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17 **IMAGE ONLINE DESIGN, INC.**

18 UNITED STATES DISTRICT COURT
19 CENTRAL DISTRICT OF CALIFORNIA

20 **IMAGE ONLINE DESIGN, INC.,**

21 Plaintiff,

22 vs.

23 **INTERNET CORPORATION FOR**
24 **ASSIGNED NAMES AND**
25 **NUMBERS,**

26 Defendant.

Case No. CV12-08968 DDP (JCx)

**MEMORANDUM OF POINTS
AND AUTHORITIES IN
OPPOSITION TO MOTION TO
DISMISS**

DATE: January 28, 2013

TIME: 10:00 a.m.

CTRM: 3, 312 N. Spring Street

**JUDGE: Dean D. Pregerson
Judge Presiding**

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1 **I. INTRODUCTION**

2 Defendant Internet Corporation for Assigned Names and Numbers
3 (“ICANN”) is a California public benefit corporation that has been authorized by
4 the United States government to administer the Internet’s primary domain name
5 system (“DNS”). (Complaint, ¶ 23). ICANN also has the responsibility to
6 approve new top level domains (“TLDs”), choosing registries for existing or
7 newly approved TLDs and contracting with the registries to operate the TLDs.
8 (Complaint, ¶ 26).

9 Plaintiff Image Online Design, Inc. (“IOD”) is the owner of the .WEB
10 trademark and service mark and operates a .WEB registry service using alternate
11 DNS root systems. (Complaint, ¶¶ 29-35). In 2000, ICANN issued a formal call
12 for proposals by those seeking to sponsor or operate new TLDs, and drafted a
13 New TLD Registry Application Form to be completed by every applicant.
14 (Complaint, ¶ 42). In response, IOD paid ICANN a non-refundable fee of
15 \$50,000 and submitted an application to operate the .WEB TLD registry in the
16 Internet’s primary DNS root system controlled by ICANN. (Complaint, ¶ 45).
17 Despite ICANN’s assurances that IOD’s application would be considered later
18 (Complaint, ¶¶ 49, 51), **twelve years have passed and IOD’s application is still**
19 **pending before ICANN.** (Complaint, ¶¶ 58, 62, 63).

20 ICANN has not honored its contract with IOD to make a decision on IOD’s
21 2000 Application. Nor has ICANN refused to accept other applications for the
22 .WEB TLD until IOD’s application has been accepted or rejected. Instead,
23 ICANN in 2012 accepted applications for new TLDs, including seven new
24 applications to operate the .WEB TLD (Complaint, ¶ 58), and received \$185,000
25 for each such application. (Complaint, ¶ 54). Since IOD’s application was still
26 pending, IOD did not submit a new application for the .WEB TLD.
27 (Complaint, ¶ 56). ICANN has announced its intention to select one of these
28 seven applications (i.e. not IOD) to operate the .WEB registry.

1 (Complaint, ¶¶ 62, 96, 110).

2 As a result of these facts, IOD filed its Complaint against ICANN seeking
3 injunctive relief and damages for breach of contract, trademark infringement and
4 intentional torts. In its Motion to Dismiss, ICANN seeks to dismiss **the entire**
5 **Complaint** because ICANN believes that IOD released ICANN when IOD
6 submitted its New TLD Registry Application Form in 2000. However, public
7 policy and California statutes void that release. *Tunkl v. Regents of University of*
8 *California*, 60 Cal. 2d 92, 98 (1963); California Civil Code §§ 1668 and 1542.
9 And, as significantly, ICANN takes the unsupported and preposterous position
10 that it can create a contract which releases ICANN from liability for ICANN’s
11 own breach of that contract.

12 The rest of ICANN’s motion requires the Court to interpret contracts and
13 make other factual inquiries, such as (a) whether ICANN intends to award the
14 .WEB TLD and .WEB registry to some entity other than IOD, (b) whether the
15 goods and services at issue are “totally unrelated” such that a jury cannot find a
16 likelihood of confusion, and (c) whether the .WEB mark is generic for the goods
17 and services being offered by IOD. These fact-driven analyses are inappropriate
18 in the context of a motion to dismiss. *See Ocasio-Hernandez v. Fortuno-Burset*,
19 640 F. 3d 1, 12-13 (1st Cir. 2011) (a court must not “attempt to forecast a
20 plaintiff’s likelihood of success on the merits”).

21 Since ICANN’s Motion to Dismiss has no basis in law or fact, the Court
22 should deny the motion. If the Court, however, were to grant ICANN’s motion,
23 IOD respectfully requests leave of Court to file an amended Complaint to cure
24 any alleged pleading defects. Fed. R. Civ. P. 15(a)(2) (“The court should freely
25 give leave [to amend] when justice so requires.”).

26 **II. ARGUMENT**

27 **A. Standard Of Review**

28 Rule 8(a)(2) of the Federal Rules of Civil Procedure requires “a short and

1 plain statement of the claim showing that the pleader is entitled to relief.” Courts
2 should be mindful that a motion to dismiss for failure to state a claim under Rule
3 12(b)(6) of the Federal Rules of Civil Procedure “is viewed with disfavor and is
4 rarely granted.” *Govind v. Felker*, 2011 U.S. Dist. LEXIS 68259, at *4 (C.D. Cal.
5 June 18, 2011). In evaluating a Rule 12(b)(6) motion, “the Court must accept as
6 true all non-conclusory, factual allegations made in the complaint.” *Manwin
7 Licensing International S.A.R.L v. ICM Registry, LLC*, 2012 U.S. Dist. LEXIS
8 125126, at *10 (C.D. Cal. Aug. 14, 2012). The Court must then construe the
9 complaint in the light most favorable to the plaintiff by drawing “all reasonable
10 inferences from the complaint” in favor of plaintiff. *Mohammed v. Jeppsens
11 Dataplan, Inc.*, 579 F. 3d 943, 949 (9th Cir. 2009). Finally, the Court must
12 determine whether the complaint alleges a plausible claim for relief. *Bell Atlantic
13 Corp. v. Twombly*, 550 U.S. 544, 564, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007).
14 Plausibility “is not akin to a ‘probability requirement,’” rather it requires “more
15 than a sheer possibility that a defendant has acted unlawfully.” *Ashcroft v. Iqbal*,
16 556 U.S. 662, 678, 129 S. Ct. 1937, 1949, 173 L. Ed. 2d 868 (2009).

