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Law and Order on the Wild, Wild West (WWW)

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Jeffrey J. Look*

I. INTRODUCTION

In an article I wrote about two years ago, I compared the virtual world of the Internet to the old west of the late nineteenth century.¹ During much of the 1990s, the Internet was like the old west. There were those who saw, and many who still see, the Internet as a wide expanse of land that should be free for anyone to exploit in any manner one sees fit even if it means using the name and reputation of another to promote or drive traffic to their place in cyberspace. Others, however, want some measure of control over how their intellectual property, including their names, marks, and reputations, are used. Until the beginning of this decade, the tools to help intellectual property owners effectively control the infringing uses of their names, marks, and reputations were not fully adequate. However, like Wyatt Earp and his brothers riding into town to bring order to chaos, Congress and the Internet Corporation for Assigned Names and Numbers (ICANN)² stepped in to give intellectual property owners additional weapons to control infringers, while at the same time providing a procedure that would guard against the larger, stronger intellectual property owner unfairly using that muscle to take away domain names from smaller, legitimate users. Those new tools are the Anti-Cybersquatting Consumer Protection Act (ACPA)³ and the Uniform Domain Name Dispute Resolution Policy (UDRP).⁴

While other, more traditional tools are still available to use in domain name disputes, such as claims of traditional trademark infringement under the Lanham Act,⁵ claims under federal⁶ or state trademark dilution statutes,⁷

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1. Jeffrey J. Look, *The Virtual Wild, Wild West (WWW): Intellectual Property Issues in Cyberspace—Trademarks, Service Marks, Copyrights, and Domain Names*, 22 U. ARK. LITTLE ROCK L. REV. 49 (1999).

2. ICANN is a technical coordination body for the Internet. The non-profit corporation has responsibility for “[Internet protocol], address space allocation, protocol parameter assignment, domain name system management, and root system server management functions.” ICANN, *About ICANN*, at <http://www.icann.org/general/abouticann.htm> (last updated Apr. 17, 2002).

3. 15 U.S.C. § 1125(d) (2000).

4. ICANN, *Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last updated May 17, 2002) [hereinafter ICANN, *Resolution Policy*].

5. 15 U.S.C. § 1114(1) (2000).

6. 15 U.S.C. § 1125(c) (2000).

and common law unfair competition, the purpose of this article is to focus primarily on how the ACPA and the UDRP have been used in the roughly two years since their implementation.

II. FUNCTIONAL DIFFERENCES BETWEEN TRADEMARKS AND DOMAIN NAMES

The primary purpose of a trademark or service mark is to identify and distinguish the goods and services of one producer or provider of services from those of another.⁸ In order for one to have a valid and enforceable mark, one must necessarily use it for this purpose. If a mark is not used to identify the source of goods and services to consumers, there is no trademark or service mark to enforce.⁹

It is also a well established concept under traditional trademark and unfair competition law that, in determining whether the mark of one party has been infringed by a mark used by a competitor, there must be a consideration of several factors to determine the likelihood of confusion between the marks.¹⁰ One key factor in analyzing the likelihood of confusion between

7. See, e.g., TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 2002); ARK. CODE ANN. § 4-71-213 (LEXIS Repl. 2001).

8. See 15 U.S.C. § 1127 (2000). Under the Lanham Act, a trademark is defined as: [A]ny word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate [their source].

Id. A service mark is designed "to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown." *Id.*

9. See generally *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), *superseded by statute as stated in Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636 (D.C. Cir. 1982); *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311 (1871).

10. See *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361-62 (C.C.P.A. 1973). In determining the likelihood of confusion, the Fifth Circuit has employed the "digits of confusion" test. *Sunbeam Prods., Inc. v. W. Bend Co.*, 123 F.3d 246, 257 (5th Cir. 1997), *overruled on other grounds by Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).

The factors to be weighed in this calculus include (1) similarity of the two products; (2) identity of retail outlets and purchasers; (3) identity of advertising media; (4) strength of the trademark or trade dress; (5) intent of the defendant; (6) similarity of design; (7) actual confusion; and (8) degree of care employed by consumers.

Id.; *Blue Bell Bio-Med. v. Cin-Bad, Inc.*, 864 F.2d 1253, 1259-60 (5th Cir. 1989). The United States Patent and Trademark Office (PTO) is subject to the jurisdiction of the Court of Appeals for the Federal Circuit and the decisions of its predecessor court, the Court of Customs and Patent Appeals. Therefore, the PTO follows the test announced in *In re E.I.*

marks involves the relationship between the goods or services of the parties.¹¹ If there are significant differences between the nature of the goods and services, then greater similarity between the marks of the parties would be permissible.¹² If the goods and services are very disparate, then even identical marks can be used with no likelihood of consumer confusion.¹³ Furthermore, there is no requirement that the defendant have any actual intent to infringe another's mark in order to be found guilty of infringement.¹⁴ While a defendant's willful and deliberate intent to infringe a mark is certainly relevant to an award of damages or attorney's fees,¹⁵ courts can still enjoin those who are innocently infringing from using the infringing mark.¹⁶

The primary technical function of domain names is to identify a *single location* on the World Wide Web. Unlike trademarks, there is no require-

DuPont DeNemours & Co., 476 F.2d at 1361. This test considers:

(1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression; (2) [t]he similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; (3) [t]he similarity or dissimilarity of established, likely-to-continue trade channels; (4) [t]he conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing; (5) [t]he fame of the prior mark (sales, advertising, length of use); (6) [t]he number and nature of similar marks in use on similar goods; (7) [t]he nature and extent of any actual confusion; (8) [t]he length of time during and conditions under which there has been concurrent use without evidence of actual confusion; (9) [t]he variety of goods on which a mark is or is not used (house mark, "family" mark, product mark); (10) [t]he market interface between applicant and the owner of a prior mark . . . ; (11) [t]he extent to which applicant has a right to exclude others from use of its mark on its goods; (12) [t]he extent of potential confusion, i.e., whether *de minimis* or substantial; [and] (13) [a]ny other established fact probative of the effect of use.

Id. In the Eighth Circuit the test for determining likelihood of confusion includes the following factors: (1) the strength of the trademark; (2) the similarity between the parties' marks; (3) the competitive proximity of the parties' products; (4) the alleged infringer's intent to confuse; (5) evidence of actual confusion; and (6) the degree of care reasonably expected of potential consumers. *Duluth News-Tribune v. Mesabi Publ'g Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996); *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 774 (8th Cir. 1994).

11. UNITED STATES PATENT AND TRADEMARK OFFICE, U.S. DEP'T. OF COMMERCE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1207.01(a)(i) (2d ed. 1993, rev. vol. 1997).

12. *See id.*

13. *See id.*; *Local Trademarks, Inc. v. Handy Boys, Inc.*, 16 U.S.P.Q.2d (BNA) 1156, 1158 (Trademark Trial & Appeal Bd. 1990).

14. *See Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 915 (Fed. Cir. 1984).

15. 15 U.S.C. §§ 1114(1), 1117 (2000).

16. *See, e.g., Nalpac, Ltd. v. Corning Glass Works*, 784 F.2d 752 (6th Cir. 1986); *Bandag*, 750 F.2d at 903; *Consumers Petroleum Co. v. Consumers Co. of Ill.*, 169 F.2d 153 (7th Cir. 1948).

ment that domain names actually be used. Furthermore, many of the statutory bars to registration of a trademark¹⁷ do not apply to domain name registration.¹⁸ Domain names can be highly descriptive or generic, i.e., "www.lawfirm.com" or "www.usedcars.com." Domain names can be surnames or geographic in nature. Many companies naturally want to use their trademarks and service marks as domain names because people searching the web for a particular company's web site or products will logically and instinctively use the company's name, trademarks, or service marks to run the search. If the company's business is primarily conducted over the Internet, having the same trademark and domain name is critical. As discussed above, there can be multiple users of the same trademark, but only one person can use any particular domain name. Furthermore, there is no requirement that the domain name registrant have actual trademark rights in the name in order to register it. Because of these fundamental differences between domain name use and trademark use, conflicts often arise between those who own the domain name registration and trademark owners.

III. TAMING THE VIRTUAL WILD, WILD WEST

Prior to the effective dates of the ACPA and the UDRP, the legal tools available for dealing with conflicts between trademark owners and domain name registrants were not fully adequate. Until May 1999, Network Solutions, Inc. (NSI) was the only official domain name registrar in the United States.¹⁹ NSI established a domain name dispute policy and placed it in the standard registration agreement to which all domain name registrants consented when registering their name.²⁰ When domain name registration was expanded to multiple registrars, many of the new registries simply adopted the NSI dispute policy. With regard to the old domain name dispute resolution policy, there was a requirement for *substantially exact matches* between the trademark registration and the domain name.²¹ If there were any minor differences, such as extra words in the domain name or the trademark regis-

17. The statutory bars to federal trademark registration can be found in section 2 of the Trademark Act, 15 U.S.C. § 1052 (2000). Included among the statutory bars are marks which are merely descriptive and misdescriptive; marks which are geographically descriptive or deceptively geographically misdescriptive; marks which are confusingly similar to other registered marks; and marks which are scandalous, offensive, deceptive, create false associations with, or are disparaging of persons, institutions, and beliefs. *See id.*

18. *See Sporty's Farm L.L.C. v. Sportsman's Mkt. Inc.*, 202 F.3d 489, 493 (2d Cir. 2000).

19. *See id.*

20. The details of the old dispute policy are chronicled in my prior law review article. Look, *supra* note 1.

21. *See id.* at 61-62; *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997).

tration, even if the words were generic, then there was no substantial similarity. Another difficulty was the usefulness of the “cease and desist” letter requirement stating that the letters had to be sent to NSI’s “whois.net”²² address of record. Many domain name registrants used false addresses or failed to supply forwarding addresses if they moved, so cease and desist letters that were sent would often come back unclaimed. NSI would then decline to impose the policy because there was no proof that the registrant had received the notice. Some trademark owners would actually track down the domain name owner, serve them with a cease and desist letter, prove they served it—maybe even with a written response from the domain name owner—and NSI would still refuse to impose the policy because the addresses were not the same as in its whois.net database.

It was frustrating to people, particularly to famous entertainers and athletes, who did not have federal trademark registrations for their names. A person without a federal trademark registration could not take advantage of the policy at all, regardless of how famous or well known he or she was. On the other hand, conflicts often arose between large, well-funded companies and individuals who could take advantage of their deep pockets in weeding out someone who might have had a legitimate right to use a similar or even identical name.²³ There was also a penalty for filing a lawsuit prior to taking advantage of the dispute policy.²⁴ If the complainant failed to follow all the dispute policy steps *before* filing a lawsuit, the cybersquatter could submit a copy of the complaint to NSI and keep the domain name active during the pendency of the dispute.²⁵

A. A New Sheriff Rides into the Wild, Wild West: The New Uniform Domain Name Dispute Resolution Policy (UDRP)

In an effort to improve the domain name dispute process and standardize it among multiple registries, ICANN developed and implemented the

22. “Whois.net” is a domain based research service containing the name, address, and technical information of each domain name registrant.

