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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

IMAGE ONLINE DESIGN, INC.,	)	Case No. CV 12-08968 DDP (JCx)
	)	
Plaintiff,	)	<b>ORDER GRANTING MOTION TO DISMISS</b>
	)	
v.	)	[Dkt. No. 13]
	)	
INTERNET CORPORATION FOR	)	
ASSIGNED NAMES AND NUMBERS,	)	
	)	
Defendant.	)	
_____	)	

Presently before the court is Defendant Internet Corporation for Assigned Names and Numbers (ICANN)'s Motion to Dismiss Complaint. Having considered the parties' submissions and heard oral argument, the court adopts the following order.

**I. BACKGROUND**

Defendant ICANN is a California public benefit corporation that has been authorized by the United States government to administer the Internet's primary domain name system ("DNS"). (Compl. ¶ 23.) Each computer connected to the Internet has a unique identity established by its Internet Protocol address ("IP address"). (Id. ¶ 9.) The DNS converts numeric IP addresses, which are difficult to remember, into an alphanumeric hostname that

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1 is easier to remember, such as myhost.cnn.com. (Id. ¶¶ 10-11.)  
2 The field to the right of the last period, the ".com" in the  
3 example above, is known as a top level domain ("TLD"), and the  
4 field to the left of the TLD, "cnn" in the example, is the second  
5 level domain ("SLD"). (Id. ¶ 17.) The field to the left of the  
6 SLD, if any, is called a third level domain. (Id. ¶ 18.)

7 In the early years of the Internet, the United States  
8 government operated the DNS through contractual arrangements with  
9 third parties. (Id. ¶ 24.) ICANN was created in 1998 by the  
10 United States Department of Commerce to administer the DNS, as part  
11 of an initiative to privatize management of the DNS. (Id. ¶¶ 23,  
12 25.) ICANN has overall authority to manage the DNS and the  
13 Department of Commerce retains no regulatory oversight or statutory  
14 authority. (Id. ¶¶ 26-27.) ICANN determines what new TLDs to  
15 approve and selects and contracts with registries to operate the  
16 TLDs. (Id. ¶ 26.)

17 Plaintiff Image Online Design ("IOD") is a California  
18 Corporation with its principal place of business in San Luis  
19 Obispo, California. (Id. ¶ 4.) Since 1996, IOD has been and  
20 currently is engaged in providing telecommunications services,  
21 namely, Internet registry services using the service mark .WEB.  
22 (Id. ¶ 29.) IOD has made its .WEB registry services available  
23 through an alternate DNS root system to consumers who choose to  
24 modify their web browsers to resolve domain names ending in .WEB.  
25 (Id. ¶ 30.) IOD has registered over 20,000 .WEB domain names.  
26 (Id.)

27 In 2000, ICANN issued a call for proposals by those seeking to  
28 sponsor or operate one or more new TLDs, and issued a New TLD

1 Registry Application Form, instructions for filling out the  
2 application, and a statement of criteria for the eventual decision.  
3 (Id. ¶¶ 42, 68.) On October 1, 2000, IOD submitted an application  
4 for the TLD .WEB, for which IOD was to act as the registry  
5 operator, and paid the application fee of \$50,000. (Id. ¶ 45.) On  
6 November 16, 2000, ICANN's Board of Directors issued its decision  
7 on new TLDs, identifying seven selected for the "proof of concept  
8 phase." (Id. ¶ 46.) The TLD .WEB was not selected. (Id.) At  
9 some time during the deliberations in 2000, the then Chairman of  
10 the Board of Directors Dr. Vincent Cerf stated, "I'm still  
11 interested in IOD. They've worked with .WEB for some time. To  
12 assign that to someone else given that they're actually functioning  
13 makes me uneasy." (Id. ¶ 47.)

14 On December 15, 2000, IOD filed with ICANN a request for  
15 reconsideration of IOD's .WEB TLD application. (Id. ¶ 48.) ICANN's  
16 Reconsideration Committee responded on March 16, 2001, stating, "it  
17 should be clear that **no applications were rejected**; the object was  
18 not to pick winners and losers, but to select a limited number of  
19 appropriate proposals for a proof of concept. **All of the proposals**  
20 **not selected remain pending, and those submitting them will**  
21 **certainly have the option to have them considered if and when**  
22 **additional TLD selections are made."** (Id. ¶ 49, emphasis in  
23 Complaint.) ICANN's Board adopted this recommendation and its  
24 reasoning on May 7, 2001. (Id. at ¶ 50.)