17 **B. The Release ICANN Relies On In Its Motion To Dismiss Is Void**

18 In order to apply for a new TLD, IOD and other applicants were required to
19 complete the New TLD Registry Application Form (the “TLD Application
20 Form”). (Complaint, ¶¶ 42, 45). In 2000, IOD completed the TLD Application
21 Form for its application for the .WEB TLD and the .WEB registry. The TLD
22 Application Form contained a broad release of ICANN, releasing ICANN “from
23 any and all claims and liabilities relating in any way to (a) any action or inaction
24 by or on behalf of ICANN in connection with this application or (b) the
25 establishment or failure to establish a new TLD.” (ICANN’s Request For Judicial
26 Notice, Ex. C, ¶ B14.2).

27 By its motion, ICANN is now claiming that this release is so broad that it
28

1 releases ICANN from intentional acts,¹ violations of statutes,² and breaches of
2 contract,³ whether those acts occurred in 2000 or anytime in the future, and
3 whether those actions were unknown at the time that IOD completed the TLD
4 Application Form. ICANN's claim must be rejected by the Court because the
5 release is void as against public policy. *Tunkl v. Regents of University of*
6 *California*, 60 Cal. 2d 92, 98 (1963).

7 California Civil Code §1668 states that "All contracts which have for their
8 object, directly or indirectly, to exempt any one from responsibility for his own
9 fraud, or willful injury to the person or property of another, or violation of law,
10 whether willful or negligent, are against the policy of the law." Since ICANN is
11 claiming that the release exempts ICANN from responsibility for such acts
12 (intentional, violations of statute, breaches of contract, etc.), the release under
13 California law cannot be valid.

14 In fact, the Supreme Court of California holds that such exculpatory
15 clauses, which are affected with a public interest, are invalid as against public
16 policy. *Tunkl*, 60 Cal. 2d at 98. In determining whether a contract is within the
17 category "of those affected with a public interest," the *Tunkl* court identified
18 several factors for a court to analyze. *Id.*, 60 Cal. 2d at 98-101. When applying
19 these factors to the TLD Application Form, and ICANN's role in regulating the

20
21 ¹ IOD's complaint for Trademark Infringement (Third and Fourth Causes of
22 Action), Contributory Trademark Infringement (Fifth Cause of Action),
23 Intentional Interference With Contractual Relations (Sixth Cause of Action) and
Intentional Interference with Prospective Economic Advantage (Seventh Cause of
Action) each involve a claim against ICANN for an intentional act.

24 ² IOD's complaint for Trademark Infringement (Third and Fourth Causes of
25 Action), Contributory Trademark Infringement (Fifth Cause of Action) each
26 involve a claim against ICANN for violations of statute.

27 ³ IOD's complaint contains causes of action for Breach of Contract (First Cause
28 of Action) and Breach of Covenant of Good Faith and Fair Dealing (Second
Cause of Action).

1 Internet and granting new TLDs and registries to operate those new TLDs, the
2 TLD Application Form must be found to be an adhesion contract affected with a
3 public interest. As such, the release contained in the TLD Application Form is
4 invalid.

5 First, the regulation of the Internet, including the adoption of new TLDs, is
6 “a business of the type generally thought suitable for public regulation.” *Id.*, 60
7 Cal. 2d at 98. ICANN was formed in 1998 by the United States Government to
8 administer the DNS. (Complaint, ¶ 23).

9 Second, ICANN “is engaged in performing a service of great importance to
10 the public, which is often a matter of practical necessity for some members of the
11 public.” *Tunkl*, 60 Cal. 2d at 98-99. The Internet is described as “an international
12 network of interconnected computers.” *Reno v. ACLU*, 521 U.S. 844, 849 (1997).
13 According to its Articles of Incorporation, ICANN was established “for the
14 benefit of the Internet industry as a whole.” (Complaint, ¶ 28). In addition, the
15 Articles of Incorporation state that ICANN “shall . . . pursue the charitable and
16 public purposes of lessening the burdens of government and promoting the global
17 public interest in the operational stability of the Internet by . . . (iii) . . .
18 [developing] policies for determining the circumstances under which the new top-
19 level domains are added to the DNS root system.” *Id.*

20 Third, ICANN holds itself out “as willing to perform this service for any
21 member of the public who seeks it, or at least for any member coming within
22 certain established standards.” *Tunkl*, 60 Cal. 2d at 99. In 2000, ICANN adopted
23 a policy for the introduction of new TLDs and sought applicants for new TLDs.
24 (Complaint, ¶ 42). The criteria adopted by ICANN required ICANN and its staff
25 to fairly and competently evaluate each applicant’s application. (*Id.*, ¶ 44).

26 Fourth, ICANN possessed a “decisive advantage of bargaining strength
27 against any member of the public who seeks [ICANN’s] services.” *Tunkl*, 60 Cal.
28 2d at 100. IOD paid ICANN a non-refundable fee of \$50,000 as part of its

1 application to operate a .WEB TLD registry in the Internet’s primary DNS root
2 system controlled by ICANN. (Complaint, ¶ 45). Yet, ICANN has the
3 “**exclusive authority**” to determine which new TLDs to approve, and who should
4 be the registries for those new TLDs. (Complaint, ¶ 23) (emphasis added).

5 Fifth, in exercising this superior bargaining power, ICANN presented “the
6 public with a standardized adhesion contract of exculpation.” *Tunkl*, 60 Cal. 2d at
7 100. IOD could not have obtained the rights to operate the .WEB registry in the
8 Internet’s primary DNS root system controlled by ICANN, unless it followed the
9 instructions of ICANN and completed the TLD Application Form. Since IOD
10 wanted to operate the .WEB TLD registry in the Internet’s primary DNS root
11 system controlled by ICANN, IOD had **no choice** but to submit the TLD
12 Application Form with the exculpatory clause.

13 Finally, as a result of applying for the .WEB TLD, IOD was placed under
14 the control of ICANN, “subject to the risk of carelessness by the seller or his
15 agents.” *Tunkl*, 60 Cal. 2d at 101. ICANN’s amended by-laws mandate that
16 ICANN “shall not apply its standards, policies, procedures or practices
17 inequitably or single out any particular party for disparate treatment unless
18 justified by substantial and reasonable cause.” (Complaint, ¶ 43). However, if
19 ICANN’s staff did not fairly and competently evaluate IOD’s application, or
20 follow its amended by-laws, the exculpatory clause would immunize ICANN
21 from such actions.⁴

22
23 ⁴ ICANN appears to claim, without any legal support, that a contract which
24 releases one of the parties from a breach of that contract, is valid. ICANN’s
25 interpretation of the release is unconscionable. *See Discover Bank v. Superior*
26 *Court*, 36 Cal. 4th 148, 161 (2005) (“Such one-sided, exculpatory contracts in a
27 contract of adhesion, at least to the extent they operate to insulate a party from
28 liability that otherwise would be imposed under California law, are generally
unconscionable”); California Civil Code § 1670.5(a) (the court may “limit the
application of any unconscionable clause as to avoid any unconscionable result”).