23. For example, if the domain name was “alanjackson.com” and the registrant, actually named Alan Jackson, was a small town school teacher using the name for a Web site he created to post pictures of his class field trip, the country singer could use the policy—assuming he met all the initial requirements—to put the domain name on hold and effectively take it away from the school teacher. This has been dubbed “reverse domain name hijacking.” *See, e.g., Giacalone v. Network Solutions, Inc.*, No. C-96 20434 RPA/PVT, 1996 WL 887734, at *1 (N.D. Cal. June 14, 1996) (finding toy maker Ty, Inc. had reverse hijacked the domain name “ty.com” from a man who registered the domain name in honor of his three-year-old son, Ty).

24. *See Look, supra* note 1, at 62.

25. *See id.*

UDRP. The UDRP took effect on January 3, 2000,²⁶ and all registrars in top-level domains follow the policy.²⁷

1. *Key Provisions of the UDRP*

A domain name registrant is required to submit to a mandatory administrative proceeding in the event that a third party (“complainant”) asserts to one of the four independent dispute resolution providers:

that (i) [the registrant’s] domain name is identical or *confusingly similar to a trademark or service mark in which the complainant has rights*; (ii) [the domain name registrant has] *no rights or legitimate interests in respect of the domain name*; and (iii) the domain name *has been registered and is being used in bad faith*.²⁸

The complainant *must prove* that each of these three elements is present.²⁹

In order to determine whether the domain name has been registered and is being used in bad faith, the following circumstances can be used as evidence:

• “BUY IT FROM ME OR I WILL SELL IT TO YOUR COMPETITOR”

Circumstances indicating that the domain name registrant has registered 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 registrant’s] documented out-of-pocket costs directly related to the domain name; or³⁰

• “I AM A JERK AND I AM NOT GOING TO LET YOU USE THE NAME PERIOD”

The domain name registrant 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 domain name registrant has] engaged in a pattern of such conduct*”³¹ (e.g., has registered numerous domains for this purpose in the past); or

26. ICANN, *Approved Process for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/dndr/udrp/provider-approval-process.htm> (last updated Feb. 5, 2002).

27. ICANN, *Resolution Policy*, *supra* note 4.

28. *Id.* para. 4(a) (emphasis added).

29. *Id.* (emphasis added).

30. *Id.* para. 4(b)(i).

31. *Id.* para. 4(b)(ii) (emphasis added).

- “I DO NOT LIKE YOU AND I AM GOING TO MESS WITH YOUR BUSINESS”

The domain name registrant has “registered the domain name primarily for the purpose of disrupting the business of a competitor; or”³²

- “I AM GOING TO PROMOTE MY OWN STUFF USING YOUR NAME AND REPUTATION”

[B]y using the domain name, [the domain name registrant has] intentionally attempted to attract, for commercial gain, Internet users to [its] web site or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of [the] web site or location or of a product or service on [the] web site or location.³³

Under the new dispute policy, domain name registrants who are served with a complaint can use any of the following defenses to demonstrate “good faith” or legitimate interests in the domain name and thereby defeat the complaint and keep the domain name.³⁴

- “I DID NOT KNOW THIS WAS YOUR NAME/MARK”

If before any notice to the domain name registrant of the dispute, the domain name registrant can demonstrate “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”³⁵

- “THIS IS MY REAL NAME TOO”

The domain name registrant “has been commonly known by the domain name,” either as a given name or a nickname, even if it has “acquired no trademark or service mark rights; or”³⁶

- “FAIR USE”

The domain name registrant 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.”³⁷

The only remedy available under the new domain name dispute policy is the cancellation or the transfer of the domain name registration to the complainant.³⁸ Damages, attorney’s fees, and/or injunctions are not available through the ICANN mandatory administrative proceeding.³⁹

32. *Id.* para. 4(b)(iii).

33. ICANN, *Resolution Policy*, *supra* note 4, para. 4(b)(i)–(iv).

34. *Id.* para. 4(c).

35. *See id.* para. 4(c)(i).

36. *See id.* para. 4(c)(ii).

37. *Id.* para. 4(c)(iii).

38. *Id.* para. 4(i).

39. ICANN, *Resolution Policy*, *supra* note 4.

If an administrative panel decides that a respondent's domain name registration should be canceled or transferred, the registry will not take any action for ten business days after it receives notice of the decision.⁴⁰ The purpose of the delay is to give the respondent a chance to file a lawsuit to stop the action.⁴¹ If the panel receives official documentation indicating that a suit has been filed, then no further action is taken until the domain name registry receives evidence satisfactory to the organization (i) of a resolution between the parties; (ii) that the lawsuit has been dismissed or withdrawn; or (iii) of a copy of an order from a court dismissing the lawsuit or ordering that the respondent does not have the right to continue to use the disputed domain name.⁴²

2. *The Four Dispute Providers*

The administrative proceedings are currently conducted by one of four providers.⁴³ The providers are the eResolution Consortium (eRES), the National Arbitration Forum (NAF), the World Intellectual Property Organization (WIPO), and the Center for Public Resources Institute for Dispute Resolution (CPR).⁴⁴

Since implementation of the policy two years ago, there have been thousands of disputes handled by the various providers. For example, 3656 cases have been filed with WIPO since the implementation of the UDRP.⁴⁵ The NAF has handled 2030 UDRP cases.⁴⁶ eRES has handled 346 cases,⁴⁷ and CPR, the newest dispute provider, has handled 41 cases.⁴⁸

The main advantage of using the UDRP over filing a lawsuit is that it can generally provide an inexpensive and quick resolution for domain name disputes. Because there is no discovery process and no absolute right to file endless replies and subreplies after the initial filing of the complaint and response,⁴⁹ the costs of a UDRP proceeding can be much less than seeking a

40. *Id.* para. 4(k).

41. *See id.*

42. *Id.*

43. ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/approved-providers.htm> (last updated Mar. 1, 2002).

44. *Id.*

45. WIPO Arbitration and Mediation Center, *Case Results: gTLDs*, at <http://arbitrator.wipo.int/domains/statistics/results.html> (last visited May 23, 2002).

46. National Arbitration Forum, *Domain Name Dispute Proceedings and Decisions*, at <http://www.arbforum.com/domains/decisions.asp> (last visited May 23, 2002).

47. Resolution Consortium, *Domain Name Administrative Decisions*, at <http://www.eresolution.ca/services/dnd/decisions.htm> (last updated Dec. 28, 2001).

48. CPR, *Dispute Resolution for Internet Domain Names—Cases and Published Decisions*, at http://www.cpradr.org/ICANN_Cases.htm (last visited May 23, 2002).

49. ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy*, Rule 12, at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last updated Feb. 5, 2002) [hereinafter

preliminary injunction in court. However, using the UDRP effectively requires thorough advance preparation, investigation, and research. The difference between winning and losing a UDRP proceeding depends on how much evidence a complainant or respondent can submit in support of his or her respective positions with his or her single brief to the panel deciding the case. Not every case is right for a UDRP proceeding. Filing under the UDRP is ideal, however, in cases where the respondent has not actually created a Web site, where no imminent need exists to stop active trademark infringement, dilution, or to pull the plug on pornography, and where the client will be satisfied with a transfer of the domain name.

3. *Star-Studded UDRP Cases*

Numerous celebrities have used the UDRP to successfully obtain transfers of Internet domain names from cybersquatters. Examples of celebrities who have used the UDRP to get back their names are Julia Roberts, Sade, Celine Dion, Julie Brown, and Madonna.⁵⁰ Celebrities who lost their UDRP cases include former Police lead singer Gordon Sumner ("Sting"), Bruce Springsteen, and the Backstreet Boys.⁵¹ How did Sting, Bruce Springsteen, and the Backstreet Boys lose when Julia Roberts, Sade, Celine Dion, and Madonna all managed to prevail? It was not based on the sex of the complainant, although from a cursory glance of the case names it would appear that way. In Sting's case, the respondent, Michael Urvan, was successful in large part because of the documentation submitted with his response.⁵² Urvan successfully showed: (1) that he personally was using "Sting" as a nickname and cyberidentity well before registering the sting.com domain name,⁵³ (2) the word "sting" had a common English language meaning, i.e.,

ICANN, *Rules*].

50. See, e.g., *Dion v. Burgar*, No. D2000-1838 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1838.html>; *Roberts v. Boyd*, No. D2000-0210 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0210.html>; *Adu v. Quantum Computer Serv., Inc.*, No. D2000-0794 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0794.html>; *Ciccone v. Parisi*, No. D2000-0847 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0847.html>.

51. *Springsteen v. Jeff Burgar & Bruce Springsteen Club*, No. D2000-1532, para. 7 (World Intellectual Prop. Org. 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1532.html>; *Backstreet Boys Prod., Inc. v. Zuccarini*, No. D2000-1619, para. 7.1 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1619.html>; *Sumner v. Urvan*, No. D2000-0596, para. 7.2 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d-2000-0596.html>.

52. See *Sumner*, No. D2000-0596, para. 5.7.

53. See *id.* para. 6.5.

“to prick painfully” or the act of stinging such as what a bee does, as well as a slang term for undercover police investigations;⁵⁴ (3) the respondent, unlike many of the other respondents involving celebrity names, did not own a large number of Internet domain names other than sting.com;⁵⁵ and (4) although Sting’s complaint indicated that Urvan responded to an offer from Sting to buy the domain for \$25,000, there was no evidence submitted with the complaint documenting the alleged offer and response.⁵⁶ The panel stated further that even if the respondent did allow Sting to buy the domain name, this fact alone was not proof that when Urvan registered the sting.com domain name that he did so primarily for purposes of holding the domain name hostage.⁵⁷

Contrast the Sting case with the Madonna case.⁵⁸ The respondent in the Madonna case showed that “Madonna” had a specific English language meaning, i.e., a reference to the Virgin Mary, mother of Jesus Christ.⁵⁹ However, the respondent had not attempted to tie the Web site into anything remotely related to the Virgin Mary.⁶⁰ Instead, the Web site featured sexually explicit materials.⁶¹ The respondent had also registered numerous other celebrity names.⁶² Finally, when asked to transfer the domain name to the singer, he responded by demanding a fee of \$20,000.⁶³

In the case of the Backstreet Boys, the complaint was filed in the name of Backstreet Boys Productions, Inc., a Florida corporation.⁶⁴ However, federal trademark registrations for Backstreet Boys trademarks listed Backstreet Boys Productions, Inc., a Delaware corporation, as the owner of the mark.⁶⁵ There was nothing in the record explaining why the corporation that filed the complaint had any standing to assert it. Thus, the complaining party failed to get out of the gate in establishing the first element of a bad faith registration claim, namely, that the complaining party had any rights in the mark.⁶⁶

54. *Id.* paras. 6.5-6.6.

55. *See id.* para. 5.10.

56. *Id.* para. 6.10.

57. *Id.* para. 6.8.

58. *Compare Sumner*, No. D2000-0596 with *Cicccone v. Parisi*, No. D2000-0847 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0847.html>.

59. *See Cicccone*, No. D2000-0847, para. 4.

60. *Id.* para. 6(C).

61. *Id.* para. 6(D).

62. *Id.*

63. *See id.*

64. *Backstreet Boys Prods., Inc. v. Zuccarini*, No. D2000-1619, para. 1.1 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1619.html>.

65. *Id.* para. 4.6.

66. *Id.* para. 6.2(2).

