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Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Marks in Cyberspace

I. INTRODUCTION

On November 29, 1999, President Clinton signed the Anti-cybersquatting Consumer Protection Act (ACPA) into law.¹ The ACPA was designed to prevent a practice that has become known as cybersquatting.² Cybersquatting is the common term for the practice of registering an Internet domain name that is similar or identical to a trademark of another.³ Domain names are the catchy words ending in “dot com” that we have all been exposed to with increasing frequency as the Internet has continued its expansion.⁴ They are necessary because as humans, we are not capable of dealing with the addresses that the Internet network actually

1. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, §§ 3001-06, 3008, 113 Stat 1501, 1501A-545 to -551 (1999).

2. “The purpose of the bill is to protect consumers and American business . . . by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly known as cybersquatting.” S. Rep. No. 106-140, at 4 (1999). *Accord* H.R. Rep. No. 106-412, at 5 (1999).

3. The term cybersquatting comes from a combination of the colloquial term for the Internet, cyberspace, and a squatter, which is defined as “one who settles on another’s land, without legal title or authority.” *Blacks Law Dictionary* 1403 (6th ed. 1990). A number of different terms have been used to describe this activity. In fact, the House and Senate versions of the ACPA originally used different terminology. See S. 1255, 106th Cong. § 1 (1999) (“*The Anticybersquatting Consumer Protection Act*”) (emphasis added); H.R. 3028, 106th Cong. § 1 (1999) (“*Trademark Cyberpiracy Prevention Act*”) (emphasis added). The final version of the Act settled on the word cybersquatting throughout its provisions. See Anticybersquatting Consumer Protection Act §§ 3001-06, 3008, 113 Stat 1501, 1501A-545 to -551.

4. See generally *Brookfield Communications, Inc. v. W. Coast Entertainment Corp.*, 174 F.3d 1036, 1044-45 (9th Cir. 1999) (describing how the World Wide Web, domain names and domain name registrars work).

uses to identify computers.⁵ These true addresses, known as IP addresses, are groups of numbers separated by periods.⁶ For example, when you are looking for information about the President and type <www.whitehouse.gov>⁷ into your web browser, it is instantly converted into 198.137.240.91, its numeric equivalent. Since these numbers are difficult to remember, a central database maintains a list of the IP addresses and their domain name equivalents.⁸ The important reality is that within each top-level domain,⁹ the use of any individual domain name is exclusive.¹⁰ Domain name registrations are assigned to persons paying a fee and filling out a registration form on a first come, first serve basis.¹¹ A desirable domain name registration can have substantial value to an Internet company. For example, a Houston, Texas entrepreneur recently sold the domain name <business.com> for 7.5 million dollars.¹² The potential profit, compared to the low \$35 expense needed to tie up a domain name,¹³ makes cybersquatting a very profitable activity for the lucky few that can anticipate the needs of e-businesses. The value a specific domain name can have to a business, shown clearly by the price paid for <business.com>,

5. See *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp.2d 707, 708-09 (E.D. Va. 1999).

6. See *id.*

7. In this note, Internet domain names and addresses are set off by the "<" and ">" symbols to avoid confusion.

8. See Thomas R. Lee, *In rem Jurisdiction in Cyberspace*, 75 Wash. L. Rev. 97, 102 n.27 (2000).

9. A domain name is broken into three or more parts, separated by periods. A computer processing a domain name reads these sections from right to left. Therefore, the last three letters are known as a top level domain. The assignment of these top level domains is done by the type of organization or person to whom it is registered. Thus <.com> addresses are assigned to commercial users while <.gov> domains are assigned to federal government entities. See generally, *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 872 (9th Cir. 1999) (providing a general overview of the domain name registration system).

10. See *Network Solutions, Inc., Frequently Asked Questions* (visited Dec 22, 1999) <<http://www.networksolutions.com/help/general.html>>.

11. See *Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 492-93 (2d Cir. 2000).

12. See Andrew Pollack, *What's in a Cybername? \$7.5 Million for the Right Address*, N.Y. Times, Dec. 1, 1999, at C8.

13. Network Solutions' registration fee is \$35 per year with a one-year minimum. See *Network Solutions, Inc., Web Address (With Technical Information) Pricing* (visited Jan. 25, 2000) <<http://www.networksolutions.com/catalog/domain-name/pricing/index.html>>.

explains why domain name controversies are often settled by the courts.

In order to understand cybersquatting, it is first necessary to understand exactly what an Internet domain name¹⁴ is and how the Internet uses them to identify computers. One of the first steps in establishing a business presence on the Internet is to register what is known as a "top level domain name."¹⁵ Most companies choose their company name or the name of a product that the company is attempting to promote on the Internet.¹⁶ Often, these company or product names are trademarks.¹⁷ In a case of cybersquatting, when a company searches the database of available domain names, they discover that someone has already registered the domain name they were looking for. Typically, when the company contacts the registrant they are informed by the cybersquatter that the company can purchase the domain name for \$10,000, which the cybersquatter is quick to point out, is far less than the cost of litigating the matter. Since their competitors already have successful web sites and the company feels it is losing business by not having an online presence, some companies choose to give in and pay for the right to use their own trademark on the Internet.

In response to this practice, and the limited legal remedies available to victims of cybersquatting that were available at the time, Congress passed the Anticybersquatting Consumer Protection Act ("ACPA").¹⁸ This act amends the Lanham Act¹⁹ by creat-

14. The ACPA defines a "domain name" as "any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet." Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3005, 113 Stat. 1501, 1501A-550 (1999).

15. Computer network administrators assign every computer attached to the Internet a unique numerical address known as an IP address. Since these numeric addresses are difficult to remember, the network administrators can request that a domain name registry associate a textual address to the computer. These textual identifiers are the domain names. See generally *Sporty's Farm, L.L.C. v. Sportsman's Mkt.*, 202 F.3d 489, 492-93 (2d Cir. 2000) (describing the domain name system).

16. See *Beverly v. Network Solutions, Inc.*, No. C-98-0337-VRW, 1998 WL 320829, at *1 (N.D. Cal. June 12, 1998) ("Companies attempt to make the search for their web site as easy as possible. They do so by using a corporate name, trademark or service mark as their web site address.").

17. See *id.*

18. See Anticybersquatting Consumer Protection Act §§ 3001-06, 3008, 113 Stat. 1501, 1501A-545 to -551.

ing a specific cause of action for cybersquatting.²⁰ The added provisions provide for the election of statutory damages of \$1,000 to \$100,000 per domain name, to be determined by the court.²¹ In addition, the act establishes *in rem* jurisdiction, allowing a trademark owner to file an action against the domain name itself when the registering person cannot be properly served.²² Finally, the ACPA provides protection to a domain name registering authority.²³ It does so by limiting domain name registrar's liability for wrongfully canceling or altering a domain name registration in response to a court order, or due to a policy designed to prevent the registration of a domain name that is similar to another's mark.²⁴

Before the enactment of the ACPA the most successful remedy available to the victims of cybersquatting was the use of federal trademark law.²⁵ If the victim of cybersquatting was using the domain name in question as a trademark, he could sue under a trademark infringement or a trademark dilution theory. This approach was generally successful, particularly in the most egregious cases of cybersquatting. However, Congress was not satisfied with the use of traditional trademark law and enacted the ACPA to provide for a specific cause of action for cybersquatting.²⁶ Congress chose to include this cybersquatting cause of action within the provisions of the Lanham Act and consequently the ACPA mirrors much of the language of the Lanham Act's trademark infringement and trademark dilution provisions.²⁷ Since the use of trademark law

19. 15 U.S.C §§ 1051-1127 (1994).

20. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-545 to -546 (1999) (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

21. See *id.* § 3003, 113 Stat. at 1501A-549 (to be codified at 15 U.S.C. § 1117(d)).

22. See *id.* § 3002, 113 Stat. at 1501A-547 (to be codified at 15 U.S.C. § 1125(d)(2)(A)).

23. A database of domain names and their numeric IP address equivalents along with identifying and ownership information is maintained by registration agencies. These agencies handle the registration and domain name assignment process for in exchange for a registration fee. See *generally* Sporty's Farm, L.L.C. v. Sportsman's Mkt., 202 F.3d 489, 492-93 (2d Cir. 2000) (describing the domain name system).

24. See Anticybersquatting Consumer Protection Act § 3004, 113 Stat. at 1501A-549 (to be codified at 15 U.S.C. § 1114(D)(i)-(ii)).

25. See H.R. Rep. No. 106-412, at 6 (1999).

26. See *id.* at 5-7.

27. See Anticybersquatting Consumer Protection Act §§ 3001-06, 3008, 113 Stat. 1501, 1501A-545 to -551; 15 U.S.C. § 1125(a)-(c) (1994 & Supp. III 1997).

had been the most successful method of fighting cybersquatting, amending trademark law to include cybersquatting seems like a logical solution.

In reality however, the quirk of the Internet that makes cybersquatting possible (the fact that only one person can use any one domain name at a given time) also conflicts with some basic concepts inherent to trademark law making its application a poor fit at best. The attempts by Congress to fit cybersquatting into the existing framework of Federal trademark law creates a situation whereby a trademark use which might be non-infringing in the everyday world becomes actionable under the ACPA when it is used as a domain name. Consequently, the ACPA has granted trademark owners more control over the use of their marks as domain names than they have for any other use. It is this conflict between the new provisions of the ACPA and the traditional limitations of trademark protection and the potential for the abuse of these new protections by trademark holders that is the scope of this comment.

