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I. Introduction

Consumers are smarter today than they ever have been. The Internet holds great promise for the American consumer to exercise that know-how. However, cybersquatting[1] is keeping consumers from cashing in on that promise. While they may have millions of megabytes of information at their fingertips, the information presented to consumers may be deceiving or fraudulent. How is a consumer to verify the source of each product and piece of information in this new world of electronic storefronts and one-click purchasing? Many consumers lack the resources to verify the source or authenticity of the information they receive and even more are unaware that they should question it.

Consumers increasingly rely on trademarks and the goodwill equity of valuable brand names to locate the true source of genuine goods and services on the Internet.[2] The graphical interface on a website and its address are often the only indications of the source and authenticity of the site and the goods and services available thereon.[3] Thus, consumers have a difficult time distinguishing a genuine site from a pirate site.[4] With such an abundance of information available

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[1] *See* S. REP. NO. 106-140, at 2 (1999) (defining "cybersquatters" as those who "register[ ], traffic[ ] in, or use . . . a domain name that is identical to, confusingly similar to, or dilutive of a trademark or service mark of another that is distinctive at the time of registration of the domain name, without regard to the goods or services of the parties, with the bad-faith intent to profit from the goodwill of another's mark.").

[2] *Id.* at 5.

[3] *Id.*

[4] *Id.*

online, consumers may lose faith in the authenticity of information if trademarks do not act as signals to provide contextual and relational information about products and services.[5] In the three-dimensional world, the Food and Drug Administration exists to verify the content of food and medicine at a brick and mortar grocery store. However, no such governmental agency exists to verify the source and authenticity of information on an Internet storefront.

The rapidly evolving world of electronic commerce demands new laws to protect consumers, who may be unable to detect the "cybersquatters" behind fraudulent and misleading information. Such protection may currently be found in the Anticybersquatting Consumer Protection Act (the "ACPA").[6] This article will first examine trademarks and their importance to consumers over the Internet. In addition, judicial application of the ACPA to cybersquatting cases will be evaluated in light of this statute and its underlying legislative intent to determine whether or not it provides enough protection for consumers.

II. The Importance of Trademarks to Consumers on the Internet

The Internet has developed into an efficient medium for communication, electronic commerce, education, entertainment and a variety of other uses.[7] The speed and efficiency of the Internet have transformed this "information superhighway" into an important sector of both our nation's, and the global, economy. Over $5.3 billion in retail sales transactions were conducted over the Internet in the last quarter of 1999 alone.[8] This figure understates the value of e-

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[5] Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 704 (1998) (noting that "[C]ontextual and relational information may be encapsulated in a trademark 'signal.' . . . [A]s information becomes easy to copy and distribute, the basis for value will lie in the context, relationship, and source of the information--in essence, a shift from copyright value to trademark value. Thus, control of trademark rights will take on a heightened importance to both consumers and businesses in electronic commerce.") (footnote omitted).

[6] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(d) (2000).

[7] S. REP. NO. 106-140, at 8 (1999).

[8] U.S. Department of Commerce, Economics and Statistics Administration, Office of Policy Development, *Digital Economy 2000*, at 9 (2000), *available at* http://www.esa.doc.gov/508/esa/DigitalEconomy.htm (last visited Feb. 28, 2002).

commerce in that it ignores transactions between businesses, non-retail transactions, and the browsing consumers perform when choosing, but not paying for products online.[9]

Growth in the content and use of the Internet is precipitated by the use of trademarks.[10] In an attempt to get where they are going, consumers may use either a search engine or may guess and enter a domain name to find a desired topic.[11] A user will often try to guess a domain name by typing the name of a known product or service, followed by a top-level domain name, such as ".com," ".net," or ".org."[12] Because of this, the familiarity of a name or mark to the average Internet user has made the Internet an indispensable tool for many people today.[13] Domain names consisting of trademarks[14] are the identifying signs along the "information superhighway" and on the awnings of electronic storefronts.[15]

Trademarks function as a type of assurance that users have reached their intended destination in cyberspace.[16] Most often consumers identify the source of information they see by referring to the URL address on which the page is located.[17] If someone is operating a website using another's trademark, consumers browsing the site bear a significant risk of being deceived, defrauded, or at a minimum, confused.[18] Consumer confidence in brand name identifiers, and in electronic commerce generally, is eroded.[19] Costs associated

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[9] *Id.*

[10] *Competition in Assigning Internet Domain Names: Internet Domain Names and Intellectual Property Rights: Oversight Hearing Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary*, 106th Cong., (1999), *available at* WL 20010635 (F.D.C.H. 1999) [hereinafter Hearings] (testimony of Anne Chasser).

[11] Brookfield Communications, Inc. v. West Coast Entm't Corp., 147 F.3d 1036, 1044-45 (9th Cir. 1999).

[12] *Id.*; H.R. REP. NO. 106-412, at 5 (1999).

[13] Hearings, *supra* note 10.

[14] *See, e.g.*, http://www.microsoft.com (last visited Feb. 28, 2002).

[15] Hearings, *supra* note 10.

[16] *Id.*

[17] S. REP. NO. 106-140, at 5 (1999); *see* Ford Motor Co. v. Great Domains, Inc., 141 F. Supp. 2d 763, 777 (E.D. Mich. 2001) (noting that consumers look to domain names to verify the source of information presented on a website).

[18] S. REP. NO. 106-140, at 5.

[19] *Id.*

with these risks have become increasingly burdensome for those who conduct business over the Internet, especially those who have spent significant capital to build up their reputation and trademark identity.[20] These costs are then passed on to consumers in the form of increased prices and transaction costs.

Because trademarks[21] and service marks[22] are directly associated with goods or services by their very definition, often the user will type a mark[23] followed by a ".com," in hopes of finding a website sponsored by the owner of that exact mark.[24] If a consumer enters a known trademark as a domain name and is diverted to a web page registered by someone other than the trademark owner, he may easily be unaware, misled or deceived.[25] For example, if a consumer is dissatisfied with a product purchased from a person operating under a domain name which consists of a trademark, and the consumer believes that the seller is the owner of the trademark, that consumer may no longer trust or give patronage to the trademark holder's business. The effects of improper use are innumerable.

The improper use of trademarks also harms businesses. Abusive acts prevent markholders from utilizing their own mark in their own domain name.[26] Consumers may be diverted elsewhere, resulting potentially in lost business opportunities, especially if diverted by a competitor.[27] Improper use may blur the distinctive quality of a mark and may tarnish it, causing markholders to spend significant amounts of capital in restoring lost value.[28] Without the

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[20] *Id.*

[21] 15 U.S.C. § 1127 (2000) (defining trademark as any word, symbol, name, device or any combination thereof used by a manufacturer or retailer to help consumers identify and distinguish its product from competitors' products).

[22] *Id.* (defining a service mark as a mark that is used with services, as opposed to goods).

[23] Hereinafter "trademarks" and "service marks" will be referred to as "trademarks" or simply "marks," as the law that applies is essentially identical.

[24] *Brookfield Communications*, 147 F.3d at 1045.