Perhaps the most difficult celebrity case to understand, and the one that provides a beacon for other cyberpirates to emulate, is the Bruce Springsteen case.⁶⁷ In the Bruce Springsteen case, the administrative arbitration panel began by acknowledging that Bruce Springsteen “is the famous, almost legendary, recording artist and composer.”⁶⁸ However, the majority found that Bruce Springsteen failed to establish that he had acquired “secondary meaning” in the name.⁶⁹ The respondent in this case was the same respondent as in the Celine Dion case.⁷⁰ He had registered more than 1500 celebrity domain names and then pointed visitors of these sites to a Web site he operated under the domain name and mark “Celebrity1000.com.”⁷¹ The panel faulted Bruce Springsteen for the conclusory and unsubstantiated assertion that the respondent had no rights in the name “Bruce Springsteen.”⁷² The panel also noted that if someone searched “Bruce Springsteen” on a search engine or web browser, thousands of Web sites would be returned.⁷³ The panel found it difficult to understand how the respondent’s domain name registration unfairly diverted traffic from Bruce Springsteen’s official Web site operated under the domain name “brucespringsteen.net.”⁷⁴ Additionally, there was no evidence put forward showing that the respondent had attempted to sell or otherwise transfer the domain name for any price.⁷⁵ The panel also noted that because Bruce Springsteen already had a domain name registration, the fact that the respondent had the “brucespringsteen.com” domain name did not prevent the singer from using his personal name as a corresponding domain name.⁷⁶ The panels in the Celine Dion and Julie Brown cases, which involved the same cybersquatter, Jeff Burgar, criticized the Bruce Springsteen panel for its very narrow interpretation of what is meant by “preventing the complainant from using the corresponding domain

67. *Springsteen v. Jeff Burgar & Bruce Springsteen Club*, No. D2000-1532 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1532.html>.

68. *Id.* para. 4.

69. *Id.* para. 6. Secondary meaning is typically required under the Trademark Act for merely descriptive marks as well as marks which are primarily merely surnames. See 15 U.S.C. § 1052(f) (2000). However, when a full name is used, e.g., “Bruce Springsteen,” it is neither merely descriptive of the goods or services, nor is it primarily merely a surname. Furthermore, how can one be both “famous and almost legendary” without having acquired some significant degree of distinctiveness?

70. *Dion v. Burgar*, No. D2000-1838 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1838.html>.

71. *Springsteen*, No. D2000-1532, para. 5.

72. See *id.* para. 6.

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.*

name in connection with its Web site.”⁷⁷ Bugar’s registration of the celebrity names prevented the celebrities from using the name in the coveted “.com” top level domain, notwithstanding the fact that the celebrities involved could have or did have their names registered in other top level domain designations such as “.net” or “.org.”⁷⁸

Celebrities are not the only complainants that have suffered inconsistent treatment by differing UDRP panels. Another incident of inconsistency involved NBA Properties, the exclusive licensing division of the National Basketball Association.⁷⁹ In two UDRP cases, one involving “knicks.com” and the other involving “washingtonwizards.com,” NBA Properties was unsuccessful in seeking transfer of the “knicks.com” domain name,⁸⁰ but successful in obtaining the “washingtonwizards.com” domain name.⁸¹ In the Knicks case, NBA Properties alleged that it was the exclusive licensee of the Knicks trademarks, which were owned by other parties.⁸² However, the panel found that the record failed to show that NBA Properties had rights in the Knicks marks, noting that the complainant, as a licensee, had “contract rights with respect to, not *in*, the licensed marks.”⁸³ The panel went on to state that the UDRP is believed “to envision a transfer of a disputed domain name to a complainant/trademark owner as a route to unification of control over the uses of the domain name and the trademark.”⁸⁴ It further held that transferring the domain name to NBA Properties, the licensee, “would place ownership of the domain name in an entity other than the trademark owner without consent from the trademark owner.”⁸⁵ Another interesting aspect of the Knicks case is that the respondent failed to even file a response.⁸⁶ The panel said that it would not infer bad faith intent to register with mere conclusory allegations in the complaint that the domain name registrant did not have rights in the domain name, that the domain name was registered in bad

77. See *Brown v. Julie Brown Club*, No. D2000-1628, para. 6(2) (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1628.html>; *Dion v. Bugar*, No. D2000-1838, para. 6(3) (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1838.html>.

78. *Brown*, No. D2000-1628, para. 6(2); *Dion*, No. D2000-1838, para. 6(3).

79. See *NBA Props., Inc. v. Adirondack Software Corp.*, No. D2000-1211 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1211.html>; *NBA Props., Inc. v. Ituralde-Kasmir, Inc.*, No. D2000-1620 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1620.html>.

80. *Adirondack Software*, No. D2000-1211, para. 7.

81. *Ituralde-Kasmir*, No. D2000-1620, para. 7.

82. See *Adirondack Software*, No. D2000-1211, para. 4.

83. *Id.* para. 6.

84. *Id.*

85. *Id.*

86. *Id.* para. 3.

faith, or that the respondent otherwise had no legitimate interest in using the “knicks.com” domain name.⁸⁷

Contrast this with the “washingtonwizards.com” domain name dispute in which the panel never addressed the issue of NBA Properties’s standing as an exclusive licensee to file the complaint.⁸⁸ The panel noted that NBA Properties had submitted cease and desist letters with its complaint showing that it did not authorize the respondent to use the domain name,⁸⁹ and that NBA Properties had also submitted evidence that the respondent had placed the domain name for sale on a domain name auction Web site.⁹⁰ This evidence was enough, the panel said, to presume the respondent’s bad faith intent to register the “washingtonwizards.com” domain name,⁹¹ which coincidentally, happened about the same time in 1996 as when the Washington Bullets changed its name to the Washington Wizards.⁹²

The interesting note about the Knicks and the Wizards cases is that in the Knicks case, the panel interpreted the UDRP’s phrase “a trademark or service mark in which the complainant has rights”⁹³ to require a showing of ownership,⁹⁴ while the Wizards’s panel used NBA Properties’s standing to file the complaint essentially as a given.⁹⁵ It is well settled in traditional trademark law that licensees have no ownership interest in the mark.⁹⁶ However, that rule does not mean that the licensee does not have rights in the use of the mark. A licensee certainly has a contractual right in the use of a mark that has been licensed to it, and a licensee has a vested interest, perhaps as much as the owner, to see that the licensed mark is not infringed by unrelated third parties via the Internet. It does not appear that the term “rights” in the UDRP was intended to be limited solely to those who are the owners of record of the marks; otherwise, the term “rights” as used in UDRP rule three should have been replaced with “ownership interest.” If a licensee has a right to use a particular trademark, then it should be allowed to use the UDRP to enforce that right. Nevertheless, if a trademark owner

87. *Id.* para. 6.

88. *See* NBA Props., Inc. v. Ituralde-Kasmir, Inc., No. D2000-1620, para. 6 (World Intellectual Prop. Org. 2001), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1620.html>.

89. *See id.* para. 4.

90. *Id.*

91. *See id.* para. 6.

92. *See id.* para. 4.

93. *See* NBA Props., Inc. v. Adirondack Software Corp., No. D2000-1211, para. 6 (World Intellectual Prop. Org. 2000), available at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1211.html>; ICANN, *Rules*, *supra* note 49, Rule 3.

94. *See Adirondack Software*, No. D2000-1211, para. 6.

95. *See generally Ituralde-Kasmir*, No. D2000-1620.

96. *See, e.g., U.S. Jaycees v. Phila. Jaycees*, 639 F.2d 134 (3d Cir. 1981); *Hicks v. Anchor Packing Co.*, 16 F.2d 723 (3d Cir. 1926).

contemplates using an exclusive licensee to manage its trademark portfolio, such as through a subsidiary or affiliated company, then the license agreement should specify that the licensee may enforce instances of bad faith domain name registration and that it may be a proper party to bring such an action in a UDRP proceeding.⁹⁷

B. Marshall ACPA Comes to Town: The Anti-Cybersquatting Consumer Protection Act

The second new weapon in the arsenal against cybersquatters, the ACPA, went into effect on November 29, 1999.⁹⁸ This section covers several features of the ACPA and the case law interpreting it.

1. *Key Provisions of the ACPA*

The ACPA provides that:

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, if, without regard to the goods or services of the parties, that person: (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, is identical . . . to or dilutive of that mark.⁹⁹

Bad faith is a significant element in a plaintiff's case. If the plaintiff cannot show bad faith intent to register the domain name on the part of the defendant, the defendant will win.¹⁰⁰ In determining bad faith, a court may consider the following factors:

97. In the author's opinion, a contractual provision stating that the licensee holds the domain name in trust for the trademark owner and will transfer the domain name to the owner when the license terminates would give the trademark owner an express contractual right to enforce a transfer of the domain name from the licensee. Further, either the license agreement in its entirety or at least the relevant portion of the license agreement should be attached as an annex to the UDRP complaint just in case there is any question about whether the exclusive licensee has the standing to file the complaint on behalf of the trademark owner.

98. 15 U.S.C. § 1125(d) (2000).

99. *Id.* § 1125(d)(1)(A). See generally *id.* § 1129 (2000).

100. See *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549 (E.D. Pa. 2001) (finding no bad faith where junior user of "Chambord" mark for use in connection with coffee and tea makers registered the domain name "chambord.com" before senior user of "Chambord" mark used in connection with coffee); *Greenpoint Fin. Corp. v. Sperry & Hutchinson Co.*,

(I) the trademark or other intellectual property rights of the [domain name registrant] 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 legitimate 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; . . . (VII) the person's [intentional] provision of material and misleading false contact information when applying for the registration of the domain name; . . . [(VIII) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; and (IX)] the person's registration or acquisition of multiple domain names which . . . are identical or confusingly similar to [trademarks or service marks] of others that are distinctive at the time of registration of such domain names, or dilutive of famous trademarks or service marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of such [persons] . . .¹⁰¹

The remedies under the ACPA include injunctive relief (such as ordering the defendant to transfer the domain name to the plaintiff or canceling the domain name registration at the plaintiff's option),¹⁰² an award of actual damages and the defendant's profits, or statutory damages, which can be awarded in the court's discretion from \$1000 to \$100,000 per infringing

116 F. Supp. 2d 405, 414 (S.D.N.Y. 2000) (finding no bad faith where both parties had established trademark rights in connection with the mark "Greenpoints" for unrelated services, and Sperry & Hutchinson Co. happened to register the domain name first); Cello Holdings, L.L.C. v. Lawrence-Dahl Co., 89 F. Supp. 2d 464 (S.D.N.Y. 2000) (finding no bad faith where the plaintiff owned the mark "Cello" for high end audio equipment, and the defendant registered "Cello.com" along with other names of common musical instruments with the intent to create Web sites related to the specific musical instruments and many other companies had trademark registrations for the same mark).

101. 15 U.S.C. § 1125(d)(1)(B)(i).

102. *Id.* § 1125(d)(1)(C) (applicable to trademarks); *Id.* § 1129(2) (applicable to the names of living individuals). While a plaintiff could ask for cancellation of the domain name registration, cancellation will only make the disputed name available for someone else to register. Therefore, asking for a transfer of the domain name is much more preferable than cancellation.

domain name.¹⁰³ Attorney's fees are also provided in exceptional cases.¹⁰⁴ However, the ACPA provides that statutory damages are not available against defendants who registered, trafficked in, or used the domain names prior to the effective date of the ACPA.¹⁰⁵

2. *Court Decisions Under the ACPA*

In cases involving cybersquatters who clearly registered their domain names prior to the implementation of the ACPA, courts have treated the award of attorney's fees, as well as the award of statutory damages, in interesting ways.

