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Anticybersquatting Consumer Protection Act

On November 29, 1999, President Clinton signed into law the Anticybersquatting Consumer Protection Act (the "ACPA"). The ACPA amends the Trademark Act of 1946 (the "Trademark Act") to prevent "cybersquatting," which is the act of registering a trademarked brand name as an Internet domain name in order either to mislead the public or to resell at a premium the domain name to the legitimate trademark holder. Under the ACPA, a court may order that the infringing domain name be forfeited, canceled or transferred to the owner of the trademark. The law applies to domain names registered before, on or after enactment of the ACPA.

The ACPA also prohibits a second, more narrow form of cybersquatting involving the registration of a living individual's name as a domain name with the intent to profit from the domain name by selling it to the individual. A court may order that such a domain name be forfeited, canceled or transferred to the living individual. The law as it applies to this form of cybersquatting is prospective only, however, and applies to domain names registered on or after enactment of the ACPA.

I. Trademarked Names

A. Liability for Use of Trademarked Names

The ACPA makes a person liable in a civil action for the registration, trafficking in, or use of a domain name that is identical or confusingly similar to, or dilutive of, a trademark. This includes the use of a personal name that is protected as a mark under the Trademark Act, if that mark was distinctive at the time the domain name was registered, or in the case of trademark dilution, was famous at the time the domain name was registered. The law, however, only extends to cases where the bad faith intent of the domain name registrant can be demonstrated.

For example, in an actual case from a few years ago, a cybersquatter registered the "panavision.com" domain name, which lead Internet users to a web site displaying a photograph of Pana, Illinois. The

cybersquatter then attempted to sell the domain name to Panavision, holder of the "Panavision" registered trademark in connection with motion picture camera equipment. Such bad faith use of a domain name would violate the ACPA.

B. Bad Faith Factors

The ACPA sets out nine factors a court may consider when determining whether the required bad faith element exists in any given case:

whether the domain name registrant has a trademark or other intellectual property rights in the name;

the extent to which the domain name is the same as the registrant's own legal name or nickname by which that person is commonly identified;

the domain name registrant's prior use, if any, of the domain name in connection with the *bona fide* offering of goods or services;

the registrant's *bona fide* noncommercial or fair use (e.g., comment, criticism or parody) of the mark in a web site that is accessible under the domain name at issue;

whether, in registering or using the domain name, the registrant intended to divert consumers away from the trademark owner's website to a website that could harm the goodwill of the mark, either for purposes of 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;

whether the registrant offered to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain, where the registrant has not used, and did not have any intent to use, the domain name in the *bona fide* offering of any goods and services (or the registrant's prior conduct indicating a pattern of such conduct);

whether the registrant intentionally provided misleading or false contact information in an application for the domain name registration, or intentionally failed to maintain accurate contact information (or the registrant's prior conduct indicating a pattern of such conduct);

the domain name registrant's acquisition of multiple domain names which the registrant knows are identical or confusingly similar to, or dilutive of, the marks of others; and

the extent to which the mark incorporated in the domain name registration is or is not distinctive and famous within the meaning of the Trademark Act.

The ACPA does not limit a court's inquiry into the existence of bad faith to these nine factors. In addition, the ACPA stipulates that bad faith must not be found in any case in which a court determines that the domain name registrant believed and had reasonable grounds to believe that the use of the domain name was a fair or otherwise lawful use.

C. Injunction Against an Infringing Domain Name

Cybersquatters often avoid being held accountable for their infringement of a trademark by registering domain names under fictitious names or offshore addresses. To address this problem, the ACPA allows a trademark holder, under certain circumstances, to initiate legal proceedings (*i.e.*, an in rem civil action) against the actual infringing domain name for the purpose of obtaining control of the name. Specifically, in cases where the domain registrant cannot reasonably be located after the exercise of due diligence, the trademark holder may seek an injunction ordering the forfeiture, cancellation or transfer of the domain name.⁽¹⁾

II. Names of Living Individuals

In addition to prohibiting cybersquatting with respect to a trademarked name, the ACPA also makes a person liable in a civil action for the registration of a domain name that is the same (or substantially similar) name of a living individual, without the individual's consent, if the registrant's specific intent is to profit by selling the domain name to the individual. The ACPA, however, does not prohibit the registration of a domain name in good faith by an owner or licensee of a copyrighted work (*e.g.*, a book or sound recording) where the individual's name is affiliated with that work and the registrant's use of the domain name is in conjunction with the lawful exploitation of the work.⁽²⁾

III. Remedies and Damages

The ACPA applies traditional trademark remedies -- including injunctive relief, recovery of a domain name registrant's profits, actual damages and costs -- to cybersquatting cases brought under the Trademark Act. Although the law applies to domain names registered before, on or after enactment of the ACPA, only a domain name registrant or that registrant's authorized licensee may be liable under the Trademark Act. The ACPA also amends the Trademark Act to provide for statutory damages, in an amount of not less than \$1,000 and not more than \$100,000 per domain name. Such damages, however, are only available for the registration, trafficking or use of a domain name that occurs after enactment of the ACPA.

The cybersquatting protection for the names of living individuals is not so broad as to authorize a court to grant monetary damages; however, a court may grant injunctive relief, including the forfeiture, cancellation or transfer of the domain name to the individual. The court may also award costs and attorneys fees to the prevailing party in such cases. The law as it applies to this form of cybersquatting is prospective only, and applies to domain names registered on or after enactment of the ACPA.

IV. Limitation on Liability

The ACPA extends the Trademark Act's existing limitations on liability to the cybersquatting context (e.g., limiting relief to an injunction against future printing by innocent infringers in the business of printing the mark). In addition, the ACPA creates a new provision of the Trademark Act under which a domain name registrant can avoid being joined in a civil action, provided it has, among other requirements, deposited control of the domain name with a court in which an action has been filed regarding the disposition of a domain name.

The ACPA also provides limited protection to domain name registrants. Trademark owners who knowingly and materially misrepresent to the domain name registrar that a domain name is infringing will be liable to the domain name registrant for damages resulting from the suspension, cancellation, or transfer of the domain name. In addition, the court may grant injunctive relief to the domain name registrant by ordering the reactivation of the domain name or the transfer of the domain name back to the domain name registrant.

1. Due diligence is exercised if the mark holder sends notice of the alleged violation and intent to proceed to the domain name registrant at the postal and e-mail address provided by the registrant to the domain name registrar, and publishes notice of the action as the court may direct promptly after filing the action.

2. The ACPA directs the Secretary of Commerce, in consultation with the Patent and Trademark Office and the Federal Election Commission, to conduct a study and report to Congress with recommendations on guidelines and procedures for resolving disputes involving the registration or use of domain names that include personal names (or names confusingly similar to that) of others. The Act also directs the Secretary of Commerce to collaborate with the Internet Corporation for Assigned Names and Numbers ("ICANN") to develop guidelines and procedures for resolving disputes involving the registration or use of such domain names.