25 ICANN issued a guidebook for applications for new TLDs in June  
26 2011 (revised in June 2012), and the application window was opened  
27 on January 12, 2012, and closed on May 30, 2012. (Id. ¶¶ 54-55.)  
28 The guidebook stated that IOD could have received an \$86,000 credit

1 toward the \$185,000 new application fee on the condition that it  
2 would agree that it "has no legal claims arising from the 2000  
3 proof-of-concept process." (Id. ¶ 57.) IOD did not submit a new  
4 application because, the Complaint alleges, IOD's .WEB TLD  
5 application was still pending before ICANN. (Id. ¶ 56.) Seven  
6 applications to operate a .WEB TLD were submitted. (Id. ¶ 58.)  
7 ICANN did not identify IOD as an applicant to operate the .WEB TLD.  
8 (Id. ¶ 62.) ICANN has stated in its guidebook, press releases, and  
9 website postings that it intends to permit one or more applicants  
10 to operate the .WEB registry in the DNS root system controlled by  
11 ICANN. (Id. ¶ 96.)

12 IOD asserts contract, trademark, and tortious interference  
13 claims against ICANN. ICANN moves to dismiss on the grounds that  
14 (1) IOD executed a release of ICANN in its 2000 Application,  
15 forever discharging ICANN from "any and all" claims relating to  
16 ICANN's "action or inaction" in connection with IOD's application,  
17 (2) IOD has not alleged facts plausibly suggesting that ICANN  
18 breached any terms of the 2000 Application, (3) IOD has not alleged  
19 facts plausibly suggesting that ICANN has engaged in trademark  
20 infringement, and (4) IOD has not alleged facts plausibly  
21 suggesting that ICANN intentionally interfered with IOD's business  
22 interests.

23 **II. LEGAL STANDARD**

24 Under Federal Rule of Civil Procedure 12(b)(6), a complaint is  
25 subject to dismissal when the plaintiff's allegations fail to state  
26 a claim upon which relief can be granted. "When determining  
27 whether a complaint states a claim, a court must accept as true all  
28 allegations of material fact and must construe those facts in the

1 light most favorable to the plaintiff." Resnick v. Hayes, 213 F.3d  
2 443, 447 (9th Cir. 2000).

3 In Ashcroft v. Iqbal, 556 U.S. 662, 679 (2009), the Supreme  
4 Court explained that a court considering a 12(b)(6) motion should  
5 first "identify[] pleadings that, because they are no more than  
6 conclusions, are not entitled to the assumption of truth." Id.  
7 Next, the court should identify the complaint's "well-pleaded  
8 factual allegations, . . . assume their veracity and then determine  
9 whether they plausibly give rise to an entitlement to relief."  
10 Id.; see also Moss v. U.S. Secret Serv., 572 F.3d 962, 969 (9th  
11 Cir. 2009) ("In sum, for a complaint to survive a motion to  
12 dismiss, the non-conclusory factual content, and reasonable  
13 inferences from that content, must be plausibly suggestive of a  
14 claim entitling the plaintiff to relief.") (internal quotation  
15 marks omitted).

### 16 **III. DISCUSSION**

#### 17 **A. Contract Claims**

##### 18 **1. Breach of Contract**

19 IOD alleges that ICANN breached its contract by "accepting  
20 applications from other entities seeking a .WEB TLD and running a  
21 .WEB registry before considering, approving or rejecting IOD's .WEB  
22 TLD application." (Compl. ¶ 78.) ICANN disputes that this is a  
23 breach of contract and argues that IOD has not identified a  
24 specific contract provision that ICANN has allegedly breached.

25 IOD cites a number of statements by ICANN in support of its  
26 breach of contract claim. It points, first, to Reconsideration  
27 Request 00-13, Recommendation of the Committee, March 16, 2001  
28 ("Reconsideration Recommendation"). The Reconsideration

1 Recommendation was a response to IOD's request for reconsideration  
2 of ICANN's decision not to select .WEB as a new TLD. (Compl. ¶¶  
3 46-48.) It provided specific responses to IOD's reasons why their  
4 request should be reconsidered, and also made general comments on  
5 the selection and reconsideration process. It stated, "All of the  
6 proposals not selected remain pending, and those submitting them  
7 will certainly have the option to have them considered if any when  
8 additional TLD selections are made." (Compl. ¶ 49; RJN Exh. H,  
9 emphasis omitted.)