In *People for the Ethical Treatment of Animals (PETA) v. Doughney*,¹⁰⁶ Michael Doughney registered the domain name "peta.org" which he dubbed as "People Eating Tasty Animals."¹⁰⁷ PETA is, of course, well known for its protection of animal rights, including opposition to "the exploitation of animals for food, clothing, entertainment[,] and vivisection."¹⁰⁸ When he registered the domain name, Doughney represented to NSI that he did so on behalf of a nonprofit organization that did not exist.¹⁰⁹ Further, he had a pattern of registering numerous domain names that were similar to the marks used by other people and organizations.¹¹⁰ After registering the domain name, Doughney created a Web site under the domain name which was billed as a "resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research."¹¹¹ Doughney was also quoted in the media as saying that if PETA wanted the domain name, then it should make him an offer.¹¹² Doughney contended that his Web site constituted parody protected by the First Amendment of the Constitution.¹¹³

The United States Court of Appeals for the Fourth Circuit affirmed the district court's rejection of the parody defense, holding that Doughney had used a mark substantially identical to the mark that PETA used.¹¹⁴ The court held that parody has two elements: (i) the mark is juxtaposed simultaneously with an irreverent image, and (ii) the message conveys only enough of the original design to allow the consumer to appreciate the point of the par-

103. *Id.* §§ 1117(d), 1129(2) (2000).

104. *Id.* § 1117(a).

105. *Id.* § 1117.

106. 263 F.3d 359 (4th Cir. 2001).

107. *Id.* at 362.

108. *Id.*

109. *Id.* at 362-63.

110. *See id.* at 362.

111. *Id.* at 363.

112. *Doughney*, 263 F.3d at 363.

113. *See id.*

114. *See id.* at 367.

ody.¹¹⁵ While Doughney contended that the parody message could be found in the content of the Web site, the court held that the second parody message must be delivered simultaneously with the first, i.e., the domain name.¹¹⁶

Doughney also claimed that the safe harbor provisions of the ACPA¹¹⁷ insulated him from liability.¹¹⁸ However, the court held that because Doughney knowingly provided false information to NSI, and knew he was registering a domain name identical to the PETA mark intending to confuse Internet users, the safe harbor provisions were not applicable.¹¹⁹

The Fourth Circuit then held that “a bad faith finding under the ACPA does not compel a finding of malicious, fraudulent, willful or deliberate behavior under § 1117.”¹²⁰ The court noted that “[t]he district court was within its discretion to find that, even though Doughney violated the ACPA (and, thus, acted in bad faith), he did not act with the level of malicious, fraudulent, willful or deliberate behavior necessary for an award of attorney’s fees.”¹²¹ The Fourth Circuit, however, stated that establishing “bad faith” for the purpose of receiving statutory damages under the ACPA is not necessarily the same “malicious, fraudulent or deliberate behavior” necessary for an award of attorney’s fees.¹²² The term “exceptional” in the statute allowing attorney’s fees requires a showing of a high degree of culpability.¹²³ Because Doughney had a sincere belief that his Web site was constitutionally protected parody, his culpability was not exceptional.¹²⁴

In the first appellate case under the ACPA, *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*,¹²⁵ the plaintiff operated a mail order catalog called Sporty’s aimed at pilots and aviation enthusiasts.¹²⁶ The catalog was

115. *See id.* at 366.

116. *See id.* at 366-67.

117. 15 U.S.C § 1125(d)(1)(B)(ii) (2000). This provision states that “bad faith intent . . . shall not be found in any case in which the court determines that the person . . . had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”
Id.

118. *Doughney*, 263 F.3d at 369.

119. *See id.*

120. *Id.* at 370.

121. *Id.*

122. *See id.*

123. *Id.*

124. *See Doughney*, 263 F.3d at 370. Another case in accord with *Doughney* is *Mattel, Inc. v. Antelman*, where a district court declined to award attorney’s fees against a pro se defendant who believed his registration of “barbiesbeachwear.com” and “barbiesclothing.com” was a *di minimus* violation of the ACPA. No. 01 CIV. 8912 (LBS), 2002 WL 113924 (S.D.N.Y. Jan. 29, 2002). However, the court did award minimum statutory damages of \$2,000 for the defendant’s bad faith registration of the two domain names. *Id.*

125. 202 F.3d 489 (2d Cir. 2000).

126. *Id.* at 493.

expanded to include tools and home accessories.¹²⁷ Defendants operated a smaller catalog primarily in the field of scientific process measurement and control instruments.¹²⁸ The defendants later decided to expand into the aviation field and registered the name "sportys.com" in 1995.¹²⁹ A few months later, defendants formed a subsidiary corporation that operated a Christmas tree farm under the name "Sporty's Farm."¹³⁰ The "sportys.com" domain name was transferred to this subsidiary, and a Web site was developed to promote the Christmas tree farm.¹³¹ There was no evidence produced, however, to show that the defendants intended to create a Christmas tree farm when the domain name was originally registered.¹³² Sportsman's Market originally brought suit based on federal trademark infringement, dilution under the Federal Trademark Dilution Act,¹³³ and the Connecticut Unfair Trade Practices Act (CUTPA).¹³⁴ The trial court held that because the plaintiff's and defendants' goods and services were unrelated, there was no trademark infringement.¹³⁵ Then, the trial court rejected the state law claim under CUTPA because the defendants' behavior was not "immoral, unethical, oppressive, or unscrupulous[.]" nor did the plaintiff show that it suffered a substantial injury.¹³⁶ The trial court did find, however, that the plaintiff's mark was famous and distinctive, and therefore, there was dilution of that mark by defendant's registration of the "sportys.com" domain name.¹³⁷ Sporty's Farm appealed, and during the pendency of the appeal, the ACPA became effective.¹³⁸ The United States Court of Appeals for the Second Circuit applied the ACPA on its own initiative and found that the facts as developed warranted a finding of bad faith registration under the ACPA.¹³⁹ However, the court did not award damages because the acts complained of occurred before the effective date of the ACPA and because Sporty's

127. *Id.*

128. *See id.* at 494.

129. *Id.*

130. *Id.*

131. *See Sporty's Farm*, 202 F.3d at 494.

132. *See id.*

133. 15 U.S.C. § 1125(c) (2000).

134. *See Sporty's Farm*, 202 F.3d at 494; CONN. GEN. STAT. ANN. §§ 42-110(a) to 42-110(w) (West 2000 & Supp. 2001) (codifying CUTPA).

135. *See Sporty's Farm*, 202 F.3d at 494.

136. *Id.* at 495.

137. *Id.* at 494-95.

138. *Id.* at 495.

139. *See id.* at 498-99. Specifically, the court found that Sporty's Farm (1) used the domain name in some commercial fashion; (2) registered the domain name to keep it away from the plaintiff; and (3) created the Christmas tree farm to protect itself in the event Sportsman's Market sued for trademark infringement. *Id.* It also rejected Sporty's Farm's contention that it adopted the name in good faith in honor of one principle owner's childhood dog named "Spotty." *See id.* at 499.

Farm's behavior did not arise to the level of willfulness required under the Federal Trademark Dilution Act.¹⁴⁰

The United States Court of Appeals for the Third Circuit has held that damages under the ACPA may be awarded against cybersquatters who registered domain names before the effective date of the ACPA, but continued to use the domain names in connection with infringing Web sites after the effective date of the ACPA. In *Shields v. Zuccarini*,¹⁴¹ the plaintiff, Shields, was a computer graphic artist who created famous cult animations such as "Frog in a Blender," "Micro-Gerbil," and "Live and Let Dive," under the names "Joe Cartoon" and "The Joe Cartoon Company."¹⁴² Shields licensed the animations to others for use on collateral products such as clothing, mugs, and other novelties.¹⁴³ He also had a popular Web site, "joecartoon.com," that averaged over 700,000 visitors per month.¹⁴⁴ The defendant, a notorious cybersquatter, registered five typographical misspellings of the domain name "joecartoon.com."¹⁴⁵ Zuccarini's Web sites featured advertisements for credit card companies and other Web sites, and his Web site engaged in the practice of "mousetrapping," a practice whereby the user is "subjected to a series of advertisements."¹⁴⁶ To exit the site, the user must click on the advertisement. In the *Shields* case, Zuccarini earned between ten and twenty-five cents for each advertisement clicked upon.¹⁴⁷ Shields sent cease and desist letters to Zuccarini, which Zuccarini ignored.¹⁴⁸ After Shields instituted suit, Zuccarini changed the Web sites to say that he had created a political protest Web site to protest Joe Cartoon's desensitization of children toward killing animals.¹⁴⁹

The Third Circuit affirmed the trial court's finding that Zuccarini behaved in bad faith by registering the domain names.¹⁵⁰ It also affirmed the trial court's rejection of Zuccarini's political protest argument and the

140. *See id.* at 500.

141. 254 F.3d 476 (3d Cir. 2001).

142. *Id.* at 479.

143. *Id.*

144. *Id.* In his opinion, Judge Aldisert noted that the traffic to the site "increased exponentially" when the site was named "shock site of the day" by Macromedia. *Id.*

145. *Id.* Specific domain names involved were "joescartoon.com," "joecartoon.com," "joescartoons.com," "joescartoons.com," and "cartoonjoe.com." *Id.*

146. *Id.* at 480.

147. *Shields*, 254 F.3d at 480.

148. *Id.*

149. *Id.*

150. *Id.* at 486. Zuccarini was found to have no intellectual property rights in the names. *Id.* They did not contain any variation of his real name or "any other name commonly used to identify him." *Id.* He never used the names "in connection with the bona fide offering of goods or services." *Id.* at 485. He also had no "non-commercial or 'fair use'" of the Web site. *Id.*

ACPA's safe harbor¹⁵¹ defense as being "cooked up purely for this suit."¹⁵² As to Zuccarini's claim that the ACPA damage provisions did not apply in his case because he registered the domain names prior to the effective date of the ACPA, the Third Circuit held that where the domain name is used in connection with a Web site after the effective date of the ACPA, statutory damages may be awarded even if the domain name was originally registered prior to the enactment of the ACPA.¹⁵³

In *E & J Gallo Winery v. Spider Webs, Ltd.*,¹⁵⁴ Gallo Winery sued Spider Webs, an Internet domain name broker.¹⁵⁵ Spider Webs registered nearly 2000 domain names, one of which was "ernestandjulioallo.com."¹⁵⁶ Spider Webs initially held the domain name without creating a Web site for the name, but after being sued, Spider Webs developed a Web site which devoted space to the risks associated with alcohol consumption and alleged misrepresentations made by corporations in general.¹⁵⁷ The court held that Spider Webs had registered the domain name "with a bad faith intent to profit."¹⁵⁸ The court ordered a transfer of the domain name and also awarded statutory damages in the amount of \$25,000.¹⁵⁹ Spider Webs contended that because it registered the domain name before the enactment of the ACPA, damages were not available.¹⁶⁰ The court noted that because Spider Webs actually used the domain name after the effective date of the ACPA, it was subject to the damage provisions.¹⁶¹

In *Lockheed Martin Corp. v. Network Solutions, Inc.*,¹⁶² Lockheed Martin sued to hold a domain name registry, NSI, liable under the ACPA for holding the registrations of confusingly similar domain names that had been registered by cybersquatters.¹⁶³ Lockheed Martin owned trademark

151. 15 U.S.C. § 1125(d)(1)(B)(ii) (2000).