[25] *Id.*; *see Ford Motor Co.*, 141 F. Supp. 2d at 777 (concluding that the domain name "lincolnnavigator.com" would plainly create, in the mind of the consuming public, a high likelihood that Ford controlled the content of the website at that domain).

[26] H.R. REP. NO. 106-412, at 6 (1999).

[27] *Id.*

[28] *See Id.*

appropriate legal protection, markholders are required to police and enforce their own trademark rights or risk losing them.[29] Even with established laws, trademark owners must be aware of these issues in order to manage their trademarks effectively. They must keep a look-out for others attempting to use their marks.

Without protection for both consumers and trademark owners, consumer confidence in the Internet will fade. In addition, companies that own trademarks may become reluctant to advertise their goods and services on a medium where their investment in intellectual property is unprotected.[30] With millions of jobs and billions of dollars at stake, trademark protection over the Internet should not be compromised or risked.

III. Cybersquatters' Bad Faith Intent

The value and effectiveness of trademarks as indicators in cyberspace, is being significantly diminished by "cybersquatters," or "cyberpirates." Congress defines cybersquatting or cyberpiracy as:

> [T]he registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a trademark or service mark of another that is distinctive at the time of registration of the domain name, without regard to the goods or services of the parties, with the bad-faith intent to profit from the goodwill of another's mark.[31]

Cyberpirates have various motives for registering others trademarks as domain names. Cyberpirates often commit virtual extortion, holding the domain name in order to extract a significant payment from the mark owner.[32] Many owners have been forced to pay high sums for the right to engage in electronic commerce under their own brand names to the cyberpirates who have locked up their

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[29] *Id.*

[30] Hearings, *supra* note 10.

[31] S. REP. NO. 106-140, at 2 (1999).

[32] S. REP. NO. 106-140, at 5; *see* Domain Name Clearing Co., L.L.C. v. F.C.F. Inc., No. 00-2509, 2001 U.S. App. LEXIS 15619, at *2 (4th Cir. 2001) (noting that the cybersquatter in that case retained the domain name and requested payment of over $60,000).

marks.[33] Other cyberpirates register trademarks for the sole purpose of auctioning them off to the highest bidder, regardless of whether that is the owner or some ill-intentioned third party.[34] Still other cyberpirates register well-known marks to prey on consumer confusion by misusing the domain name and diverting consumers from the mark owner's site to the cybersquatter's own site.[35]

Creating confusion as to the source, sponsorship, affiliation, or endorsement of the site is done for a number of reasons. Consumer confusion may be used to pass off inferior goods under the name of a well-known markholder, to defraud consumers into providing personally identifiable information, or even to tarnish the mark's reputation.[36] Cyberpirates use pornography sites to taint the mark holder's goodwill and reputation or to extort money from the mark owner.[37] Advertising sites, which derive revenue based on the number of visits or "hits" the site receives, have also been used in attempts to

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[33] S. REP. NO. 106-140, at 5 (describing situations where mark owners have paid cybersquatters high prices for domain names; for example, a small Canadian company demanded that Umbro International, Inc. pay $50,000 to its sole shareholder, $50,000 to an Internet charity, and provide a free lifetime supply of soccer equipment in order for it to relinquish the "umbro.com" name; another example is that Warner Bros. was reportedly asked to pay $350,000 for the rights to the names "warner-records.com," "warner-bros-records.com," "warner-pictures.com," "warner-bros-pictures," and "warnerpictures.com").

[34] *Id.* at 5 (describing various occurrences where cybersquatters offered domain names for sale to the highest bidder, such as the case with "an Australian company operating on the Internet under the name 'The Best Domains,' which was offering such domain names as '911porsche.com,' at asking prices of up to $60,911, with a caption that reads 'PORSCHE: DO I NEED TO SAY ANYTHING?' . . . [A] similarly enterprising cybersquatter whose partial inventory of domain names...includes names such as Coca-Cola, Pepsi, Burger King, KFC, McDonalds, Subway, Taco Bell, . . . and Volvo, all of which are available to the highest bidder through an online offer sheet. Also, such [has been] the case where a cybersquatter placed pornographic images of celebrities on a site under the name 'pentium3.com' and announced that it would sell the domain name to the highest bidder."). *See* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 267, 270 (noting that the registrant advised the trademark owner that if it did not buy the domain name for 'a lot of money' the registrant would sell it to the highest bidder).

[35] S. REP. NO. 106-140, at 6; *see* Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Imp. Corp., 53 S.W.3d 799, 809 (Tex. App. 2001) (noting that between five and ten customers of a development corporation tried to e-mail the company through "horseshoebay.com," which had been registered by a cybersquatter with bad faith intent to profit from this diversion).

[36] S. REP. NO. 106-140, at 14-15.

[37] *Id.* at 6.

tarnish the markholder's reputation through consumer confusion.[38] These cyber pirates may not have financial motivations, but may tarnish mark holder's reputation for revenge, to critique the holder, or for no reason other than to exercise their First Amendment rights. Still others have engaged in unfair competition by preying on consumer confusion.[39]

Cybersquatters not only register names in bad faith, but they also may take over unused sites or sites where the original registrant neglected to re-register the domain name.[40] Finally, cybersquatters target distinctive marks not only to confuse, but also to defraud consumers, including engaging in counterfeit activities.[41]

Because businesses have recognized this power and close association between trademarks and domain names, entities are more frequently attempting to register and use their trademarks as domain names.[42] However, cybersquatters have raced these institutions to the

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[38] *Id.* (noting the case of a "parent whose child mistakenly typed in the domain name for 'dosney.com,' expecting to access the family-oriented content of the Walt Disney home page, only to end up staring at a screen of hardcore pornography because a cybersquatter had registered that domain name in anticipation that consumers would make that exact mistake.").

[39] S. REP. NO. 106-140, at 6 (noting the example of a business operating "under the domain name 'disneytransportation.com' [that] greets online consumers at its site with a picture of Mickey Mouse and offers shuttle services in the Orlando area and reservations at Disney hotels, although the company is in no way affiliated with the Walt Disney Company and such fact is not clearly indicated on the site. Similarly, the domain name address 'wwwcarpoint.com,' without a period following 'www,' was used by a cybersquatter to offer a competing service to Microsoft's popular Carpoint car buying service.").

[40] *E.g.*, *Taste: Tony and Tacky*, WALL ST. J., Jan. 4, 2002, *available at* 2002 WL-WSJ 3381995 (describing the case in which the former site of an Indiana Baptist newspaper was taken over by an apparent cybersquatter who buys old sites and converts them to X-rated content).

[41] S. REP. NO. 106-140, at 6 (noting examples of "a cybersquatter . . . [that] registered the domain names 'attphonecard.com' and 'attcallingcard.com' and used those names to establish sites purporting to sell calling cards and soliciting personally identifying information, including credit card numbers [and] the account of a cybersquatter purporting to sell Dell Computer products under the name 'dellspares.com,' when in fact Dell does not authorize online resellers to market its products . . . . Of even greater concern was the example of an online drug store selling pharmaceuticals under the name 'propeciasales.com' without any way for online consumers to tell whether what they are buying is a legitimate product, a placebo, or a dangerous counterfeit.").

