringer. (Mot. at 20-21.) Neither IOD's Complaint
14 nor its Opposition offers any facts or argument on these critical elements. And
15 since ICANN has not designated a registry operator to operate a .WEB TLD, IOD
16 cannot identify the primary infringer or how it infringed on (or might, in the future,
17 infringe on) IOD's trademark rights. IOD's contributory infringement claim is as
18 unripe and deficient as its other trademark claims.

19 **IV. IOD's Intentional Interference Claims Should Be Dismissed.**

20 To support its intentional interference claims, IOD asserts that its customers
21 "can no longer be certain" that IOD can fulfill its contractual duties. (Opp'n at 23.)
22 But conclusory allegations that IOD's customers are "nervous" about the possibility
23 that ICANN may approve a .WEB TLD does not allege the actual breach or
24 disruption of a contract or economic relationship, as required to state a tortious
25 interference claim. (Mot. at 21-23.) Furthermore, IOD still has not identified a
26 single contract or relationship that has been breached or disrupted by ICANN's
27 receipt of applications for new TLDs. Nor has IOD alleged facts plausibly
28 suggesting that ICANN took steps intentionally "designed" to induce breach of, or

1 disrupt, IOD's business relationships. (*Id.*) In short, IOD's conclusory interference
2 claims are still deficient, and should be dismissed.

3 **CONCLUSION**

4 For the foregoing reasons, ICANN respectfully requests that its Motion to
5 Dismiss be granted in its entirety.

6
7 Dated: January 14, 2013

JONES DAY

8
9 By: /s/ Jeffrey A. LeVee
Jeffrey A. LeVee

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11 Attorneys for Defendant
INTERNET CORPORATION FOR
12 ASSIGNED NAMES AND
NUMBERS
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