152. *Shields*, 254 F.3d at 485 (quoting *Shields v. Zuccarini*, 89 F. Supp. 2d 634, 640 (E.D. Pa. 2000)).

153. *Id.* at 486. In another district court case out of the Eastern District of Pennsylvania, Zuccarini was assessed the maximum statutory damages of \$100,000 times five domain names (\$500,000) plus over \$30,000 in attorney's fees based on substantially similar conduct. *Elects. Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q.2d (BNA) 1705 (E.D. Pa. 2000). This case was decided after the lower court decision in the *Shields* case but before the Third Circuit decision. *Id.*

154. 129 F. Supp. 2d 1033 (S.D. Tex. 2001).

155. *See id.* at 1035.

156. *Id.*

157. *Id.*

158. *Id.* at 1047.

159. *Id.* at 1048.

160. *E & J Gallo Winery*, 129 F. Supp. at 1047.

161. *Id.*

162. 141 F. Supp. 2d 648 (N.D. Tex. 2001).

163. *Id.* at 649.

registrations for the marks “Lockheed Martin” and “Skunk Works.”¹⁶⁴ NSI “screens domain name applications against a registry database of existing” registrations and “maintains a directory linking domain names with the [Internet protocol] numbers of domain name servers.”¹⁶⁵ The servers “connect domain names with other Internet computers that host Web sites and e-mail systems.”¹⁶⁶ NSI did not make independent judgments to determine the domain name registrant’s rights in the domain name, “consult with third parties” prior to accepting a registration, or “monitor the use of the domain name once registered.”¹⁶⁷ In accordance with its agreement with ICANN to act as an accredited domain name registry, NSI had to “comply with consensus policies adopted by ICANN which” included abiding by the UDRP.¹⁶⁸

After the enactment of the ACPA, Lockheed Martin filed suit in federal court alleging that NSI had a bad faith intent to profit from the registration of domain names by accepting registrations from cybersquatters.¹⁶⁹ However, the court granted NSI’s motion for summary judgment holding that there was “no evidence that defendant is a person that ‘registers, traffics in, or uses a domain name.’”¹⁷⁰

The court noted that when Congress enacted the ACPA, it did not intend to make domain name registries “act as gatekeepers to the body of possible domain names to protect trademark owners.”¹⁷¹ The court said that the sheer volume of domain name registrations would prevent a registry from operating if it had to check every domain name against the trademark rights of others prior to accepting the registration.¹⁷² When the ACPA was enacted, a safe harbor provision was written into section thirty-two of the Lanham Act,¹⁷³ that essentially immunizes domain name registries from the imposition of damages solely related to the fact that the registry accepted

164. *Id.* at 650.

165. *Id.* at 651.

166. *Id.*

167. *Id.*

168. *Lockheed Martin*, 141 F. Supp. 2d at 651.

169. *See id.* Interestingly, this was not the first attempt Lockheed Martin made to hold the deep-pocketed NSI financially liable for accepting the registration of infringing domain names from cybersquatters. *See Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997), *aff’d*, 194 F.3d 980 (9th Cir. 1999). Prior to the enactment of the ACPA, Lockheed Martin unsuccessfully sued NSI alleging trademark infringement, contributory trademark infringement, and trademark dilution for accepting a registration for the skunkworks.com domain name. *See id.*

170. *Lockheed Martin*, 141 F. Supp. 2d at 655 (quoting 15 U.S.C. § 1125(d)(1)(A)(ii) (2000)).

171. *Id.*

172. *Id.*

173. 15 U.S.C. § 1114(2)(D)(i)(I) (2000).

for registration a domain name which is found to be confusingly similar or dilutive of another's trademark.¹⁷⁴

The lesson of *Lockheed Martin* is that while it is true that domain name registrars earn profits from third parties (many of whom are known cybersquatters) through the registration fees associated with registering domain names, income earned solely from the act of maintaining the registry through fees universally charged to all persons who register domain names does not subject an accredited domain name registrar to liability under the ACPA.¹⁷⁵ However, a registry can lose its safe harbor protections if it has "bad faith intent to profit from such registration and maintenance of the domain name."¹⁷⁶ Therefore, it will likely take proof that the domain name registrar itself actively conspired with the cybersquatter, such as a showing that the registrar received kickbacks or commissions from the sale of domain names registered in bad faith by cybersquatters.

*Registral.com, L.L.C. v. Fisher Controls International*¹⁷⁷ illustrates the crucial importance of a company diligently maintaining its domain names lest they be snatched away by sophisticated cybersquatters.¹⁷⁸ The case involved the grant of a preliminary injunction brought by Fisher Controls against Registral.com and an affiliated company, Commbine.com, over the registration of the "fisher.com" domain name.¹⁷⁹ Fisher Controls sold control valves.¹⁸⁰ The company had manufactured control valves under the "Fisher" mark since the 1880s.¹⁸¹ It had numerous federal trademark registrations and spent over one million dollars annually in recent years promoting the marks.¹⁸² Fisher Controls originally owned the "fisher.com" domain name, but through an unexplained error, the fee was either not received or credited by NSI, and the domain name was put on a list of expired domains that were to be released to the public as available for registration.¹⁸³ Commbine.com had a computer software program that searched and identified expired domain names that alerted the defendants that the "fisher.com" domain would be made available.¹⁸⁴ Two minutes after the domain name was released to the public for registration, Registral.com had registered the "fisher.com" domain name.¹⁸⁵

174. *Id.* § 1114(2)(D)(ii)(II).

175. *See Lockheed Martin*, 141 F. Supp. 2d at 648.

176. 15 U.S.C. § 1114(2)(D)(iii).

177. No. H-01-1423, 2001 U.S. Dist. LEXIS 10002 (S.D. Tex. 2001) (mem).

178. *See id.*

179. *Id.* at *29.

180. *Id.* at *2.

181. *Id.* at *2, para. 1.

182. *Id.* at *2, para. 3.

183. *Registral.com*, 2001 U.S. Dist. LEXIS 10002, at *4.

184. *Id.* at *5, para. 15.

185. *Id.* at *5, para. 16.

While the court acknowledged that "Fisher" was a relatively common surname,¹⁸⁶ this fact alone did not immunize the defendants.¹⁸⁷ The court found that Fisher Controls had acquired distinctiveness in the name through very long use of the mark in commerce and its extensive advertising and promotional activities.¹⁸⁸ The facts also showed that *Registral.com* and *Commbine.com* were notorious cybersquatters and typosquatters.¹⁸⁹ *Registral.com* claimed that it was being reverse domain name hijacked¹⁹⁰ in that it was intending to create a genealogical research Web site for people with the "Fisher" surname.¹⁹¹ There was no evidence presented, however, that the defendants intended to create the genealogy Web site when the domain name was registered.¹⁹² The Web site originally only featured a link to a search engine.¹⁹³ After the institution of the lawsuit, defendants changed the Web site to include links to another Web site which discussed Fisher Control's attempt to steal the domain name away from the defendants.¹⁹⁴ It was also changed to include a brief statement that a "Fisher Family Genealogy Center" would be coming soon.¹⁹⁵ Defendants made no attempt, however, to hire any employees to develop a genealogy Web site or took any other steps toward developing or maintaining a Web site.¹⁹⁶ The court rejected this claim as simply an attempt to anticipate a defense to hide their true intentions to profit from ultimately selling the domain name.¹⁹⁷ Although the defendants never actually offered to sell the domain name to Fisher Controls,¹⁹⁸ the court held that they had a proven prior track record for register-

186. *Id.* at *17.

187. *See id.* at *8.

188. *Id.* at *22.

189. *Registral.com*, 2001 U.S. Dist. LEXIS 10002, at *5-6, *11-12. A "typosquatter" is a subset of cybersquatter who registers common typographical misspellings of famous trademarks. For example, in this case the defendants had registered "ebbay.com" and "googel.com." *Id.* at *6. They also had registered "garthbrooks.com," "bluemountains.com" and "southchina-morningpost.com." *Id.*

190. *Id.* at *10. This involves a more well-known, more well-funded entity who attempts to wrongfully take away a domain name from a person with a legitimate right to use of a domain name. *See supra* note 23.

191. *Registral.com*, 2001 U.S. Dist. LEXIS 10002, at *10.

192. *See id.* at *10-11.

193. *Id.*

194. *Id.* at *10.

195. *Id.*

196. *Id.* at *10-11.

197. *Registral.com*, 2001 U.S. Dist. LEXIS 10002, at *12. The court further observed that similar statements were made by defendants on the "ebbay.com" and "googel.com" Web sites they registered; however, the Houston telephone book did not have a single listing for anybody with the surname of "Ebbay" or "Googel." *Id.* at *11-12. Nationwide, there were only two listings for people with "Ebbay" surnames and eight people with "Googel" surnames. *Id.* at *12.

198. *Id.*

ing famous marks and attempting to sell them for substantial profits.¹⁹⁹ The company, in fact, held themselves out to the public as domain name brokers.²⁰⁰ All of these facts, when considered together, demonstrated that the defendants had “no trademark or other intellectual property rights in the name ‘fisher.com,’” that no one associated with the defendants was named “Fisher,” and that the defendants had neither used the name “in connection with any bona fide offering of goods and services” nor had “noncommercial or fair use of the ‘Fisher’ mark” when the domain name was registered.²⁰¹

Of course, *Registral.com* does not mean that anyone who registers a common surname as a domain name is automatically a cybersquatter. If the registrant is actually named “Fisher”²⁰² or if the company that registered the “Fisher” domain name also operated under the mark, such as the manufacturer of Fisher snacks and nuts, or if someone were actually planning to create a Fisher family genealogy Web site, then such a registrant would more likely be found to be a legitimate user of the domain name. Assuming that a trademark infringement claim could not be sustained, such as where the goods and services of the two Fishers are unrelated, then the fact that the complaining party has longer prior use of the name as a trademark would be irrelevant in determining who gets to keep the coveted domain name.

Perhaps the biggest lesson to be learned from the *Registral.com* case is that diligent attention must be paid to maintaining domain name registrations, such as timely payment of renewal fees, or one risks having the domain name snatched away by someone else. The *Registral.com* case also illustrates the sophistication of many cybersquatters who use computer programs specifically designed to hunt down prime domain names that are going to be re-released for registration to the public, which enables the squatter to register the domain name within a few seconds or minutes of the release.²⁰³

3. *In Rem* Cases Under the ACPA

The ACPA also includes a new method for dealing with cybersquatters who are either located in foreign countries or who may be located in the United States but are difficult to find because the cybersquatter used false contact information in registering the domain name and, thus, cannot be made subject to the personal jurisdiction of a federal court. This new method provides that plaintiffs may pursue an *in rem* action against the do-

199. *Id.* at *12-13.

200. *Id.* at *13, para. 33.

201. *Id.* at *24-25.

202. The actual names of the principal owners of *Registral.com* and *Commbine.com* were Shunit Sarid and her brother Sahar Sarid. *Id.* at *4-5, paras. 12-14.