[42] H.R. REP. NO. 106-412, at 5 (1999).

registration finish line and have often won. Cyberpirates are consumers' and businesses' worst Internet enemy. Their behavior undermines consumer confidence, discourages Internet use, and destroys the value of established brand names and trademarks.[43] Cybersquatters relinquish any reliance a consumer may have on the source and authenticity of information and products on the Internet. Abusive conduct, like cybersquatting, threatens the continued growth and vitality of the Internet as a platform for all of its uses.[44]

IV. The Ineffectiveness of Traditional Trademark Law

Traditional trademark law has "long-recognized the communicative value of brand-name identifiers, which serve as the primary indicators of source, quality, and authenticity in the minds of consumers."[45] Initially, courts applied traditional trademark infringement and dilution law to disputes regarding the abuse of trademarks as domain names.[46] As the foundation for trademark law, the Lanham Act provides general federal protection from the unauthorized and confusing use of marks.[47] The Lanham Act was enacted for two reasons: (1) to protect and enforce trademark owners'

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[43] *See* S. REP. NO. 106-140, at 5-6.

[44] *Id.* at 8.

[45] 145 CONG. REC. S10515 (daily ed. Aug. 5, 1999), *available at* 1999 WL 593845.

[46] *See* Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 871 (9th Cir. 1999) (stating that they are the third court attempting to apply old law to this new form of communication); Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998) (affirming the district court's granting of summary judgment that the registrant violated the FTDA because he used the names commercially by offering to sell them); Brookfield Communications, Inc. v. West Coast Entm't Corp., 147 F.3d 1036, 1044-45 (9th Cir. 1999) (holding that use of a mark in the domain name or in metatags of a site is violative of traditional trademark law when used commercially and when confusion is very likely). *See also* Sporty's Farm, L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 495-96 (2d Cir. 2000) (discussing the shortcomings of applying the FTDA to cybersquatting cases).

[47] *See* 145 CONG. REC. S7454 (daily ed. Jun. 22, 1999), *available at* 1995 WL 412237 (discussing protection under the Lanham Act); 133 CONG. REC. S16545-03 (daily ed. Nov. 19, 1987) (discussing amendments to further the purposes of the Lanham Act); Peaches Entm't Corp. v. Entm't Repertoire Assocs., Inc., 62 F.3d 690, 692 (5th Cir. 1995) (stating that "Congress passed the Lanham Act in 1946 to 'federalize' the common law protection of trademarks used in interstate commerce").

rights, and (2) to protect the public from confusion, mistake and deception regarding product identity and information.[48]

In 1995, the purposes of the Lanham Act were furthered by an amendment passed to protect owners not only from trademark infringement, but also from the dilution of famous marks.[49] The Federal Trademark Dilution Act (the "FTDA") amended the Lanham Act to provide some justice in the area of trademarks and domain names.[50] Under the FTDA, a domain name registrant's attempt to sell a domain name to the trademark owner constituted commercial use, making the registrant liable for trademark dilution.[51]

Unfortunately, recovery under the FTDA was limited to situations in which the cybersquatter commercially used another's trademark. This provided very limited remedy to the escalating problem of cybersquatting because many bad faith registrants could avoid liability if they refrained from offering to sell the domain names directly to the trademark owner or otherwise use it commercially.[52] Mere trafficking in or the warehousing of domain names consisting of trademarks may not necessarily give rise to liability under the FTDA.[53] Also, the mere registration of another's trademark as a domain name does not constitute "commercial use," such that the registrant would be liable under traditional law.[54] For bad faith acts by registrants

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[48] *See* 145 CONG. REC. S7454, *available at* 1995 WL 412237 (discussing protection under the Lanham Act); 133 CONG. REC. S16545-03 (discussing amendments to further the purposes of the Lanham Act); *Peaches Entm't Corp.*, 62 F.3d at 692 (citing 79 S. REP. NO. 1333, at 1 (1946) (discussing that the action for trademark infringement to protect both consumer confidence in the quality and source of goods and businesses' goodwill in their products)).

[49] Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 1296, 1301 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

[50] 141 CONG. REC. S19312 (daily ed. Dec. 29, 1995), *available at* 1995 WL 770588 (statement of Sen. Leahy) (expressing hope "that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others").

[51] *Panavision*, 945 F. Supp. at 1303; Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996).

[52] S. REP. NO. 106-140, at 7 (1999).

[53] *Id.* at 7; *see* Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F. Supp. 684, 691 (N.D. Ill. 1997) ("The mere 'warehousing' of the domain name is not enough to find that defendant placed the mark on goods or . . . services as required.").

[54] *Panavision*, 945 F. Supp. at 1303.

beyond the overt acts of arbitraging a domain name, existing laws had to be stretched in order to provide remedies.[55]

Furthermore, the FTDA failed to provide adequate remedies for cybersquatting by requiring a mark to be famous.[56] Courts defined a "famous" mark under the FTDA as "truly prominent and renowned."[57] This radically high standard did not provide adequate protection because consumers rely on trademarks that are distinctive, but not necessarily famous.[58] In short, recovery was precluded under the FTDA, even if a registrant acted in bad faith, as long as he did not use the famous mark in a commercial manner.

Remedies under infringement and dilution law were often uncertain because of the unique nature of Internet law and the cunning tactics of cyberpirates.[59] Remedies and liability depended on how far a court wanted to stretch existing law.[60] The Senate concluded that "uncertainty as to the trademark law's application to the Internet produced inconsistent judicial decisions and created extensive monitoring obligations, unnecessary legal costs, and uncertainty for consumers and trademark owners alike."[61] Additionally, cybersquatters' creative defenses have become increasingly sophisticated so as to insulate many of them from liability under the FTDA.[62] Instances of cybersquatting increased because there was no clear deterrent and little incentive for cybersquatters to discontinue

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[55] Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 871 (9th Cir. 1999) ("We are the third panel of this court in just over a year with the challenging task of applying centuries-old trademark law to the newest medium of communication – the Internet.").

[56] *Id.* at 875.

[57] *Id.* (citing I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 46 (1st Cir. 1998) (quoting J. THOMAS MCCARTHY, TRADEMARKS & UNFAIR COMPETITION § 24.91 (2d ed. 1984)).

[58] *Sporty's Farm*, 202 F.3d at 497-98 (discussing the difference between distinctive and famous (citing Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215-26 (2d Cir. 1999))).

[59] S. REP. NO. 106-140, at 7 (1999).

[60] *See Avery Dennison*, 189 F.3d at 871 (discussing the onerous task of applying centuries old law to a new medium of communication).

[61] S. REP. NO. 106-140, at 7.

[62] *Id.*

their abusive practices.[63] As a result, traditional trademark laws have not served justice well in the realm of Internet domain names.