10 IOD also alleges that during ICANN's deliberations, the  
11 Chairman of ICANN's Board of Directors stated: "I'm still  
12 interested in IOD. They've worked with .WEB for some time. To  
13 assign that to someone else given that they're actually functioning  
14 makes me uneasy." (Compl. ¶ 47.) Finally, IOD alleges that the  
15 Chairman testified before Congress and stated that "one of the  
16 things that allowed [ICANN] to I think achieve consensus [on the  
17 seven TLDs selected on November 16, 2000] was the belief that any  
18 of the qualifying TLD applications would, in fact, be considered  
19 later." (Id. ¶ 51.)

20 When reviewing breach of contract claims, courts "must  
21 determine whether the alleged agreement is 'reasonably susceptible'  
22 to the meaning ascribed to it in the complaint." Klein v. Chevron  
23 U.S.A., Inc., 202 Cal. App. 4th 1342, 1384 (2012). "A secondary  
24 document becomes part of a contract as though recited verbatim when  
25 it is incorporated into the contract by reference provided that the  
26 terms of the incorporated document are readily available to the  
27 other party." Republic Bank v. Marine Nat. Bank, 45 Cal.App.4th  
28 919, 923 (1996)(internal citations and quotation marks omitted).

1 Here, the contract appears to consist of the Unsponsored TLD  
2 Application Transmittal Form (the "Application"), signed by John S.  
3 Frangie, Chief Executive Officer, Image Online Design, Inc.<sup>1</sup> (RJN  
4 Exh. C.) The Application specifically incorporates a number of  
5 other documents. In it, Mr. Frangie certified that "all documents  
6 linked directly or indirectly from 'TLD Application Process:  
7 Information for Applicants' . . . have been thoroughly reviewed on  
8 behalf of applicant. In particular, the following documents have  
9 been reviewed: B3.1. New TLD Application Process Overview . . .  
10 B3.2 New TLD Application Instructions . . . B3.3 Criteria for  
11 Assessing TLD Proposals . . . ." (Id.)

12 IOD does not specifically claim that the statements in the  
13 Reconsideration Recommendation or made by the Chairman, discussed  
14 above, were part of the Agreement. Indeed, the Agreement would not  
15 be "reasonably susceptible" to such an interpretation. IOD provides  
16 no reason why statements beyond the Agreement, made after the  
17 contract was entered into, should be considered to be part of the  
18 contract.

19 Moreover, the explicit terms of the Agreement contradict the  
20 notion that ICANN had an obligation to do anything beyond  
21 considering IOD's application. The Agreement includes the  
22 following language:

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25 <sup>1</sup>"[A] district court ruling on a motion to dismiss may  
26 consider a document the authenticity of which is not contested, and  
27 upon which the plaintiff's complaint necessarily relies." Parrino  
28 v. FHP, Inc., 146 F.3d 699, 706 (9th Cir. 1998), superceded by  
statute on other grounds. IOD's Complaint necessarily relies on  
the Application insofar as both of its causes of action allege  
breach of the terms of the Application.

1 B6. The applicant understands and agrees that this \$50,000 is  
2 only an application fee to obtain consideration of this  
3 application; that the fee will not be refunded or returned in  
4 any circumstances . . . that there is no understanding,  
5 assurance, or agreement that this application will be selected  
6 for negotiations toward entry of an agreement with a registry  
7 operator; or that, if this application is selected, the  
8 negotiations will lead to entry of such an agreement or  
9 establishment of a TLD as sought in this application.

10 . . . .

11 B12. The applicant hereby agrees, acknowledges, and  
12 represents that it has no legally enforceable right to  
13 acceptance or any other treatment of this application or to  
14 the delegation in any particular manner of any top-level  
15 domain that may be established in the authoritative DNS root.  
16 It further agrees, acknowledges, and represents that it has no  
17 legally enforceable rights in, to, or in connection with any  
18 top-level domain by virtue of its preparation or submission of  
19 this application or by virtue of ICANN's receipt of this  
20 application, ICANN's acceptance of the application fee,  
21 ICANN's consideration or other handling of this application,  
22 or statements made in connection with this or other  
23 applications ICANN receives."

24 . . . .

25 B14.2. [T]he applicant hereby releases and forever  
26 discharges ICANN and each of its officers, directors,  
27 employees, consultants, attorneys, and agents from any and all  
28 claims and liabilities relating in any way to (a) any action



1 or inaction by or on behalf of ICANN in connection with this  
2 application or (b) the establishment or failure to establish a  
3 new TLD."

4 (RJN Exh. C.) These provisions give ICANN no responsibilities with  
5 respect to IOD's Application beyond its initial consideration of  
6 the Application. Since IOD has pointed to no contract terms that  
7 ICANN has breached, the court finds that IOD has failed to state a  
8 claim for breach of contract.<sup>2</sup>

9 The court finds that IOD has not stated a claim for breach of  
10 contract.

## 11 2. Release of Liability

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15 <sup>2</sup>ICANN points to more specific language demonstrating its lack  
16 of breach in the FAQ for the 2000 Application.