203. See *Registral.com*, 2001 U.S. Dist. LEXIS 10002, at *5.

main name themselves.²⁰⁴ The following are the elements of in rem procedure: (1) the in rem action must be filed in the “judicial district in which . . . the domain name registrar . . . is located;”²⁰⁵ (2) the registered domain name must violate a “right of the owner of a mark registered in the Patent and Trademark Office or protected under subsection (a) or (c)” of the ACPA,²⁰⁶ and (3) the court must find that either the trademark owner “is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action” under the ACPA²⁰⁷ or the plaintiff has used due diligence to find the potential defendant, but has not been able to find the defendant.²⁰⁸ To act on due diligence, the plaintiff must first “send a notice of the alleged violation and intent to proceed under [the ACPA] to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar.”²⁰⁹ Second, the plaintiff must publish the “notice of the action as the court may direct promptly after filing the action.”²¹⁰ The only remedy available to a plaintiff in an in rem proceeding is either an order transferring the domain name to the plaintiff or cancellation of the domain name.²¹¹

There are a few important points to keep in mind about using the in rem procedure of the ACPA. First, the in rem and in personam procedures are not alternative choices left to the discretion of the plaintiff. The in rem process requires first that the plaintiff use due diligence in attempting to locate or serve the defendant.²¹² In the case of foreign based defendants, courts have held that mere registration of a domain name with a United States based registry is insufficient to establish the necessary minimum con-

204. 15 U.S.C. § 1125(d)(2)(A) (2000).

205. *Id.* § 1125(d)(2)(C)(i). Since NSI was the sole registry for many years and is located in Reston, Virginia, the vast majority of cases filed in rem will be filed in the United States District Court for the Eastern District of Virginia, whose reviewing court is the Fourth Circuit Court of Appeals. Therefore, most of the developing case law on in rem procedure has originated from these courts. After domain name registration was expanded to multiple registries, “register.com” became another popular registry which is located in New York City making the United States District Court for the Southern District of New York the mandatory forum for an in rem action involving “register.com” domain names. Before proceeding in rem, attention must be paid to where the applicable domain name registry is located.

206. *Id.* § 1125(d)(2)(A)(i).

207. *Id.* § 1125(d)(2)(A)(ii)(I).

208. *Id.* § 1125(d)(2)(A)(ii)(II).

209. *Id.* § 1125(d)(2)(A)(ii)(II)(aa).

210. 15 U.S.C. § 1125(d)(2)(A)(ii)(II)(bb).

211. *Id.* § 1125(d)(2)(D)(i). Virtually all people who go to the trouble of filing such a complaint will most likely want the infringing domain names transferred to them rather than cancelled and made available to a new cybersquatter.

212. *Alitalia-Linee Aeree Italiane S.p.A. v. Casinotalia.com*, 128 F. Supp. 2d 340, 343 (E.D. Va. 2000); *Healthmount A.E. Corp. v. Technodome.com*, 106 F. Supp. 2d 860, 863 (E.D. Va. 2000).

tacts with the jurisdiction of the registry required for personal jurisdiction under the ACPA.²¹³ Therefore, if these are the only facts showing the defendant's contact with the jurisdiction, then this should be enough to satisfy the due diligence requirement and allow the plaintiff to pursue an in rem remedy. Next, the in rem procedure cannot be used simply because the plaintiff does not want to go to the effort of suing a domestic defendant located in another state in the defendant's home state. Finally, even if the plaintiff proceeds in rem, the plaintiff must still demonstrate as a substantive element of its case that the domain name registrant registered the domain name in bad faith.²¹⁴ Proving bad faith against an unknown defendant may be difficult in some cases. Some courts have noted that if the domain name registrant has provided false contact information to the registry or has failed to maintain a current address, then these facts cast doubt on the domain name registrant's bona fide reasons for registering the domain name in the first place.²¹⁵

4. *Simultaneous UDRP and ACPA Actions*

When the UDRP became effective there was some question as to whether a parallel ACPA case could be filed simultaneously. That question was decided in the affirmative in the case of *Parisi v. Netlearning, Inc.*²¹⁶ In this case the court held that an accused cybersquatter could bring a declaratory judgment action in federal court seeking a declaration that he did not violate the ACPA even though the trademark owner had already instituted a UDRP proceeding.²¹⁷ The court said that section three of the UDRP contemplates parallel litigation and that "nothing in the UDRP restrains either party from filing suit before, after or during the administrative proceedings."²¹⁸ The effect of this case could allow a trademark owner to file a UDRP complaint seeking transfer of the domain name in lieu of going through the expense related to obtaining a preliminary injunction while at the same time seeking damages under the ACPA. Again, there may be cases in which a preliminary injunction is a necessity, such as active infringement or dilution; however, *Parisi* provides an economical alternative in cases

213. *Alitalia-Linee*, 128 F. Supp. 2d at 343; *Healthmount*, 106 F. Supp. 2d at 863; see also *Cable News Network v. CNNNews.com*, 162 F. Supp. 2d 484, 491 (E.D. Va. 2001); *America Online, Inc. v. Chin-Hsein Huang*, 106 F. Supp. 2d 848, 856 (E.D. Va. 2000).

214. *Cable News Network*, 162 F. Supp. 2d at 489; *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420, 423 (E.D. Va. 2000); *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 511 (S.D.N.Y. 2000).

215. *Jack in the Box, Inc. v. Jackinthebox.org*, 143 F. Supp. 2d 590, 591 (E.D. Va. 2001); *Harrods*, 110 F. Supp. 2d at 426.

216. 139 F. Supp. 2d 745 (E.D. Va. 2001).

217. *Id.* at 752.

218. *Id.* at 751.

where the domain name is simply parked, under construction, or otherwise not in use.

IV. PATENT AND TRADEMARK OFFICE POLICIES CONCERNING THE REGISTRATION OF DOMAIN NAMES

In many cases, a domain name can also function as a trademark or service mark.²¹⁹ If the owner of the name uses the domain name in a manner that otherwise functions as a mark, the United States Patent and Trademark Office (PTO) will register the mark.²²⁰ However, a PTO registration does not automatically reserve the name on the Internet. Only an authorized domain name registry can do that. The PTO policy requires the applicant to show that it offers services via the Internet, and the applicant must provide specimens that show use of the domain name as a service mark, rather than simply as a Universal Resource Locator (URL) or Internet address.²²¹ Secondly, the information contained on the Web site must not merely advertise or promote one's own goods or services.²²² The PTO examiner will check the Web site for this purpose.²²³ If the Web site does anything other than promote the company's own goods and services, then PTO registration of the domain name is possible.²²⁴

V. THE FRONTIER: LOOKING AHEAD

A. Use of Generic Terms as Domain Names

Since the implementation of the ACPA and UDRP, many trademark owners have been using these tools effectively to wrest control of their marks back from cybersquatters. However, many cybersquatters have come to learn that some of the more valuable domain name properties are actually those that are highly descriptive or generic, and there has been a marked shift toward squatting on such terms, i.e., "www.books.com."²²⁵ Therefore, having control of generic or highly descriptive words as a domain name has

219. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, EXAMINATION GUIDE NO. 2-99, MARKS COMPOSED, IN WHOLE OR IN PART, OF DOMAIN NAMES pt. II.A. (1999), available at <http://www.uspto.gov/web/offices/tac/notices/guide299.htm> [hereinafter EXAMINATION GUIDE].

220. *Id.*

221. *Id.*

222. *Id.* at pt. II.B.

223. *Id.*

224. *Id.*

225. See Greg Johnson, *The Costly Game for Net Names*, L.A. TIMES., Apr. 10, 2000, at A1.

become the virtual world's version of a hot property.²²⁶ Internet users often use simple, generic words to search for a site and are more familiar with common words.²²⁷ Start-up companies seeking to build a dominant Internet presence would more likely find that having a simple, highly descriptive domain name which immediately tells the consumer what the service is about is much better than spending the millions of dollars it would take to brand a more distinctive term.²²⁸

Further, generic and highly descriptive domain names are virtually immune from attack under trademark infringement, trademark dilution, and ACPA claims, as well as the UDRP because one of the necessary elements of a case is that the complainant have trademark rights in the term.²²⁹ Unless a descriptive term has acquired distinctiveness through long use and widespread advertising and promotion, the mark is not protectable.²³⁰ If the term is generic, then no amount of advertising, promotion, or use could convert the generic term into a protectable mark.²³¹

The above factors combine to create a market where many companies are willing to pay premium prices for generic terms, and cybersquatters or "domain name brokers" are cashing in.²³² With the increase in demand for generic or highly descriptive domain names, the monetary value of such domain names have skyrocketed.²³³ For example, the domain name "sex.com" has been estimated to be worth \$250 million.²³⁴ Other owners of

226. *See id.*

227. Wendy R. Leibowitz, *Going Once, Going Twice—Sold! Domain Name Market Heats Up*, NAT'L L. J., Mar. 28, 1998, at B6.

228. *See id.*

229. *See, e.g.,* Healy v. Kuhlen, No. D2000-0698 (World Intellectual Prop. Org. 2000), available at <http://arbitr.wipo.int/domains/decisions/html/2000/d2000-0698.html> (finding no bad faith where the domain name registered was "dvdnews.com" and the facts showed that the mark was very descriptive, if not generic, for a publication providing news and information about digital video discs (DVD), and the domain name registrant registered the domain name long before the trademark owner even filed its application for trademark registration); ETAX Corp. v. Whiting, Nos. AF-0369a, AF-0369b (eResolution Consortium 2000), available at <http://www.eresolution.ca/services/dnd/decisions/0369.htm> (finding that the registration of domain names "etax.com" and "etax.net" was not in bad faith because the complainant failed to establish that it had rights in the alleged mark "etax" for electronic tax preparation and filing services and because the term was sufficiently descriptive or generic for the service).

230. Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 791 (5th Cir. 1983).

231. Miller Brewing Co. v. G. Heileman Brewing, Co., 561 F.2d 75, 79-80 (7th Cir. 1977); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

232. *See* Leibowitz, *supra* note 227, at B6.

233. *See* Nick Wingfield, *The Game of the Name: Thinking up the Perfect Address Crucial; Just Hope Nobody Else Owns It*, WALL ST. J., Nov. 22, 1999, at R14 (reporting that "bingo.com" sold for \$1.1 million, "drugs.com" for \$823,456, and "university.com" for \$530,000).

234. Jon Swartz, *Sex.com Ownership Ruling Expected; Domain Name Hotly Disputed*,

generic or descriptive domain names are now cashing in on the demand for the domain names as well. The “business.com” domain name was sold for \$7.5 million,²³⁵ the “loans.com” domain name sold for over \$3.0 million,²³⁶ and “flu.com” for \$1.4 million.²³⁷

1. *Trademark Registration of “e” and “i” Domain Name/Service Marks*

It is well settled that merely descriptive marks may be protectable but only with a showing of “acquired distinctiveness.”²³⁸ Likewise, registration of a merely descriptive mark with the PTO requires a showing of “acquired distinctiveness.”²³⁹ Some trademark applicants have tried to overcome this statutory prohibition by adding the letter “e” or “i” in front of the descriptive or generic term, e.g., “i-books.com,” or “eautos.com.”²⁴⁰ Until recently, such marks were routinely registered by the PTO because it was viewed that the “e” or “i” letter designation moved the descriptive term across the amorphous suggestive line and, thus, became immediately registrable without proof of acquired distinctiveness.²⁴¹ However, a series of cases from the Trademark Trial and Appeal Board has reversed that trend.²⁴² It is currently well settled that registrability will be judged solely on the strength of the term that follows the letter.²⁴³ If the term is generic, it is not registrable on either the principal or supplemental registers—ever.²⁴⁴ If the term is merely

USA TODAY, Aug. 2, 2000, at 3B.