Trademark owners faced significant obstacles in protecting their marks on the Internet, and often ended up just paying off the abusive domain name registrant instead of enforcing their rights through the judicial system.[64] Through extensive studies, Congress found that cybersquatting results in consumer fraud and public confusion as to the true source or sponsorship of goods and services, impairs electronic commerce, deprives legitimate trademark owners of substantial revenues and consumer goodwill and places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable trademarks.[65] Thus, Congress recognized the significant need to remedy the shortcomings of the traditional trademark laws as applied to the Internet and cybersquatting.[66]

V. The Purpose and Intent of the ACPA

The ACPA was enacted in 1999 in response to concerns over the proliferation of cybersquatting – the Internet version of a land grab.[67] The ACPA addresses the weaknesses of traditional trademark law in the realm of Internet domain names and the problems that personal jurisdiction often presents.[68] Specifically, the ACPA was passed in order to:

> protect consumers and American businesses, to promote the growth of online commerce, and to provide

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[63] *Id.*

[64] *Id.*; H.R. REP. NO. 106-412, at 6-7 (1999) (noting that Gateway paid $100,000 to a cyberpirate who placed pornographic material on a website that was placed at a URL incorporating Gateway's trademark, "www.gateway2000.com").

[65] S. REP. NO. 106-140, at 2.

[66] *Sporty's Farm*, 202 F.3d at 495 (quoting S. REP. NO. 106-140, at 7 (1999)) ("While the [FTDA] has been useful in pursuing cybersquatters, cybersquatters have become increasingly sophisticated as the case law has developed and now take the necessary precautions to insulate themselves from liability . . . . [C]ourts have sometimes declined to provide assistance to trademark holders, leaving them without adequate and effective judicial remedies.").

[67] Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 267 (4th Cir. 2001).

[68] *See* S. REP. NO. 106-140, at 10.

> clarity in the law for trademark owners by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks . . . .[69]

The ACPA creates a federal cause of action against persons or entities who have bad faith intent to profit from another's mark, and who use a domain name that resembles or includes that mark.[70] For example, Amazon.com, Inc., now may have a cause of action against a cybersquatter who registers "amazon.net" in bad faith. To recover under the ACPA, Amazon.com, Inc. must prove three elements: (1) it owns a mark, which may be a personal name; (2) the defendant has bad faith intent to profit from the mark, without regard to the goods or services of the parties; and (3) the defendant registers, traffics in, or uses a domain name that is identical or confusingly similar to the plaintiff's mark, if the mark is distinctive or famous at the time of the defendant's registration of the name, or that was dilutive of that mark if it was famous at the time of registration.[71] Liability may be found under the statute for the wrongful use of either registered or common law trademarks, which may include marks not registered in the United States.[72] Because courts have been applying these elements to cybersquatting cases for over two years, we may now analyze how each of these factors is being applied to cases and how this application may affect consumers.

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[69] *See Sporty's Farm*, 202 F.3d at 495 (quoting S. REP. NO. 106-140, at 4 (1999)).

[70] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(d) (2000).

[71] *Id.*

[72] Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 24 (1st Cir. 2001) (holding that § 1127 defines "mark" as "any trademark," not as "registered mark."); Northland Ins. Cos. v. Blaylock, 115 F. Supp. 2d 1108, 1124 (D. Minn. 2000) (noting that the ACPA covers both registered and common law trademarks). *See* Spear, Leeds and Kellog v. Rosado, 122 F. Supp. 403, 405 (S.D.N.Y. 2000) (applying the ACPA to a registered mark as well as common law trademarks that were not registered, but were sufficiently distinctive).

VI. Judicial Application of the ACPA

A. The Cause of Action Generally

In order to invoke the protections of the ACPA, a plaintiff must first show that he owns a mark that is valid and entitled to protection.[73] The ACPA appropriately provides remedies for marks that are distinctive or famous.[74] All domain names registered before, on, or after its date of enactment are subject to liability under the statute.[75] Providing remedies for both types of marks is appropriate because a mark may be famous without being distinctive or a mark may be distinctive even before it is famous.[76] Furthermore, both famous and distinctive marks may have significant effects on consumers' ability to identify products and their sources.

If a mark is famous, the owners' rights are protected from another's use of the mark in a domain name that is identical, confusingly similar to, or dilutive of that mark.[77] "Famous" has been construed to have the same meaning under the ACPA as under the FTDA.[78] A mark is famous when it has "achieved a wide degree of recognition by the United States consumer public as the designator of the plaintiff's goods."[79] However, this standard is relatively high. A mark may be very well known in one geographical market, but may not meet the legal definition of "famous" because the designator of the goods is not recognized or known in other geographical markets.[80]

If a mark is distinctive, the owner's rights are protected from another's use of the mark in a domain name that is "identical or

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[73] Prime Publishers, Inc. v. American-Republican, Inc., 160 F. Supp. 2d 266, 277 (D. Conn. 2001).

[74] 15 U.S.C. § 1125(d)(1)(A)(ii).

[75] People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 368 (4th Cir. 2001) (citing Pub. L. No. 106-113, § 3010, 113 Stat. 1536 (1999) (holding that registrant's claim that the ACPA could not be applied retroactively was invalid)).

[76] *Sporty's Farm*, 202 F.3d at 497 (citing Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215-26 (2d Cir. 1999) (discussing the difference between distinctive and famous)).

[77] 15 U.S.C. § 1125(d)(1)(A)(ii)(II).

[78] *Prime Publishers*, 160 F. Supp. 2d at 277.

[79] *Id.*

[80] *Id.*

confusingly similar" to that mark.[81] A mark may be inherently distinctive or may become distinctive through acquiring secondary meaning to the consuming public.[82] An inherently distinctive mark has traditionally been one that is arbitrary or fanciful and that identifies the source of a product or service.[83] For example, the "HyperCD" mark has been held to be suggestive of the owner and its digital analog conversion software, and thus, it is distinctive.[84] In contrast, a competitor is not liable for cybersquatting when it uses a term that is non-distinctive, or generic.[85] Therefore, a registrant would not likely be liable for registering "cd.com."

Courts have continued to use the traditional analysis for determining whether a mark is distinctive.[86] The Circuit Courts of Appeal that have ruled on the issue of whether a mark is distinctive under the ACPA have concluded that the traditional factors enumerated in 15 U.S.C. § 1125(c)(1) should be applied.[87] Thus, as in §1125(c)(1), a court may consider the specified factors or any others that it deems relevant.[88] Several specific factors that have been used to

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[81] 15 U.S.C. § 1125(d)(1)(A)(ii)(I).

[82] *Prime Publishers*, 160 F. Supp. 2d at 278.

[83] *See Id.* at 278-79.

[84] BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 511 (S.D.N.Y. 2000).

[85] Golf Warehouse, L.L.C. v. Golfer's Warehouse, Inc., 142 F. Supp. 2d 1307, 1312 (D. Kan. 2001) (holding that the term "Golphers' Warehouse" was not distinctive or famous).

[86] *See id.* at 1309 (stating that "[t]rademark protection falls into one of four categories or terms: (1) generic; (2) descriptive; (3) subjective or (4) arbitrary or fanciful."); *see also* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (C.A.N.Y. 1976) (establishing the four-part hierarchy of trademark categories used to determine the distinctiveness of a mark).

[87] *See* Shields v. Zuccarini, 254 F.3d 476 (3rd Cir. 2001) (applying the factors of distinctiveness enumerated in 15 U.S.C. § 1125(c)(1) to hold that a mark was distinctive); *Sporty's Farm*, 202 F.3d at 497 n.10 (concluding that the district court was correct in holding that "sporty's" was distinctive according to the "rigorous criteria" set forth in § 1125(c)(1)).