Part II of this comment discusses the new options available to trademark holders with the passing of the ACPA. Part III describes how the courts applied trademark law to cybersquatting cases before Congress enacted the ACPA. Part IV discusses how the ACPA has modified traditional trademark principles in order to apply trademark law to a uniquely Internet-specific problem. In doing so, the ACPA continues a modern trend of moving trademark law further away from its roots of avoiding consumer confusion. Instead of protecting consumers, the ACPA provides trademark owners with new strong protections that allow them unprecedented control over the use of their trademarks as domain names.

II. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

A. *Cybersquatting as Defined by the ACPA*

The ACPA is intended to “prohibit the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks.”²⁸ It does so by creating a cause of action by the owner of a trademark or a personal name, against any person who:

28. H.R. Rep. No. 106-412, at 5 (1999); S. Rep. No. 106-140, at 4 (1999).

- (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
- (ii) registers, traffics in, or uses a domain name that—
 - (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
 - (II) in the case of a famous mark that is famous at the time of registration of the domain name, identical or confusingly similar to or dilutive of such mark.²⁹

The act extends these anticybersquatting provisions to two trademarks already specifically protected by federal law, the emblems of the Red Cross³⁰ and certain names and symbols associated with the United States Olympic Committee.³¹ The ACPA also provides for a civil action that protects individuals who have found that a cybersquatter registered their own personal name as a domain name, with the intention of profiting from the name.³²

The ACPA's definition of cybersquatting, as it pertains to trademarks, produces two different standards: one for distinctive marks, and another more protective standard for famous marks.³³ In order to be protected by the statute, the trademark in question must be either distinctive, famous or both at the time the offending domain name was registered.³⁴ These two terms are not defined within the ACPA itself.³⁵ Although not specifically defined in the statute, the term "distinctive" is a term of art within trademark law.³⁶ Distinctiveness is the degree of uniqueness that a trade-

29. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

30. See 18 U.S.C. § 706 (1994) (providing criminal penalties for persons wearing or displaying the symbol of the Red Cross without authorization).

31. See 36 U.S.C.A. § 220506 (West Supp. 1999) (granting the United States Olympic Committee the exclusive right to use certain symbols, including the Olympic rings, the words Olympic, Olympiad and other Olympic related terms).

32. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

33. See *id.*

34. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)); *Sporty's Farm, L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 497 (2d Cir. 2000).

35. See Anticybersquatting Consumer Protection Act §§ 3001-06, 3008, 113 Stat. 1501, 1501A-545 to -551.

36. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999) (discussing in detail the various levels of distinctiveness and the degree to which trademark law protects them).

mark possesses.³⁷ The relative distinctiveness of a trademark determines the degree of protection it can receive.³⁸ The term "famous" is also not defined within the ACPA.³⁹ The ACPA's use of famousness as a factor in determining trademark protection is similar to its use in the Federal Trademark Dilution Act,⁴⁰ (FTDA) where it is defined.⁴¹

Another integral part of the ACPA is the element of "bad faith" in the registration of a domain name. It is a required element of the civil action created by the new 15 U.S.C. § 1125(d).⁴² The act provides the courts with nine factors to help guide their determination of bad faith.⁴³ However, these factors are simply guidelines,

37. *See id.*

38. *See id.*

39. *See* Anticybersquatting Consumer Protection Act §§ 3001-06, 3008, 113 Stat. 1501, 1501A-545 to -551.

40. 15 U.S.C. § 1125 (c)(1) (Supp. III 1997).

41. *See id.* The meaning of the terms "distinctive" and "famous" in the ACPA have yet to be interpreted by a court. The only appellate court to apply the ACPA at the time of publication did not discuss this issue, and instead deferred to the trial court's determination that the mark in question was distinctive under the FTDA. *See Sparty's Farm, L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 497 (2d Cir. 2000). However, one court has interpreted *Sparty's* to say that the FTDA's criteria should be used to determine famousness under the ACPA. *See Shields v. Zuccarini*, No 00-494, 2000 U.S. Dist. LEXIS 3350, at *11 (E.D. Pa. Mar. 22, 2000) ("In *Sparty's Farm*, the Second Circuit applied the criteria laid out in 15 U.S.C. § 1125(c)(1) in making this determination, and we will do the same."). The FTDA suggests that a court may examine the following factors to be used in determining famousness:

In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

- the degree of inherent or acquired distinctiveness of the mark;
- the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
- the duration and extent of advertising and publicity of the mark;
- the geographical extent of the trading area in which the mark is used;
- the channels of trade for the goods or services with which the mark is used;
- the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
- the nature and extent of use of the same or similar marks by third parties; and
- whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principle register.

15 U.S.C. § 1125(c)(1) (Supp. 1997).

42. *See* Anticybersquatting Consumer Protection Act § 3002, 115 Stat. at 1501A-545 (to be codified at 15 U.S.C. § 1125((d)(1)(A)(i)).

43. The act provides that:

not an all-inclusive list of factors to be used by the courts.⁴⁴ This is apparent in the language of the statute that explains how the courts should apply these factors.⁴⁵ The ACPA provides that when evaluating bad faith, “a court *may* consider factors such as, *but not*

In determining whether a person has a bad faith intent . . . a court may consider factors such as, but not limited to—

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

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

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

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

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

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

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

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

(IX) the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c) (1) of section 43.

Id. § 3002, 115 Stat. at 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)).

44. See *id.* Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)); H.R. Rep. No. 106-412, at 10; S. Rep. No. 106-140, at 13 (1999). In the words of the Second Circuit: “We are not limited to considering just the listed factors when making our determination of whether the [bad faith] criterion has been met. The factors are, instead, expressly described as indicia that ‘may’ be considered along with other facts.” *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 498 (2d Cir. 2000) (citation omitted).

45. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

limited to" the enumerated factors.⁴⁶ These factors specifically address some of the tactics that cybersquatters have used in their attempts to sell domain names and can be linked back to specific tactics used by cybersquatters in the past.⁴⁷

The bad faith factors can be divided into two categories, those that can be considered by a judge to be evidence of bad faith and those that tend to show a lack of bad faith.⁴⁸ In the lack of bad faith category the court may consider the "the trademark or other intellectual property rights of the person, if any, in the domain name."⁴⁹ This recognizes the fact that the alleged cybersquatter may himself have an arguable right to use the trademark in question. The court may also consider the "extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person."⁵⁰ Thus, the judge may consider as evidence of a lack of bad faith, the fact that an individual may simply be using their own name as a domain name. Another factor showing a lack of bad faith would be the person's prior use of the name "in connection with the bona fide offering of any goods or services"⁵¹ or the "bona fide noncommercial or fair use of the mark in a site accessible under the domain name".⁵²

The factors that show bad faith illustrate the ways in which true cybersquatters have been known to operate. One factor recognizes a form of cybersquatting where a cybersquatter registers a domain name that is similar to another domain name. This type of cybersquatter often registers a common misspelling of another domain name that a company is already using.⁵³ Cybersquatters

46. *Id.*

47. See S. Rep. No. 106-140, at 9 (1999) ("Each of these factors reflect indicators that, in practice, commonly reflect bad-faith intent or a lack thereof in cybersquatting cases.").

48. See H.R. Rep. No. 106-412, at 10 (1999); S. Rep. No. 106-140, at 9 (1999).

49. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(I)).

50. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(II)).

51. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(III)).

52. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(IV)).

53. See S. Rep. No. 106-140, at 6 (1999). The Senate report cites as an example of the attempts of a cybersquatter to divert customers from the site <www.carpoin.com> by registering the domain name <wwwcarpoin.com> without a period between the "www" and "carpoint." The cybersquatter was relying on the fact that computer users often forget to insert the necessary period between "www" and a domain name. By registering <wwwcarpoin.com> the cybersquatter was able to offer a competing car buying service. See *id.*

make these registrations with the hopes that consumers will accidentally access the offending site, instead of the trademark holder's page.⁵⁴ The offender often will advertise either similar competing products or even the trademark holder's products, hoping that consumers will not realize that they are not dealing directly with the trademark holder.⁵⁵ The Act specifically addresses this practice by allowing a trial judge to consider:

the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site.⁵⁶

The next two bad faith factors address the most common actions that set cybersquatters apart from the typical domain name registrant. These factors specifically apply to the type of cybersquatting that was the basis for an infringement action in *Panavision Int'l, L.P. v. Toepfen*,⁵⁷ discussed in part III of this comment.⁵⁸ The court can consider the person's attempts to sell the domain name without having first used or intending to use it to offer goods or services.⁵⁹ The court can also examine the individual's prior history of attempting to sell domain names.⁶⁰ This factor recognizes the routine practice of attempting to sell domain names without actually using them, which can be evidence that helps to separate the innocent user from the true cybersquatter.

Likewise, the court can also look at:

the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of

54. *See id.*

55. *See* Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

56. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(IV)).

57. 141 F.3d 1316 (9th Cir. 1998).

58. *See* text accompanying note 117.

59. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(VI)).

60. *See id.*

such domain names, without regard to the goods or services of such persons.⁶¹

This factor seems to protect the innocent registrant by requiring that the defendant in a cybersquatting claim have knowledge that the domain name in question was identical or confusingly similar to the mark of another.⁶² It also notes that the court should examine famousness "at the time of registration" of the domain name in question.⁶³

This can be an important distinction because while a trademark receives protection from uses that are identical or confusingly similar to the trademark, famous marks receive protection under a more liberal standard.⁶⁴ To prove cybersquatting for a famous mark, the plaintiff must show that the trademark is "identical or confusingly similar to or *dilutive* of that mark."⁶⁵ This provides the owner of a famous mark with protection against cybersquatting that is analogous to the Federal Trademark Dilution Act (FTDA).⁶⁶ However, unlike the FTDA, the ACPA does not define any factors to be considered in determining the famousness of a mark.⁶⁷ It is unclear from the text of the legislation what standards Congress intended the courts to use in determining dilution under the ACPA. The ACPA further blurs the traditional distinctions between famous and distinctive trademarks by

61. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(VIII)).