235. Johnson, *supra* note 225, at A1.

236. *Bank of America Was Winning Bidder of Loans.com Web Domain*, WALL ST. J., Feb. 8, 2000, at B15 (reporting Bank of America Corp. bought “Loans.com” for \$3 million at an auction sale held by GreatDomains.com).

237. Mark Ribbing, *Local Firm Seeks Profit in Sale of Dot-Com Name; By One Valuation, It Could Bring from \$5,000 to \$5 million*, THE BALTIMORE SUN, Mar. 23, 2000, at 1C.

238. *Zatarain’s Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 794 (5th Cir. 1983).

239. 15 U.S.C. § 1052(f) (2000).

240. Johnson, *supra* note 225, at A1.

241. *Zatarain’s*, 698 F.2d at 791.

242. See *In re Zanova, Inc.*, 59 U.S.P.Q.2d (BNA) 1300 (Trademark Trial & Appeal Bd. Apr. 30, 2001) (finding that the mark “iTOOL” is merely descriptive for a Web site and software for use in creating Internet web pages and that “i” has become commonly understood to be a reference to “[I]nternet”); *In re Styleclick.com*, 57 U.S.P.Q.2d (BNA) 1445 (Trademark Trial & Appeal Bd. Nov. 29, 2000) (holding that “E Fashion” is merely descriptive for a Web site and computer software providing beauty and fashion advice); *Cont’l Airlines, Inc. v. United Air Lines, Inc.*, 53 U.S.P.Q.2d (BNA) 1385 (Trademark Trial & Appeal Bd. Dec. 29, 1999) (holding that the domain name “e-ticket” is generic for electronic airline ticketing; “e” has become commonly understood to mean “electronic”).

243. See *In re Zanova*, 59 U.S.P.Q.2d (BNA) at 1300; *In re Styleclick.com*, 57 U.S.P.Q.2d (BNA) at 1445; *Cont’l Airlines*, 53 U.S.P.Q.2d (BNA) at 1385.

244. 15 U.S.C. § 1091(a) (2000); EXAMINING PROCEDURE, U.S. DEP’T OF COMMERCE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1209.01(c); see also *Cont’l*

descriptive, then a showing of acquired distinctiveness is required for principal registration.²⁴⁵ If the descriptive term is capable of acquiring distinctiveness but has not yet done so, then the mark may be registered on the supplemental register.²⁴⁶ In many cases, the descriptive "e" or "i" mark is filed based on intent to use or use with only a very short time of actual use before the trademark application is filed.²⁴⁷ In such cases, it will be very difficult, if not impossible, to produce the necessary evidence to prove acquired distinctiveness in a descriptive mark.

2. UDRP Treatment of "e" and "i" Domain Name Disputes

While it is not impossible for the owners of a descriptive domain name to win a UDRP case, such complainants have their work cut out for them. A Dallas based company, EAuto, Inc., has had mixed results when using the UDRP to enforce its rights regarding the domain name "www.eauto.com."²⁴⁸ In one case, EAuto was successful in its UDRP case against a domain name broker who registered "e-auto-parts.com."²⁴⁹ The domain name broker had registered the domain name and immediately placed it for sale to the highest bidder.²⁵⁰ In response to a cease and desist letter from EAuto, the domain name registrant asked for \$4750 to transfer the domain name.²⁵¹ The domain name registrant also owned about 4000 other domain names, and it never attempted to commercially develop the Web site on its own.²⁵² The WIPO panelist found that EAuto's federally registered trademark was presumed to be distinctive,²⁵³ and the domain name registrant had a specific intent to profit from the registration of the domain name, had no other legitimate rights in the mark, and had failed to respond to the UDRP complaint.²⁵⁴ Under these circumstances, WIPO held that the domain name was registered in bad faith.²⁵⁵ However, EAuto was

Airlines, 53 U.S.P.Q.2d (BNA) at 1385.

245. 15 U.S.C. § 1052(f) (2000).

246. 15 U.S.C. § 1091.

247. See EXAMINATION GUIDE, *supra* note 219, pt. II.E.

248. See *EAuto, Inc.*, No. D2000-0120 (World Intellectual Prop. Org. 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0120.html>.

249. *Id.* para. 7.

250. *Id.* para. 4.

251. *Id.* para. 15. The registrant claimed the amount was its out of pocket costs related to its purported domain name research, registration expenses, and legal fees. *Id.*

252. *Id.* para. 17.

253. *Id.* EAuto registered its mark in 1997 for "providing multiple user access to a global computer network." Thus, this is an example of a pre-*Continental Airlines* case where the PTO allowed the registration of the "e" mark without a showing of acquired distinctiveness. See 15 U.S.C. § 1091(a) (2000).

254. *Eauto*, No. D2000-0120, para. 6.

255. *Id.* para. 21.

not successful in two other UDRP cases involving the domain names "eautolamps.com"²⁵⁶ and "eautoinc.com."²⁵⁷ In both of these cases, the domain name registrants had developed Web sites in connection with selling auto parts via the Internet,²⁵⁸ and, in one case, the registrant actually had used the wording as a trade name for many years.²⁵⁹

B. Uncharted Territories

Like Lewis and Clark who ventured off to explore the vast unknown of the Pacific Northwest, new issues loom on the horizon in cyberspace law that have yet to be fully explored. While the following matters do not necessarily involve Internet domain names per se, they present new and novel legal issues that are not clearly defined and may take a few more years to get clear guidance from the courts.

1. *Gatoring*

One such issue looming on the horizon involves a concept which some have dubbed "gatoring." Gator, a computer software company, originally developed software designed to help computer users manage passwords and user identifications.²⁶⁰ It has millions of active users and offers free downloads over the Internet.²⁶¹

However, Gator also developed software that allows an advertiser to effectively place a banner ad exactly over another banner ad on a Web site when someone has downloaded the Gator program on his or her computer.²⁶² The advertising software is typically bundled with password management software and downloaded at the same time the password management software is loaded onto a consumer's computer.²⁶³ As an example of how the Gator software works, if a Web site contains a banner advertisement for Company XXX, and its competitor, Company ZZZ purchases keywords from Gator, many of which involve trademarks of various com-

256. *EAuto, Inc. v. Triple S Auto Parts*, No. D2000-0047 (World Intellectual Prop. Org. 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0047.html>.

257. *EAuto, Inc. v. E Auto Parts, Inc.*, No. D2000-0121 (World Intellectual Prop. Org. 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0047.html>.

258. *E Auto Parts*, No. D2000-0121, para. 4; *Triple S Auto Parts*, No. D2000-0047, para. 3.

259. *E Auto Parts*, No. D2000-0121, para. 19.

260. Gator is in the business of creating and selling pop-up advertisements for Internet Web sites. See Stefanie Olsen, *Gator Chomps on Innocent Banner Ads*, ZDNET NEWS, Aug. 17, 2001, at <http://zdnet.com.com/2100-1106-27115.html>.

261. *Id.* paras. 6, 9.

262. *Id.* para. 9.

263. *Id.*

panies, the Gator software will place a banner advertisement for Company ZZZ directly over the Company XXX banner ad so that the computer user may not even realize that the Company ZZZ banner ad is obscuring the Company XXX banner ad.²⁶⁴

Furthermore, the Gator software can track the viewing habits of the computer user and adjust the banner advertising accordingly.²⁶⁵ For example, if someone visited an automobile manufacturer's Web site one day, the Gator software could place a pop-up banner ad for a company selling car insurance or even a competing car manufacturer when the computer user surfs to a Web site that features banner advertising, even if the Web site itself is wholly unrelated to cars or insurance.²⁶⁶ The practice has raised difficult and largely unsettled questions of law.²⁶⁷ Gator officials contend that there is nothing wrong with the practice of bundling its special banner ad software with its password management software because the consumers agree to the practice when they install the software on their computer.²⁶⁸ Further, Gator argues that consumers can move its banners to reveal the underlying ad or close the Gator ad by clicking an "X" in the corner and revealing the original Web site ad.²⁶⁹ However, some have criticized Gator's allegations regarding consumer consent because the consent information is often buried in fine print in lengthy license agreements that require the consumer to wade through and then click to accept or decline.²⁷⁰

The issues raised by the Gator software are not too unlike the practice of meta tagging,²⁷¹ which some courts have already found to run afoul of trademark and unfair competition law in certain circumstances,²⁷² and framing,²⁷³ which in some instances violates copyright law²⁷⁴ and has the poten-

264. *Id.* para. 10.

265. *Id.* para. 3.

266. Olsen, *supra* note 260, para. 4.

267. *See id.*

268. *Id.* para. 22.

269. *Id.*

270. *Id.* para. 34.

271. Meta tags provide information about a Web site page such as "who created the page, how often it is updated, what the page is about and which keywords represent the page's content." Webopedia, *Meta tag*, at http://www.webopedia.com/TERM/m/meta_tag.html (last visited May 28, 2002). Many search engines use meta tags in building an index of search results. *Id.* Meta tags are invisible to computer users, but can be revealed in Microsoft Internet Explorer by going into "View" and clicking on the subheading called "Source" or "Page Source."

272. *See, e.g.,* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999); Eli Lilly & Co. v. Natural Answers, Inc., 86 F. Supp. 2d 834 (S.D. Ind. 2000), *aff'd*, 233 F.3d 456 (7th Cir. 2000); N.Y. State Soc'y of Certified Pub. Accountants v. Eric Louis Assoc., 79 F. Supp. 2d 331 (S.D.N.Y. 1999); Playboy Enters. v. Calvin Designer Label, 985 F. Supp. 1220 (N.D. Cal. 1997).

273. Framing is a type of link; however, instead of sending the computer user away or

tial for causing confusion.²⁷⁵ On the other hand, the issue is not unlike the practice of some search engines selling trademarks as keywords²⁷⁶ to Internet advertisers, which at least one district court has held did not violate the trademark rights of a trademark owner.²⁷⁷

2. *New gTLD Land Rush*

In November 2000 ICANN approved of adding seven new global Top Level Domains (gTLDs) to allow more people, businesses, institutions, and organizations an opportunity to register a domain name that may have been shut out as the “.com,” “.net,” and “.org” gTLDs have filled up.²⁷⁸ The new gTLDs are: “.info,” “.biz,” “.name,” “.pro,” “.aero,” “.museum,” and “.coop.”²⁷⁹ Of the seven, only “.info” is a truly unrestricted domain.²⁸⁰ Those who register a “.info” domain name can use it for any purpose.²⁸¹ The rest are restricted for specific purposes.²⁸² The new “.biz” domain is restricted for purely business and commercial purposes.²⁸³ The “.name” is

out from the linking Web site, the framing Web site brings information from another Web site in to the user of its Web site. Webopedia, *Frames*, at <http://webopedia.internet.com/TERM/f/frames.html> (last visited May 28, 2002). Often times the new Web site is surrounded by a frame so that the user of the Web site is still looking at the original Web site, but the information within the frame is being imported from some other site. *Id.*

274. *Futuredontics v. Applied Anagramatics, Inc.*, 45 U.S.P.Q.2d (BNA) 2005 (C.D. Cal. 1998).