1 ICANN's role in regulating the Internet and granting new TLDs and
2 registries to operate those new TLDs is affected with a public interest. Since
3 ICANN, as exclusive arbiter of what new TLDs are to be added, has superior
4 bargaining power over IOD, the TLD Application Form is an adhesion contract
5 and the exculpatory clause found in the TLD Application Form is invalid as
6 against public policy. *Tunkl*, 60 Cal. 2d at 98-101. As such, IOD did not release
7 any of its claims for breach of contract, breach of the covenant of good faith and
8 fair dealing, trademark and contributory trademark infringement, or intentional
9 interference with contract or prospective economic advantage.

10 Nor has IOD released ICANN from any claim that it was not aware of in
11 2000 (when IOD submitted the TLD Application Form). For example, IOD did
12 not anticipate in 2000 -- nor could anyone have anticipated -- that ICANN would
13 hold IOD's .WEB Application pending for 12 years without either accepting or
14 rejecting it. Furthermore, IOD did not anticipate in 2000 that ICANN would
15 accept applications in 2012 from other entities seeking to operate the .WEB TLD
16 registry before ICANN approved or rejected IOD's .WEB TLD Application.

17 The plain language of California Civil Code § 1542 rejects ICANN's broad
18 interpretation that the release in the TLD Application Form applies to such
19 unknown or unanticipated claims. Section 1542 states that "a general release
20 does not extend to claims which the creditor does not know or suspect to exist in
21 his or her favor at the time of executing the release, which if known by him or her
22 must have materially affected his or her settlement with the debtor." The TLD
23 Application Form does not contain an express waiver of Section 1542. In fact,
24 there is no discussion or mention of "unknown claims" in the TLD Application
25 Form. *See Chaganti v. Ceridian Benefits*, 2004 U.S. Dist. LEXIS 17075, at *11
26 (N.D. Cal. Aug. 23, 2004) (release waiving unknown future claims is only valid
27 where the release explicitly waives California Civil Code § 1542, which
28 demonstrates that the waiving party "consciously understood the benefits

1 conferred by section 1542 and consciously waived those benefits”). Of course,
2 whether the parties intended such a broad release would be a question of fact that
3 cannot be decided by a motion to dismiss. *Velazquez v. GMAC Mortg. Corp.*, 605
4 F. Supp. 2d 1049, 1069 (C.D. Cal. 2008) (“a motion to dismiss should not be
5 granted where the contract ‘leaves doubt as the parties’ intent.’”). *See also*
6 California Civil Code § 1654 (contracts should be interpreted “most strongly
7 against the party” that created it).

8 Finally, ICANN’s own statements belie its claim that the release in the
9 TLD Application Form released ICANN of all claims. In 2012, ICANN would
10 have permitted IOD (and others) to submit a new application for TLDs **only if**
11 IOD agreed that “it has no legal claims arising from the 2000 proof-of-concept
12 process.” (Complaint, ¶ 57). If the release contained in the TLD Application
13 Form nullified any and all legal claims, then why would ICANN require a waiver
14 of those non-existent claims in 2012? ICANN’s actions in 2012 show that
15 ICANN -- contrary to the position it now takes in its Motion to Dismiss --
16 believed that IOD, and other applicants in 2000, has valid, legal claims against
17 ICANN.

18 The release contained in the TLD Application Form is void and
19 unenforceable. Since ICANN relies on the release to support its motion, the
20 Court must deny ICANN’s Motion to Dismiss.

21 **C. ICANN Breached Its Contract With IOD That ICANN Would**
22 **Consider IOD’s Application Before Accepting Other**
23 **Applications To Operate The .WEB TLD Registry**

24 In October 2000, IOD submitted a non-refundable fee of \$50,000, along
25 with a completed TLD Application Form, for the inclusion of the .WEB TLD in
26 the Internet’s primary DNS root system controlled by ICANN. As part of this
27 application, IOD was to act as the registry operator for the .WEB TLD.
28 (Complaint, ¶ 45). This application has neither been approved or rejected by

1 ICANN. Rather, for the past 12 years, IOD’s application remains pending before
2 ICANN. (Complaint, ¶ 49).

3 ICANN, however, has made several statements relied upon by IOD that
4 ICANN would eventually consider IOD’s application and accept (or reject) it.
5 For example, during ICANN’s deliberations, the Chairman of ICANN’s Board of
6 Directors stated: “I’m still interested in IOD. They’ve worked with .WEB for
7 some time. To assign that to someone else given that they’re actually functioning
8 makes me uneasy.” (Complaint, ¶ 47). And, testifying before Congress, the
9 Chairman stated ICANN’s “belief that any of the qualifying TLD applications
10 would, in fact, be considered later.” (Complaint, ¶ 51). Finally, ICANN
11 informed IOD that “All of the proposals not selected remain pending, and those
12 submitting them will certainly have the option to **have them considered if and**
13 **when additional TLD selections are made.**” (Emphasis added)
14 (Complaint, ¶ 49).

15 IOD brought its claims for breach of contract and breach of the covenant of
16 good faith and fair dealing because recent actions by ICANN contradict ICANN’s
17 past assurances. Without considering IOD’s 2000 Application, as it promised to
18 do, ICANN in 2012 received seven new applications for the .WEB TLD and
19 announced its intent to award the .WEB TLD to some entity other than IOD.
20 (Complaint, ¶¶ 58, 62-64, 96).⁵ Since ICANN will award the .WEB TLD and
21 .WEB registry to some entity other than IOD, IOD’s 2000 Application will, in
22 essence, be permanently shelved and never considered by ICANN.

23 _____
24 ⁵ IOD did not submit a new application for the .WEB TLD because its 2000
25 Application was still pending before ICANN. (Complaint, ¶ 56). IOD could
26 have received an \$86,000 credit toward the \$185,000 new application fee, if IOD
27 agreed that “. . . [it] has no legal claims arising from the 2000 proof-of-concept
28 process.” (Complaint, ¶ 57). Yet, such a new application was unnecessary since
ICANN stated that IOD’s 2000 Application would be considered when ICANN
makes new TLD selections. (Complaint, ¶ 49).

1 In its Motion, ICANN evaluates these facts and somehow concludes that it
2 did nothing wrong. For example, even though it has neither accepted or rejected
3 IOD's 2000 Application, and has kept the application pending for 12 years,
4 ICANN claims that it did in fact consider it. (Motion, p. 12). ICANN is using a
5 hyper-technical and strained interpretation of "consider" to permit such a
6 conclusion and void the intent of the parties. *See* California Civil Code § 1644
7 ("The words of a contract are to be understood in their ordinary and popular
8 sense, rather than according to their strict legal meaning").