62. Ultimately the application of this factor and all of the others is one for the courts. The Senate Judiciary Committee Report for S. 1255, 106th Cong. (1999), which formed the base for what eventually became the ACPA, notes that the bad-faith factors were drafted to be broad in scope in part because

[Recognizing specific exemptions] would eviscerate the protections of the bill by suggesting a blueprint for cybersquatters who would simply [conform with the exemption] in order to immunize themselves from liability despite their bad-faith intentions. . . . Courts must ultimately weigh the facts of each case and make a determination based on those facts whether or not the defendant [engaged in cybersquatting]

S. Rep. No. 106-140, at 9-10 (1999). *Accord* H.R. Rep. No. 106-412, at 10-13 (1999). While this approach does prevent cybersquatters from avoiding liability by finding loopholes in the law, it may also result in inconsistent and unpredictable application of the ACPA in practice.

63. *See* Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-545 to -546 (1999) (to be codified at 15 U.S.C. § 1125(d)(1)(A)(ii)(I)).

64. *See id.*

65. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(A)(ii)(II)) (emphasis added).

66. *See* 15 U.S.C. § 1125(c) (Supp. III 1997). This leaves the courts to determine the meaning of a famous mark within the framework of the ACPA.

67. *See* 15 U.S.C. § 1125(c)(1)(A)-(H) (Supp. III 1997).

instructing a court to consider “the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of [15 U.S.C. 1125(c)].”⁶⁸ This places the court in the interesting position of weighing an intermediate standard between an ordinary and a famous mark. Finally, the court can consider “[t]he person’s intentional provision of material and misleading false contact information when applying for the registration of the domain name.”⁶⁹ This factor recognizes the reality that cybersquatters often attempt to hide their identities.

Apart from the nine bad faith factors, the ACPA also provides for an absolute defense against an action under the cybersquatting provisions of the ACPA⁷⁰. It provides that bad faith may not be found where the court determines the registrant believed and had reasonable grounds to believe that he had a fair use or other legal right to use the domain name.⁷¹ This fair use defense is important because it provides some protection for registrants who may have a legitimate, legal use for the domain name in question, despite the fact that some of the bad faith factors may not be in their favor. It remains to be seen how the courts will apply this defense and what degree of protection it will provide defendants who do have a fair use or other legal defense.

B. Remedies Provided by the ACPA

The ACPA creates a specific civil cause of action for the violation of the ACPA’s cybersquatting provisions.⁷² As remedies for the violation of these provisions, the ACPA provides for injunctive relief and the election of statutory or actual damages.⁷³ Consequently, it is no longer necessary for trademark holders to sue under an infringement or dilution claim to stop a cybersquatter. Instead, they can now use the specific cause of action provided by the ACPA. Since the ACPA was designed to provide legal relief for victims of cybersquatting, its provisions were intended by Con-

68. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(IX)).

69. *Id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(VII)).

70. *See id.*

71. *See id.* (to be codified at 15 U.S.C. § 1125(d)(1)(B)(ii)).

72. *See supra* text accompanying note 29.

73. *See* Anticybersquatting Consumer Protection Act § 3003, 113 Stat. 1501, 1501A-548-499 (to be codified at 15 U.S.C. § 1117(d)).

gress to be applied to cybersquatting cases more easily than the traditional trademark actions.⁷⁴

The injunctive relief provisions of the ACPA create no remedies separate from those already available to a victim of trademark infringement.⁷⁵ The act simply extends the injunctive relief provisions of 15 U.S.C. § 1116(a) to violations of the new 15 U.S.C. § 1125 (d)(1)(A).⁷⁶ This allows the court to grant the trademark owner an injunction "as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under section 1125(a) of this title."⁷⁷

The ACPA also provides for the recovery of actual damages for infringement under 15 U.S.C. § 1117(a).⁷⁸ This allows for the recovery of the defendants profits, the plaintiffs actual damages, and court costs.⁷⁹ At the trial judge's discretion, treble damages may be awarded and in "exceptional cases" the prevailing party can be awarded reasonable attorney's fees.⁸⁰

A major addition to these traditional remedies is found in the new 15 U.S.C. § 1117(d). Here, the ACPA gives the plaintiff the option of electing statutory damages in lieu of actual damages.⁸¹ The plaintiff may make this decision at any time before final judgment is rendered.⁸² The statutory damage amounts are set at "not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just."⁸³ Since it can be difficult to prove actual

74. See S. Rep. 106-140, at 7-8 (1999).

75. See Anticybersquatting Consumer Protection Act § 3003, 113 Stat. 1501, 1501A-548.

76. See *id.* ("INJUNCTIONS.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking '(a) or (c)' and inserting '(a), (c), or (d).'"

77. 15 U.S.C. § 1116(a) (1994).

78. See Anticybersquatting Consumer Protection Act § 3003, 113 Stat. 1501, 1501A-549 ("DAMAGES.—Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the first sentence by inserting ', (c), or (d)' after 'section 43(a).'"

79. See 15 U.S.C. § 1117(a) (1994).

80. See *id.*

81. See Anticybersquatting Consumer Protection Act § 3003, 113 Stat. 1501, 1501A-549 (to be codified at 15 U.S.C. § 1117(d)).

82. See *id.*

83. *Id.*

damages in cybersquatting cases, this provision makes it easier to obtain compensation from a cybersquatter.⁸⁴

C. *In Rem* Provisions

Since the Federal Trademark Dilution Act does not provide for *in rem* jurisdiction against allegedly diluting marks,⁸⁵ it was sometimes impossible to sue a cybersquatter who provided false information to the domain name registering authority. As a result, it was difficult to find the responsible party and invoke *in personam* jurisdiction.⁸⁶ In an attempt to limit this problem, the ACPA allows for *in rem* jurisdiction in certain circumstances.⁸⁷ A mark owner can obtain *in rem* jurisdiction over a domain name registration where the owner of a mark has used "due diligence" in an attempt to locate the domain name registrant or in cases where the plaintiff cannot exercise *in personam* jurisdiction over the registrant.⁸⁸ By adding this provision, Congress hoped to:

84. The Senate Judiciary Committee noted that this difficulty in proving actual damages was a significant obstacle to cybersquatting suits before Congress enacted the ACPA. See S. Rep. 106-140, at 7 (1999).

85. See *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp.2d 707, 713 (E.D. Va. 1999).

86. See *id.* (sustaining a motion to dismiss under Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction in an attempt to force the cancellation of an infringing domain name where the only basis for jurisdiction was *in rem*).

87. Congress recognized that it is a common practice of cybersquatters to give false names or addresses to a domain name registration authority to avoid service of process. Congress specifically drafted the *in rem* provisions of the ACPA to provide trademark owners with relief in such cases. See S. Rep. No. 106-140, at 10 (1999).

88. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-547 (1999) (to be codified at 15 U.S.C. § 1125(d)(2)); *Caesars World, Inc. v. Caesars-palace.com*, No. 99-550-A, 2000 U.S. Dist. LEXIS 2671, at *4-5 (E.D. Va. Mar. 3, 2000). The relevant section provides that:

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

- (i) the domain name violates any right of the owner of a mark . . . and
- (ii) the court finds that the owner—

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

- (aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrar; and
- (bb) publishing notice of the action as the court may direct promptly after filing the action.

alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling the mark holder to seek an injunction against the infringing property in cases where . . . a mark holder is unable to proceed . . . [because] the registrant has provided false contact information and is otherwise not to be found.⁸⁹

The remedies available in an *in rem* action are not as broad as those available under the cybersquatting provisions.⁹⁰ The act limits the remedies available to plaintiffs who must make use of this grant of *in rem* jurisdiction to a court ordered cancellation of the offending registration or a transfer to the trademark holder.⁹¹ There are no damage provisions for an action based upon the *in rem* jurisdiction section of the ACPA.⁹² Nonetheless, the addition of the *in rem* provision allows the courts to exercise jurisdiction and cancel registrations that would have been unreachable under previous law.⁹³ Although the use of *in rem* jurisdiction has constitutional limits, the *in rem* provisions of the ACPA have survived their first constitutional challenge. In a recent case, *Caesars World, Inc. v. Caesars-palace.com*,⁹⁴ the United States District Court for the Eastern District of Virginia upheld the constitutionality of the ACPA's *in rem* provisions.⁹⁵ The multiple defendants in the case had registered variations of the word Caesars as domain names.⁹⁶ Although the plaintiffs filed their original action before the enactment of the ACPA,⁹⁷ the plaintiffs amended their complaint to assert a claim under the ACPA and to invoke its *in*

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

Id.

89. S. Rep. No. 106-140, at 10 (1999).

90. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-547 (to be codified at 15 U.S.C. § 1125 (d)(2)(D)(i)).

91. See *id.*

92. See *id.*

93. For a more detailed discussion of the use of *in rem* jurisdiction in cybersquatting cases and the impact of the ACPA on Internet legal jurisdiction issues, see *Lee, supra* note 8.

94. No. 99-550-A, 2000 U.S. Dist. LEXIS 2671 (E.D. Va. Mar. 3, 2000).

95. See *id.* at *5-7.

96. The domain names that the defendants registered are an excellent example of how cybersquatters often register multiple misspellings of a domain name. The registrations included: <casares.com>, <caesares.com>, <caesares.net>, <ceasares.org>, and <caesaeres.org>. See *id.* at *2 & n.1.

