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William H. Brewster

James A. Trigg

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RESOLVING THE CLASH BETWEEN TRADEMARKS AND DOMAIN NAMES

William H. Brewster,* James A. Trigg** & John R. Renaud***

I. INTRODUCTION

The meteoric rise of the Internet during the 1990's brought with it a new form of trademark infringement known as cybersquatting.1 This practice typically involves ethically suspect people who register domain names incorporating well-known trademarks, with the hope of selling these domain names to the trademark owners at grossly inflated prices.2 Until 1999, trademark owners faced limited options in pursuing these domain name pirates, and were often forced to rely upon ill-fitting theories of trademark dilution and trademark infringement in litigation.3 Although courts gen-

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2. See id.
3. These theories were "ill-fitting" in that both trademark infringement and trademark dilution rely or are premised on a defendant's use of a mark in commerce. See 15 U.S.C. § 1114 (2001) ("Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark . . . ."); 15 U.S.C. § 1125 (a) (1) ("Any
erally were sympathetic to the plaintiffs in these actions,\textsuperscript{4} existing trademark law was not well equipped to combat cybersquatting.\textsuperscript{5} In response, the Internet Corporation for As-

person who, on or in connection with any goods or services, or any container for goods, uses in commerce . . . ."). The passive registration of a domain name, without more, is generally not considered to be a genuine trademark "use." See, e.g., Acad. of Motion Picture Arts & Scis. v. Network Solutions, Inc., 989 F. Supp 1276, 1279 (C.D. Cal. 1997) ("The mere registration of a domain name does not constitute a commercial use.").


5. See Alanna C. Rutherford, Sporty's Farm v. Sportsman's Market: A Case Study in Internet Regulation Gone Awry, 66 BROOK. L. REV. 421, 441 (2000) ("[C]ourts have continuously disposed of the fame requirement in little more than a few sentences or, with the skills of contortionists, found fame where none existed."); Christopher R. Perry, Trademarks as Commodities: The "Famous" Roadblock to Applying Trademark Dilution Law in Cyberspace, 32 CONN. L. REV. 1127, 1148 (2000) ("[T]he courts have not held trademarks up to the high standard for a finding of famousness that Congress envisioned when it enacted the FTDA."); Xuan-Thao N. Nguyen, The New Wild West: Measuring and Proving Fame and Dilution Under the Federal Trademark Dilution Act, 63 ALB. L. REV. 201, 211 (1999) ("[S]ome courts have exhibited sympathy for the 'big fish in a small pond' and have erroneously accorded famous status to locally recognized marks."); Scott N. Barker, Famous.com: Applying the FTDA to Internet Domain Names, 22 U. DAYTON L. REV. 265, 281 (1997) ("Because of their limited number and global reach, domain names are particularly susceptible to an overly broad interpretation of the FTDA.").
signed Names and Numbers ("ICANN") established a dispute resolution policy that virtually all domain registrars have since adopted, and Congress passed the Anticybersquatting Consumer Protection Act ("ACPA" or the "Act"). These developments have made it much easier for plaintiffs to stop cybersquatting, and may ultimately destroy—or at least sharply restrict—the cybersquatting industry.

Today, trademark owners may select from several different legal mechanisms to fight cybersquatting. Each has its own set of advantages and limitations that should be considered before initiating a proceeding. This paper seeks to highlight and contrast the substantive requirements of each mechanism, the processes and discovery techniques available to litigants, and the advantages and pitfalls associated with each of these legal tools.

II. ICANN DISPUTE RESOLUTION SERVICES

Of the different means for resolving domain name disputes, some commentators tout the ICANN-approved dispute resolution service as the cheapest and most time efficient. ICANN is a non-profit, private-sector corporation created in 1998 by the U.S. Department of Commerce for the purpose of preserving the operational stability of the Internet, and it specifically coordinates the assignment of internet domain names, IP address numbers, protocol parameters, and port numbers.

6. See ICANN website, at http://www.icann.org/udrp/ (updated Aug. 26, 2001) ("All registrars in the .biz, .com, .info, .name, .net, and .org top-level domains follow the Uniform Domain-Name Dispute-Resolution Policy . . .").


9. ICANN makes decisions through its Board of Directors, who are elected from several supporting organizations, and who are advised by several committees. See Virtual Countries v. Rep. of S. Afr., 148 F. Supp. 2d 254 (S.D.N.Y. 2001). The Board is composed of nineteen directors: nine At-Large Directors, nine selected by ICANN's three supporting organizations, and the President/CEO. See ICANN's web page, at http://www.icann.org (updated Nov. 28, 2001). WIPO is a specialized agency of the United Nations that administers in-
To address the problem of cybersquatting, ICANN promulgated a Uniform Domain Name Dispute Resolution Policy ("Policy") and the Rules for Uniform Domain Name Dispute Resolution Policy ("Rules"). These rules replaced the dispute resolution procedure utilized by Network Solutions, which until 1999 was the lone registrar of generic Top Level Domain Names ("gTLDs"). ICANN approves dispute-resolution service providers ("DRSPs") who conduct the administrative proceedings involving domain name disputes. These DRSPs are bound to conduct the administrative proceedings in accordance with the Policy and the Rules. Four DRSPs have currently been approved in the ICANN system: the World Intellectual Property Organization ("WIPO"), The National Arbitration Forum ("NAF"), Disputes.org/eResolution Consortium ("eResolution"), and CPR Institute of Dispute Resolution ("CPR"). WIPO has been the most frequently selected DRSP.

International treaties concerning intellectual property protection, and is also involved in the development of Internet domain name policy, by preparing reports and recommendations based upon submissions of its members and commentary by private sector members of the Internet community. See Virtual Countries, 148 F. Supp. at 259. For more information on this organization, see the ICANN site at http://www.icann.org. The ICANN Policy and Rules discussed in this paper are available through the ICANN site.


11. The gTLDs are administered by ICANN, and are available for registration on a worldwide basis. Until 2001, "com," "org," and "net" were the only generally available gTLDs. Two more gTLDs, "biz" and "info," will be activated in late 2001.


13. Id.


15. For more information about NAF's ICANN services, visit NAF's website http://www.arbforum.com/domains/ (visited Nov. 30, 2001).

16. For more information about eResolution's ICANN services, see http://www.eresolution.ca (last updated Nov. 15, 2001).

17. For more information about CPR's ICANN services, see http://www.cpradr.org (last updated Nov. 28, 2001).

18. Of the more than 3,400 proceedings filed through the ICANN mechanism as of April 9, 2001, nearly 2,100 were filed with WIPO. Approximately
Each of the four DRSPs has adopted supplemental rules that address the mechanics of their services, containing information about fees, word and page limits, and the means for communicating with the parties involved. Each DRSP allows complainants to select either a one-member dispute resolution panel or a three-member panel, the latter being more expensive. If the complainant selects a single-member panel, but the respondent later requests a three-member panel, the costs for the action are split evenly between the parties. Otherwise, the complainant bears the cost of the action. The Policy and the Rules do not provide for the recovery of damages or of any fees or costs from the losing party.

Under the Policy, complainants must submit a complaint in both hard copy and electronic form to the DRSP Board. Section 3 of the Rules lists in detail the specific information that must appear in the complaint: (1) the names of the disputed domains; (2) the trademark or service mark on which the claim is based; (3) the preferred means of receiving communications (both electronic and hard copies); and (4) a statement of the remedies sought, which are limited to a transfer of the domain name registration to the complainant, or cancellation of the name. Additionally, the complainant must consent to a court of “Mutual Jurisdiction,” which the Rules define as one located where the domain registrar’s principal office is located, or where the challenged domain name holder is located, based on the address it submitted as part of the registration. This consent to jurisdiction becomes relevant when a losing respondent wishes to challenge a

1,100 actions were filed with NAF. Of the remaining actions filed, just over 200 were submitted with eResolution, and only 22 had been filed with CPR, which was the fourth DRSP to be established. See http://www.icann.org.

19. As of this writing, the cost of filing a complaint to be decided for a single panelist is approximately $750.00 - $1,500.00.
20. See ICANN Policy, supra note 10, ¶ 4(g); ICANN Rules, supra note 10, ¶¶ 3, 6.
21. See ICANN Policy, supra note 10, ¶ 4(g).
22. See ICANN Policy, supra note 10, ¶ 4(i). Complainants have overwhelmingly chosen to seek transfer of disputed domain names, as opposed to merely canceling them, which would leave them available for someone else to use. As of November 2001, out of the 2159 cases where the complainant has prevailed, only 30 domain names have been cancelled. See Statistical Summary of Proceedings, at http://www.icann.org/udrp/proceedings-stat.htm (last updated Nov. 29, 2001).
23. See ICANN Rules, supra note 10, ¶¶ 1, 3(b)(xiii).
DRSP's decision in federal court. The DRSPs, in turn, are responsible for serving the respondent in a manner calculated to achieve actual notice, which is generally met if service is sent to all postal addresses shown in the registrar's database, and sent in electronic form to the e-mail address listed in the respondent's registration.