275. See THOMAS J. MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25.70, at 25-157 (4th ed. 2001).

276. In “database management systems, a keyword is an index entry that identifies a specific record or document.” Webopedia, *Keyword*, at <http://www.webopedia.com/TERM/k/keyword.html> (last visited May 28, 2002).

277. See *Playboy Enters., Inc. v. Netscape Communications Corp.*, Nos. SACV 99-320, SACV 99-321, 2000 U.S. Dist. Lexis 13418 (C.D. Cal. 2000) (finding that Excite search engine’s practice of selling famous Playboy trademarks to competitors of Playboy for use in connection with placing banner ads on Web sites did not infringe or dilute Playboy’s trademark rights).

278. ICANN, *New TLD Program*, at <http://www.icann.org/tlds/> (last updated May 12, 2002) [hereinafter *New Program*].

279. See *id.*

280. See *id.*

281. See *id.*

282. See *id.*

283. See *id.* The rules related to “.biz” registrations state that the domain name must be used for the purposes of exchanging “goods, services or property of any kind” and used in the ordinary course of trade or business of a business, such as advertising. NeuLevel, Inc., *Agreement Restrictions and Dispute Policies*, at <http://www.neulevel.biz/count-down/registrationrestrictions.html> (last visited November 1, 2001). Registering the domain name solely for the purpose of “selling, trading or leasing the domain name for compensation, or the unsolicited offering to sell, trade, or lease the domain name for compensation,” which is essentially the definition of cybersquatting, shall not be deemed to be a business or commercial use of the domain name. *Id.* Likewise using a “.biz” designation exclusively for

designed specifically for the registration of personal names, including fictional characters, i.e., "harrypotter.name."²⁸⁴ The ".pro" domain is limited to use by professionals such as doctors, lawyers, and accountants.²⁸⁵ The ".museum" domain, as the name suggests, is specifically for the operators of museums.²⁸⁶ The ".coop" domain is for cooperatives,²⁸⁷ and the ".aero" domain is limited to the air transportation industry.²⁸⁸

3. *The Power.biz?*

NueLevel, Inc., the operator of the ".biz" top level domain, recognized that there may be multiple businesses that use the same or highly similar trademarks.²⁸⁹ It devised a method where such businesses could file a claim to a specific domain name prior to the release of the gTLD to the public at large.²⁹⁰ All a business had to do was claim that it had common law rights in the mark.²⁹¹ Federal registration was not required.²⁹² The business could also file multiple claims for a domain name for a nonrefundable two dollar processing fee.²⁹³ In the event there were conflicting claims for the same domain name, a random drawing would be held among those who filed claims, but those who filed multiple claims would receive higher odds of being selected.²⁹⁴

A lawsuit claiming that the system constituted an illegal lottery under California law was filed in August 2001 against NeuLevel and ICANN.²⁹⁵ In October 2001 a state court judge in Los Angeles, California, issued a preliminary order staying the issuance of ".biz" domain names worldwide that had conflicting claims to the name, pending the ultimate decision as to

personal or noncommercial use or for criticizing the products or services of another, such as registering a "xxxcompanysucks.biz," with no other intended business or commercial purpose shall also not constitute a bona fide business or commercial use. *See id.*

284. *.Name, Email & Web Address for Life*, at <http://www.nic.name/consumer/index.html> (last visited June 25, 2002); *New Program*, *supra* note 278.

285. *See New Program*, *supra* note 278.

286. *See id.*

287. *See id.*

288. *See id.*

289. *See NueLevel, Inc., .BIZ Services*, at <http://www.neulevel.biz/services/index.html> (last visited May 28, 2002).

290. *See id.*; *NeuLevel, Inc., Start-up Trademark Opposition Policy and Rules for .BIZ*, at <http://www.neulevel.biz/ardp/docs/stop.html> (May 11, 2001).

291. *Id.*

292. *Id.*

293. *Id.*

294. *Id.*

295. Gwendolyn Mariano, *Judge Puts Breaks on .BIZ Addresses*, CDNETNEWS.COM, Oct. 12, 2001, at <http://news.com.com/2100-1023-274367.html?legacy=cnet>.

whether the system violated California lottery law.²⁹⁶ In December 2001 NeuLevel announced that it would abandon the random drawing in favor of a round robin type of selection from the various domain name registries.²⁹⁷ Each domain name would be awarded to an applicant of the registry in turn.²⁹⁸ If a registry submits an application for a domain name that has already been awarded, the registry will lose its turn in that round and will not be able to submit an alternative selection during that particular round.²⁹⁹ Further, the two dollar processing fee originally charged each applicant for a contested domain name will be refunded to all that paid it except to the applicant who actually obtains the contested domain name.³⁰⁰

4. *Internet Encroachment in Franchise Systems*

Finally, another new and largely uncharted area of law involves the concept of Internet encroachment in the context of franchise business systems. Internet encroachment occurs when a franchiser, who has granted exclusive trade territories to franchisees, develops an electronic commerce Web site for the direct sale and distribution of goods through the franchiser's Web site. Because the Internet has no geographic boundaries, the franchiser could, in effect, sell products to consumers who live within the exclusive trade area of another franchisee, thus taking away a sale that might have been made in the franchisee's store and overall reducing the value of the exclusive trade area to the franchisee. Similarly, franchisee to franchisee encroachment can occur when a franchisee establishes his or her own Web site and makes sales of goods and services through the Web site to consumers who may live within an exclusive territory of another franchisee.

Since many franchise agreements provide for mandatory arbitration in any dispute between franchisees and franchisers, the subject does not come

296. *Id.* para. 13. Of the 1.2 million applications filed during the pre-registration process, about 40,000, or less than twenty percent, had conflicting claims. NeuLevel and ICANN issued formal statements after the preliminary ruling expressing disappointment with the decision. *See id.* ICANN's statement expressed concern that the California state court overstepped its bounds by holding that the drawing could not be held in cases where both claimants were non-California residents and for applications submitted to registrars that have no connection with California. *See id.* ICANN further warned that the decision would be "harmful to the evolution of the global Internet." *See id.* NeuLevel's statement is available at http://neulevel.biz/press/press_release/pr_archive_2000_2001/2001.10.11.html (Oct. 11, 2001); ICANN's statement is found at <http://icann.org/announcements/advisory-12oct01.htm> (Oct. 12, 2001).

297. Reuters, *Registry to Return Fees for .BIZ Domains*, REUTERS NEWS SERVICE, Dec. 17, 2001, available at <http://news.com.com/2100-1023-277133.html?legacy=cnet>.

298. *Id.*

299. *Id.*

300. *Id.*

up frequently in published court cases. However, a few recent arbitration cases have shed some insight into the concept of Internet encroachment.

In *Emporium Drug Mart, Inc. v. Drug Emporium, Inc.*,³⁰¹ the franchiser, Drug Emporium, had created an Internet Web site that sold products directly to the consumer regardless of the consumer's location and sometimes at prices that were less than could be found at a brick and mortar store.³⁰² It also had a network of franchised stores with exclusive trade areas.³⁰³ Some franchisees objected to the Internet Web site as being a violation of the franchise agreement.³⁰⁴ Drug Emporium's franchise agreements did not expressly reserve to the franchiser the right to develop alternative means of distribution.³⁰⁵ A divided three member panel held for the franchisees and found that Drug Emporium's Web site was an encroachment into the exclusive trade areas of the franchisees.³⁰⁶ On the other hand, an arbitrator in a similar case in California recently ruled that where a franchise agreement did reserve unto the franchiser the unrestricted right to develop other businesses or distribution systems and to use its marks in connection therewith, there was no breach of the franchisee agreement when the franchiser began selling flowers through an Internet Web site to consumers in a specifically defined exclusive trade area of a franchisee's store.³⁰⁷

The main lesson to be learned from these cases is that franchise agreements drafted some time ago may not have been drafted with Internet e-commerce in mind. As a result, a franchiser must make a careful review of its agreements before jumping into developing and operating e-commerce Web sites. For newer franchise systems, the agreements must now take the Internet into consideration and carefully and clearly specify what activities the franchiser and franchisee may take in connection with operating Internet Web sites including the use and registration of Internet domain names by franchisees.³⁰⁸

301. [2000-2001 Transfer Binder] Bus. Franchise Guide (CCH) ¶ 11, 966 (Sept. 2, 2000).

302. *Id.* ¶ 11, 967.

303. *Id.*

304. *Id.*

305. *Id.*

306. *Id.*

307. *Hale v. Conroy's Inc.*, Judicial Arbitration & Mediation Servs. (2001) (Martin, Arb.) (unpublished decision, on file with the Los Angeles office of the Judicial Arbitration and Mediation Services).

308. There are numerous other issues related to the Internet and franchised business systems that are complex and beyond the intended scope of this article, but also deserving of discussion and attention. For a good discussion of the issues, see N. Michael Garner, *Drug Emporium: The Reality of the Virtual*, 20 FRANCHISE L.J. 101 (2001), which contains a very thorough discussion and analysis of Internet encroachment and other Internet related issues as they apply to franchisers and franchisees.

VI. CONCLUSION

The ACPA and the UDRP have become welcome additions for trademark owners and individuals seeking to regain control over the use of their marks and names from those who seek to get rich from domain name speculation. However, the key distinction that makes ACPA and UDRP cases different from traditional trademark infringement, trademark dilution, and unfair competition law is the bad faith intent requirement to profit from the domain name registration. Plaintiffs must show that the defendant had no legitimate preexisting right to use the domain name that was registered. If the defendant domain name registrant can show that it had a legitimate interest in registering the domain name, there is no violation of either the ACPA or the UDRP.

Proving bad faith intent may be difficult in some cases as cybersquatters are becoming more sophisticated in the law, and some cybersquatters may be difficult to find. This puts a premium on the part of trademark owners to obtain as much proof as possible that is relevant to the bad faith factors under either the UDRP or ACPA. Web sites can be changed in a matter of minutes, particularly in response to cease and desist letters, e-mails, and phone calls. Many domain name pirates will do so and deny that the plaintiff has any proof related to the domain name registrant's bad faith. Since discovery is not possible with UDRP complaints, complainants must gather as much documentary proof before filing the complaint. It is becoming abundantly clear that UDRP panels will not fill in holes in a complainant's bad faith claim by mere conjecture or speculation. It is equally unlikely that a court will do so under the ACPA.

It is also becoming more evident that generic and descriptive domain names are commanding high prices from domain name brokers and speculators. These terms are virtually immune from claims of trademark infringement, dilution, and charges of bad faith registration under either the ACPA or the UDRP. Companies who adopt such highly descriptive marks must be made fully aware that such terms may be difficult to enforce against third parties. If they find that a highly similar or identical descriptive or generic domain name is already registered, they may have no choice but to get out the checkbook and pay the going price if they want the domain name. Furthermore, while it may be fashionable to add the letter "e" or "i" to a descriptive domain name to present a high tech, Internet based business impression, such additions will not magically transform a descriptive or generic term into a suggestive or distinctive one that can be registered as a trademark or easily enforced against users of other similar, but equally descriptive, domain names.³⁰⁹

309. See *supra* Part V.1-2.

The virtual "Wild, Wild West" is still a little rough and tumble, but the addition of the ACPA and UDRP is beginning to bring some semblance of order to the cyberfrontier. As Internet and computer technology continue to change and evolve, more novel legal issues are likely to be discovered.