97. See *id.* at *1-2.

rem provisions.⁹⁸ The defendants filed a motion asking the court to dismiss the action for lack of *in rem* jurisdiction and to declare the *in rem* provisions of the ACPA unconstitutional.⁹⁹ The court rejected the defendants arguments and held that under *Shaffer v. Heitner*,¹⁰⁰ a minimum contacts analysis is necessary only when the cause of action is unrelated to the property located in the forum state.¹⁰¹ The court held that in the case of a domain name dispute, the domain name “is not only related to the cause of action, but is its entire subject matter. Accordingly, it is unnecessary for minimum contacts to meet personal jurisdiction standards.”¹⁰² While these *in rem* provisions provide plaintiffs in cybersquatting cases with the tools necessary to bring the cybersquatters to court, other provisions of the ACPA make formal legal action unnecessary.

D. *Limitations on Liability for Domain Name Registration Agencies*

In an attempt to “encourage domain name registrars and registries to work with trademark owners to prevent cybersquatting,”¹⁰³ the Act grants limited exemptions from monetary damages to domain name registrars who transfer, cancel, suspend or disable a domain name registration, provided that they do so within the provisions of the act.¹⁰⁴ The provisions effectively shield domain name registrars from liability. This leaves domain name registries with little incentive to be receptive to the claims of the allegedly infringing registrant.

The Act provides that monetary damages are not available against a registrar that acts in compliance with a court order or “in the implementation of a reasonable policy by such registrar . . . prohibiting the registration of a domain name that is identical to, confusingly similar to or dilutive of another’s mark.”¹⁰⁵ This sec-

98. *See id.*

99. *See id.*

100. 433 U.S. 186 (1977).

101. *See* *Caesars World, Inc. v. Caesars-palace.com*, No. 99-550-A, 2000 U.S. Dist. LEXIS 2671, at *5 (E.D. Va. Mar. 3, 2000).

102. *See id.*

103. S. Rep. No. 106-140, at 11 (1999).

104. Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3004, 113 Stat. 1501, 1501A-549 to -550 (1999) (to be codified at 15 U.S.C. § 1114(D)(iii)).

105. *Id.* § 3004, 113 Stat. at 1501A-549 (to be codified at 15 U.S.C. § 1114(D)(ii)(II)).

tion was specifically designed to encourage domain name registrars to implement a reasonable policy to prevent cybersquatting.¹⁰⁶ To accomplish this goal, the provisions of the ACPA encourage domain name registrars to err on the side of the registrant of a disputed domain name by providing them more protection against wrongful registration than wrongful cancellation.¹⁰⁷ Domain name registrars would only be liable for damages if it were shown that a registration was made with bad faith intent to profit from the registration.¹⁰⁸ The act does attempt to discourage false claims of infringement by providing that a person who makes a "knowing and material misrepresentation . . . that a domain name is identical to, confusingly similar to, or dilutive of a mark . . . shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action."¹⁰⁹ A party whose domain name is cancelled due to an infringement complaint is not left without any recourse. The act also provides that the owner of a domain name, cancelled as a result of the dispute resolution policy of a domain name registry, may file a civil action challenging the registrar's finding.¹¹⁰ The remedy for such action is limited to injunctive relief to grant reinstatement of the domain name to the challenging party.¹¹¹

These limitations on liability, while encouraging the resolution of domain name disputes out of court, effectively transfer the burden upon the domain name holder to prove non-infringement. This presents a real danger due to the reality that the trademark holder is likely to have resources that far exceed the owner of the domain name being challenged. In addition, these provisions encourage domain name registries to cancel registrations upon presentation of evidence of any trademark that is identical to, confusingly similar to, or dilutive of a registered domain name. Since the act leaves the determination of this complicated legal question to the registrars themselves and protects them from lia-

106. See S. Rep. No. 106-140, at 17 (1999).

107. See Anticybersquatting Consumer Protection Act § 3004, 113 Stat. 1501, 1501A-549 to -550 (1999); S. Rep. 106-140, at 17.

108. See *id.* (to be codified at 15 U.S.C. § 1114(D)(iii)) ("A domain name registrar . . . shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.").

109. *Id.*

110. See *id.*

111. See *id.*

bility for incorrect decisions, there is little incentive for a registry to deny a request to cancel from a trademark holder.¹¹² The domain name registrant may not have registered the trademark, but may be conducting a legitimate commercial non-infringing use or could raise a recognized fair use defense that is disapproved of by the mark owner.¹¹³ Under the new system, the domain name holder would likely find his domain registration cancelled. This would effectively shut down his website for years, pending the resolution of a lengthy and costly court battle under the civil action created for his "protection" under the act. This can provide trademark owners with a valuable method of effectively eliminating the use of their marks for comparative advertising of competing services, non-commercial use, or news reporting that the trademark owner found unfavorable, but that may be protected as fair uses under current law.¹¹⁴

III. THE USE OF TRADITIONAL TRADEMARK LAW TO PREVENT CYBERSQUATTING

Even without the ACPA, trademark holders have been successful in fighting the most abusive cases of cybersquatting. They have done so by adapting the provisions of the Federal Trademark

112. It is interesting to note that the language of the original bill encouraged domain name registrars to implement a reasonable policy to prohibit "the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark registered on the Principal Register of the United States Patent and Trademark Office." S. 1255, 106th Cong. § 5 (1999) (emphasis added) (the italicized portion is not present in the enacted legislation). The intent behind this limitation was to limit the dispute resolution process to federally registered trademarks and thus "promote objective criteria and predictability in the dispute resolution process." S. Rep. No. 106-140, at 17 (1999). Apparently, Congress later felt that objective criteria and predictability in the dispute resolution process was not so important, because the final version of the act dropped the federal registration requirement. Compare S. 1255, § 5, with Anticybersquatting Consumer Protection Act § 3004, 113 Stat. 1501, 1501A-549 (to be codified at 15 U.S.C. § 1114(D)(ii)(II)). Instead, the ACPA merely requires that the disputed domain name "is identical to, confusingly similar to, or dilutive of another's mark." Anticybersquatting Consumer Protection Act § 3004, 113 Stat. 1501, 1501A-549 (to be codified at 15 U.S.C. § 1114(D)(ii)(II)).

113. See *infra* text accompanying notes 210-17.

114. See 15 U.S.C. § 1125(c)(4) (Supp. III 1997) ("The following shall not be actionable under this section: (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Noncommercial use of a mark. (C) All forms of news reporting and news commentary.").

Dilution Act, 15 U.S.C. § 1125(c) to thwart cybersquatters. The act provides that “[t]he owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.”¹¹⁵ It then enumerates nine non-exclusive factors for the court to weigh in its determination of whether a mark is “famous” for purposes of the statute.¹¹⁶ Though not defined within the ACPA, dilution was traditionally defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”¹¹⁷

The famousness requirement of the act has generally been liberally interpreted by the courts in cybersquatting cases, but it and the likelihood of confusion requirement, “[prevent] the trademark scheme from granting excessively broad protection at the expense of legitimate uses.”¹¹⁸ *Panavision Int’l, L.P. v. Toeppen*¹¹⁹ is an example of how the courts have applied the Federal Trademark Dilution Act to the cybersquatting cases. The defendant, Dennis Toeppen, registered as domain names trademarks held by Panavision “as part of a scheme to obtain money.”¹²⁰ Toeppen then demanded \$13,000 in exchange for releasing the domain names he had registered and pledge not to acquire any other Internet addresses for Panavision’s trademarks.¹²¹ Panavision filed a trademark dilution action against Toeppen under 15 U.S.C. § 1125(c) and California’s state anti-dilution statute.¹²² Panavision prevailed and the District Court enjoined Toeppen from using any derivative of the trademarks in question as domain names, or in any other manner.¹²³ Toeppen was also ordered to transfer the domain names in question to Panavision.¹²⁴ Although this case illustrates

115. 15 U.S.C. § 1125(c)(1) (Supp. III 1997).

116. *See supra* note 43.

117. 15 U.S.C. § 1127 (Supp. III 1997).

118. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 879 (9th Cir. 1999).

119. 141 F.3d 1316 (9th Cir. 1998).

120. *Id.* at 1318.

121. *See id.* at 1318-19.

122. *See id.* at 1319.

123. *See Panavision Int’l, L.P. v. Toeppen*, 945 F. Supp. 1301, 1306 (C.D. Cal. 1996), *aff’d*, 141 F.3d 1316 (9th Cir. 1998).

124. *See id.*

that a victim of cybersquatting could use traditional trademark law to stop a cybersquatter, the application of traditional trademark law to domain name disputes is limited.¹²⁵ The limitations of traditional trademark law can help to protect a potential market entrant from the barriers that an overprotective trademark scheme can create.

The Ninth Circuit case of *Avery Dennison Corp. v. Sumpton*¹²⁶ is an example of a court limiting the application of the Federal Trademark Dilution Act to prevent the over-protection of the trademark holders rights. Sumpton created an Internet e-mail service that provided subscribers with vanity e-mail addresses with custom domain names.¹²⁷ His service allowed subscribers to receive e-mail at addresses primarily in the <.net> and <.org> top level domains.¹²⁸ Sumpton allowed his customers to select their vanity e-mail addresses from his database, which consisted primarily of common surnames.¹²⁹ Included in his database were registrations for the domain names <avery.net> and <dennison.net>.¹³⁰ Avery Dennison, a supplier of office products and industrial fasteners, sued Sumpton, alleging trademark dilution of their registered trademarks "Avery" and "Dennison."¹³¹ The District Court, concluding as a matter of law that the trademarks in question were famous, granted summary judgment to Avery for its dilution claims, and entered an injunction requiring the

125. See, e.g., *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) (granting the defendant summary judgment, overturning a lower court decision finding that the defendants use of the domain names <avery.net> and <dennison.net> diluted Avery-Dennison's trademarks); *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 415 (9th Cir. 1997) (holding that a "normal 'minimum contacts' analysis" is necessary for jurisdiction even in cases involving cyberspace); *HQM, Ltd. v. Hatfield*, 71 F. Supp.2d 500 (S.D. Md. 1999) (dismissing a suit by Hatfield, Inc. under Fed. R. Civ. P. 12(b)(6) against William Hatfield for registering <hatfield.com>); *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp.2d 117 (D. Mass. 1999) (granting defendants motion for summary judgment even though the offending domain name, <clue.com>, was nearly identical to the trademark in dispute); *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp.2d 707 (E.D. Va. 1999) (dismissing an *in rem* action against the offending domain name for lack of personal jurisdiction).

126. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).

127. See *id.* at 872.

128. See *id.*

129. See *id.*

130. See *id.*

131. See *id.* at 872-73.

transfer of the registrations to Avery Dennison.¹³² The Ninth Circuit reversed, instead granting summary judgment to Sumpton.¹³³ The court held that two of the elements required by the statute¹³⁴ had not been met. First, the trademarks "Avery" and "Dennison" were not famous as defined by the dilution act.¹³⁵ One of the factors that influenced the court's decision on famousness was the fact that over 800 businesses operated with the name "Avery" and over 200 business used the name "Dennison."¹³⁶ Second, the court held that Sumpton's registration of the domain names in dispute did not constitute a commercial use.¹³⁷

In an action under the provisions of the ACPA, the *Avery Dennison* case would likely have a different result. First, under a dispute resolution policy like those suggested by the language of the ACPA,¹³⁸ a domain name registrar would have cancelled Sumpton's domain name registrations because they were identical or confusingly similar to another's mark.¹³⁹ Second, the court dismissed the *Avery Dennison* case partly based upon a finding that Sumpton's registration of the domain names was not a commercial use.¹⁴⁰ While this is a required element of 15 U.S.C. § 1125(c), the ACPA does not require a commercial use.¹⁴¹ Third, Avery Dennison would have a strong case for damages in a civil action under the new 15 U.S.C. § 1125(d). Sumpton registered a domain name that was identical to a trademark that was distinctive at the time of the registration of the domain name.¹⁴² In addition, many of the bad faith factors enumerated by the act weigh heavily against

132. See *Avery*, 189 F.3d at 873.

133. See *id.* at 881-82.

134. 15 U.S.C. § 1125(c) (Supp. III 1997).

135. See *Avery*, 189 F.3d at 879.

136. See *id.* at 878.

137. See *id.* at 879-80.

138. See *supra* text accompanying notes 103-11.

139. Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, 113 Stat. 1501 (1999).

140. See *Avery*, 189 F.3d at 879-80.

141. Compare 15 U.S.C. § 1125(c) (Supp. III 1997), with Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

142. See *Avery*, 189 F.3d at 876-77. In dictum the court noted that "Applying the famousness factors from the Federal Trademark Dilution Act to the facts of the case at bench, we conclude that Avery Dennison likely establishes acquired distinctiveness in the 'Avery' and 'Dennison' trademarks." *Id.*

Sumpton.¹⁴³ He had no trademark or intellectual property rights in the domain names. Sumpton also attempted to assign the use of the mark to a third party for consideration (although not substantial consideration).¹⁴⁴ It is arguable whether his attempt to do so would be considered "in the bona fide offering of any goods or services."¹⁴⁵ The names were not the legal name or a name commonly used to identify him or his organization.¹⁴⁶ Also, in the process of acquiring his database of domain names, he acquired multiple domain names which were identical or similar to trademarks and had a history of doing so.¹⁴⁷ Finally, he could raise only one of the defensive factors. He could raise the defense that he was using the domain name in connection with the bona fide offering of goods or services. However, this would be a very arguable issue. Apart from the enumerated factors, it would also be possible for Sumpton to raise the ACPA's fair use defense.¹⁴⁸ To be successful with this defense he would have to show that he was relying on a reasonable belief that his use was lawful.¹⁴⁹ In any event, Sumpton's potential liability under the ACPA would be up to \$100,000 per domain name registration regardless of Avery Dennison's actual damages.¹⁵⁰ This case illustrates the leverage that a trademark owner can use to its advantage when protecting its trademarks. When faced with such potential liability, few small domain name registrants would be willing to defend their registrations, even when the trademark claim was dubious at best.

Although the Ninth Circuit refused to find for Avery Dennison in the case because Sumpton had "use[d] words that happen to be trademarks for their non-trademark value,"¹⁵¹ the ACPA makes no such provision. The *Avery Dennison* court held that Sumpton's use

143. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546.

144. See *Avery*, 189 F.3d at 872 (Sumpton's business of "selling" domain names to users for a \$19.95 fee could be considered an assignment to a third party for consideration).

145. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546.

146. See *Avery*, 189 F.3d at 872-73.

147. See *id.*

148. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. 1125(d)(1)(B)(ii)).

149. See *id.*

150. See *id.* § 3003, 113 Stat. 1501, 1501A-549 (to be codified at 15 U.S.C. 1117(d)).

151. *Avery*, 189 F.3d at 880.

was not the use of “trademarks *qua* trademarks as required by the caselaw to establish commercial use.”¹⁵² Therefore, the court found that no dilution had occurred.¹⁵³ In contrast, since the ACPA does not require the trademark use to be commercial, a use like Sumpton’s would not be exempted from its provisions. This has the effect of granting trademark owners the ability to prevent domain name registrations like Sumpton’s. Such a case may not be an infringement in the real world, but it could be considered an infringement in the special context of the Internet.

IV. THE ACPA’S SIDE EFFECTS

A. *The Abandonment of the Likelihood of Confusion and Use in Commerce Requirements for Domain Name Infringement Cases*

Trademark law and domain name concepts conflict in a number of ways. These conflicts make the application of trademark law to cybersquatting cases difficult. The ability of an individual with no more resources than the ability to pay a \$35 registration fee,¹⁵⁴ to have so much control over a much larger corporate entity depends upon the exclusive nature of the domain name registration system. Only one person can use any one domain name.¹⁵⁵ Due to this exclusivity, a conflict occurs when traditional trademark law is applied to the domain name registration system. Both the domain name registries and the Patent and Trademark Office maintain databases containing words and the persons or entities to which they are registered.¹⁵⁶ The important difference is that while domain names are exclusive,¹⁵⁷ trade-

152. *Id.* (emphasis added).

153. *See id.*

154. *See* Network Solutions, Inc., *Web Address (With Technical Information) Pricing* (visited Jan. 25, 2000) <http://www.networksolutions.com/catalog/domain-name/pricing/index.html> (Network Solutions registration fee is \$35 per year with a one year minimum).

155. *See* Network Solutions, Inc., *Frequently Asked Questions* (visited Dec 22, 1999) <<http://www.networksolutions.com/help/general.html>> (“[N]o two parties can ever hold the same Web Address simultaneously.”).

156. *See* 15 U.S.C. § 1057(a) (1994) (“Certificates of registration of marks registered upon the principal register shall be issued . . . and a record thereof shall be kept in the Patent and Trademark Office.”).

157. *See* Network Solutions, Inc., *Frequently Asked Questions* (visited Dec. 22, 1999) <<http://www.networksolutions.com/help/general.html>>.

marks are not necessarily exclusive.¹⁵⁸ “[T]he ultimate test [in infringement analysis] is whether the public is likely to be deceived or confused by the similarity of the marks,”¹⁵⁹ not whether or not the marks are identical. “Infringement does not exist, though the marks be identical and the goods very similar, when the evidence indicates no [likelihood of confusion].”¹⁶⁰ Therefore, two entities can use textually identical marks without infringing upon each other, if there is no likelihood that the public would confuse them.¹⁶¹ This can occur when two companies use textually identical marks in different geographical areas or to identify products or services in distinctly different industries.¹⁶²

A classic example is found in *Wiener King, Inc. v. Wiener King Corp.*¹⁶³ The *Wiener King* court found that two businesses could operate with the same name, selling the same product, without infringement due to the geographical distance between the two restaurants.¹⁶⁴ This peaceful coexistence, accepted by current trademark law, would end if one of the restaurants decided to advertise its wieners on the Internet.¹⁶⁵ It is the inherent exclusivity of the Internet domain name and its global reach, that makes the use of trademark law a poor choice to combat domain name abuses. This conflict has been noted by the United States District Court for the Central District of California.

158. See *Brookfield Comm., Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999).

159. *Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1454 (9th Cir. 1991).

160. *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976).

161. See *id.*

162. See *Brookfield*, 174 F.3d at 1054. See, e.g., *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1406-07 (3d Cir. 1985) (allowing two companies to use the trademark “ROOTS” on footwear, with geographic restrictions, where a senior user with only regional sales existed prior to the national registration of the mark); *Exquisite Form Ind., Inc. v. Exquisite Fabrics of London*, 378 F. Supp. 403, 412-13 (S.D.N.Y. 1974) (finding the trademarked word “Exquisite” used by the plaintiff to identify its brand of women’s undergarments was not infringed upon by defendants use of the same word to identify their 60ft rolls of knitted fabrics since there was no likelihood of confusion).

163. 615 F.2d 512 (C.C.P.A. 1980).

164. See *id.* at 523-24.

165. It would be impossible for both companies to register <wienerking.com> as a domain name. See *Network Solutions, Inc., Frequently Asked Questions* (visited Dec 22, 1999) <<http://www.networksolutions.com/help/general.html>>.