As for discovery, the ICANN system provides very little. The DRSP has the discretion to request documents or statements from the parties, but no in-person hearings or conferences typically occur. Because of the lack of any hearing, all the parties' arguments necessarily must be raised in the complaint or the response. A review of posted decisions reveals that some panels allow additional submissions, and some do not, although the NAF Supplemental Rules provide complainants with the opportunity to submit reply materials as of right, provided that such materials are submitted within five days of the respondent's response. Under the Rules, the

24. See Virtuality L.L.C. v. Bata Ltd., 138 F. Supp. 2d 677 (D. Md. 2001). There the court stated, "When it filed its complaint under the ICANN Policy and Rules, defendant Bata consented to the jurisdiction of a court selected by it for consideration of any challenge to a decision in the administrative proceeding." Id. at 683. With respect to the plaintiff's state claims of conversion, slander, and fraud, the court noted the question "involves quite different considerations," meaning analysis of Maryland's long arm statute, and minimum contacts. Id. The court concluded that it did not have jurisdiction over the state law claims. See id. at 684.

25. See ICANN Policy, supra note 10, ¶ 2(a).

26. See ICANN Rules, supra note 10, ¶ 13 ("There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.").


panel should issue its decision in writing within fourteen days of the submission of all papers, and the decisions then are published on the DRSP's web site.

The ICANN Policy has been adopted by all accredited domain-name registrars for domain names ending in .com, .net, and .org, and has been adopted by certain managers of country-code top-level domains, such as: .at (Austria), .bs (Bahamas), .ca (Canada) and .th (Thailand). The Policy operates between the registrars and the holder of the domain name registration, and all holders of domain name registrations take these names subject to the terms of the Policy. The Policy states that by applying for a domain name registration, the applicant represents that, to the best of the applicant's knowledge, its domain name does not "infringe upon or otherwise violate the rights of any third party." The Policy states the three circumstances when the registrar will cancel or transfer a domain name registration: (1) if the owner consents; (2) if a court orders such a transfer; or (3) if an administrative panel of an approved DRSP decides such a transfer is warranted.

The Policy requires all holders to submit to a mandatory administrative proceeding if a third party complainant asserts that the domain name was wrongfully obtained. To prevail in the action, the complainant must establish each of the following elements:

(i) [the holder's] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) [the holder has] no rights or legitimate interests in respect of the domain name; and

(iii) [the holder's] domain name has been registered and is

30. As a practical matter, the authors note that this fourteen-day requirement is not always observed.
31. Harvard Law School's Berkman Center for Internet & Society provides an excellent web site, at http://eon.law.harvard.edu/search_udrp.html, for researching the opinions of all four DRSPs.
32. See ICANN Policy, supra note 10, introductory notes.
33. See id.
34. See id. ¶ 2.
35. See id. ¶ 3.
36. See id. ¶ 4.
used in bad faith.\textsuperscript{37}

A. Identical or Confusing Similarity

The first element that a complainant must show is that the respondent's domain name is "identical or confusingly similar" to the complainant's trademark or service mark.\textsuperscript{38} The Policy does not require the complainant to have a registered mark. Although the Policy specifically mentions trademarks and service marks, and not other intangible rights, some panel decisions have effectively allowed publicity rights to be asserted.\textsuperscript{39}

Because most of the published opinions involve names very close to each other, the "identical or confusingly similar" element has not generated much argument. A typical case is \textit{Gateway, Inc. v. James Cadieux},\textsuperscript{40} where the respondent registered \texttt{<pcgateway.com>} and \texttt{<pcgateway.net>}, which were found to be confusingly similar to the complainant's registered marks.\textsuperscript{41} Because cybersquatters often register the trademarks of well-known companies in conjunction with other terms, especially Internet-oriented lingo such as "online," "web," or "www,"\textsuperscript{42} a complainant improves its chances of success by demonstrating ownership of a family of marks. When faced with a family of marks, a respondent is much less likely to avoid a transfer by including a potentially distinguishing term.\textsuperscript{43} In determining confusing similarity, the

\textsuperscript{37} See id.
\textsuperscript{38} ICANN Policy, supra note 10, \S\ 4(a)(i).
\textsuperscript{41} See id. \S 6(c).
\textsuperscript{42} One particularly insidious form of bad faith involves registering a famous trademark with the prefix "www," but without the all-important period, or "dot," thus causing web surfers who forget to type the period to be diverted away from their intended website. See TPI Holdings v. AFX Communications, WIPO Case No. D2000-1472 (Feb. 2, 2001), available at http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1472.html.
\textsuperscript{43} See Bellsouth Intellectual Prop. Corp. v. Freeworld, WIPO Case No.
DRSP panel decisions typically do not analyze the goods and services, the channels of trade, or any of the other factors common in a traditional likelihood of confusion determination. Rather, the panel assesses the marks alone without a market context. This narrowed focus advances the purpose of the Policy: if the Policy required the comparison of goods or services, then cybersquatters could easily avoid the transfer by not offering any goods or services.

On occasion, complainants fail to establish confusing similarity, especially if the complainant’s mark is found to be weak, or when the respondent presents evidence of many third-party uses of the mark. For example, in Reed Publishing v. Select Gourmet Foods, Inc., the panel found that the respondent’s domain registration for <whoiswhoinlaw.com> and <whoiswhoinpolitics.com> was not confusingly similar to complainant’s WHO’S WHO IN AMERICAN LAW and WHO’S WHO IN AMERICAN POLITICS trademarks. The panel rationalized that the respondent’s domain names were not limited geographically, as were the complainant’s, and that the evidence demonstrated numerous third-party uses of the “who’s who” motif without geographical limitations.

In other cases, panels have found that domain names incorporating a trademark followed by the term “sucks” are not confusingly similar to the asserted mark. For example, in Lockheed Martin Corp. v. Dan Parisi, the panel declined to transfer the domain names <lockheedsucks.com> and <lockheedmartinsucks.com>, noting, “[b]oth common sense and a reading of the plain language of the Policy support the view that a domain name combining a trademark with the word ‘sucks’... cannot be considered confusingly similar to the


45. In fact, in the author’s collective experience, few respondents in ICANN proceedings actually offer any goods or services for sale via their websites.


47. Id. at 2.

However, it should be noted that not all panels have adopted such a respondent-friendly view with respect to "sucks" domain names.\textsuperscript{50}

B. Respondent Has No Legitimate Interests in the Domain Name

The ICANN Policy requires the complainant to establish a second element that the holder of the disputed domain name has "no rights or legitimate interests in the domain name."\textsuperscript{51} While according to the Policy, Complainant has the burden of establishing all elements of the claim, under the Rules a complainant can discharge this burden by stating the reason "why [the respondent] should be considered as having no rights or legitimate interests" in the domain name.\textsuperscript{52} If the complainant has a federally registered trademark, it can assert a nationwide constructive notice to demonstrate the respondent's lack of legitimate rights or interests in the domain name.\textsuperscript{53}

If the complainant states a credible reason why the respondent has no legitimate interests, the panel generally expects the respondent to demonstrate that it indeed does have a legitimate interest. \textit{Nandos International Ltd. v. M Fareed Farukhi}\textsuperscript{54} is a good example of this shifting burden. In this

\begin{itemize}
  \item[51.] See ICANN Policy, supra note 10, \S 4(a)(ii).
  \item[52.] See ICANN Rules, supra note 10, \S 3(b)(ix)(2).
decision, the complainant stated that it filed a U.S. trademark application for the mark NANDO'S at least five years before the respondent registered the domain names <nando.com> and <nandoschicken.com>, and the respondent did not submit evidence that he had an interest in the name. The panel reasoned,

Admittedly the obligation to prove that the Respondent has no rights or legitimate interests in respect to the domain name, lies on the Complainant. But it would be of assistance to a Panel deciding the issue if the Respondent were to give an indication of the basis of his claim of right when that is denied by the Complainant. After all, knowledge of that fact is peculiarly within the Respondent's knowledge.55

The panel then concluded that since the respondent "has not been able to produce any evidence of this kind," he did not have a legitimate interest in the domain name.56

The Policy gives guidance to respondents seeking to demonstrate their interests by setting forth three indicia of legitimate rights or interests. In essence, showing a legitimate interest in the domain name defeats the second prong.57 This also undermines the charge of bad faith: if a party has a legitimate interest in a name, then it likely did register in good faith. This "good faith" defense is available if the respondent can demonstrate any of the following circumstances:

   (i) before any notice to [the holder] of the dispute, [the holder's] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

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56. Id.