17 FAQ #54: If our TLD application is not accepted, what becomes  
18 of our application? I understand that the \$50,000 is non-  
19 refundable, but does the application remain active for the  
20 second round of TLD applications?

21 As stated in FAQ #28, plans for any subsequent rounds of  
22 TLD introduction will not be made until evaluation of the  
23 present proof of concept round. It is likely that, if there  
24 are subsequent rounds, there will be revisions in the program  
25 based on experience in the first round. This will likely  
26 require submission of new application materials. As to the  
27 non-refundable application fee, please note that it "is only  
28 an application fee to obtain consideration of this  
application."

(RJN, Exh. G.) The court is not convinced that this should be  
considered to be part of the contract. The Application includes an  
acknowledgment on the part of IOD that "[a]ll documents linked  
directly or indirectly from 'TLD Application Process: Information  
for Applicants,'" which includes the FAQ page. However, the FAQ  
page appears not to have been a stable document, as it contains a  
statement at the top saying, "We add/revise material on this page  
frequently. If you have visited here before, please reload/refresh  
this page." (RJN Exh. G.) Because this document is only generally  
referenced, and because it is difficult to know its content at any  
given time, the court declines to consider it a part of the  
contract.

1           Because the court finds no claim stated for breach of  
2 contract, it need not consider whether the release of liability is  
3 valid.

4           **B. Trademark Claims**

5                   **1. Ripeness of Trademark Infringement**

6           “To prevail on its Lanham Act trademark claim, a plaintiff  
7 must prove: (1) that it has a protectible ownership interest in the  
8 mark; and (2) that the defendant's use of the mark is likely to  
9 cause consumer confusion.” Rearden LLC v. Rearden Commerce, Inc.,  
10 683 F.3d 1190, 1202-03 (9th Cir. 2012)(internal citations and  
11 quotation marks omitted). ICANN argues that Plaintiff’s trademark  
12 claims are not ripe for adjudication because, assuming that  
13 Plaintiff’s claim to the mark is valid with respect to TLDs,  
14 Plaintiff has not alleged that ICANN has used the mark.

15           The Complaint alleges that “ICANN has stated, through its  
16 guidebook, press releases regarding the addition of new TLDs  
17 including the .WEB TLD, and postings on its website, that it  
18 intends to permit one or more of the new applicants to operate the  
19 .WEB registry in the Internet’s primary DNS root system controlled  
20 by ICANN.” (Compl. ¶ 96.) It alleges that ICANN has accepted seven  
21 non-refundable deposits of \$185,000 to operate the .WEB registry.  
22 (Id. ¶ 95.) Plaintiff contends in the Complaint that the  
23 acceptance of the deposits combined with its affirmations of intent  
24 to operate the .WEB registry together “constitute a use in commerce  
25 of IOD’s federally registered trademark and service mark which is  
26 likely to cause confusion, mistake, or to deceive.” (Id. ¶ 97.)

27           ICANN argues that these facts do not amount to an infringing  
28 use. Under the Lanham Act, “a mark shall be deemed to be in use in

1 commerce . . . when it is used or displayed in the sale or  
2 advertising of services and the services are rendered in commerce.”  
3 15 U.S.C. § 1127. Here, argues ICANN, since the TLD has not been  
4 approved and no registry applicant has been selected, the mark is  
5 not being used by ICANN or any TLD registry service.

6 IOD contends that even if there has been no use, threats of  
7 infringement are actionable before trademark infringement has in  
8 fact occurred, citing a case in which the court enjoined the sale  
9 of wine bearing a label that featured Marilyn Monroe’s likeness  
10 although the product had not yet been sold. Nova Wines, Inc. v.  
11 Adler Fels Winery LLC, 467 F.Supp.2d 965 (C.D. Cal. 2006). That  
12 case is consistent with the Ninth Circuit’s holding that “specific  
13 acts of alleged infringement or an immediate capability and intent  
14 to produce an allegedly infringing item” constitute infringement.  
15 Sweedlow, Inc. v. Rohm & Haas Co., 455 F.2d 884, 886 (9th Cir.  
16 2009). Here, IOD alleges that ICANN is in possession of a number  
17 of applications to use the .WEB TLD and has stated that it intends  
18 to use it. IOD asserts that “[s]ince ICANN has the power to  
19 approve new TLDs and to choose registries to operate those new  
20 TLDs, and ICANN has exercised that power in the past, and ICANN has  
21 publicly stated its intent to permit one of the new applicants to  
22 operate the .WEB registry, it is ‘plausible’ that ICANN’s intent  
23 will be realized.” (Opp. at 13.)