9 ICANN apparently believes that it can receive a non-refundable payment of
10 \$50,000 and "consider" an application (i.e. by reviewing it) without ever making
11 a decision. Certainly that was not the intent of IOD (and the other applicants)
12 when their application was submitted. And it is doubtful, if not absurd,⁶ that
13 ICANN believed that it was entitled to deposit numerous non-refundable
14 payments without ever having to make a decision on the applications
15 accompanying those payments. A motion to dismiss should not be granted where
16 the contract "leaves doubt as to the parties' intent." *Velazquez*, 605 F. Supp. 2d at
17 1069. *See also* California Code § 1636 ("a contract must be so interpreted as to
18 give effect to the mutual intention of the parties as it existed at the time of
19 contracting").⁷

20 More importantly, ICANN stated in its Reconsideration Report that IOD
21

22 ⁶ *See* California Civil Code § 1638 ("The language of a contract is to govern its
23 interpretation, if the language is clear and explicit, **and does not involve an**
24 **absurdity**") (emphasis added).

25 ⁷ By keeping IOD's 2000 Application pending, ICANN has only made a decision
26 **not to make a decision**. This could not have been what the parties intended.
27 IOD does not claim that a breach occurred because ICANN did not accept IOD's
28 application. Rather, IOD claims that ICANN's failure to act (either positively by
accepting the application, or negatively by denying the application) was
improper.

1 would “have the option to have [its 2000 Application] considered if and when
2 additional TLD selections are made.” (Complaint, ¶ 49). ICANN concedes
3 (because it makes no argument on this point) that it did not consider IOD’s
4 application in 2012, despite ICANN’s assurances that it would. In fact, ICANN
5 baldly ignores its own representation and now claims that nothing prohibited
6 “ICANN from accepting applications from other entities seeking a .WEB TLD in
7 later rounds.” (Motion, p. 13). Apparently, ICANN is taking the position that in
8 order to have its application considered, IOD would have to waive its rights and
9 claims against ICANN, file a new application, pay another non-refundable
10 deposit and be subject to new procedures and criterion. (Motion, p. 14). Of
11 course, that is not what the Reconsideration Request required.⁸ And, as
12 significantly, this factual dispute over what ICANN was required to do (or what
13 the parties intended) is precisely the reason why the Court should deny ICANN’s
14 Motion to Dismiss. *See Velazquez*, 605 F. Supp. 2d at 1069.

15 IOD has remained in ICANN’s application purgatory for 12 years. Despite
16 receiving assurances from ICANN that IOD’s application would be considered
17 when new TLD selections were made, ICANN did not accept or reject IOD’s
18 application. And ICANN has affirmatively stated that it will give the .WEB TLD
19 and .WEB registry to some entity other than IOD without ICANN ever making a

21 ⁸ ICANN reinterprets the Reconsideration Report and now claims that “those
22 applicants not selected in 2000 would have the “option” of **re-applying** in later
23 rounds.” (Motion, p. 14) (emphasis added). ICANN relies on the FAQs allegedly
24 incorporated in the TLD Application Form, which responded to a question
25 relating to the status of an application if it is not accepted (i.e. rejected). The
26 FAQs do not address the status of an application when it is still pending.
27 Furthermore, the FAQs, which are neither an official or binding decision of the
28 ICANN Board of Directors, were written **before** ICANN Board of Directors
issued its Reconsideration Report. As such, the FAQs were superseded by
ICANN’s statement about how and when it would consider IOD’s 2000
Application.

1 decision on IOD's application. IOD has properly pled its causes of action for
2 breach of contract and breach of the implied covenant of good faith and fair
3 dealing.⁹ As such, the Court should deny ICANN's Motion to Dismiss on those
4 grounds.

5 **D. IOD's Trademark Claims Are Ripe For Adjudication**

6 IOD is the owner of the .WEB trademark and service mark, and the
7 operator of a .WEB registry. (Complaint, ¶¶ 29-40). IOD seeks injunctive relief
8 against ICANN under 15 U.S.C. §1116 for its claims of trademark infringement
9 and contributory trademark infringement because ICANN has been paid
10 \$1,295,000 from the seven new applicants to operate the .WEB TLD registry in
11 the Internet's primary DNS root system controlled by ICANN. (Complaint, ¶¶
12 95, 109). And, more importantly, "ICANN has stated, through its guidebook,
13 press releases . . . and postings on its website, that **it intends to permit** one or
14 more of the new applicants to operate the .WEB registry." (Complaint, ¶¶ 96,
15 110) (emphasis added).

16 It is well established that injunctive relief is a preventative remedy which
17 may be invoked to prevent a proposed course of conduct before it begins. *See*
18 *United States v. Oregon State Med. Soc.*, 343 U.S. 326, 333, 72 S. Ct. 690, 695
19 (1952) ("The sole function of an action for injunction is to forestall future
20 violations. . . . All it takes to make the cause of action for relief by injunction is a
21 real threat of future violation . . ."). Courts have found such "threats" to be

22 ⁹ With respect to its claim for breach of the covenant of good faith and fair
23 dealing, IOD has stated that ICANN's actions were improper and inequitable.
24 (Complaint, ¶¶ 63, 64). IOD also has plead that at least two of the new
25 applications to operate the .WEB TLD reflect a conflict of interest with, and prior
26 ties to, ICANN. (Complaint, ¶ 59). These allegations, as well as the facts
27 supporting these allegations, support IOD's claim that ICANN acted unfairly and
28 in bad faith. *Walnut Creek Pipe Distrib. v. Gates Rubber Co. Sales Div.*, 228 Cal.
App. 2d 810, 817 (1964) (breach of the implied covenant requires a finding of
defendant's bad faith or unfairness).

1 actionable even before actual trademark infringement has occurred. *See Maritz,*
2 *Inc. v. Cybergold, Inc.*, 947 F. Supp. 1328, 1335 (E.D. Mo. 1996) (plaintiff’s
3 Lanham Act infringement claim against a defendant’s not-yet operational Internet
4 service “not necessarily premature . . . even before [the] defendant actually opens
5 the business, so long as the acts of the defendant are imminent and impending”);
6 *Nova Wines, Inc. v. Adler Fels Winery LLC*, 467 F. Supp. 2d 965, 972, 982 (C.D.
7 Cal. 2006) (enjoining sale of products pursuant to trade dress infringement and
8 unfair competition claims where accused products had not yet been sold).