57. See ICANN Policy, supra note 10, ¶ 4(c).
(ii) [the holder] (as an individual, business, or other organization) [has] been commonly known by the domain name, even if [the holder has] acquired no trademark or service mark rights; or

(iii) [the holder is] making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.\(^5\)

Under the first prong, if the respondent can show it was selling goods bearing the mark before it knew of the dispute, then the panel will determine that the respondent has legitimate rights. If the respondent has adopted a generic term describing the goods he sells, then a panel is more apt to find legitimate rights. For example in *Eauto, L.L.C. v. Triple S. Auto Parts*, the respondent had been selling auto lamps and decided to market them on the web.\(^5\)9 The panel decided that “eautolamps” was an example of an Internet-based description of a generic product because “the letter ‘e’ preceding [a product] has come to be understood as an electronic, Internet-based form of the same.”\(^6\)0 Thus the panelist held for the respondent. Similarly, in *Deutsche Welle v. DiamondWare Ltd.*, the panel refused to transfer a domain name because the respondent’s registration predated its awareness of the complainant.\(^6\)1 As the language of the Policy makes clear, if the respondent has made “demonstrable preparations” to market the goods and services at issue, then this will constitute legitimate rights.\(^6\)2 However, at least two panels have determined that merely using the domain name to link to other sites does not constitute a bona fide offering of goods or services.\(^6\)3

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58. ICANN Policy, supra note 10, ¶ 4(c).
60. Id.
62. See ICANN Policy, supra note 10, ¶ 4(c)(i).
The second "legitimate interest" prong of the Policy gives protection to respondents who register domains for their commonly known name, even if they have not acquired trademark rights in the name. This clause protects companies that do not use their company name in conjunction with their goods or services, and thus may not have trademark rights in the name, yet they register the company name as part of a domain name. An effort to register a common name in such circumstances negates the intent to pirate the rights of others, which is the narrow target of the ICANN system.

For example, in Digitronics Inventioneering Corp. v. @Six.Net Registered, the panel upheld the respondent's right to the domains <sixnet.com> and <six.net> based on evidence that the respondent was commonly known as "Six.net," which gave it legitimate interests. However, it is unclear how much evidence is necessary for the respondent to establish that it is commonly known by a particular name. In Gordon Sumner, p/k/a Sting v. Michael Urvan, the panel determined that respondent's evidence that he used "Sting" as a nickname and as a username did not demonstrate that he was commonly known as "Sting."

The third legitimate interest prong of the Policy protects legitimate non-commercial, or fair use, of the domain name so long as there is no intent to divert customers or tarnish the trademark rights of others for commercial gain. This defense is commonly invoked, but is rarely successful, especially if the respondent is also selling goods in addition to criticizing
the trademark owner. The Monty and Pat Roberts, Inc. v. Bill Keith decision is a good example of a case in which the respondent’s assertion of a free speech right to use a domain name was rejected. The panel stated “the fact that respondent’s primary motive for establishing its site may be to criticize complainant does not insulate respondent from the fact that it is directly and indirectly offering products for sale.”

In Hunton & Williams v. American Distribution Systems, Inc., the panel rejected the respondent’s free speech defense where the website clearly criticized the complainant. Respondent’s domain names, <huntonandwilliams.com> and <huntonwilliams.com>, led to a website that displayed the following language: “PARASITES – no soul . . no conscience . . . no spine . . . NO PROBLEM!!!” The panel rejected the respondent’s “parody” defense by stating that “the content posted by respondent does not constitute the imitation of any distinctive style of the Firm. The content is merely disparagement of the Firm as greedy, parasitical and unethical.”

In Mission KwaSizabantu v. Benjamin Rost, the complainant sought to have the domain names <KwaSizabantu.com>, <KwaSizabantu.org>, and <KwaSizabantu.net> transferred from the registrant, who stated that he was a part of group of former members of a religious sect who had a falling out with the complainant. The panel determined that the respondents’ posting of critical views of the complainant amounted to “tarnishing the activities associated with the trademark or service mark ‘KwaSizabantu’” even absent any evidence or allegation that respondent intended to gain commercially from this criticism. To reach this result, the panelist narrowly interpreted Paragraph 4(c)(iii) of the

72. Id. at 10.
74. Id. at 3.
75. Id. at 8.
Policy, reasoning that the respondent must show (1) he has a legitimate non-commercial (or fair) use; (2) his use is without intent for commercial gain; (3) his use is without intent to misleadingly divert consumers; and (4) his use is without intent to tarnish the trademark.\textsuperscript{77} According to the panel, respondent must show all these elements conjunctively; however, it is just as reasonable to interpret the clause to protect registrants that criticize so long as the criticism is done without the intent to misleadingly divert consumers for commercial gain or tarnish for commercial gain.\textsuperscript{78} This interpretation would allow criticism of a trademark so long as it was done without intent for commercial gain, which is the essence of fair use. Under the \textit{Mission KwaZizabantu} Panel's interpretation, non-commercial criticism of a company that incorporates a complainant's trademark is not protected as fair use under Paragraph 4(c)(iii) of the ICANN Policy. This approach is somewhat insensitive to the free speech interests the Policy clearly seeks to protect.

While the published ICANN decisions reveal a tendency by some panels to interpret the fair use defense narrowly,\textsuperscript{79} other respondents have used it successfully. In \textit{Bridgestone Firestone, Inc. v. Jack Meyers},\textsuperscript{80} the panel refused to transfer the domain name <bridgestone-firestone.net> where the re-

\textsuperscript{77} \textit{Id.} at 4 (emphasis added).

\textsuperscript{78} See ICANN Policy, supra note 10, ¶ 4(c)(e).


spondent "has not usurped the <.com> domain but has utilized only the <.net> domain, has posted disclaimers on the website homepage, and has included criticism and commentary on the site so that a reasonably prudent internet user can tell the site is not the trademark holder's 'official' site."\(^8\)

Another example of a successful fair use defense is *Western Hay Co. v. Carl Forester.*\(^8\) In that case, the respondent was a former jockey and the creator of a web-based discussion group located at <westernhay.com>, which sought to educate others on how to properly take care of horses, and touted the merits of hay grown in the western United States.\(^8\) Complainant Western Hay Company sold "fine horse and dairy products."\(^8\) The panel declined to transfer the respondent's domain name, in part because it displayed non-commercial speech and did not sell any goods.\(^8\)

Because panel decisions tend to be skeptical of claims of fair use, even legitimate efforts to criticize a trademark owner's conduct are vulnerable in an ICANN proceeding. This area is one of the substantive areas where ICANN and the ACPA may yield different results. As will be discussed further below, federal judges applying the ACPA tend to be more sensitive to the interests of free speech.

C. Establishing Bad Faith

Even if the complainant shows that the respondent holds a domain name that is confusingly similar to the complainant's trademark and that the respondent has no legitimate rights or interests in the mark, the complainant still must establish that the respondent has registered and is using the domain name in "bad faith."\(^8\)

The "use" requirement causes concern for complainants because the Policy does not clearly define this term. If trademark owners must show that the domain name registrant has actually established a website at the address, or is

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81. *Id.* at 5.
83. *See id.* at 2.
84. *Id.* at 1.
85. *Id.* at 3.
86. ICANN Policy, *supra* note 10, ¶ 4(a)(iii).
serving goods or services at the site, then many cybersquatters will elude the reach of the Policy because many cybersquatters do not actively use the domain names in this manner.

Panel decisions reveal some degree of inconsistency regarding the quantum of use required by the Policy. The issue was addressed in World Wrestling Federation, Inc. v. Bosman, the very first case decided under the Policy. In that decision, the panel held that the offer to sell the domain name registration to the complainant for a profit was a sufficient "use" of the domain name to satisfy the Policy.

The panel in Telstra Corp. v. Nuclear Marshmallows went a step further and decided that inactive use satisfied the "use" requirement. In that case the complainant's trademark was strong and the respondent attempted to conceal its identity, thus the panel reasoned that the respondent's activities were inconsistent with a good faith use of the domain name. Many panelists have followed this broad notion of "use," especially if the complainant's trademark is strong and well-known. In fact, these decisions call into question whether a substantive use requirement exists at all.

However, other decisions construe the use requirement


90. Another panel found use in bad faith "based on warehousing of the domain names" alone "and no showing of any permitted actual use." See Federal Cartridge, D2001-0756 at 6.

more strictly, requiring something more than merely a suspi-
cious registration. For example, the panelist in Cyro Indus-
tries v. Contemporary Design held that because the respon-
dent never posted a web site at the domain name <acryl-
ite.com> and never contacted the complainant, it did
not use the domain name as the Policy requires. 92 Likewise,
the panel in Sporoptic Pouilloux S.A. v. William H. Wilson
refused to transfer the domain name <buyvaurnetsun-
glasses.com> because no evidence indicated that the respon-
dent did anything other than register the domain name in
bad faith. 93 The panel stated “absent a change in the Policy,
these cases of registration in bad faith by cybersquatters,
without any form of ‘use’ in any sense of the word, however
deporable, do not fall under the Policy.” 94

To summarize, if the web site reached by using the regis-
trant’s domain name has any display, or if the domain name
owner makes any attempt to sell the name at a profit, then
the use requirement probably will be met. Absent such ac-
tivity, a panel may find the use requirement lacking. How-
ever, if the trademark at issue is particularly strong and well-
known, a distinct possibility exists that a panelist will over-
look the use requirement and order the transfer of the name.