[T]rademark law permits multiple parties to use the same mark for different classes of goods and services; however, the current organization of the Internet permits only one use of a domain name, regardless of the goods or services offered. That is, although two or more businesses can own the trademark 'Acme,' only one business can operate on the Internet with the domain name 'acme.com.' Such a limitation conflicts with trademark principles and hinders the use of the Internet by businesses.¹⁶⁶

The conflict can be clearly seen in the facts of a recent cybersquatting case. In *Cello Holdings, L.L.C. v. Lawrence Dahl Companies*,¹⁶⁷ the defendant registered the domain name <cello.com> and then offered to sell it to the plaintiff and others for \$4,800.¹⁶⁸ Consequently Cello Holdings filed suit, originally under the FTDA and later, in an amended complaint, under the ACPA.¹⁶⁹ The court noted that in this case, Cello Holdings was not alone in their use of the trademark "cello".¹⁷⁰ Companies have used the word "cello" alone and with other words for a wide variety products and services ranging from floor wax to shampoo.¹⁷¹ Cello Holdings objected only when the domain name <cello.com> was registered. While these concurrent uses of the same word as a trademark were tolerated by traditional trademark law, the use of the same word as a domain name triggered a lawsuit.¹⁷² The difference is that a competing company's use of the word "cello" on a product did not prevent Cello Holdings from using the same word on its products.¹⁷³ However, the same company registering it as a domain name would make it impossible for Cello Holdings to ever register <cello.com> themselves.¹⁷⁴ The eventual outcome of this case is

166. *Panavision Int'l, L.P. v. Toepfen*, 945 F. Supp. 1296, 1302 (C.D. Ca. 1996).

167. *Cello Holdings, L.L.C. v. Lawrence Dahl Co.*, No. 97 Civ. 7677(DC), 2000 U.S. Dist. LEXIS 3936 (S.D.N.Y. Mar. 29, 2000).

168. *See id.* at *4, 8.

169. *See id.* at *8-9.

170. *See id.* at *4-7.

171. *See id.* The court lists sixteen different registered trademarks for products and services, and notes that at least ten companies, other than the plaintiff, use "cello" as part of their business name. *See id.*

172. *See Cello*, 2000 U.S. LEXIS 3926 at *1.

173. *See id.* at *4-7.

174. *See Network Solutions, Inc., Frequently Asked Questions* (visited Dec 22, 1999) <<http://www.networksolutions.com/help/general.html>>.

yet to be seen.¹⁷⁵ Instead of attempting to reconcile the conflict between the exclusivity of domain names and the trademark principle that two textually identical trademarks can co-exist, the ACPA modifies the traditional trademark principles.

One example of this is the elimination of the traditional requirement that the infringing party use the mark in commerce.¹⁷⁶ Both the Lanham Act and the FTDA require that the infringing party use the mark in commerce.¹⁷⁷ The ACPA does not require any use in commerce.¹⁷⁸ Merely registering, trafficking, or using a domain name in bad faith is sufficient to violate its provisions.¹⁷⁹ Another example is that the ACPA subtly changes the likelihood of confusion requirement, a deeply rooted aspect of trademark law.¹⁸⁰ The ACPA changes the likelihood of confusion principle by allowing the owner of a trademark or service mark to sue bad faith registrations "without regard to the goods or services of the parties."¹⁸¹ Although the factors used to determine "bad faith" take into consideration "the extent to which the domain name consists of the legal name of the person [and] the person's prior use, if any, of the domain name in connection with the bona fide offering of any

175. At the time of the publication of this comment this case has not yet been decided. See *Cello*, 2000 U.S. Dist. LEXIS 3936, at *1-2.

176. See 15 U.S.C. § 1125(a)(1) (1994) ("Any person who, on or in connection with any goods or services, or any container for goods, *uses in commerce* any word, term, name, symbol or device . . . shall be liable in a civil action by any person . . . damaged by such act.") (emphasis added). See also 15 U.S.C. § 1125(c)(1) (Supp. III 1997) (Allowing action only "against another person's *commercial use in commerce* of a mark or trade name.") (emphasis added).

177. See 15 U.S.C. § 1125(a)(1), (c)(1) (Supp. III 1997); *Intermatic, Inc. v. Toepen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996) ("In order to state a cause of action under the [Federal Trademark Dilution Act] a party must show that the mark is famous and that the complainant's use is commercial and in commerce which is likely to cause dilution."); *Juno Online Serv., v. Juno Lighting, Inc.*, 979 F. Supp. 684, 691 (N.D. Ill. 1997) ("To claim successfully a violation of Section 43(a) [trademark infringement], plaintiff must allege that defendant used the trademark in commerce.").

178. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, §§ 3001-06, 3008, 113 Stat. 1501, 1501A-545 to -551 (1999).

179. See *id.* § 3002, 113 Stat. 1501, 1501A-545-46 (to be codified at 15 U.S.C. § 1125 (d)(1)(A)).

180. See generally Restatement (Third) of Unfair Competition § 20 (1995) (defining the standard of infringement and the likelihood of confusion).

181. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125 (d)(1)(A)).

goods or services”¹⁸² the removal of the consideration of the “goods or services of the parties” from the equation is a notable one. In an infringement action under 15 U.S.C. § 1125(a) the plaintiff must show that the infringing party used the mark in commerce, in connection with goods or services, in a way which

is likely to cause confusion or to cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods services or commercial activities by another person, or . . . in commercial advertising . . . misrepresents the nature . . . of his or her or another persons goods services or commercial activities.¹⁸³

The corresponding restriction for non-famous marks in the ACPA requires only that the mark be distinctive at the time of the registration of the domain name and that “*the domain name, is identical or confusingly similar to such mark.*”¹⁸⁴

While the language of both statutes requires a likelihood of confusion, they differ as to what type of confusion is actionable. The confusion test, under 15 U.S.C. § 1125(a), conforms to the traditional rationale and purpose of trademark law which:

by preventing others from copying a source identifying mark, ‘reduce[s] the customer’s costs of shopping and making purchasing decisions,’ for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked in the past). At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby ‘encourage[s] the production of quality products,’ and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale.¹⁸⁵

182. *Id.* § 3002, 113 Stat. at 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(ii-iii)).

183. 15 U.S.C. § 1125(a)(1) (1994).

184. Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125 (d)(1)(A)(ii)(I)) (emphasis added).

185. *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-64 (1995) (quoting 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2.01[2], at 2-3 (3d ed. 1994)) (citations omitted) (emphasis in original).

It is the protection of the consumer that is the primary concern of the court.¹⁸⁶ The fact that the manufacturer reaps a benefit is secondary and justified by the fact that ultimately the consumer benefits from quality products.¹⁸⁷

In contrast, the ACPA focuses on the likelihood that a domain name is confusingly similar to a mark without regard for the good or services of the parties.¹⁸⁸ The traditional infringement test is the "likelihood of confusion, *i.e.*, whether the similarity of the marks is likely to confuse *customers about the source of the products.*"¹⁸⁹ By focusing on the likelihood of confusion as to the source of the products, the court recognizes that it is the consumer who the act protects, not just the trademark holder.¹⁹⁰ Here the ACPA departs from the traditional confusion analysis. It is concerned not with the possibility that a consumer is unclear as to the origin of a product, but instead with the possibility of confusion between a registered domain name and a mark.¹⁹¹ Although Congress is careful to justify the act by highlighting the effect cybersquatting has on consumers,¹⁹² by focusing solely on the possibility of confusion between the textual content of a trademark and a domain name, it has greatly increased the scope of trademark protection. The Act could allow a mark holder to prevent the use of its mark in cyberspace in cases that are not actionable in the real world. Actions that would have been dismissed under an action for infringement or dilution because of a lack of jurisdiction, use in commerce, or likelihood of confusion would not automatically fail under the

186. *See id.*

187. *See id.*

188. *See* Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-545.

189. *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992) (emphasis added).

190. *See id.*

191. *See* Anticybersquatting Consumer Protection Act § 3001, 113 Stat. 1501, 1501A-545-46 (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

192. *See* S. 1255, 106th Cong. § 2(1)(A) (1999) ("[Cybersquatting] results in consumer fraud and public confusion as to the true source or sponsorship of goods and services."); S. Rep. No. 106-140, at 5 (1999) ("The practice of cybersquatting harms consumers, electronic commerce, and the goodwill equity of valuable U.S. brand names, upon which consumers increasingly rely to locate the true source of genuine goods and services on the Internet.").

ACPA.¹⁹³ Thus, these cases could survive to reach an ACPA bad faith analysis by a court.

The ACPA does not entirely ignore the use in commerce requirement. Instead, the ACPA places it among the list of factors the court uses to determine bad faith under the Act.¹⁹⁴ However, these enumerated bad faith factors are only guidelines for the trial judge; no one factor can automatically show or exclude a finding of bad faith.¹⁹⁵ This has the effect of changing one of the required elements of a trademark infringement action to a mere factor that can be considered or ignored at the discretion of a trial judge.¹⁹⁶ Consequently, the ACPA removes an important limitation of traditional trademark law.