9 In its Motion to Dismiss, ICANN claims that IOD’s trademark and
10 contributory trademark causes of action are not ripe for adjudication under Article
11 III of the United States Constitution because “the notion that ICANN might
12 approve .WEB as a new TLD at some future point is, at this time, speculative.”
13 (Motion, p. 16).¹⁰ Since ICANN has the power to approve new TLDs and to
14 choose registries to operate those new TLDs (Complaint, ¶ 23), and ICANN has
15 exercised that power in the past (Complaint, ¶ 46), and ICANN has publicly
16 stated its intent to permit one of the new applicants to operate the .WEB registry
17 (Complaint, ¶ 96), it is “plausible”¹¹ that ICANN’s intent will be realized. In fact,
18 ICANN does not dispute in its Motion that it has the intent to permit at least one
19 of the new applicants to operate the .WEB registry.¹² Nor could it, since IOD’s

20 _____
21 ¹⁰ ICANN, while ignoring relevant allegations in the Complaint, cites to
22 paragraphs 126, 130 and 131 of the Complaint as support for this statement.
23 However, only a tortured interpretation of the word “would” in these paragraphs
could somehow support ICANN’s statement that IOD’s claim is “speculative.”

24 ¹¹ A claim is plausible “when the plaintiff pleads factual content that allows the
25 court to draw the reasonable inference that the defendant is liable for the
misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

26 ¹² ICANN claims, without any legal support, that a “defined threat of
27 infringement” must be pled. (Motion, p. 17). However, the intent to award the
28 .WEB TLD and .WEB registry to some entity other than IOD, which has been
pled, certainly threatens IOD’s .WEB trademark.

1 allegations must be taken as true and construed in the light most favorable to
2 IOD. *Coal. For ICANN Transparency, Inc. v. Verisign, Inc.*, 611 F. 3d 495, 500
3 (9th Cir. 2000).

4 Even though IOD has not sought relief under the Declaratory Judgment
5 Act, ICANN suggests that IOD's Complaint must be dismissed because it seeks
6 an "advisory opinion." (Motion, p. 16). In support of this claim, ICANN relies
7 on *Swedlow, Inc. v. Rohm & Haas Co.*, 455 F.2d 884, 885 (9th Cir. 1972), a
8 patent case interpreting the Declaratory Judgment Act decades before that
9 interpretation was modified by *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S.
10 118, 127 (2007).

11 The *Swedlow* Court dismissed plaintiff's claim because the defendant,
12 whose plant was still under construction at the time of suit, could complete its
13 plant without infringing plaintiff's patents, especially since technology could
14 change during the time it would take for the defendant to complete construction
15 of its plant. *Swedlow*, 455 F.2d at 886. The Court found that a claim would be
16 ripe for adjudication if the defendant had "an immediate capability and intent to
17 produce an allegedly infringing item." *Id.*

18 The facts in the instant case are quite distinguishable from *Swedlow*, even
19 assuming that *Swedlow* is applicable to this case. To be in a similar position to
20 the defendant in *Swedlow*, ICANN would have started developing an application
21 process for new TLDs but would not have yet determined whether it would take
22 applications for .WEB TLD. That, however, is not the factual posture of this case
23 as alleged in the Complaint.

24 IOD has alleged that ICANN has the capability and the intent to award the
25 operation of the .WEB TLD registry in the Internet's primary DNS root system
26 controlled by ICANN to some entity other than IOD because (a) ICANN has been
27 granted that power by the United States Government, (b) ICANN has exercised
28 that power in the past, (c) ICANN has received non-refundable deposits by seven

1 applicants to operate the .WEB TLD registry and (d) ICANN has announced that
2 intent in press releases, postings on its website and through its guidebook. These
3 allegations remove the contingent nature of ICANN's operation, transforming the
4 threatened infringement to a definite intent with ICANN's obvious ability to
5 commence infringing use (or contribute to such infringing use by the awarded
6 applicant). *See AARP v. 200 Kelsey Associates, LLC*, 2009 U.S. Dist. LEXIS 969
7 at 27, (S.D. N.Y. Jan. 6, 2009) (court found it reasonable to infer not only use, but
8 also use within the channels of interstate commerce sufficient to satisfy the
9 Lanham Act standard, where defendants were "actively seeking licensees to
10 publish" a magazine with the same name as the plaintiff's trademark, and had
11 conducted "extensive analysis of the publishing industry" to prepare for the
12 magazine launch).

13 Since IOD has sufficiently established that an Article III actual case or
14 controversy does exist, ICANN's Motion to Dismiss for lack of subject matter
15 jurisdiction should be denied.

16 **E. IOD's Claim For Trademark Infringement Under**
17 **15 U.S.C. §1114 Is Well Pled Because The Complained Of Use Is**
18 **Likely To Cause Confusion With IOD's .WEB Mark**

19 IOD owns a United States trademark and service mark registration for the
20 .WEB mark. (Complaint, ¶ 94). In its Motion, ICANN does not dispute this fact.
21 Nor does ICANN claim that IOD failed to properly allege that ICANN used the
22 infringing mark in commerce. *Brookfield Commc'ns, Inc. v. West Coast Entm't*
23 *Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999)

24 Rather, in its Motion, ICANN has proffered only one reason to dismiss
25 IOD's claim for trademark infringement under 15 U.S.C. §1114. ICANN claims
26 that IOD will be unable to establish that ICANN's threatened use of the .WEB
27 mark (by intending to permit at least one of the new applicants to operate the
28 .WEB registry) is likely to cause consumer confusion. *Brookfield*, 174 F.3d at

1 1047. ICANN claims that there can be no likelihood of confusion when the
2 services which ICANN, and those to whom ICANN contributes in their
3 infringement, are “totally unrelated to the goods and services for which IOD’s
4 mark is registered.” (Motion, p. 18). *See AMF Inc. v. Sleekcraft Boats*, 599 F.2d
5 341, 348-49 (9th Cir. 1979) (“If the goods are **totally unrelated**, there can be no
6 infringement because confusion is unlikely.”) (emphasis added).

7 ICANN is mistaken because it fails to conduct the proper legal and factual
8 analysis using the Ninth Circuit’s standard to determine whether the goods and
9 services at issue¹³ are “totally unrelated.” *Sleekcraft* defined related goods and
10 services as those ““which would be reasonably thought by the buying public to
11 come from the same source if sold under the same mark.”” *Sleekcraft*, 599 F.2d
12 at 348 n.10 (citations omitted). This is determined by examining facts probative
13 of: “whether the products are: (1) complementary; (2) sold to the same class of
14 purchasers; and (3) similar in use and function.” *Network Automation, Inc. v.*
15 *Advanced Sys. Concepts*, 638 F.3d 1137, 1150 (9th Cir. 2011) (citing *Sleekcraft*,
16 599 F.2d at 350).¹⁴

17 _____
18 ¹³ IOD alleges that, under its .WEB trademark, IOD offers a wide range of goods
19 and services “including online retail store services featuring computer
20 accessories.” (Complaint, ¶ 32). Therefore, in order to determine whether the
21 goods and services at issue are related, the Court must examine whether ICANN’s
22 selling the rights to operate a .WEB TLD registry, and the use by others of a
23 .WEB TLD registry, would create a likelihood of confusion with IOD selling
24 computer accessories online under the .WEB mark. ICANN attempts to mislead
25 the Court by reciting goods and services of the .WEB mark unrelated to the
26 services which ICANN is providing, such as mouse pads, CD holders, fanny
27 packs, etc. (Motion, p. 18). ICANN further attempts to mislead the Court by
28 claiming that the goods and services at issue for ICANN are merely “coordinating
the Internet’s DNS and accepting applications for new TLDs.” (*Id.*).