Assuming the use requirement is met, the complainant
still must demonstrate the respondent’s bad faith. 95 The Pol-
icy provides four specific circumstances that satisfy this ele-
ment:

(i) circumstances indicating that [the holder has] regis-
tered or [has] acquired the domain name primarily for the
purpose of selling, renting or otherwise transferring the
domain name registration to the complainant who is the
owner of the trademark or service mark or to a competitor
of that complainant, for valuable consideration in excess of
[the holder’s] out-of-pocket costs directly related to the
domain name; or

92. Cyro Indus. v. Contemporary Design, WIPO Case No. D2000-0336 (June

93. Sporoptic Pouilloux S.A. v. Wilson, WIPO Case No. D2000-0265 (June

94. Id. ¶ 7.

95. See ICANN Policy, supra note 10, ¶ 4(a)(iii).
(ii) [the holder has] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [the holder has] engaged in a pattern of such conduct; or

(iii) [the holder has] registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, [the holder has] intentionally attempted to attract, for commercial gain, Internet users to [its] web site or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of [the holder's] web site or location or of a product or service on [the holder's] website or location.96

Numerous panel decisions address and give further explication to each of these indicia of bad faith.

1. Primary Purpose to Sell the Name

A review of the published panel decisions suggests that the panels have adopted a rather low threshold for establishing a primary intent to sell the name to a trademark owner or a competitor. This reading presumably is due in part to the reality that if the complainant has shown that the domain name is confusingly similar to its trademark, and that the respondent has no legitimate interests in the name, then a panel can infer "bad faith." For example, in Home Interiors & Gifts, Inc. v. Home Interiors, the panel found that the posting of a counter displaying web page hits at the web sites <homeinteriors.net> and <homeinteriorsandgifts.com> was enough to show an intent to sell, because the counter illustrated the number of diverted web users, and thus supported the cybersquatter's price.97 Likewise, the panel in Educational Testing Service v. TOEFL concluded that proof of a general intent to sell the website <toefl.com> to any buyer,

96. ICANN Policy, supra note 10, ¶ (4)(b). The Policy sets forth the elements out in second person, addressing the registrants of domain names more directly in an apparent effort to give clear notice that their registrations are subject to the terms of the Policy.

as contrasted with an intent to sell the domain name to the trademark owner or its competitor, was enough to show bad faith.\textsuperscript{98} Establishing the first two elements of the Policy's three-prong test obviously impacts the panel's assessment of the bad faith element: if the mark and the domain name are similar, and especially if the marks are strong, and the respondent does not have legitimate rights in the name, then it is often only a short leap for the panel to conclude that the respondent registered the domain name for the purpose of making a profit. It is tempting for the panel to assume there could be no other reason for registering such a domain name if the name is not a commonly used term. Of course, if a respondent had a legitimate interest in the name when it was registered, it would not be bad faith for the party later to agree to sell it for an amount in excess of its cost of procurement, to compensate for any loss of good will to the registrant.

2. \textit{Pattern of Bad Faith Registration}

A panel can also find bad faith if a respondent engages in a pattern of infringing registrations.\textsuperscript{99} This prong is aimed at the stereotypical cybersquatter who has registered numerous domain names incorporating well-known trademarks.\textsuperscript{100} While a serious cybersquatter may have hundreds of registrations, and thus quite clearly has engaged in a prohibited pattern, the more difficult question arises when the respondent has registered only a few suspect domain names. The panels have been somewhat inconsistent as to how many suspicious registrations are sufficient to constitute bad faith: one case found that two or three registrations were not enough.\textsuperscript{101}


\textsuperscript{99} See ICANN Policy, supra note 10, \& 4(b)(ii).

\textsuperscript{100} A search at Network Solution's WHOIS website is one easy way to determine the first fifty domain name registrations a person, or entity, may own, provided that such registrations are with Network Solutions. However, it is more difficult to search for registrations in this fashion if the registrant's domain names have been obtained through a different registrar. There are ongoing debates within ICANN concerning the functionality and searchability of the WHOIS database, and whether information in the WHOIS database should be more readily available.

\textsuperscript{101} See Ingersoll-Rand Co. v. Gully, WIPO Case No. D2000-0021 (Mar. 9,
while another found three to be enough. As these cases demonstrate, while no magic number constitutes a pattern, if a respondent has substantially more than three dubious registrations, a pattern is likely to be found, especially if the registrations contain well-known trademarks. Other factors which may also suggest a pattern include the following: (1) whether the respondent has given bogus contact information in its domain name registration; (2) whether the respondent has failed to respond to the complaint; and (3) the degree of similarity between the respondents' names and the established trademarks.

3. Registration Primarily to Disrupt a Competitor's Business

The panels have had little difficulty finding bad faith if someone registers a mark primarily to deny a competitor use of a mark on the Internet. For example, in Georgia Gulf Corp. v. The Ross Group, an officer of Roscom, Inc. registered domain names nearly identical to the trade names of Roscom's competitors, Bayshore Vinyl, Hoffman Plastics, and the complainant, Georgia Gulf. The respondent's <georgia-gulf.com> website simply displayed a notice that the site had been reserved and gave contact information. After respondent was served with Georgia Gulf's complaint, the respondent sent an e-mail to the complainant offering to sell the site for $36,000. The panel concluded that respondent "registered the domain name to prevent complainant from reflecting the mark in a corresponding domain name and ... primarily for the purpose of disrupting the business of a competitor."

This prong of the Policy may also apply to disgruntled

103. See ICANN Policy, supra note 10, ¶ 4(b)(iii).
105. Id.
106. Id.
107. Id. ¶ 3.
employees who register the names of their employers. For example, in *Arab Bank for Investment & Foreign Trade v. Sabah Mahmoud Akkou*, the panel found bad faith registration where an employee registered the domain names <arbift.org> and <arbift.net> while working for the complainant. The panel found that the registrant had been employed for seventeen years by the complainant and was "fully aware" of the complainant’s trademark rights in the name ARBIFT. Furthermore, the panel took note of respondent’s admission that there were “unclear past grudges” that respondent bore towards the complainant. In a similar case, *Cook Motorcars v. Patricia Soto*, the panel held that an employee who registered the domain name <motorcar-scook.com> while on the job acted in bad faith.

4. Creating Confusion for Commercial Gain

This prong of the Policy applies when the respondent creates confusion between the domain name and a trademark to attract users to its website, and most closely resembles traditional trademark infringement. For example, in *British Broadcasting Corp. v. Renteria*, the respondent, an individual in Caracas, Venezuela, registered the domain names <bbcde-londres.com>, <bbcenespanol.com>, <bbcenespanol.net>, and <bbcenespanol.org>. At one of these sites, the respondent used the BBC’s logo, framed the content of its website, and described itself as being a "world leader in news" offering “up to date, accurate and independent information 24 hours a day.” The panel concluded that such conduct constituted an intentional attempt to attract web users for commercial gain by creating confusion as to source, sponsorship, or affilia-


109. Id.


112. Id. ¶ 4.
In addition to the four types of bad faith acts outlined in the Policy, panels are empowered to find bad faith in additional ways as they see fit. A combination of negative factors may be enough to convince a panel to find bad faith. For example, in *Home Interiors & Gifts*, the panel found that Internet users "entering ‘www.homeinteriorsandgifts.com’ are more likely than not expecting to arrive at a web site hosted by complainant." In addition, the panel seemed moved by the fact that only a counter existed at the website, which it described as "tantamount to an advertisement that the web site is for sale and is an indicator of its value." Although the complainant never established the specific indicators of bad faith, the panel granted a transfer of the name. Another example is *Tourism & Corporate Automation Ltd. v. TSI Ltd.*, in which a disgruntled employee left his job then registered a domain name identical to his former employer's mark, <tourplan.com>, and was unable to show a genuine intent to use the name legitimately. Finally, failing to respond to a complaint appears to increase the chances that the panel will find the respondent acted in bad faith.

In sum, under the ICANN system, domain names should only be transferred under the Policy if the owner of the registered term has no legitimate interests in the domain name, and if the holder obtained the domain name in bad faith, for either the purposes of selling it for a profit or for injuring its competitors' business. Good faith domain name registrations that create a likelihood of confusion or result in trademark dilution should not be transferred in an ICANN approved proceeding. Thus, unless evidence exists of bad faith on the part of the holder, the ICANN dispute resolution system will not vindicate trademark rights. In practice, much turns on what kind of proof is available to establish "bad faith." Because no effective discovery mechanism exists, a complainant

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113. See id. ¶ 6.
115. *Id.*
often will have to demonstrate bad faith with publicly available information, or proof of extortionary communications made by the respondent.