24 The court finds that IOD has not alleged use of the trademark  
25 or “immediate capability and intent” to infringe, and therefore the  
26 trademark infringement claim is not ripe for adjudication.  
27 Infringement is, at this stage, merely speculative. Without  
28 knowing, for instance, which party might be chosen to operate a

1 potential .WEB TRD, IOD cannot know whether that party itself has a  
2 plausible claim to trademark in .WEB, whether ICANN will change its  
3 mind about using .WEB as a TLD, or whether there is confusion  
4 between IOD's registered mark and ICANN's use of .WEB. Prior to  
5 ICANN selecting an applicant, if any, to operate the TRD, the  
6 parties will not be able to build a factual record that will allow  
7 the court to answer any of these questions. No one has used the  
8 mark or has the immediate capability and intent to use the mark.<sup>3</sup>  
9 Therefore the issue is not ripe.

## 10 **2. Trademark Claim under 15 U.S.C. § 1114(1)**

11 To state a claim for trademark infringement, a plaintiff must  
12 show that defendant is "using a mark confusingly similar to a  
13 valid, protectable trademark" of plaintiff's. Brookfield  
14 Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d  
15 1036, 1046 (9th Cir. 1999).<sup>4</sup>

16 IOD has a valid trademark registration for the mark .WEB for  
17 "computer accessories, namely, mouse pads, cd holders, . . . fanny  
18 packs and backpacks, . . . thermal insulator containers for food or  
19 beverages; cups; mugs; . . . can insulating sleeves . . . [and]

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22 <sup>3</sup>In oral argument, ICANN also suggested that even if it does  
23 accept an application for .WEB and allows a registry service to  
24 administer it, ICANN itself would not be using the term in  
commerce.

25 <sup>4</sup>Under 15 U.S.C. § 1114(1), "Any person who shall, without the  
26 consent of the registrant- (a) use in commerce any reproduction,  
27 counterfeit, copy, or colorable imitation of a registered mark in  
28 connection with the sale, offering for sale, distribution, or  
advertising of any goods or services on or in connection with which  
such use is likely to cause confusion, or to cause mistake, or to  
deceive; . . . shall be liable in a civil action by the registrant  
for the remedies hereinafter provided."

1 online retail store services featuring computer accessories.”<sup>5</sup>  
2 (RJN Exh. I.) ICANN contends that the services it provides, would  
3 provide, or would allow to be provided using .WEB are not related  
4 to the goods and services covered by IOD’s registration; ICANN  
5 coordinates the Internet’s DNS, accepts applications for TLDs, and  
6 would allow the use of .WEB as a TLD, whereas IOD’s registered mark  
7 applies to mouse pads, backpacks, other accessories, and online  
8 retail services. “If the goods are totally unrelated, there can be  
9 no infringement because confusion is unlikely.” AMF Inc. v.  
10 Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979). Thus, ICANN  
11 argues, there can be no infringement under this section.

12 IOD contends that ICANN does not perform the proper fact-  
13 driven analysis to determine likelihood of confusion and that it is  
14 not proper for the court to make such determinations at the motion  
15 to dismiss stage. (Opp. at 17.) IOD contends that if such factual  
16 analysis were to be conducted at this stage, “there is no  
17 information in the record regarding whether the goods and services  
18 offered under IOD’s .WEB trademark are complementary, or sold to  
19 the same or similar class of purchasers. Further, there is no  
20 information in the record regarding whether the products have a  
21 similar use and function. And, in this case, it is not obvious  
22 whether the goods are complementary, or sold to the same class of  
23 purchasers, or similar in use and function.” (Opp. at 17.)

24 “In an infringement suit, the plaintiff bears the burden of  
25 proving likelihood of confusion, which exists when consumers

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27 <sup>5</sup>IOD’s trademark registration certificate can be considered  
28 because it is critical to IOD’s claims and is not subject to  
reasonable dispute. See Parrino, 146 F.3d at 706 and note 1 above.

1 viewing the mark would probably assume that the product or service  
2 it represents is associated with the source of a different product  
3 or service identified by a similar mark." Lindy Pen Co., Inc. v.  
4 Bic Pen Corp., 725 F.2d 1240, 1243 (9th Cir. 1984)(internal  
5 citations and quotation marks omitted). See also M2 Software, Inc.  
6 v. Madacy Entertainment, 421 F.3d 1073, 1081 n.6 (9th Cir. 2005)  
7 ("The burden of proving likelihood of confusion [that is,  
8 infringement] remains on the party charging infringement even when  
9 relying on an incontestable registration")(internal citations,  
10 quotation marks, and alterations omitted).