¹⁴ In order to determine that there is a likelihood of confusion, the goods or
services need not be identical or even competitive. *See Sleekcraft*, 599 F. 2d at
350. The inquiry is whether the goods are related, not identical. Furthermore, the
issue is not whether the goods will be confused with each other, but rather

1 In its Motion, ICANN fails to conduct this fact-driven analysis. *See Levi*
2 *Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 n. 5 (9th Cir. 1985) (“trial
3 courts disfavor deciding trademark cases in summary judgments because the
4 ultimate issue is so inherently factual.... Additionally, the question of likelihood
5 of confusion is routinely submitted for jury determination as a question of
6 fact.”)(citations omitted); *Thane Intern. Inc. v. Trek Bicycle Corp.*, 305 F. 3d 894,
7 902 (9th Cir. 2002) (analysis of likelihood of confusion issue “usually requires a
8 full record”). And, in the context of a Motion to Dismiss, such a factual analysis
9 is viewed with disfavor. *See Rennie & Laughlin, Inc. v. Chrysler*, 242 F. 2d 208,
10 213 (9th Cir. 1957) (“a case should be tried on the proofs rather than the
11 pleadings”); *Ocasio-Hernandez*, 640 F. 3d at 12-13 (a court must not “attempt to
12 forecast a plaintiff’s likelihood of success on the merits”).

13 Even assuming that the Court should conduct such a factual analysis in
14 resolving a Motion to Dismiss, there is no information in the record regarding
15 whether the goods and services offered under IOD’s .WEB trademark are
16 complementary, or sold to the same or similar class of purchasers. Further, there
17 is no information in the record regarding whether the products have a similar use
18 and function.

19 And, in this case, it is not obvious whether the goods are complementary,
20 or sold to the same class of purchasers, or similar in use and function. For
21 example, discovery will reveal that current registry operators of TLDs sell
22 computer accessories online. Verisign, the registry operator of the .COM TLD,
23 has for many years provided computer security goods and services. Similarly,

24 whether the public will be confused about their source. *See Safety-Kleen Corp. v.*
25 *Dresser Indus., Inc.*, 518 F.2d 1399, 1404 (C.C.P.A. 1975). Here, where both
26 parties use the identical mark, .WEB, the products must be “substantially
27 different” to avoid a likelihood of confusion. *See Sleekcraft*, 599 F. 2d at 350
28 (citing *Russell Chemical Co. v. Wyandotte Chemicals Corp.*, 337 F.2d 660, 661
(C.C.P.A. 1964).

1 Verisign and other registry operators of TLDs sell computer services which
2 protect against attacks, and managed DNS services. Accordingly, the online
3 retail store services featuring computer accessories recited in IOD's .WEB
4 registration appear complementary to the goods and services complained of in the
5 Complaint. The Court must construe the complaint in the light most favorable to
6 IOD. *Mohammed*, 579 F. 3d at 943.

7 It is improper, at this stage, for the Court to conduct a factual determination
8 as to the likelihood of confusion and the relatedness of the goods and services at
9 issue. And discovery will reveal that online retail store services featuring
10 computer accessories are complementary to the operation of the .WEB TLD
11 registry. As such, the Court should deny ICANN's Motion to Dismiss on those
12 grounds.

13 **F. IOD's Claim For Trademark Infringement (15 U.S.C. §1125) Is**
14 **Well Pled Because IOD's .WEB Mark Is Not Generic**

15 **1. There Is No Collateral Estoppel On This Issue**

16 ICANN moves to dismiss IOD's claim for trademark infringement under
17 15 U.S.C. §1125 because "this Court has already decided that IOD's alleged
18 .WEB TLD enjoys no trademark protection." (Motion, p. 19). ICANN
19 repeatedly cites to *Image Online Design, Inc. v. Core Association*, 120 F. Supp.
20 2d 870 (C.D. Cal. 2000) *appeal docketed*, No. 00-56284 (9th Cir. July 2000) as
21 support for this proposition. (Motion, pp. 11, 17, 19, 20). However, ICANN fails
22 to inform the Court that the *Core* case is on appeal and, therefore, the case cannot
23 support issue preclusion or collateral estoppel.¹⁵ *Arizona v. California*, 530 U.S.

24
25 ¹⁵ It is surprising that ICANN failed to mention in its brief that the *Core* case is
26 on appeal. This fact was specifically discussed at the Conference of Counsel
27 Prior to Filing of Motions pursuant to Local Rule 7-3. As such, at the very least,
28 when ICANN cited to the *Core* case in its Motion it should have added "*appeal*
docketed, No. 00-56284 (9th Cir. July 2000)" to the end of the citation.

1 392, 414 (2000) (“It is the general rule that issue preclusion attaches only ‘[w]hen
2 an issue of fact or law is actually litigated and determined by a valid and **final**
3 **judgment.**’”) (emphasis added); *Grieve v. Tamerin*, 269 F. 3d 149, 153 (2nd Cir.
4 2001) (the doctrine of collateral estoppel or issue preclusion requires “a valid and
5 final judgment on the merits”). Since the *Core* case is currently on appeal, it is
6 not a “final” judgment.

7 In fact, since the Ninth Circuit will be deciding whether .WEB is a valid
8 trademark for registry services, the Court should consider staying this issue *sua*
9 *sponte*.¹⁶ See *Hynix Semiconductor, Inc. v. Rambus Inc.*, 2009 U.S. Dist. LEXIS
10 10939, at *15 (N.D. Cal. Feb. 3, 2009) (quoting *CMAX, Inc. v. Hall*, 300 F. 2d
11 265, 269 (9th Cir. 1962) (*sua sponte* staying case pending a decision by the
12 Federal Circuit on the same issue presented in summary judgment motions). A
13 court may stay proceedings as part of its inherent power “to control the
14 disposition of the causes on its docket with economy of time and effort for itself,
15 for counsel, and for litigants.” *Landis v. North Am. Co.*, 299 U.S. 248, 254
16 (1936). Since the Ninth Circuit’s analysis of the validity of the .WEB mark for
17 registry services will likely bear directly on this Court’s consideration of this part
18 of ICANN’s Motion to Dismiss, staying this issue will prevent the considerable
19 waste of the Court’s and the parties’ resources.