Finally, participants in ICANN proceedings should know that decisions rendered under this system may be appealed.\textsuperscript{117} For complainants, a failed attempt to have a domain name transferred through the quicker and potentially less expensive ICANN system can be followed by an attempt to vindicate broader trademark rights in court with an infringement or dilution theory. Of course, the losing complainant runs the risk that, on appeal, a judge will give some deference to the opinion of the "experts." One court addressing this issue stated that it was not bound by the ICANN decision, but declined to announce a specific standard of review to apply.\textsuperscript{118} However, in such a situation, the complainant may "poison the well" by allowing the defendant in a court proceeding to call attention to its initial victory, even if the court is technically not bound by the prior opinion.

An ICANN decision is not the "final word" for complainants, even if they prevail. Respondents unhappy with an ICANN result can suspend the transfer of a contested domain name by filing an action in a district court and providing notice to their registrar within ten days of the adverse ICANN ruling.\textsuperscript{119} Nothing in the Policy appears to bar respondents that miss this deadline from later filing suit in court. However, the respondent will lose possession of the domain name unless and until it obtains a court victory or settlement. For example, in \textit{Parisi v. Netlearning, Inc.}, the court ruled that restrictions in the Federal Arbitration Act (the "FAA") regarding judicial review of arbitration awards were not applicable to administrative proceedings under the ICANN Pol-

\textsuperscript{117} Paragraph 4(k) of the ICANN Policy, supra note 10, states that the mandatory administrative proceeding requirements "shall not prevent either you [the respondent] or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded."


\textsuperscript{119} See ICANN Policy, supra note 10, ¶ 4(k) (“If an Administrative Panel decided that [respondent] domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel’s decision before implementing the decision.”).
icy. In that case, the respondent lost in the UDRP proceeding and filed an action for declaratory judgment in federal court. The complainant/defendant filed a motion to dismiss based solely on the FAA, arguing that the plaintiff failed to assert grounds cognizable under the FAA for setting aside an arbitration. The court rejected the defendant’s motion, holding that according to the UDRP’s own terms, the results are not binding for either party: “Nothing in the UDRP restrains either party from filing suit before, after, or during the administrative hearing.”

Thus, the only real effect the ICANN proceeding has is to transfer possession and control of the domain name, since the parties’ legal rights to the domain name are not affected by the outcome of the proceeding. Few bad faith cybersquatters, however, will likely file in court to recapture their registrations due to the prohibitive costs of litigation at that level.

III. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

The Anticybersquatting Consumer Protection Act (“ACPA” or the “Act”) was passed in 1999 as an addition to the Lanham Act. Like the ICANN dispute resolution mechanism, the ACPA was created to prevent people from registering others’ marks as domain names in an attempt to extract money from them, or to injure them commercially.

A. Jurisdictional Issues

The ACPA has two jurisdictional bases, personal and in rem. For a court to exercise personal jurisdiction, the state’s long-arm statute must reach the defendant’s alleged conduct, and the defendant must have “minimum contacts” with the forum state. In determining whether personal ju-
Personal jurisdiction exists based on a defendant's website, courts typically look to the type of activity on the website. If the defendant's website is passive, in that it simply provides information but cannot receive information or enable a transaction, then the mere availability of the website in a particular location will not necessarily form the basis for personal jurisdiction in that location. On the other hand, if the defendant's website is interactive, in that it encourages visitors to provide information or consummate a commercial transaction, then a court will probably find personal jurisdiction in any forum where such interaction takes place. The level of interactivity of a website reflects whether the owner has purposely availed itself of the privileges of the forum state to warrant a finding of personal jurisdiction.

Many cybersquatters, however, do not bother displaying a website at the domain names they have registered. In these cases, if the defendant "reached out" to the forum state by offering to sell domain names to a resident of the forum state, then the Due Process Clause should be satisfied, because the conduct at issue is aimed at having an effect in the forum state. However, merely registering a domain name, without

128. See Mink v. A.A.A.A. Dev. L.L.C., 190 F.3d 333 (5th Cir. 1999); Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 418 (9th Cir. 1997).

129. See Soma Med. Intl v. Standard Chartered Bank, 196 F.3d 1292, 1299 (10th Cir. 1999) ("Maintenance of a passive website, merely providing information to interested viewers, [does not] constitute the kind of purposeful availment of the benefits of doing business in Utah, such that [the defendant] could expect to be haled into court in that state."); GTE New Media, 199 F.3d at 1349 (comparing access to a passive website as "nothing more than a telephone call by a District resident to the defendant's computer servers. . ."); Bensusan Rest. Corp. v. King, 126 F.3d 25 (2d Cir. 1997).


131. See Justballs, 97 F. Supp. at 813.

132. See Panavision Intl, L.P. v. Toeppen, 141 F.3d 1316, 1322 (9th Cir. 1998) ("simply registering someone else's trademark as a domain name and posting a web site on the Internet is not sufficient to subject a party domiciled in one state to a jurisdiction in another."). But a defendant who "engaged in a scheme to register trademarks as his domain names for the purpose of extorting money from [plaintiff]" is subject to personal jurisdiction. Id.
more, does not automatically subject the registrant to jurisdiction in the forum of a plaintiff's choosing. For example, in one case, America Online attempted to sue a cybersquatter in the Eastern District of Virginia, where the cybersquatter's registrar (Network Solutions) was located. The court found that the mere act of registering a name with a registrar in a particular jurisdiction did not subject the registrant to jurisdiction in that locale.

The *in rem* action under the ACPA is thus a necessary addition to properly combat cybersquatting because domain name registrants can be located anywhere in the world, and many are not subject to personal jurisdiction in the United States. The Act allows a plaintiff to bring an *in rem* action to be brought "in the judicial district in which the domain name register, registry, or other domain name authority that registered or assigned the domain name is located." Thus, it allows a plaintiff to reach cybersquatters who reside outside of the United States and register domain names with registrars in the United States.

The *in rem* procedure is useful, but contains an important limitation: it only can be used to transfer the domain name and cannot be used as the sole jurisdictional basis to pursue a cause of action that might result in personal liability. Thus, claims of trademark infringement, dilution, and unfair competition cannot be asserted in an *in rem* action.

In order to institute an *in rem* action under the Act, the plaintiff must show either that the plaintiff was unable to obtain personal jurisdiction over the defendant, or that the

134. Id. at 856.
135. Prior to passage of the ACPA, *in rem* proceedings were unavailable under the Lanham Act. In one widely discussed, pre-ACPA case, Porsche attempted to bring an *in rem* action against dozens of unauthorized domain names incorporating Porsche's marks. Porsche Cars N. Am., Inc. v. Porsch.com, 51 F. Supp. 2d 707 (E.D. Va. 1999). The court rejected Porsche's efforts, ruling that the Lanham Act, at that time, only contemplated *in personam* relief.
136. 15 U.S.C. §1125(d)(2)(A); see also, FleetBoston Fin. Corp. v. FleetBoston-financial.com, 138 F. Supp. 2d 121 (D. Mass. 2001) (dismissing *in rem* claim filed in Boston because the domain name was registered with Network Solutions, which is located in Herndon, Virginia).
138. See id.
plaintiff, after due diligence, could not find the domain name registrant. Thus, personal and *in rem* jurisdictions under the Act are mutually exclusive. One court, *Heathmount A.E. Corp. v. Technodome.com*, noted that plaintiffs could be too quick to conclude that personal jurisdiction is lacking, and thus required the plaintiff to demonstrate "some indicia of due diligence in trying to establish personal jurisdiction over an individual who has been identified as a potential defendant but is not subject to jurisdiction." The court found that a domain name registrant living in Canada, whose only contact with Virginia was the act of registering the domain online, was not subject to personal jurisdiction in Virginia; thus the plaintiff could proceed with the *in rem* action. Accordingly, if the plaintiff can identify the domain name owner, then he or she bears the burden of proving that personal jurisdiction does not exist before obtaining *in rem* jurisdiction over the domain name itself.