[88] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(c)(1) (2000) (stating that "a court may consider factors such as, but not limited to- (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F)

establish that a mark is distinctive are: the dollar amount of goods or services sold by the use of that mark, the number and volume of transactions under that mark, whether the mark is fictional, and the duration of conducting business under that mark.[89] Because courts are not expressly limited to considering the listed factors, a plaintiff's burden is lower under the ACPA relative to the FTDA, for which they must prove a mark to be famous.[90] The lower burden that plaintiff's must bear in proving distinctiveness in an action under the ACPA means that more marks, and therefore, more consumers, will be protected from the bad faith intent of cybersquatters.

Although the ACPA is broad enough to cover famous or distinctive marks, it is also narrow enough to disallow recovery for frivolous claims. The statute does this by providing a narrow definition of "domain name," so as to exclude such things as screen names and file names in which cybersquatting does not occur.[91] Use of another's trademark as a screen name or file name does not have the detrimental effects on consumers, against which the ACPA was intended to protect. Furthermore, the definitions of terms in the ACPA are consistent with other statutes, where the nature of the Internet did not require the definitions to be broadened. For example, the definition of "Internet" is consistent with the Communications Act.[92] Also, "trafficking" may consist of a wide variety of transactions which may

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the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.").

[89] *See* Victoria's Cyber Secret Ltd. P'ship v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1350 (S.D. Fla. 2001) (holding that a mark was distinctive after considering the named factors and where large advertising budgets and extensive promotion of merchandise bearing the mark had made the mark known worldwide); *Domain Name Clearing Co.*, 2001 U.S. App. LEXIS 15619, at *9 (holding that a registered trademark was distinctive because it had been used in $4.5M in marketing and over $100M in sales of cosmetics for a period of over twenty years by the holder).

[90] *See Shields*, 254 F.3d at 482 (stating that the ACPA provides recovery for marks that are either distinctive or famous); *Avery Dennison*, 189 F.3d at 875 (discussing the FTDA's requirement that a mark be famous).

[91] S. REP. NO. 106-140, at 8-9, 10 (1999); H.R. REP. NO. 106-412, at 4 (1999).

[92] 47 U.S.C. § 230(f)(1) (defining "Internet" as "the international computer network of both Federal and non-Federal interoperable packet switched data networks."); S. REP. NO. 106-140, at 10; H.R. REP. NO. 106-412, at 4.

affect consumers, including "sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration."[93]

Additionally, the ACPA encourages cooperation and fairness. It codifies the case law limiting the secondary liability of domain name registrars for the act of registration of a domain name, absent bad-faith on the part of the registrar and registry.[94] Domain name registrars should be exposed to very minimal liability for those who register another's trademark in bad faith.[95] The ACPA specifically states that a registrar will not be liable unless their action or inaction provides evidence of bad faith or reckless disregard.[96] Furthermore, cooperation with court orders is encouraged, because the statute specifically states that liability may arise for any registrar's willful failure to comply with any such order.[97]

Another benefit for consumers is that the ACPA provides in rem jurisdiction in cases where consumers may not have been protected because of a court's lack of personal jurisdiction.[98] This is a critical advantage in cases where the domain name registrant has provided false or misleading contact information to the name registrar or fails to update that information over time.

Remedies under § 1125 are "in addition to any other civil action or remedy otherwise applicable."[99] Therefore, the ACPA does not limit traditional trademark, unfair competition, false advertising, or dilution law remedies such as injunctive relief, recovery of profits, actual damages and costs. The ACPA also provides for statutory damages in cybersquatting cases in the amount of $1000 to $100,000.[100] Damages and injunctive relief are available for domain

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[93] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(d)(1)(E) (2000).

[94] S. REP. NO. 106-140, at 10; H.R. REP. NO. 106-412, at 4.

[95] *See, e.g.*, Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 985 (9th Cir. 1999) (concluding that the registrar should not be held liable because it could not be expected to monitor and control the registrants).

[96] 15 U.S.C. § 1125(d)(2)(D)(ii).

[97] *Id.*

[98] 15 U.S.C. § 1125(d)(2)(A).

[99] 15 U.S.C. § 1125(d)(3).

[100] Anticybersquatting Consumer Protection Act § 3003(b), 15 U.S.C. § 1117(d) (2000).

names registered after the enactment date, however, new remedies apply only prospectively.[101] Thus, only equitable relief, such as an injunction, may be imposed for domain names registered on or prior to the statute's enactment on November 29, 1999.[102] Remedies for in rem actions under the Act are also limited to an order for the forfeiture or cancellation of the domain name.[103] These remedies and the general provisions of the ACPA were drafted so as to balance the rights at issue.

Within four months of the ACPA's enactment, the Second Circuit concluded that it was "a particularly good fit" with cybersquatting cases that were previously brought under traditional trademark law.[104] The Second Circuit even applied the Act to a case on appeal, although the district court's decision was based on the FTDA.[105] The circuit court's apparent willingness to use and apply the ACPA was a promising development for consumers. Thus far, courts have applied these provisions in a fair and equitable manner, so as to provide appropriate protection for Internet users and Internet authors.

B. The Requirement of "Identical or Confusingly Similar" or "Dilutive"

Much of the litigation that has been brought under the ACPA has been related to whether a domain name is "identical or confusingly similar" to a distinctive or famous protected mark.[106] This statutory language suggests a simple and direct comparison between the domain name and the protected mark.[107] Judicial application of a simple, direct comparison is consistent with Congress' intent to curb cybersquatters who may act in bad faith without using the names in commerce and without necessarily offering to sell the names to the markholder.[108]

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[101] *People for the Ethical Treatment of Animals*, 263 F.3d at 368 (citing Pub. L. No. 106-113, § 3010, 113 Stat. 1536 (1999) (stating that the ACPA precludes the imposition of damages in cases in which domain names were registered, trafficked, or used before its enactment)).

[102] *Id.*

[103] 15 U.S.C. § 1125(d)(2)(D)(i).

[104] *Sporty's Farm*, 202 F.3d at 497.

[105] *Id.*

[106] 15 U.S.C. § 1125(d).

[107] N. Light Tech. v. N. Lights Club, 97 F. Supp. 2d 96, 117 (D. Mass. 2000).

[108] *Id.* at 117.

When the domain name and the mark are identical, the test is simple. The taking of an identical copy of another's famous or distinctive mark for use as a domain name creates a presumption of confusion among users as a matter of law.[109] The registrant may provide evidence to rebut this presumption, but often the analysis just moves onto the next element of "bad faith."[110]

The "confusingly similar" test gives rise to significantly more debate. Courts have differed about the appropriate analysis for determining which domain names may be confusing and sufficiently similar to the mark at issue.[111] As a general rule, if a company can show that consumers were confused, then it usually wins because actual confusion also indicates bad faith.[112] However, actual confusion is not a requirement to succeed under this cause of action.[113] Because a domain name is the major identifying characteristic of a website, if the mark and the domain name create confusion among consumers, mitigating factors may be insufficient to demonstrate a noninfringing use.[114] Courts have consistently held that insignificant changes to a mark do not make the mark any less "confusingly similar."[115] Thus, any domain name that simply adds ".com" or some other domain identifier at the end of a mark or similar variation thereof is "identical

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[109] *Victoria's Cyber Secret*, 161 F. Supp. 2d at 1351.