20
21 ¹⁶ It should be noted that district court decided the *Core* case twelve years ago.
22 “The Internet in general, and the DNS in particular, is marked by extraordinary
23 plasticity. The DNS has already undergone considerable change in the Internet’s
24 brief history to date, and may undergo even more radical changes in the near
25 future under the auspices of ICANN and DNSO. There is nothing inherent in the
26 architecture of the Internet that prevents new gTLDs from constituting expressive
27 speech. How broad the permissible bandwidth of expression is in this context
28 depends on the future direction of the DNS. Therefore, ‘we should be shy about
saying the final word today about what will be accepted as reasonable tomorrow,’
particularly ‘when we know too little to risk the finality of precision.’”
Namespace Inc. v. Network Solutions Inc., 202 F. 3d 573, 586 (2nd Cir. 2000).

1 **2. The .WEB Mark Is Not A Generic Term For The Goods**
 2 **And Services Being Offered By IOD**

3 IOD has pled that the .WEB mark is valid and enforceable for a myriad of
 4 goods and services, including (a) registry services (Complaint, ¶ 29); (b) low cost
 5 DNS services and email forwarding services (Complaint, ¶ 31); and (c) online
 6 retail store services featuring computer accessories (Complaint, ¶ 32). In its
 7 Motion, ICANN claims that since .WEB is a generic TLD, it is not entitled to
 8 trademark protection. (Motion, p. 19). ICANN, once again, is mistaken.

9 A “generic” term is one that refers, or has come to be understood as
 10 referring, to the genus of which the particular product or service is a species.
 11 *Abercrombie & Fitch Co. v. Hunting World*, 537 F.2d 4, 9-10 (2nd Cir. 1976).
 12 Generic terms are never protectable as trademarks. *Id* at 9-11. Under the
 13 *Abercrombie* test, however, IOD’s mark for .WEB is not generic because it is not
 14 the common name of the good or services being used (registry services, low cost
 15 DNS services, email services, computer accessories, etc.). *See Two Pesos, Inc. v.*
 16 *Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (A generic term identifies the genus
 17 of which the particular product is a species.). Examples of generic terms are
 18 “BLINDED VETERANS” for a service organization for blind veterans, *Blinded*
 19 *Veterans Association v. Blinded American Veterans Foundation*, 872 F.2d 1035,
 20 1048 (D.C. Cir. 1989); and “CELLULAR SALES” for sales of cellular phones,
 21 *Cellular Sales, Inc. v. MacKay*, 942 F.2d 483, 485 (8th Cir. 1991).

22 Furthermore, genericness is a question of fact. *Committee for Idaho's High*
 23 *Desert, Inc. v. Yost*, 92 F.3d 814, 821 (9th Cir. 1996); *Yellow Cab Co. of*
 24 *Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 929 (9th Cir. 2005);
 25 *In re Northland Aluminum Products, Inc.*, 777 F.2d 1556, 1559 (Fed. Cir. 1985)
 26 (whether a term is a generic name is a question of fact; evidence of public
 27 understanding of the term may be obtained from “any competent source, such as
 28 consumer surveys, dictionaries, newspapers and other publications”). As such,

1 most courts hold that genericness cannot be determined on a motion to dismiss.
2 *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354 (Fed. Cir. 2007) (reversing
3 dismissal on a Fed. R. Civ. P. 12(b)(6) motion where district court held the
4 alleged mark to be generic); *but see Closed Loop Marketing, Inc. v. Closed Loop*
5 *Marketing, LLC*, 589 F. Supp. 2d 1211 (E.D. Cal. 2008).

6 ICANN also mistakenly states that “TLDs generally serve no source
7 identifying function and, thus, are not trademarks.” (Motion, p. 19). This
8 argument, which is plainly contrived for this litigation, is inconsistent with
9 ICANN’s own rules for adding new TLDs. In fact, ICANN recognizes that its
10 process for adding new TLDs may result in trademark or service mark
11 infringement, (Complaint, ¶ 65), which can only mean that these new TLDs have
12 source-identifying functions.¹⁷ In its guidelines, ICANN provides a mechanism
13 for trademark owners to file an objection that its trademarks are infringed by the
14 new TLDs. (*Id.*). Thus, by adopting an “objection” process, ICANN implicitly
15 admits that TLDs do have source identifying function and can therefore infringe
16 the rights of another.

17 ICANN cites to the Trademark Manual of Examining Procedure,
18 (“TMEP”) §1215.02(d) issued by the Patent and Trademark Office (“PTO”),
19 which provides guidelines to PTO examiners for review of applications. (Motion,
20 p. 19). Section 1215.02(d), which states that “[i]f a mark is composed solely of a
21 TLD for ‘domain name registry services’” registration should be refused, is not
22 applicable, much less controlling, here for several reasons. First, as described
23 above, ICANN uses its .WEB mark for many goods and services other than
24 domain name registry services and the mark is plainly not generic for those goods
25 and services. Second, the TMEP is not legal precedent. “Of course, the TMEP is

26 ¹⁷ If TLDs are generic and serve no source identifying function, as ICANN now
27 claims in its Motion, then these new TLDs could not possibly infringe the rights
28 of others.

1 not binding on this Board and **is certainly not binding upon a court.**” *Capital*
2 *Speakers, Inc. v. Capital Speakers Club*, 41 U.S.P.Q.2d 1030, 1035 (TTAB 1996)
3 (emphasis added). *See West Florida Seafood v. Jet Restaurants*, 31 F.3d 1122,
4 1127 n. 8 (Fed. Cir. 1994) (the TMEP does not have the force and effect of law).

5 Additionally, and contrary to the TMEP, **the PTO has registered TLDs as**
6 **trademarks.** Many TLD registry operators who use their TLD as a mark, just
7 like IOD does, have already registered the TLD or a similar variant thereto, with
8 the PTO in connection with their domain registration services. Several examples
9 include .ORG (Reg. No. 3044328); .BIZ (Reg. No. 2746004); .TRAVEL (Reg.
10 No. 3313153) and .LA (Reg. No. 3510613).¹⁸

11 Finally, ICANN relies on dicta in *Brookfield*¹⁹ for its claim that “the Ninth
12 Circuit has found that the source identifying nature of an Internet domain name, if
13 any, lies in the characters that precede the TLD, and not the TLD itself.”
14 (Motion, p. 19). ICANN, again, is mistaken. In fact, the *Brookfield* Court plainly
15 stated that “[t]he domain name is more than a mere address: like trademarks,
16 second-level domain names communicate information as to source.” *Brookfield*,
17 174 F.3d at 1055. The logic behind the Ninth Circuit’s view is plain: If an
18 Internet address communicates information as to source, then it is like a

19
20 ¹⁸ It should be noted that some of the registrations required the applicant to
21 disclaim part of the mark, thereby limiting somewhat the scope of the registration.