11 Here, IOD admits that it has presented no evidence of  
12 likelihood of confusion. It simply asserts in its Third Cause of  
13 Action that the use of .WEB for registry service would be "likely  
14 to cause confusion" with IOD's registered mark. (Compl. ¶ 97.)  
15 Since its registered mark is for computer and beverage accessories  
16 and online retail services, whereas ICANN would use or allow use of  
17 .WEB for TLD internet services, even taking the complaint in the  
18 light most favorable to the plaintiff, the court cannot infer a  
19 likelihood of confusion between the subject matter of the  
20 registered trademark (mouse pads and backpacks) and the products or  
21 services offered by ICANN (Internet DNS and TLD application  
22 services).<sup>6</sup>

23 \_\_\_\_\_  
24 <sup>6</sup>In oral argument, IOD indicated that confusion was likely  
25 because other TLD registry services also sell products on their  
26 website. IOD gave the specific example of VeriSign, the company  
27 that operates the TLD .COM. At the website [www.verisign.com](http://www.verisign.com),  
28 VeriSign sells products including cyber security products. IOD  
offered this as an example of the reason why a consumer would be  
confused if another company operated the .WEB registry service  
while IOD still holds the trademark for .WEB for certain products.  
However, the VeriSign site ([www.verisign.com](http://www.verisign.com)) nowhere uses ".COM"  
(continued...)

1                   **3. Trademark Claims under 15 U.S.C. § 1125(a)**

2                   Under 15 U.S.C. § 1125(a), a plaintiff can recover for  
3 infringement of common law trademark.<sup>7</sup> IOD asserts that it has a  
4 common law trademark in the .WEB mark in connection with its  
5 registry services. ICANN asserts that .WEB is a generic TLD that  
6 is not entitled to trademark protection. IOD states that it has a  
7 case before the Ninth Circuit,<sup>3</sup> pending since 2000, which will  
8 decide this issue, and that the court should stay the issue until  
9 that decision has been made.

10  
11 \_\_\_\_\_  
12                   <sup>6</sup>(...continued)  
13 as a trademark for the products and services it is selling; the  
14 mark involved appears to be VERISIGN. This example therefore does  
15 not help IOD demonstrate a likelihood of confusion; it tends more  
16 to demonstrate the TLDs are generally not source indicators.

17                   <sup>7</sup>  
18                   “(1) Any person who, on or in connection with any  
19 goods or services, or any container for goods, uses in  
20 commerce any word, term, name, symbol, or device, or  
21 any combination thereof, or any false designation of  
22 origin, false or misleading description of fact, or  
23 false or misleading representation of fact, which--  
24                   (A) is likely to cause confusion, or to  
25 cause mistake, or to deceive as to the  
26 affiliation, connection, or association of  
27 such person with another person, or as to  
28 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.”

15 U.S.C.A. § 1125.

27                   <sup>3</sup>Image Online Design, Inc. v. Core Association, 120 F.Supp. 2d  
28 870 (C.D. Cal. 2000), appeal docketed, No. 00-56284 (9th Cir. July  
2000). The case appears to be in mediation.

1           This court agrees with ICANN<sup>4</sup> that the mark .WEB used in  
2 relation to Internet registry services is generic and cannot enjoy  
3 trademark protection. "Throughout the development of trademark  
4 law, the purpose of trademarks remained constant and limited:  
5 Identification of the manufacturer or sponsor of a good or the  
6 provider of a service." New Kids on the Block v. News America  
7 Pub., Inc., 971 F.2d 302, 305 (9th Cir. 1992). Many TLDs do not  
8 have trademark significance since they do not serve as source  
9 identifiers. "[T]he primary reason that a consumer is likely to  
10 associate a domain name with a source is that the second-level  
11 domain indicator (in this case the 'advertising' component of  
12 'advertising.com') is distinctive." Advertise.com, Inc. AOL  
13 Advertising, Inc., 616 F.3d 974, 981 (9th Cir. 2010). Thus, as the  
14 Ninth Circuit has remarked that in the mark ADVERTISING.COM, "the  
15 use of '.com' . . . only conveys the genus of the services offered  
16 under AOL's mark," not the source of those services. Id. at 982.  
17 To convey the "genus" of the services is to be by definition a  
18 "generic" mark.