If the plaintiff cannot identify the domain name registrant, the plaintiff must demonstrate that it exercised due diligence in attempting to identify the registrant before filing an *in rem* action. The ACPA provides that where a plaintiff (a) sends the registrant notice of the alleged violation to the postal and e-mail addresses listed in the registration, (b) informs the registrant of the plaintiff's intent to proceed under the Act, and (c) publishes notice of the lawsuit as directed by the court, such actions constitute due diligence. The plaintiff must also give the registrant sufficient time to respond to its notices before proceeding with the *in rem* action. For instance, in *Lucent Technologies, Inc. v. Lucentsucks.com*, the court held that filing an *in rem* action only eight days after the second demand letter was mailed and e-mailed was an insufficient waiting period to constitute "due diligence," and

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140. See Alitalia-Linee Aeree Italiane S.p.A. v. Casinoalitalia.com, 128 F. Supp. 2d 340 (E. D. Va. 2001) ("A mark owner may proceed either *in personam* against an infringer or, in certain circumstances where this cannot be done, the owner may proceed *in rem* against the domain name; a mark owner may not proceed against both at the same time").
142. See id.
144. Id.
violated the Due Process Clause.\textsuperscript{145} The court did not state a definitive rule as to how much time was sufficient, but implied that twenty days is probably enough time, and that less than ten days is certainly too little.\textsuperscript{146}

The ACPA provides that service under the \textit{in rem} section can be effected by satisfying the due diligence requirements, \textit{i.e.}, by sending a notice to the registrant by postal mail and e-mail, and publishing notice as the court may require.\textsuperscript{147} In \textit{Banco Inverlat v. www.inverlat.com}, the Eastern District of Virginia held that the publication requirement is discretionary, and can be waived by the court.\textsuperscript{148} The court found that where the registrant has had actual knowledge of the suit, ordering a publication would be useless.\textsuperscript{149} However, in \textit{Shri Ram Chandra Mission v. Sahajmarg.org}, the same district court distinguished \textit{Banco Inverlat}, and held that publication is not discretionary.\textsuperscript{150} Rather, the Court held that only the manner of publication is within the court’s discretion.\textsuperscript{151} The \textit{Shri Ram} court distinguished \textit{Banco Inverlat} based on the fact that in \textit{Banco Inverlat}, the registrant had actual notice of the suit, unlike the registrant in \textit{Shri Ram}.\textsuperscript{152} Accordingly, if a plaintiff can establish that the registrant has actual notice of the suit, it has a stronger chance of having the publication requirement waived.\textsuperscript{153}

Due in part to its peculiar requirements for serving defendants under the \textit{in rem} clause, the ACPA creates some doubt as to when the registrant has defaulted for failure to answer the complaint in time. As discussed above, the ACPA requires a plaintiff to send a notice of its intent to proceed \textit{before} it can file an \textit{in rem} complaint.\textsuperscript{154} And before plaintiffs

\begin{itemize}
\item \textsuperscript{145} Lucent Techs., Inc. v. LucentSucks.com, 95 F. Supp. 2d 528, 532 (E.D. Va. 2000).
\item \textsuperscript{146} See id. at 553-54.
\item \textsuperscript{147} See 15 U.S.C. §1125(d)(2)(B).
\item \textsuperscript{149} See id. at 523.
\item \textsuperscript{150} Shri Ram Chandra Mission v. Sahajmarg.org, 139 F. Supp. 2d 721, 723 (E. D. Va. 2001).
\item \textsuperscript{151} \textit{Id.} ("The discretion afforded by the statute to a district court is merely over the manner in which notice may be published (\textit{e.g.}, where notice is published, how often, etc.).")
\item \textsuperscript{152} \textit{Id.} at n.3.
\item \textsuperscript{153} See \textit{Banco Inverlat}, 112 F. Supp. 2d 521.
\end{itemize}
can file a complaint, the courts require them to give defendants sufficient time to respond, and have suggested that they wait twenty days.\textsuperscript{155}

Typically, the plaintiff serves the complaint on the defendant. The statute states that the due diligence requirement (that must be made before filing) constitutes service of the complaint.\textsuperscript{156} Thus, once the Plaintiff has discharged its due diligence requirement (both in terms of sending its notice of intent to proceed and waiting for a response), it has effectively served the defendant the complaint. A question then arises as to when the defendant has defaulted for failure to file a timely answer. Under Federal Rule of Civil Procedure 12(a), the defendant must answer within twenty days from receipt of service.\textsuperscript{157} Because the courts have suggested that plaintiffs should wait \textit{at least} twenty days after sending the intent to proceed before filing, the defendant would be in default on the very day the \textit{in rem} complaint was filed (or potentially some time before the complaint is filed, if the plaintiff waits longer than twenty days to file).

Where the defendant received actual notice, at least one court maintained the twenty day deadline.\textsuperscript{158} But it is unclear, however, whether a court would enter a default where there has been no response from the defendant, such as when the postal mail is returned “unclaimed” and the defendant does not respond to the e-mail (common facts in domain name disputes).

Because the idea of a default being issued before the complaint has been filed is so uncommon in our legal system (and may be susceptible to being deemed unconstitutional), plaintiffs should either send another letter to the registrant after the complaint has been filed and wait twenty days from that date, or move the court to order the registrant to appear or plead. Where the courts have been asked to order the reg-

\textsuperscript{157} Fed. R. Civ. P. 12(a)(1)(A) (“Unless a different time is prescribed in a statute of the United States, a defendant shall serve an answer within 20 days after being served. . .”). Also, Federal Rule of Civil Procedure 4(n) provides as follows, “If a statute of the United States so provides, the court may assert jurisdiction over property. Notice to claimants of the property shall be sent in the manner provided by the statute, or by service of a summons under this rule.”
\textsuperscript{158} Heathmount, 106 F. Supp. 2d at 868.
istrants to appear or plead, they have given them twenty days to do so, but in each case, the defendants had received actual notice of the proceeding.\textsuperscript{169} It remains to be seen whether a court would condone a default based solely on a failure to respond to a notice of intent to proceed.

B. \textit{Substantive Considerations in ACPA Actions}

To prevail on the merits under the ACPA, the plaintiff must show the following: (1) that its mark is either distinctive or famous; (2) the defendant's domain name is "identical or confusingly similar" to plaintiff's mark, or dilutive of its famous mark; and (3) the defendant acted with a bad faith intent to profit from the plaintiff's mark.\textsuperscript{160} One interesting difference between these elements and the elements under the ICANN Policy is that the ACPA prohibits domain names that are "dilutive" of a famous mark. The term "dilutive" broadens the field of potentially infringing domain names to include not only confusingly similar names, but also those that weaken the selling power of the famous mark.\textsuperscript{161} At least one appellate court has specifically adopted the criteria for determining fame set forth in the Federal Trademark Dilution Act.\textsuperscript{162}

The protection against trademark dilution in this context may encompass "[trademark] sucks" registrations, which have not consistently been deemed confusingly similar.\textsuperscript{163} In \textit{Lucent Technologies, Inc. v. Johnson}, the plaintiff stated a claim under the ACPA where the defendant's <lucent-sucks.com> domain allegedly displayed pornography.\textsuperscript{164} The court determined that a such an association could "corrode the positive associations of the plaintiff's mark, thereby re-

\textsuperscript{159} \textit{Id.} at 868; \textit{see also} Caesars World, Inc. v. Caesars-Palace.com, 112 F. Supp. 2d 505 (E.D. Va. 2000) (applying the established \textit{in rem} concepts found in admiralty and civil forfeiture proceedings to the ACPA).


\textsuperscript{161} Compare with ICANN Policy ¶ 4(a)(i) (the standard is "identical or confusingly similar" to a trademark or service mark in which the complainant has rights").

\textsuperscript{162} \textit{Sporty's Farm}, 202 F.3d at 497.

\textsuperscript{163} \textit{See supra} note 145.

ducing its value," which is actionable under a dilution theory.\textsuperscript{165}

Another facial difference between the ACPA and the ICANN Policy is the former's explicit inclusion of rights of publicity.\textsuperscript{166} The statute includes "a personal name," whereas the ICANN Policy only includes trademarks and service marks.\textsuperscript{167} While several ICANN decisions have transferred domain names based on rights of publicity, a panel could read the language of the Policy more narrowly.\textsuperscript{168} To date, no reported decisions involve application of the ACPA to publicity rights.

Like the ICANN dispute resolution system, the central issue under the ACPA is the defendant's bad faith.\textsuperscript{169} The Act sets forth a list of factors the courts may consider in determining whether a registration is actionable:

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

(2) 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;

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

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

(5) the person's intent to divert consumers from the mark owner's online location to a site accessible under the do-

\textsuperscript{165} Id. at 1638.

\textsuperscript{166} 15 U.S.C. 1125(d)(1)(A) ("A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section").

\textsuperscript{167} ICANN Policy, supra note 10, ¶ 4(a)(i) (respondent's "domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights") (emphasis added).


\textsuperscript{169} The ACPA has been interpreted to require a showing of bad faith in both \textit{in personam} and \textit{in rem} proceedings, before the domain name registration can be transferred, despite the concern that it may be difficult for plaintiffs to show bad faith in an \textit{in rem} proceeding since the defendant most likely will be absent. See Harrods Ltd. v. Sixty Internet Domain Names, 2000 WL 1175103 *7 (E.D. Va. 2000).
main 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;

(6) 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 and services, or the person's prior conduct indicating a pattern of such conduct;

(7) 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;

(8) 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

(9) 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 the list of factors for determining fame under subsection 43(c)(1) of section 43.

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful. 170

While these factors are similar to the bad faith factors found in the ICANN system, two important differences exist. The most significant is the absence of any requirement that the domain name registrant actually use the domain name. As discussed above, the ICANN Policy states that the complainant must show that the registration "has been registered and is being used in bad faith." 171 By contrast, the ACPA im-

171. See ICANN Policy, supra note 10, ¶ 4(a)(iii).
poses liability on any person who "registers, traffics in, or uses a domain name" in bad faith. While ICANN panels generally construe the use requirement to be easily satisfied, some do not. Due to this uncertainty, if the registrant's domain name is not being used, i.e., it is "under construction," or simply inactive, the ACPA's broader reach should be a factor to consider when determining which legal mechanism to employ. Because many cybersquatters register hundreds of names and never use them, the ACPA's broad reach is a truly significant feature.