22 ¹⁹ The Ninth Circuit in *Brookfield* analyzed whether the parties’ marks, when
23 used as part of a domain name, were similar. Specifically, the marks were part of
24 the second-level domain name and ended with .com. In that context, the Court
25 concluded that “[b]ecause many companies use domain names comprised of
26 “.com” as the top-level domain with their corporate name or trademark as the
27 second-level domain, [] the addition of “.com” is of diminished importance in
28 distinguishing the mark.” *Brookfield*, 174 F.3d at 1055. Consequently, the
Brookfield decision is not probative of the issues herein, and it certainly is not
controlling of the specific issue of whether the mark .WEB is generic for IOD’s
goods and services.

1 trademark and is protectable.

2 For years, TLDs have communicated information as to source and thus
3 served as a trademarks and service marks, including .WEB. (Complaint, ¶ 39.).
4 Indeed, with the introduction of new TLDs by ICANN, thousands of new TLDs
5 will be introduced and any distinction between a domain name and a TLD’s
6 ability to convey or communicate information as to source will forever be
7 anachronistic. In fact, any distinction has already become anachronistic because
8 thousands of TLDs already exist via alternate DNS root systems—including
9 IOD’s .WEB. (Complaint, ¶ 30).²⁰

10 **G. IOD Has Properly Pled Its Claims For Intentional Interference**
11 **With Contracts And With Prospective Economic Advantage**

12 IOD alleges that it maintains contractual relationships with its customers,
13 who purchase IOD’s .WEB services including the ability to register a domain
14 name in IOD’s .WEB registry. (Complaint, ¶ 136). IOD further alleges that
15 ICANN knows of these contractual relationships. (Complaint, ¶ 137). IOD also
16 alleges that ICANN has intentionally interfered with these contracts by allowing
17 other entities to apply for and operate a .WEB registry in the Internet’s primary
18 DNS root system controlled by ICANN. This would result in computer users,
19 that were searching for IOD’s customers’ computers, would reach other
20 computers instead. (Complaint, ¶ 138). Since ICANN has announced its intent to
21 permit an entity other than IOD to operate the primary Internet .WEB registry,
22 IOD’s customers can no longer be certain that IOD will be able to fulfill its

23 _____
24 ²⁰ ICANN also moves to dismiss the contributory trademark infringement claims
25 in the Complaint because “IOD’s Complaint does not set forth any plausible
26 claims for direct trademark infringement by ICANN . . . or anyone else. Without
27 a plausible claim for direct infringement, there can be no contributory trademark
28 infringement.” (Motion, p. 21). Since, IOD’s trademark claims are plausible, its
contributory claims against ICANN are also proper and ICANN’s motion should
therefore be denied.

1 contractual obligations. (Complaint, ¶ 139). Finally, as a result of these actions,
2 IOD has been damaged. (Complaint, ¶ 140). These allegations are plainly
3 sufficient to state a claim under California law for intentional interference with a
4 contract. *See Quelimane Co., Inc v. Stewart Title Guaranty Co.*, 19 Cal. 4th 26,
5 55 (1998).²¹

6 In its Motion, ICANN claims against IOD's intentional interference causes
7 of action are simple, yet benign. First, ICANN claims that IOD did not identify
8 the relevant contracts at issue, relying on *Semi-Materials Co., Ltd. v. SunPods,*
9 *Inc.*, 2012 U.S. Dist. LEXIS 128584, at *17 (N.D. Cal. Sept. 10, 2012). (Motion,
10 pp. 21-22). In *SunPods*, however, the plaintiff only identified a contract to which
11 the defendant was party. That is not at issue here.

12 Next, ICANN claims that IOD has not identified any of ICANN's
13 intentional acts designed to induce a breach. (Motion, p. 22). Yet, paragraph 138
14 of the Complaint makes that allegation. In reality, ICANN is merely repeating (in
15 a different form) its previous "speculative" claim that since it has not yet granted
16 the .WEB TLD registry to another entity, IOD cannot allege any facts necessary
17 to support its interference claim. (Motion, p. 22). As before, this claim should be
18 ignored because IOD has alleged that ICANN's public affirmations of its intent to
19 award the .WEB TLD registry to another entity **has disrupted and interfered**
20 **with** IOD's ability to fulfill its contractual obligations. (Complaint, ¶ 139). *See*
21 *Conte v. Jakks Pacific, Inc.*, 2012 U.S. Dist. LEXIS 174716 (E.D. Cal. Dec. 10,
22 2012) (motion to dismiss denied because letter sent to customers stating that the
23 doll being sold by defendant was infringing was disruptive by causing concern to
24

25 ²¹ ICANN cites *Family Home & Fin. Ctr. Inc. v. Fed. Home Loan Mortg. Corp.*
26 for the claim elements but incorrectly notes that it involved a dismissal of the
27 claims. (Motion, p. 21). Rather, the Ninth Circuit affirmed a summary judgment
28 ruling against the claim, which had previously survived a motion to dismiss
challenge in this Court. 525 F. 3d 822, 825-26 (9th Cir. 2008).

1 customers regarding the products that they were purchasing).

2 Finally, ICANN claims that IOD failed to allege facts demonstrating that
3 ICANN's conduct was wrongful beyond the alleged act of interference, meaning
4 violative of some law or statute. *Korea Supply Co., v. Lockheed Martin Corp.*, 29
5 Cal. 4th 1134, 1153 (2003). Yet, IOD has sufficiently alleged multiple claims
6 against ICANN for violations of the law, including trademark infringement,
7 contributory trademark infringement and breach of contract. *See Metal Lite, Inc.*
8 *v. Brady Const. Innovations, Inc.*, 558 F. Supp. 2d 1084, 1095 (C.D. Cal. 2007)
9 (claim for tortious interference with prospective economic advantage adequately
10 alleged where plaintiff also stated plausible claims for false advertising, trade
11 libel and unfair competition).

12 **III. CONCLUSION**

13 For the reasons set forth above, ICANN's Motion to Dismiss the Complaint
14 should be denied by the Court. If the Court, however, were to grant ICANN's
15 motion, IOD respectfully requests leave of Court to file an amended Complaint to
16 cure any alleged pleading defects.

17
18 DATED: January 7, 2013

Respectfully submitted,
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