[110] *See, e.g., id.* (noting that the determination of whether a mark is confusingly similar and whether the registrant had bad faith may then be combined into one inquiry, in this case, whether or not the alleged cybersquatter, recognizing the fame, tremendous goodwill and selling power inherent in the "Victoria's Secret" mark, without authorization, deliberately and intentionally misappropriated the mark).

[111] *See Ford Motor Co.*, 141 F. Supp. 2d at 774; *Sporty's Farm*, 202 F.3d at 497-98.

[112] Zach Schiller, *Ameritech Sues Two over Web Domains*, THE PLAIN DEALER, Apr. 7, 2001, at 1C, *available at* 2001 WL 20546054 (citing Joe Dreitler, a partner at Jones Day, Reavis & Pogue in Columbus, who represents companies in trademark and Internet cases).

[113] *Ford Motor Co.*, 141 F. Supp. 2d at 774.

[114] *Id.*

[115] *Sporty's Farm*, 202 F.3d at 497-98 (holding that because apostrophes may not be used in domain names that "Sporty's" is confusingly similar to "sportys.com"); *Prime Publishers*, 160 F. Supp. 2d at 283 (holding that the registered domain name is confusingly similar to a publisher's trademark because the only difference was the prefix "ct" in the domain name).

or confusingly similar" to that trademark.[116] Furthermore, the addition of any spaces, signs, or punctuation to a trademark for use as a domain name is inconsequential.[117] This common sense approach suggests that judges are putting themselves in the seats of regular Internet consumers. Looking at the cybersquatting cases in a practical way, rather than a legal or technical way, will provide greater protection for consumers from deceptive tactics used on the Internet.

Beyond the punctuation and ".com's," however, courts have differed significantly in how to interpret "confusingly similar."[118] Marks incorporated into domain names may satisfy the "identical or confusingly similar" requirement for stating a claim, but may not be so confusing to demand liability.[119] In one particular case, "4fordparts.com," "lincolntrucks.com," and "volvoguy.com" were not confusing enough to establish liability.[120] However, another court held that domain names are "confusingly similar" where the names consisted of trademarks, coupled with a description of their services or geographic location, and where the registrant admitted the domain names were registered with the intent of attracting confused customers to his own site.[121] The court concluded that "mgmgrandhotelcasino.com," "goldennuggetlasvegas.com," and other names are confusingly similar to the Las Vegas hotels and casinos bearing practically the same names. In another case, the incorporation of the additional word "sexy," between the two words making up the

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[116] Cline v. 1-888-Plumbing Group, Inc., 146 F. Supp. 2d 351, 367 n.5 (S.D.N.Y. 2001) (holding that the lack of separating spaces, the choice of punctuation or the addition of a domain identifier has little or no significance).

[117] *Sporty's Farm*, 202 F.3d at 497-98 (concluding that because apostrophes cannot be used in domain names, the distinction between "Sporty's" and "sportys.com" is inconsequential); Shields v. Zuccarini, 89 F. Supp. 2d 634, 639 (E.D. Pa. 2000), *affirmed by* 254 F.3d 476 (3rd Cir. 2001) (holding that "joescartoon.com" is confusingly similar to plaintiff's domain name "joecartoon.com"); Morrison & Foerster v. Wisk, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000) (holding that because ampersands are not allowed in domain names, the difference between "www.morrisonfoerster.com" and the protected mark "MORRISON & FOERSTER" is inconsequential).

[118] *Virtual Works*, 238 F.3d at 270-71; Mirage Resorts, Inc. v. Stirpe, 152 F. Supp. 2d 1208 (D. Nev. 2000).

[119] *Ford Motor Co.*, 141 F. Supp. 2d at 774.

[120] *Id.*

[121] *Mirage Resorts*, 152 F. Supp. 2d at 1210, 1213.

trademark "Victoria's Secret" was sufficient to establish liability.[122] Often, as in these cases, the "confusingly similar" analysis depends on evidence that the registrant acted in bad faith.[123]

The analysis by courts considering bad faith acts in determining whether a domain name and trademark are "confusingly similar" is faulty. In order for consumers to be effectively protected, and to fulfill the intent of Congress, a simple, practical comparison between the domain name and the trademark must be performed. If there is any chance of consumer confusion as to the sponsorship or source of the domain name, analysis should continue on to whether or not evidence of bad faith exists. If there is no chance of consumer confusion, no liability would be established.

Many courts have properly construed the "confusingly similar" element to include "typosquatters."[124] Typosquatters are those who register commonly misspelled trademarks as domain names.[125] Also, someone who registers a domain name consisting of a trademark followed by "com," so as to capitalize on the instances in which the "dot" is unintentionally left out by the Internet user may be considered a typosquatter.[126] This form of cybersquatter takes advantage of Internet users' misspellings or typographical errors with regard to domain names and trademarks. In practice, a consumer may not recognize that she made an error if that error brings her to a website that she believes may be, or is, sponsored by the mark owner she intended to find.

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[122] *Victoria's Cyber Secret*, 161 F. Supp. 2d at 1346 (holding that "victoriasexysecret.com," "victoriassexsecret.com" and other variations are confusingly similar to the trademark "Victoria's Secret").

[123] *Virtual Works*, 238 F.3d at 264, 271 (concluding that the domain name "vw.net" is confusingly similar to the automobile manufacturer's famous "VW" mark so that the manufacturer was entitled to have the name transferred to itself, where the name owner had registered it in bad faith because it was not an Internet service provider – previously required for the ".net" top-level name – and at the time of registration, it was aware of the potential confusion with the "VW" mark, and has stated to the manufacturer that users would instinctively use the "vw.net" address to link to manufacturer's website).

[124] *See, e.g., Shields*, 254 F.3d at 485 (affirming the district court's decision that the registrant was liable under the ACPA for registering several misspellings of another's trademark); *Victoria's Cyber Secret*, 161 F. Supp. 2d at 1351 (noting that registering Internet domain names which are intentional misspellings of famous trademarks violates the ACPA).

[125] *Shields*, 254 F.3d at 483.

[126] *See* S. REP. NO. 106-140, at 6 (1999).

The ACPA has stood its ground in protecting consumers from typosquatters. The statute has been applied to those individuals and entities registering domain names that are intentional misspellings of distinctive or famous marks.[127] This application is consistent with Congressional intent.[128] Liability has been particularly significant where a cybersquatter admitted to registering domain names because they were likely misspellings of famous marks or personal names.[129] This, coupled with evidence of electronic mail was admitted to show the extent of consumer confusion caused by the cybersquatter's sites, giving rise to significant liability of $100,000 per domain name.[130] By holding typosquatters liable under the ACPA, courts are extending and ensuring the protection of consumers under the statute.

Because the ACPA precludes consideration of the type of goods and services offered by the parties,[131] it provides for greater consumer protection than the FTDA.[132] Currently, a defendant may no longer escape liability by purporting to offer goods or services slightly different in nature from that which the trademark owner sells.[133] This factor, while important in a typical infringement case, is not as relevant as when the confusion occurs online. With a two dimensional storefront or informational website, much more is at issue than whether a consumer will likely confuse the products or services offered by different vendors. Consumers must be able to depend on the

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[127] *See Shields*, 254 F.3d at 485.