The other difference is the treatment of the fair use defense. While the ACPA does not specifically articulate a fair use defense, "the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name" is a factor to be considered by the judge in determining bad faith. In addition, the statute provides a safe harbor for registrants that reasonably believe their use is fair. Fair use under the ACPA is articulated less clearly than the fair use defense set forth in the ICANN Policy, most likely because the ACPA's drafters were relying on the judiciary's settled First Amendment principles. The ICANN Policy's fair use defense is, by contrast, more specific. Registrants are

173. See supra note 6.
175. Id. At least one court has limited the safe harbor provision to some degree. In Virtual Works, Inc. v. Volkswagen of Am., the court held that a defendant "who acts even partially in bad faith in registering a domain name is not, as a matter of law, entitled to benefit from the safe harbor provision." 238 F.3d 264, 270 (4th Cir. 2001).
176. The extent of the First Amendment's influence on domain name disputes is still largely undetermined. In Name.Space, Inc. v. Network Solutions, Inc., 202 F.3d 573 (2nd Cir. 2000), the court stated in dicta that "there is nothing inherent in the architecture of the Internet that prevents new gTLDs from constituting expressive speech ... the functionality of domain names does not automatically place them beyond the reach of the First Amendment." Id. at 585 (finding that three letter gTLDs, such as <.com>, <.net>, and <.org> were not expressive speech, but rejecting the notion that alphanumeric addresses are merely source identifiers rather than communicative messages as being too monolithic). However, in the case of most domain name disputes between private parties that are resolved by private arbitrators under the ICANN system, the "state" action requirement appears to be conspicuously lacking. See Nat'l Adver., Inc. v. Network Solutions, Inc., 121 F. Supp. 2d 156 (D. N.H. 2000) (finding Network Solutions was not a state actor such that its denial of a domain name application did not violate the plaintiff's constitutional rights).
required to represent that "[they] are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue." While this language could be construed generously, it is susceptible to a narrow construction that would, for example, deny a fair use defense where the domain name tarnished the trademark owner.

Another reason courts are likely to be more "speech conscious" than the private ICANN panels is that as instrumentalties of the state applying legislation, a court's transfer of property (a domain name registration) may be considered sufficient state action to trigger constitutional restraints. By contrast, the private ICANN panels may be less apt to feel bound by the First Amendment, and will simply look to the language of the Policy that has been incorporated into the registration contract. Due to constitutional concerns and broader statutory language, courts are more likely to classify a domain name holder's activities as protected speech. For example, in Northland Insurance Cos. v. Blaylock, Patrick Blaylock, the domain name holder, registered <northlandinsurance.com> to voice his criticisms of the plaintiff's business practices after an insurance coverage dispute arose. The plaintiff charged Blaylock with trademark infringement, trademark dilution, and cybersquatting under the ACPA, and moved for a preliminary injunction. The court denied the preliminary injunction on all three claims. Regarding the cybersquatting claim, the court found that the defendant's domain name was noncommercial use, stating, "While the defendant admits he intends to attract Internet users interested in plaintiff's business, the record does not reflect that he

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178. ICANN Policy, supra note 10, ¶ 4(c).
182. Id. at 1114.
183. Id. at 1125.
does so for commercial purposes."\textsuperscript{184}

The courts generally use the nine indicia of bad faith listed in the statute,\textsuperscript{185} but they have also considered other factors, as the ACPA clearly contemplates. As one example, in \textit{Sporty's Farm L.L.C. v. Sportsman's Market, Inc.}, the court found bad faith even when the counterclaim defendant, owner of the \texttt{<sportys.com>} domain name, did not seek to sell the domain name back to the trademark owners.\textsuperscript{186} The court analyzed all nine factors, but was most moved by the "unique circumstances" of the case,\textsuperscript{187} which included evidence that the defendant's parent corporation knew of the plaintiff's SPORTY'S trademark for aviation goods and services at the time of registration, and was planning to go into direct competition with it in these markets.\textsuperscript{188} The court determined that the defendant registered "for the primary purpose of keeping Sportsman's from using that domain name."\textsuperscript{189} The court did not believe the counterclaim defendant's testimony that it chose the name because of a dog named "Spotty," characterizing such explanation as "more amusing than credible."\textsuperscript{190}

In \textit{Shields v. Zuccarini}, the plaintiff operated a popular website at \texttt{<www.joecartoon.com>} which featured plaintiff's

\textsuperscript{184} \textit{Id.} at 1124. There are, of course, cases where the federal courts have not been particularly sensitive to First Amendment concerns. For instance, in \textit{People for the Ethical Treatment of Animals v. Doughney}, 263 F.3d 359 (4th Cir. 2001), the court rejected defendant's parody defense because the domain name itself did not convey the contradictory messages simultaneously. Rather, the court reasoned, the internet user would not realize that they were not at the official PETA website until they entered it. \textit{Id.} at 367. This ruling virtually requires parody or "cyber griper" websites to incorporate their message within the domain name itself. This conclusion appears to be at odds with the line of cases holding that initial interest confusion is not actionable unless the parties' goods are somewhat competitive. \textit{See Brookfield}, 174 F.3d at 1056; \textit{Chatam Int'l v. Bodum, Inc.}, 157 F. Supp. 2d 549, 558 (E.D. Penn. 2001) ("Where companies are non-competitors initial interest confusion does not have the same consequences ....").

\textsuperscript{185} \textit{See Northland}, 115 F. Supp. 2d at 1124 n.8.


\textsuperscript{187} \textit{Id.} at 499.

\textsuperscript{188} \textit{Id.}

\textsuperscript{189} \textit{Id.}

\textsuperscript{190} \textit{Id.} Sporty's Farm was not actually formed until nine months after the domain name was registered and did not begin its operations until after the lawsuit was filed. \textit{See id.} at 498. This court, like most of the others that have addressed similar fact patterns, was not fooled by the defendant's attempts to create the appearance of an innocent domain name registration. \textit{Id.} at 489.
humorous animations. The defendant registered the domains <joescartoon.com>, <joecarton.com>, <joescartoons.com>, and <cartoonjoe.com>, which featured advertisements for other sites and credit card companies. Visitors who accidentally misspelled the Joe Cartoon web address were "mousetrapped" in the defendant's site, prevented from easily exiting by a succession of ads that came up on the screen.

The same day the suit was filed, the defendant changed the site's contents to a protest against the content of Joe Cartoon animations. The court easily concluded that the defendant registered with the required bad faith: he had no bona fide intellectual property rights to the name, the name was not his personal name, and he admitted in court that he registered thousands of names and their misspellings in an effort to divert Internet traffic to his sites. The defendant argued that he was entitled to prevail on a fair use defense because he reasonably believed that his use was lawful and proper political speech. The court was not convinced, finding that the timing of his conversion to protest, combined with the fact that 99% of his other domain names were commercial in nature, undermined his claimed intentions.

Ultimately, the Shields court found for the plaintiff, and awarded him statutory damages of $50,000 ($10,000 for each infringing domain name), attorney's fees of $35,798.50, and costs of $3,310.96. The ACPA allows plaintiffs to elect ei-

191. Shields v. Zuccarini, 89 F. Supp. 2d 634 (E.D. Pa. 2000), aff'd, 254 F.3d 476 (3d Cir. 2001). On appeal, the Third Circuit rejected defendants' argument that the ACPA was not meant to prevent intentional misspellings, also known as "typosquatting." Id. at 483.
192. Id. at 635.
193. Id.
194. Id. Joe Cartoon's page featured the creation "Frog Blender" and "Micro-Gerbil" which the defendant, in his self-proclaimed "Political Protest" page, claimed encouraged children to mutilate animals.
195. Id. at 640.
196. Id.
ther actual or statutory damages, which may amount to between $1,000 and $100,000 per infringing domain name. The defendant argued that the statutory damages provision did not apply to his conduct because he registered the names before the ACPA became effective. The court rejected this argument, reasoning that the defendant’s use continued after the effective date, thus justifying the stiffer remedies. The availability of statutory damages and attorney’s fees is a major advantage of suing under the ACPA. Since professional cybersquatting defendants often have hundreds or thousands of illegitimate domain names, simply losing several of them in a court ordered transfer does not seriously affect their operations. A case like Shields properly encourages and compensates the plaintiff, and could act as a deterrent to future piracy.