This limitation helped to prevent trademark holders from gaining so much protection from trademark law that a new entrant to a market would find it impossible to compete without infringing a trademark.¹⁹⁷ Since the ACPA has removed many of these checks, trademark owners now have greater ability to prevent competition on the Internet than they have in the real world marketplace. In cybersquatting cases before the enactment of the

193. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat 1501, 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)). See, e.g., *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) (granting the defendant summary judgment, overturning a lower court decision finding that the defendants use of the domain names <avery.net> and <dennison.net> diluted Avery-Dennison's trademarks); *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997) (holding that a "normal 'minimum contacts' analysis" is necessary for jurisdiction even in cases involving cyberspace); *HQM, Ltd. v. Hatfield*, 71 F. Supp.2d 500 (S.D. Md. 1999) (dismissing a suit by Hatfield, Inc. under F.R.C.P. 12(b)(6) against William Hatfield for registering <hatfield.com>); *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp.2d 117 (D. Mass. 1999) (granting defendants motion for summary judgment even though the offending domain name, <clue.com>, was nearly identical to the trademark in dispute); *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp.2d 707 (E.D. Va. 1999) (dismissing an *in rem* action against the offending domain name for lack of personal jurisdiction).

194. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)(ii)(I)-(IX)).

195. See *id.* § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125 (d)(1)(B)) ("In determining whether a person has a bad faith intent . . . a court may consider factors such as, but not limited to [the enumerated factors].") (emphasis added).

196. See *id.*

197. When trademark protection is too broad "[e]ntry barriers [can] be created, discouraging entry and competition, particularly from small firms. This result is expressly at odds with the purposes of the trademark laws." *Thompson Med. Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 217 (2d Cir. 1985).

ACPA, the courts had trouble overcoming these limitations and grappled with these issues in order to provide trademark owners with legal relief from cybersquatters.¹⁹⁸

The use in commerce requirement in particular has been the subject of scrutiny by the courts. This can be seen in the *Panavision* case.¹⁹⁹ Toeppen appealed the district court's determination that he had made commercial use of the mark that had caused a dilution in the quality of the mark.²⁰⁰ The Ninth Circuit carefully examined the commercial use requirement noting that although registering a domain name alone is not a "commercial use",²⁰¹ his attempt to sell the trademarks themselves constituted a commercial use under both the Federal and California Trademark Dilution Acts.²⁰² Although the courts are often quick to find additional grounds for finding a commercial use, the notion that more than a mere domain name registration is required to constitute a commercial use is widely accepted by the courts.²⁰³ This is an important distinction because in a Federal dilution claim, the plaintiff must show a commercial use beyond the mere registration of a domain name.²⁰⁴ The ACPA abandons the requirement of "use in commerce" in its required elements.²⁰⁵ The removal of this requirement continues a trend noted by the court in *Panavision*. That court, quoting from both *Boston Pro Hockey Assoc. Inc v. Dallas Cap & Emblem Mfg.*²⁰⁶ and the trial court's opinion, noted that

198. See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

199. See *id.*

200. See *id.* at 1324.

201. *Id.*

202. See *id.* at 1326-27.

203. See *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 879-80 (9th Cir. 1999); *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324-25 (9th Cir. 1997); *Academy of Motion Picture Arts and Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1278-79 (9th Cir. 1997); *Lockheed Martin Corp., v. Network Solutions, Inc.*, 985 F. Supp. 949, 959-60 (C.D. Ca. 1997).

204. See, e.g., *Academy*, 989 F. Supp. at 1278-79 (denying a request for a preliminary injunction because the defendant's, a domain name registration agency, mere registration of the name was not a "use in commerce"); *Lockheed*, 985 F. Supp. at 959-60, 968 (granting summary judgment for the defendant, a domain name registration agency, finding that their sole act of registering the domain name alone was not a use in commerce under the Federal Trademark Dilution Act).

205. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-545 to -546 (1999) (to be codified at 15 U.S.C. § 1125(d)(1)(A)).

206. 510 F.2d 1004 (5th Cir. 1975).

[t]he court [in *Boston Pro Hockey*] concluded that trademark law should protect the trademark itself. Although our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become . . . intermeshed . . . Whereas traditional trademark law sought primarily to protect consumers, dilution laws place more emphasis on protecting the investment of the trademark owners.²⁰⁷

The ACPA would increase this tilt, granting trademark owners strong measures with which to challenge uses of their marks as domain names that have no counterpart in traditional trademark law. Although it may be titled the Anticybersquatting *Consumer Protection Act*, it does very little to actually protect consumers. Instead, it protects trademark owners by effectively granting them the exclusive right to use their mark as a domain name and to control the ability of others to register domain names similar to their marks. Since the trademark holders generally have far superior resources and domain name registrars are strongly encouraged to side with the trademark owners, the act gives powerful new weapons to companies that wish to engage in the practice of reverse cybersquatting.

B. *Reverse Cybersquatting*

The practice of reverse cybersquatting, also called reverse domain name hijacking, turns the traditional notions of cybersquatting on its head. In traditional cybersquatting, an individual or small organization attempts to register a larger entity's trademark in an attempt to extort money. Here a smaller entity is able to exploit a weakness in the system in order to gain the attention of a larger entity. In reverse cybersquatting, a larger organization uses its trademark rights to prevent a smaller entity from using its mark or a derivation thereof either because the company covets the domain name, or because the registrant is using it for a purpose which the company disapproves.²⁰⁸ Large companies whose products or names contain common words or initials often attempt to

207. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1325-26 n.5 (9th Cir. 1998) (citations omitted).

208. See generally Carl Oppedahl, *Recent Trademark Cases Examine Reverse Domain Name Hijacking*, 21 *Hastings Comm. L. J.* 535, 543-44 (1999) (discussing cases of reverse-cybersquatting).

use trademark protections to cancel the registration of domain names they desire.²⁰⁹

A company can also use this tactic to silence consumer criticism or forms of competition on the Internet. For example, a disgruntled consumer may register a domain name that contains a trademark in order to set up a web site critical of the company's product. Under the FTDA such a non-commercial commentary or news use would be entitled to a fair-use defense under 15 U.S.C. § 1125(c)(4)(A)-(C).²¹⁰ The ACPA also provides for a fair use defense to a civil action in cybersquatting, but it is effective only against a civil action.²¹¹ It would not apply to a complaint under a domain name registrar's dispute resolution policy.²¹²

The ACPA provides in its savings clause that "[N]othing in this Act shall affect any defense available to a defendant under the Trademark Act of 1946 (including any defense under section 43(c)(4) of such Act or relating to fair use)."²¹³ It also specifically provides that "[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."²¹⁴ This provision furnishes the defendant in a cybersquatting suit with a powerful defense while still protecting trademark holders from true cybersquatting. Furthermore, it allows an individual who has been sued for cybersquatting to show that he had a reasonable belief that his use was either a

209. See, e.g., *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620 (6th Cir. 1998) (litigation over <dc.com>); *Cello Holdings, L.L.C. v. Lawrence Dahl Co.*, No. 97 Civ. 7677(DC), 2000 U.S. Dist. LEXIS 3936, at *2 (S.D.N.Y. Mar. 29, 2000) (litigation over the domain name <cello.com>); *CD Solutions, Inc. v. Tooker*, 15 F. Supp.2d 986 (D. Ore. 1998) (litigation over <cds.com>).

210. See 15 U.S.C. § 1125(c)(4)(A)-(C) (Supp. III 1997) The Following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of the mark.

(C) All forms of news reporting and news commentary.

Id.

211. See *Anticybersquatting Consumer Protection Act of 1999*, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-546 (1999) (to be codified at 15 U.S.C. § 1125(d)(1)(B)(ii)).

212. See *id.*

213. *Id.* § 3008, 113 Stat. 1501, 1501A-551 (1999).

214. *Id.* § 3002, 113 Stat. at 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(B)(ii)).

protected fair use or that he believed his use was lawful.²¹⁵ Such a showing would provide for an absolute defense against a cybersquatting action even if the fair use or other uses were later shown to have no legal basis. Under the ACPA's fair use defense, upon a showing of the defendants reasonable belief that his registration was a fair or lawful use a judge cannot find bad faith.²¹⁶ Since a showing of bad faith is a required element of the cybersquatting cause of action, absent a finding of bad faith, no violation of the ACPA's cybersquatting provisions can be found.²¹⁷ Although Congress intended the bad faith requirement to provide a necessary check upon the new rights granted to trademark owners by the ACPA, other provisions of the act limit its true effectiveness.²¹⁸

Through provisions of the ACPA, Congress encouraged domain name registration agencies to institute their own dispute resolution policy by granting these agencies immunity from liability for wrongful cancellations of domain names in accordance with this policy.²¹⁹ Such policies provide trademark holders with a non-judicial process through which they can force the cancellation of offending domain names. Cybersquatting cases handled within the dispute resolution policy of a domain name registrar are not subject to the same bad faith analysis put forth under the new 15 U.S.C. § 1125(d).²²⁰ Instead, the act encourages domain name registries to create a policy canceling a domain name registration based only on a showing that the domain name is identical to or confusingly similar to a trademark.²²¹ Such a policy could effectively eliminate the value of any fair use protection for a small entity with limited resources. The Internet Corporation for Assigned Names and Numbers (ICANN) has implemented a uniform domain

215. *See id.*

216. *See id.*

217. *See id.* § 3002, 113 Stat. at 1501A-545 to -546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)(i)).

218. *See* H.R. Rep. No. 106-412, at 10 (1999) ("[The bad faith factors] are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of other's marks, including for purposes such as comparative advertising, comment, criticism, parody, news reporting, fair-use, etc."); *Accord* S. Rep. No. 106-140, at 13 (1999).

219. *See* Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3005, 113 Stat. 1501, 1501A-549 to -50 (1999).

220. *See id.* § 3004, 113 Stat. at 1501A-549 (to be codified at 15 U.S.C. § 1114(D)(ii)(II)).