[128] *See* S. REP. NO. 106-140, at 6.

[129] *Shields*, 89 F. Supp. 2d at 640-41 (E.D. Pa. 2000), *affirmed by* 254 F.3d 476 (3rd Cir. 2001) (holding that "joescartoon.com" and "joecarton.com" are confusingly similar to plaintiff's "joecartoon.com").

[130] *Id.*

[131] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(d)(1)(A) (2000) ("A person shall be liable . . . if, without regard to the goods or services of the parties, that person . . . has a bad faith intent to profit . . . .").

[132] *See Sporty's Farm*, 202 F.3d at 497 n.11 (noting that "confusingly similar" is a different standard than the "likelihood of confusion" test for trademark infringement).

[133] *See* 15 U.S.C. § 1125(d)(1)(A) ("A person shall be liable . . . if, without regard to the goods or services of the parties, that person . . . has a bad faith intent to profit . . . ."). *But see* Yellowbrix, Inc. v. Yellowbrick Solutions, Inc., 181 F. Supp. 2d 575, 582 (E.D.N.C. 2001) (concluding that because the registrant and owner were not competitors and the products were different by improperly applying a factor of "likelihood of confusion").

information provided to them and the source behind such information must be identifiable and reliable.

C. The Requirement of "Bad Faith Intent to Profit"

The ACPA sets forth a list of non-exclusive factors that a court may use to assist them in determining whether a registrant possessed the requisite "bad faith intent to profit" from a mark.[134] The registration of multiple domain names may be consistent with honest business practices.[135] Congress acknowledged this possibility by drafting the ACPA such that the factors are non-exhaustive and non-exclusive.[136] The ACPA expressly states that a court may consider other factors that may tend to indicate that the registrant acted in bad faith or that the safe harbor provision applies.[137] The enumerated factors address some of the specific problems the Internet presents, and suggest ways that cybersquatters have used abusive and deceptive tactics in bad faith, some of which escaped liability under traditional law. These factors re-emphasize the ACPA's goal of protecting consumers. For example, one of the factors that courts always consider is whether a registrant attempts to divert consumers from their intended site.[138]

In determining whether the registrant acted in bad faith, the Fourth Circuit Court of Appeals used a "totality of the circumstances" approach in one recent case.[139] Virtual Works, Inc. registered and used

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[134] 15 U.S.C. § 1125(d)(1)(B) (stating nine factors a court may consider in determining whether the registrant acted in bad faith, but also stating that a court is not limited to considering those factors).

[135] S. REP. NO. 106-140, at 9 (1999).

[136] *Id.* at 9-10.

[137] 15 U.S.C. § 1125(d)(1)(B)(i); *see Virtual Works*, 238 F.3d at 267-69.

[138] 15 U.S.C. § 1125(d)(1)(B)(i)(V).

[139] Virtual Works, Inc. v. Volkswagen of America, Inc., 238 F.3d 264, 270 (4th Cir. 2001); *see also* Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Imp. Corp., 53 S.W.3d 799, 810 (Tex. App. 2001) (concluding that a likelihood of confusion existed between the mark "Horseshoe Bay," used by the development corporation, and "horseshoebay.com," used by the real estate company, because "Horseshoe Bay" was arbitrary and had acquired a secondary meaning, both parties named on the Internet to reach potential customers, the defendant registered the name - along with "horseshoebay.cc" - specifically to benefit from the development corporation's reputation and goodwill, defendant had never before used the name, and there was evidence that five to ten consumers had been confused about the name and tried to email the development company through "horseshoebay.com").

"vw.net" as its own domain name.[140] Volkswagen of America, Inc., holder of the famous "VW" mark, filed suit.[141] The Fourth Circuit considered all factors that it deemed relevant, holding that the registrant acted in bad faith because he never registered the domain name as a trademark and had not conducted, and never intended to conduct business under the domain name in question. [142] Furthermore, use of the domain name created a likelihood of confusion, the registrant had used the name to disparage the markholder, and the registrant had offered to sell the name to the markholder.[143] Because all of these factors together, the totality of the circumstances, weighed in favor of the mark owner, the court imposed liability upon the registrant even though its initials constituted the owner's famous mark.[144]

Another "totality of the circumstances" analysis has been exhibited by the District Court of the Southern District of Florida.[145] A cybersquatter registered and used a domain name consisting of a slight variation of the Victoria's Secret trademark.[146] The court found that the registrant acted in bad faith by registering the particularly distinctive and famous mark, where no connection existed between the domain names and their proposed use, and no reason existed for that exact choice of words other than to capitalize on the owner's mark.[147] By considering many factors even beyond those specifically listed in the statute, this analysis seems like a balanced approach in seeking the truth about whether or not the registrant acted with intentions that may be detrimental to consumers.

Many other courts have had the chance to determine what constitutes bad faith under the ACPA, but have refrained from using a

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[140] *Virtual Works*, 238 F.3d at 266.

[141] *Id.*

[142] *Id.* at 269-70.

[143] *Id.*

[144] *Id.*

[145] *See Victoria's Cyber Secret,* 161 F. Supp. 2d at 1353.

[146] *Id.* at 1341 (noting that the plaintiff registered four Internet domain names: "victoriassexsecret. com," "victoriassexysecret.com," "victoriasexsecret.com," and "victoriasexysecret.com").

[147] *Id.* at 1347-49.

"totality of the circumstances" analysis.[148] Typically, this is because just one or two of the registrants' actions have been severe enough to establish bad faith.[149] The fact that a domain name resembles or is confusingly similar to a famous trademark does not, alone, establish bad faith.[150] The registrant's precise actions must show bad faith intent.[151]

Specific acts by a registrant may constitute bad faith per se. Generally, a registrant's attempt to sell the domain name at an inflated price is indicative of bad faith.[152] A registrant who offers to sell a domain name to the mark owner and then offers to sell the domain name to the highest bidder may be liable under the ACPA.[153] Also, the registration of multiple marks may be enough to establish liability.[154] The District Court of Oregon found that such was the case with one recent cybersquatting occurrence.[155] The court held that bad faith may be inferred where the domain name registrant provided no services relating to the domain name and it had registered other well-known names with which it had no apparent connection.[156] In another case, an Internet domain name owner was held liable for registering various domain names in order to sell them in the future because he made a business out of the process.[157] Thus, the single act of registering or

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[148] *See* Domain Name Clearing Co., L.L.C. v. F.C.F. Inc., No. 00-2509, 2001 U.S. App. LEXIS 15619, at *7-*8 (holding that the registrant acted in bad faith by registering a mark as a domain name and attempting to sell the domain name); *see also Golf Warehouse*, 142 F. Supp. 2d at 1307; *Ford Motor Co.*, 141 F. Supp. 2d at 763.

[149] *See Domain Name Clearing Co.*, 2001 U.S. App. LEXIS 15619, at *7-*8 (holding that registering a mark as a domain name and attempting to sell the domain name was sufficient to establish bad faith).