Cases such as Cello Holdings, L.L.C. v. Lawrence-Dahl Cos., however, can discourage the plaintiff. In this case, the owner of the trademark CELLO sued the domain registrant of <cello.com>. The defendant had registered many domain names, including <gotmilk.com>, <4nasdaq.com>, and <thenyse.com>, advertised them for sale to the public, and offered to sell the <cello.com> registration to at least nine different entities for $4,800. Such facts would typically suggest bad faith; however, the judge in this case was cautious, finding a disputed issue of fact on intent, due in part because the defendant had registered common nouns and did not tar-

199. Statutory damages must be affirmatively elected. In Morrison & Foerster LLP v. Wick, 94 F. Supp. 2d 1125 (D. Colo. 2000), the court found, after a full trial, that the defendant violated the ACPA, but refused to grant statutory damages because while the plaintiff reserved the right to seek statutory damages in its complaint, it never actually elected the remedy. Id. at 1136.


201. Shields, 89 F. Supp. 2d at 640.


203. Courts interpreting the ACPA have evidenced a willingness to impose significant statutory damages awards. In Elec. Boutique Holdings Corp. v. Zuccarini, 56 U.S.P.Q. 2d 1705 (E.D. Pa. 2000), the court awarded the plaintiff $500,000 in statutory damages, $100,000 for each of the five infringing domain names registered by defendant Zuccarini. In another recent case, the Southern District of Texas awarded a prevailing ACPA plaintiff $25,000 in statutory damages. E & J Gallo Winery v. Spider Webs Ltd., 129 F. Supp. 2d 1033 (S.D. Tex. 2001).


205. See id. at 467-68.
get a specific company. These facts, the court reasoned, created an issue as to whether the defendant 'had reasonable grounds to believe that the use of <cello.com> was a 'fair use' or 'otherwise lawful.' In considering the motion for summary judgment, the court did not find bad faith on the part of the defendant. This result was certainly a disappointment for the plaintiff who was forced to either proceed with going to trial to clear the domain name, or settle with the holder of the name. Of course, this is the very dynamic that fuels the cybersquatting industry.

IV. TRADEMARK INFRINGEMENT AND DILUTION

Before the ICANN system and the ACPA, trademark owners generally relied on dilution statutes to avoid paying cybersquatters' demands. One of the most well-known of these cases is Panavision Int'l v. Toeppen. In that case, the defendant registered the domain names <panavision.com> and <panaflex.com>, and then demanded $13,000 for the sale of the domain names to the trademark owner. The defendant was savvy enough to create the appearance of a good faith registration by displaying a map of Pana, Illinois, at the site, hence justifying its website as providing "Pana-vision." Ultimately the court saw through this charade and found for the plaintiff. However, in reaching this equitable result, the court had to stretch the Federal Trademark Dilution Act in several ways, including creating a third type of dilution (in addition to blurring and tarnishment), interpreting the attempt to sell the domain name as "commercial use," and

206. Id. at 474. The court also decided there was a factual issue as to whether the mark CELLO was distinctive when applied to sound equipment. This is a surprising result, since the plaintiff had owned a registration since 1995, and the term "cello" could hardly be said to describe high-end stereo equipment. The court found that because there were approximately twenty other registrations for CELLO, the presumption of distinctiveness could be overcome. Id. at 473-74.

207. Id. at 474. See also Hartog & Co. v. Swix.net, 136 F. Supp. 2d 531 (E. D. Va. 2001) (finding defendant's use of <swix.com> and <swix.net> was in good faith where he was unaware of plaintiff's business before the dispute).

208. Panavision Int'l v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).

209. Id. at 1318.

210. See id.

211. Id. at 1326.

212. Id. at 1325.
construing the "famous mark" requirement liberally to afford the protection sought.\textsuperscript{213} Even with these generous concessions, the Federal Trademark Dilution Act could not remedy the cybersquatting problem adequately, because many of the potentially targeted marks would clearly not meet the fame requirement. In response, Congress amended the Lanham Act as discussed above.

Despite the new developments, dilution and infringement actions still are potential weapons in domain name disputes. If a defendant is using a domain name in a way that blurs or tarnishes an owner's famous mark, yet evidence of bad faith is scant, then the dilution claim may be the best choice. Also, if competing online companies have a dispute over the rights to confusingly similar trademarks and domain names, both obtained in good faith, then the traditional trademark infringement action would be most appropriate. These traditional claims have been successfully used together. Finally, as with the ICANN proceedings and the ACPA, traditional infringement and dilution claims do not generally reach non-commercial use of a trademark, including use in a domain name.\textsuperscript{214}

As one example, in \textit{Northern Light Technology, Inc. v. Northern Lights Club}, the owner of the mark NORTHERN LIGHT sued the holder of the domain name <northern-lights.com> under both a cybersquatting theory and a trademark infringement theory.\textsuperscript{215} The court held that there was a likelihood of success on the merits on the infringement claim, finding that the defendant's use of the domain name for a search engine was similar to the plaintiff's search engine, even though the scope of the navigation aids differed.\textsuperscript{216} The court also found that the channels of trade were identical, both being on the Internet.\textsuperscript{217} As for the ACPA claim, the

\textsuperscript{213} \textit{Id.} at 1327.  
\textsuperscript{215} \textit{N. Light Tech., Inc. v. N. Lights Club}, 97 F. Supp. 2d 96 (D. Mass. 2000), aff'd, 236 F.3d 57 (1st Cir. 2001). For other recent cases where traditional infringement and/or dilution claims were used to combat confusingly similar terms in domain names, see \textit{Cline v. 1-888-Plumbing Group, Inc.}, 146 F. Supp. 2d (S.D.N.Y. 2001); \textit{Transunion L.L.C. v. Credit Research, Inc.}, 142 F. Supp. 2d 1029 (E.D. Ill. 2001).  
\textsuperscript{216} \textit{Northern Light Tech.}, 97 F. Supp. 2d at 110.  
\textsuperscript{217} \textit{Id.} at 111.
court found the marks confusingly similar in a direct comparison, and it easily found bad faith where the defendant also owned registrations for <rollingstones.com>, <yankees1.com>, and many others.\textsuperscript{218}

\textbf{V. CONCLUSION}

In the last two years, owners of trademarks were provided two new legal weapons in the fight against cybersquatting – the ICANN dispute resolution system and the Anticybersquatting Consumer Protection Act. Each of these new mechanisms requires the complainant/plaintiff to establish that (1) the alleged cybersquatter has registered a domain name identical or confusingly similar to its trademark; (2) the alleged cybersquatter has no legitimate rights or interests in the disputed domain name; and (3) the cybersquatter registered the domain name in bad faith. Both mechanisms provide a number of factors that a panel or a court can use to determine if a registration was made in bad faith. A tribunal will be increasingly likely to find bad faith under the following circumstances: (1) if the holder of the domain name has offered to sell the domain at a price above the cost of registration; (2) if the disputed domain displays nothing but a counter and contact information; (3) if the holder did not give truthful contact information to the registrar; or (4) if the defendant/respondent does not respond to the complaint.

While considerable overlap exists between the legal standards of the ICANN proceedings and those of the ACPA, important substantive distinctions exist. In at least two ways, the ACPA is broader. The ACPA imposes liability upon mere registration of a domain name in bad faith, where at least some panels have required the complainant to demonstrate that the respondent has actually used the domain name. Moreover, the ACPA explicitly allows rights of publicity to be asserted against a registrant, and broadens the "confusingly similar" requirement with the inclusion of "dilutive" marks. These characteristics can make the ACPA a more powerful weapon for trademark owners. However, when it comes to "fair use" issues, courts applying the ACPA are generally more hesitant to transfer domain names and web sites that

\textsuperscript{218} Id. at 119.
criticize trademark owners.

Significant procedural and practical distinctions also exist between the mechanisms. Due to the potential costs involved with pursuing a case in court, the ICANN system may be preferred, especially if the complainant's primary goal is simply to have the domain name transferred. Suing under the ACPA can become expensive and time consuming if the defendant answers the complaint and the discovery process begins. However, the discovery mechanisms afforded by the ACPA might be valuable in cases where the plaintiff cannot quickly and easily establish bad faith. If bad faith is not immediately evident from the circumstances of the case, the ICANN approach may not be the preferred mechanism, given that an ICANN complainant typically only has one pleading—its complaint—in which to prove its case.

Of course, if a plaintiff seeks money damages to compensate for lost profits or to disgorge the defendant's ill-gotten profits, then the ACPA is the preferable choice. Or, if the trademark owner suspects he is dealing with a serious cybersquatting enterprise, he may wish to sue under the ACPA in order to recover statutory damages and attorney's fees. Such a course of action is more likely to prevent the cybersquatter from registering other confusingly similar marks that the trademark owner may not have registered. Furthermore, if the trademark owner would like to assert other claims against the alleged cybersquatter, such as state unfair competition claims, the ACPA is the obvious choice.

In sum, neither of these remedies is necessarily “better” than the other for parties seeking to enforce their trademark rights against cybersquatters. The choice between them will necessarily depend upon the situation, and must be examined on a case-by-case basis. And, while neither remedy is perfect, there can be no question that both of these mechanisms have offered trademark owners with powerful new tools in the ongoing battle against cybersquatters.