221. *See id.*

name dispute resolution policy that will apply to customers of all domain name registries beginning on January 3, 2000.²²²

Under this policy, ICANN requires that a domain name registrant submit to a "mandatory administrative proceeding" when a third party alleges that the domain name infringes on a trademark, the domain name registrant has no rights in the domain name, and the domain name is being used in bad faith.²²³ The administrative hearing panel makes its decision "on the basis of the statements and documents submitted and in accordance with the [Uniform Domain Name Dispute Resolution Policy], these Rules and any Rules and principles of law that it deems applicable."²²⁴ The panel considers four non-exclusive factors, which include: evidence that the registrant acquired the domain name in order to sell it for a profit, to prevent the owner from using it, to disrupt the business of a competitor, or to attract users to the site by confusing them as to the origin or sponsorship of your site.²²⁵ If the panel finds against the original domain name registrant, he can avoid losing the registration by commencing a lawsuit in the jurisdiction of the domain name registrar against the trademark holder within ten business days.²²⁶

222. See Internet Corporation for Assigned Names and Numbers, *Implementation Schedule for Uniform Domain Name Resolution Policy* (last modified Nov. 29, 1999) <<http://www.icann.org/udrp/udrp-schedule.htm>>.

223. See Internet Corporation for Assigned Names and Numbers, *Uniform Domain Name Dispute Resolution Policy* (last modified Dec. 5, 1999) <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>>

You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii) you have no rights or legitimate interests in respect of the domain name; and
- (iii) your domain name has been registered and is being used in bad faith.

Id.

224. See Internet Corporation for Assigned Names and Numbers, *Rules for Uniform Domain Name Dispute Resolution Policy* (visited Dec. 15, 1999) <<http://www.icann.org/udrp/udrp-rules-24oct1999.htm>>.

225. See *id.*

226. See *id.*

The ACPA specifically provides for such a suit.²²⁷ However, this provision of the ACPA places the burden of showing a lack of infringement on the allegedly infringing party.²²⁸ The ACPA allows the “domain name registrant whose domain name has been suspended . . . under a [dispute resolution] policy described under [the new 15 U.S.C. § 1114(D)(ii)(II)] may . . . file a civil action to establish that the registration or use of the domain name . . . is not unlawful under this Act.”²²⁹ This is contrary to the provisions of infringement under the Lanham Act²³⁰ and the Federal Trademark Dilution Act,²³¹ both of which require the trademark owner to prove infringement. Moreover, it places a serious financial burden upon the registrant. Most persons or groups using a trademark as a domain name in a manner covered by a fair use defense are likely to have limited financial resources. In addition, as was noted by one commentator, the ten-day period provided by the ICANN policy, effectively requires that the registrant hire a lawyer, at further expense, to represent him before the panel.²³² This is due to the reality that the ten-day “grace” period would not provide a losing registrant enough time to secure an attorney and have him file a complaint in a court within the registrar’s jurisdiction.²³³ It is likely that a suit to reacquire the name under the ACPA’s Limitation on Liability Provisions²³⁴ or even a reasonable defense before a dispute resolution panel, would be unavailable to the small registrant due to the expense involved. Consequently, there will be little disincentive to prevent trademark owners from

227. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3004, 113 Stat. 1501, 1501A-550 (1999) (to be codified at 15 U.S.C. § 1114(D)(v)).

228. See *id.*

229. *Id.*

230. See 15 U.S.C. § 1125(a) (“Any person who [violates 15 U.S.C. § 1125(a)] shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.”).

231. See 15 U.S.C. § 1125(c) (Supp. III 1997). (“The owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial use in commerce of a mark or trade name.”).

232. See A. Michael Froomkin, *A Catalog of Critical Process Failures; Progress on Substance; More Work Needed* (visited Dec. 15, 1999) <<http://www.icann.org/comments-mail/comment-drp/current/msg00101.html>> (submitted as a Public Comment to the then proposed Uniform Dispute Resolution Policy).

233. See *id.*

234. See Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3004, 113 Stat. 1501, 1501A-550 (1999) (to be codified at 15 U.S.C. § 1114(D)(v)).

requesting the cancellation of any domain name that could be similar to one of their trademarks. The ACPA strengthens this ability due to the manner in which it blurs the distinction between a word and the intangible trademark itself, which may be represented by a word.

C. *The Ownership of Words*

A domain name can be easily cancelled, transferred or otherwise assigned to another by simply contacting the domain name registry.²³⁵ This is equally true of a domain name that is textually identical to a trademark.²³⁶ Although the domain name itself is freely assignable, the same cannot be said for the underlying trademark itself. The assignment of a trademark without its accompanying goodwill can result in the abandonment of the mark.²³⁷ This fact highlights an important distinction that is lost within the ACPA. Even when a trademark owner registers a domain name that is textually identical to his trademark, they remain separable.²³⁸ It would be entirely possible for the trademark holder to transfer the domain name to another company without transferring the trademark.²³⁹ The Lanham Act was designed to “[make] actionable the deceptive and misleading use of trademarks . . . and to protect persons engaged in such commerce . . . against unfair competition.”²⁴⁰ The ACPA blurs the distinction between the right to restrict the use of a trademark granted under traditional trademark law and the right to control the use of a mark’s textual equivalent.

Few sections of the ACPA clearly acknowledge the fact that the domain names being protected and referenced throughout the

235. See Network Solutions, Inc., *FAQs about the Registrant Name Change Agreement* (visited Mar. 22, 2000) <<http://www.networksolutions.com/help/rncfaq.html>>.

236. See *id.*

237. See 15 U.S.C. § 1060 (1994). (“A registered mark . . . shall be assignable with the goodwill of the business in which the mark is used, or with that part of the business connected with the use of and symbolized by the mark.”); Restatement (Third) of Unfair Competition § 20 (1995) (“An assignment of ownership that does not maintain continuity in the use of the designation can result in the abandonment of the designation.”).

238. See 15 U.S.C. § 1060 (1994).

239. See *id.*

240. *Unital Ltd. v. Sleepco Mfg., Ltd.*, 627 F. Supp. 285, 288 (W.D. Wash. 1985) (citation omitted).

Act are separate from the underlying trademark that Congress intended to protect.²⁴¹ In the new 15 U.S.C. § 1125(d)(1)(A)(IX), which was not present in the bill originally passed by the Senate,²⁴² the language references “the mark incorporated in the person’s domain name registration.”²⁴³ This sentence is one of the few in the act that recognizes that the underlying trademark is in fact separate from the domain name in question. By otherwise ignoring this distinction, the ACPA effectively grants a trademark holder the right to control the use of the textual equivalent of its mark, *the word itself*, at least as a domain name.²⁴⁴

The ACPA encourages domain name registrars to cancel registrations “identical to, confusingly similar to, or dilutive of another’s mark.”²⁴⁵ This gives a trademark owner the ability to cancel any domain name registration that is textually identical to his trademark, or that is even close to or sounds like his trademark.²⁴⁶ The owner can do so simply by notifying the domain name registry of the offending registration. Since the registrar is effectively immune from liability if it complies with the trademark owner’s request, there is no incentive for them to be conservative in interpreting whether the domain name is similar to the trademark.²⁴⁷ This allows the trademark owner to control the use of domain names that are close to the textual equivalent of the trademark. In other words, they can control the use of the word itself, within the context of Internet domain names. The owner can even control the use of similar words, by requesting the cancellation of a domain name that could be textually “confused” with his own trademark.

Traditional trademark law provided a check on this type of ownership of words. By specifically requiring a likelihood of confusion between the goods in question, the Lanham Act assured that infringement would only be found when the public would be con-

241. See H.R. Rep. No. 106-412, at 5 (1999); S. Rep. 106-140, at 4 (1999).

242. See S. 1255, 106th Cong. § 3 (1999).

243. Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-546 (1999) (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)(IX)).

244. See Anticybersquatting Consumer Protection Act § 3002, 113 Stat. 1501, 1501A-546 (to be codified at 15 U.S.C. § 1125(d)(1)(A)(ii)(I)-(II)).

245. *Id.* § 3004, 113 Stat. 1501, 1501A-549 (to be codified at 15 U.S.C. 1114(D)(ii)(II)).

246. See *id.*

247. See *id.*

fused as to the origin of the goods.²⁴⁸ The similarity of the text of the marks is merely a factor for a court to consider. Hence, the ACPA grants trademark owners new rights to control the use of their trademarks in cyberspace that far exceed the protections granted under traditional trademark law.

V. CONCLUSION

The fact that the Internet is "a unique and wholly new medium of worldwide human communication"²⁴⁹ does not necessarily justify the creation of unique and wholly new rights for trademark holders. The ACPA does precisely that. It grants a trademark owner the right to control the use of the textual identity of the mark itself so long as the offending use is the registration of a domain name that is similar to the textual equivalent of the mark itself. No corresponding right exists in any other context under modern trademark law. This can have the effect of stifling both commercial and personal free speech by restricting a competitor or commentator from using a portion of a trademark within a domain name to help the public locate his commentary or commercial page.

In addition, by eliminating the consideration of the infringing parties' use of a mark in commerce and the provision that the ACPA be applied without concern for the goods or services of the parties, allows for a finding of infringement for domain name registrations in situations that would be non-infringing uses under any other application of trademark law. This shifting of trademark protections away from the consumers and toward the trademark owners will likely stifle Internet commerce and speech. This is a far cry from Congress's recited intention: to "protect consumers, promote the continued growth of electronic commerce, and protect the goodwill of American businesses."²⁵⁰

Gregory B. Blasbalg

248. See 15 U.S.C. § 1125(a)(1)(A) (1994) (A person is liable in a civil action for trademark infringement when he uses a trademark in a way which "is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods.").

249. *Reno v. ACLU*, 521 U.S. 844 (1997).

250. S. Rep. No. 106-140, at 7 (1999).