19           The proposition that TLDs are not generally source indicators  
20 has been adopted by courts, legal scholars, and other authorities.  
21 See e.g. Image Online Design, Inc., 120 F. Supp. 2d at 877 ("[A]  
22 domain name ending in .web does not indicate source to a web site  
23 customer. A consumer understands source as it relates to web sites  
24 through the second-level domain name. Only second level domains  
25 indicate source."); In re Oppedahl & Larson LLP, 373 F.3d 1171,

26 \_\_\_\_\_  
27           <sup>4</sup>And with Judge Kelleher in Image Online Design, Inc., 120  
28 F.Supp. 2d. 870. The court recognizes that an appeal has been  
pending since 2000 but finds the reasoning comprehensive and  
persuasive.



1 1173 (Fed. Cir. 2004) ("the term '.com' is a top level domain  
2 indicator (TLD) without any trademark significance" and "'.com' has  
3 no source-identifying significance."); McCarthy on Trademarks §  
4 7:17.50 ("[A] top level domain indicator has no source indicating  
5 significance and cannot serve any trademark purpose. . . . [T]he  
6 TLD '.com' functions in the world of cyberspace much like the  
7 generic indicators 'Inc.,' 'Co.,' or 'Ltd.' placed after the name  
8 of a company."); and Trademark Manual of Examining Procedure 5th  
9 Ed. (2007) § 1215.02 ("Generally, when a trademark, service mark,  
10 collective mark, or certification mark is composed, in whole or in  
11 part, of a domain name, neither the beginning of the URL  
12 ('http://www.') nor the TLD have any source-indicating  
13 significance. Instead, those designations are merely devices that  
14 every Internet site provider must use as part of its address.  
15 Advertisements for all types of products and services routinely  
16 include a URL for the web site of the advertiser, and the average  
17 person familiar with the Internet recognizes the format for a  
18 domain name and understands that 'http,' 'www,' and a TLD are a  
19 part of every URL.").

20 IOD points out that the USPTO has recognized that "as the  
21 number of available TLDs is increased by [ICANN], or if the nature  
22 of new TLDs changes, the examining attorney must consider any  
23 potential source-indicating function of the TLD and introduce  
24 evidence as to the significance of the TLD." (Compl. ¶ 36.) It  
25 asserts that "the function of TLDs as generally not being source  
26 indicating is a relic of an essentially exclusive '.com.'" (Compl.  
27 ¶ 37.) This may be the case. For instance, if ICANN were to  
28 introduce the TLD .APPLE, the user would arguably expect that that

1 TLD is administered by Apple Inc. In such a case, the TLD might be  
2 considered a source indicator. If Sony tried to administer the TLD  
3 .APPLE, Apple Inc. would likely argue and possibly prevail on a  
4 trademark infringement claim.

5 This said, it appears to the court that today only the most  
6 famous of marks could have a source indicating function as a TLD.  
7 Some marks, such as .WEB, might remain generic even if they were  
8 famous, since .WEB in connection with registry services for the  
9 World Wide Web appears to refer to the service offered, rather than  
10 to only a particular producer's registry service. See  
11 Advertise.com, Inc. v. AOL Advertising, Inc., 616 F.3d 974, 977  
12 (9th Cir. 2010)(internal citations and quotation marks  
13 omitted)("Generic terms are those that refer to the genus of which  
14 the particular product or service is a species, i.e., the name of  
15 the product or service itself. To determine whether a term [is]  
16 generic, we look to whether consumers understand the word to refer  
17 only to a particular producer's goods or whether the consumer  
18 understands the word to refer to the goods themselves.")

19 The court agrees with Judge Kelleher that the mark .WEB is not  
20 protectable under traditional trademark analysis because it "seems  
21 to represent a genus of a type of website" and thus answers the  
22 question "What are you?" rather than "Who vouches for you?" Image  
23 Online Design, Inc. v. Core Ass'n, 120 F.Supp.2d 870, 879-80  
24 (C.D.Cal. 2000).<sup>5</sup> Because the purported mark .WEB used as a TLD is  
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26 <sup>5</sup>The court sees no reason to stay this decision pending the  
27 resolution of Image Online Design, Inc., 120 F.Supp.2d 870, now  
28 before the Ninth Circuit. That appeal has been pending since 2000,  
and the court is persuaded by the reasoning and holding of the  
district court opinion in that case.

1 generic, IOD cannot obtain common law trademark protection and  
2 therefore cannot state a claim for infringement under this section.

3 **4. Contributory Infringement**

4 "To be liable for contributory trademark infringement, a  
5 defendant must have (1) intentionally induced the primary infringer  
6 to infringe, or (2) continued to supply an infringing product to an  
7 infringer with knowledge that the infringer is mislabeling the  
8 particular product supplied." Perfect 10, Inc. v. Visa Intern.  
9 Service Ass'n, 494 F.3d 788, 807 (9th Cir. 2007)(internal quotation  
10 marks and citation omitted). Because the court has found that IOD  
11 has not alleged any actual infringement and that the mark .WEB for  
12 registry services is generic, the contributory infringement claims  
13 also fail.

14 **C. Intentional Interference Claims**

15 **1. Intentional Interference with Contract**

16 "Under California law, a claim for intentional interference  
17 with contract requires: (1) a valid contract between plaintiff and  
18 a third party; (2) defendant's knowledge of the contract; (3)  
19 defendant's intentional acts designed to induce breach or  
20 disruption of the contract; (4) actual breach or disruption; and  
21 (5) resulting damage." Family Home & Fin. Ctr. v. Fed Home Loan  
22 Mortg. Corp., 525 F.3d 822, 825 (9th Cir. 2008).

23 In its Sixth Cause of Action, IOD alleges the elements of  
24 intentional interference with contract as follows: (1) "IOD  
25 maintains contractual relationships with its customers, who  
26 purchased IOD's .WEB services, including the ability to register a  
27 domain name in IOD's .WEB registry"; (2) "ICANN knows that IOD has  
28 contracts with its customers to provide and manage domain names

1 that resolve in IOD's .WEB registry"; (3) "ICANN has intentionally  
2 and knowingly interfered with IOD's existing customer contracts by  
3 permitting other entities to apply for and operate a .WEB registry  
4 in the Internet's primary DNS root system controlled by ICANN. . .  
5 . [T]he inclusion of .WEB in the Internet's primary DNS root system  
6 by ICANN will cause computer users searching for IOD's customers'  
7 computers, to reach other computers instead"; (4) "ICANN's  
8 acceptance of the seven \$185,000 deposits, and ICANN's affirmations  
9 that it intends to permit one or more of the new applicants to  
10 operate the .WEB registry in the Internet's primary DNS root system  
11 controlled by ICANN, has disrupted and interfered with, and will  
12 continue to disrupt and interfere with, IOD's ability to fulfill  
13 its contractual obligations to provide .WEB registry services to  
14 its customers"; (5) "As a result of ICANN's intentional  
15 interference with IOD's contractual relations, IOD has been damaged  
16 in an amount to be determined at trial." (Compl. ¶¶ 136-40.)

17 The court finds that these allegations are conclusory. IOD  
18 has not alleged any facts identifying the particular contracts, the  
19 actual disruption of these contracts, or any actual damage to IOD.  
20 IOD is alleging only that it has some contracts with customers for  
21 its .WEB registry and that ICANN knows that it has some such  
22 contracts. IOD cannot simply allege that ICANN has interfered with  
23 its business model; for this tort, it must allege actual  
24 interference with actual contracts, such that the result is a  
25 specific breach, not merely general damage to the business. IOD  
26 has pointed to no case law, nor has the court discovered any, that  
27 allows for such claims of generalized disruption of contracts.

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**2. Intentional Interference with Prospective  
Economic Advantage**

To state a claim for intentional interference with prospective economic advantage, IOD must allege "(1) an economic relationship between the plaintiff and some third party, with the probability of future economic benefit to the plaintiff; (2) the defendant's knowledge of the relationship; (3) intentional acts on the part of the defendant designed to disrupt the relationship; (4) actual disruption of the relationship; and (5) economic harm to the plaintiff proximately caused by the acts of the defendant." Pardi v. Kaiser Foundation Hospitals, 389 F.3d 840, 852 (9th Cir. 2004), quoting Korea Supply Co. v. Lockheed Martin Corp., 29 Cal.4th 1134, 1153 (2003). "[T]he third element also requires a plaintiff to plead intentional wrongful acts on the part of the defendant designed to disrupt the relationship" Korea Supply Co., 29 Cal. 4th at 1154.

As discussed above, IOD has failed to allege facts to support the five elements of intentional interference with prospective economic advantage. Additionally, because the court has found that IOD has not stated a claim for trademark infringement, the court also finds that IOD has not pled any intentional wrongful acts on the part of ICANN.

1 The court therefore finds that IOD has failed to state a claim  
2 for intentional interference with contract and with prospective  
3 economic advantage.

4 **IV. CONCLUSION**

5 For the reasons stated above, the Motion to Dismiss Complaint  
6 is GRANTED.

7 IT IS SO ORDERED.

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10 Dated: February 7, 2013



DEAN D. PREGERSON  
United States District Judge

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