[150] *Virtual Works,* 238 F.3d at 269.

[151] *See Golf Warehouse*, 142 F. Supp. 2d at 1312 (granting summary judgment because the use of a generic name cannot constitute a deceptive act and no evidence of misuse was proven).

[152] *Virtual Works,* 238 F.3d at 270.

[153] *See id.* at 267, 271.

[154] *See Shields*, 254 F.3d at 485.

[155] *See* Zipee Corp. v. U.S. Postal Service, 140 F. Supp. 2d 1084, 1087 (D. Or. 2000).

[156] *Id.*

[157] *Domain Name Clearing Co.*, 2001 U.S. App. LEXIS 15619, at *7-*8 (concluding that the registrant registered various marks as domain names may be

attempting to sell names consisting of marks, if done with "bad faith intent to profit," may be enough to establish liability.[158]

Nonetheless, some courts have denied concluding that one act alone may show bad faith per se. The Fourth Circuit has stated that a mere offer to sell an Internet domain name alone was not proof of unlawful trafficking in bad faith.[159] On the other hand, a registrant's other acts, in addition to intending or offering to sell a name, may likely give rise to liability.[160] In order to establish liability, the actions of the registrant should be enough such that any reasonable person may infer that the acts were done in bad faith.

Furthermore, the mental state of the registrant may be irrelevant to the requirement of bad faith in certain circumstances.[161] For example, "bad faith intent to profit" has been proven when a person used a domain name that is confusingly similar to a mark that was distinctive and famous at the time the name was registered, regardless of what the registrant knew at the time of registration.[162] In short, although the court must determine whether "bad faith intent" existed, it may not be a question of actual knowledge of the mark itself.

Additionally, the consumer protection function of the ACPA has been the deciding factor behind courts' decisions.[163] For example, the Fourth Circuit recently held that although a domain name registrant thought that his use of a mark was lawful, the registrant acted in bad faith.[164] The registrant posted information on the site at the domain name "peta.org" that was insulting to the owners of the

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enough to establish liability because it made a business out of registering and selling the names).

[158] *See* Ford Motor Co. v. Great Domains, Inc., 177 F. Supp. 2d 635, 647-48 (E.D. Mich. 2001) (concluding that liability for mere registration may be considered under the ACPA but not under other theories of trademark liability).

[159] *Virtual Works,* 238 F.3d at 270 (citing H.R. CONF. REP. NO. 106-464, at 111 (1999)).

[160] *See Virtual Works,* 238 F.3d at 271.

[161] March Madness Athletic Ass'n, L.L.C. v. Netfire, Inc., 162 F. Supp. 2d 560, 573 (N.D.Tex. 2001) (concluding that the knowledge, or lack thereof, of a registrant at the time of registration, is irrelevant as to whether he may be liable under the ACPA).

[162] *Id.*

[163] *See People for the Ethical Treatment of Animals,* 263 F.3d at 369.

[164] *Id.* at 369.

PETA trademark, the People for the Ethical Treatment of Animals organization.[165] The court drew this conclusion because the registrant did not have any intellectual property rights in the mark or anything similar to it, he used the domain name in a commercial manner, and clearly intended to confuse, mislead and divert Internet users into accessing his site.[166] Also, his site contained antithetical information that was harmful to the goodwill of the mark owner.[167] In this case, the court focused on the consumer protection function of the ACPA and placed significant weight on the acts that were potentially detrimental to consumers.[168]

Courts' application of the ACPA's factors in determining bad faith has been relatively fair. Courts have attempted to consider all evidence of bad faith, whether it is in regard to a specific factor in the statute or otherwise. Courts have been achieving a balance by using the enumerated factors to determine whether the registrant's use is fair or in bad faith, but are not being limited to those factors. This is important because Congress is not able to predict all of the ways that cybersquatters may use the Internet to defraud and mislead. Overall, the "totality of the circumstances" approach is most beneficial to consumers, who are harmed in various foreseen and unforeseen ways by the bad faith intent of cybersquatters.

D. Defenses to Liability Under the ACPA

While the ACPA provides broad protection to mark owners and consumers, the statute does not over-protect because it allows for all of the defenses to traditional trademark law.[169] In considering whether a defense precludes liability, courts must carefully balance the legitimate interests of Internet authors with other interests for which protection is intended.[170] By protecting the rights of Internet users and the interests of all Americans in free speech and protected uses, the ACPA provides an optimal balance. This statute only targets those

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[165] *Id.* at 362-63.

[166] *Id.* at 369.

[167] *Id.* at 365-66.

[168] *See Id.* at 369.

[169] Anticybersquatting Consumer Protection Act § 3002(a), 15 U.S.C. § 1125(d) (2000).

[170] S. REP. NO. 106-140, at 8 (1999).

intending to profit from another's mark or otherwise use it in bad faith.[171] Parody, comment, criticism, comparative advertising, and news reporting are all excused from liability under the First Amendment, and are not targeted under the ACPA.[172]

A registrant may also be excused from liability if the safe harbor provision applies.[173] The safe harbor provision, as codified by the ACPA, applies when a registrant "believed and had reasonable grounds to believe that the use of the domain name was a fair use or was otherwise lawful."[174] However, the ACPA remains focused on consumer protection by providing that a domain name registrant who acts even partially in bad faith is not, as a matter of law, entitled to benefit from the safe harbor provision or fair use defense.[175] The openly admitted hope of profiting from consumer confusion of its Internet domain name with another's mark has been sufficient to disqualify a registrant from using the safe harbor provision.[176] Furthermore, a defendant who claims the safe harbor defense may not escape liability if the totality of the circumstances and his actions after registration, demonstrate intent to profit from the mark.[177]

While sites used as a parody or negative comment may be excused under the First Amendment, sites used by fans to display and share their admiration have also been subject to threats of liability.[178] Although this presents a risky situation for individuals on the authoring side of the Internet, courts are likely to apply the ACPA in the equitable manner that they have thus far, so as to prevent subjecting fans to unjust liability.

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[171] 15 U.S.C. § 1125(d); S. REP. NO. 106-140, at 13.

[172] S. REP. NO. 106-140, at 13.

[173] 15 U.S.C. § 1125(d)(1)(B)(ii).

[174] *Id.*

[175] *People for the Ethical Treatment of Animals*, 263 F.3d at 369; *Virtual Works*, 238 F.3d at 270.

[176] *Virtual Works*, 238 F.3d at 271.

[177] *Victoria's Cyber Secret*, 161 F. Supp. 2d at 1349 (concluding that bad faith intent to profit from the trademark was evidenced by the totality of the circumstances).

[178] *E.g., Brilliant!*, LONDON TIMES, Nov. 18, 2001, *available at* 2001 WL 29849981 (noting how naïve Warner Bros. was recently when it served a teenage girl with legal papers due to her registration of 'www.harrypotterguide.co.uk,' on which she placed fan information and even clearly directed users to the official Warner Bros.' Harry Potter site).

Unfortunately, the ACPA does not cure all cybersquatter-related headaches. Some famous trademarks have been incorporated into dozens, or even hundreds of unauthorized domain names. A trademark owner with one hundred cybersquatter problems may have to file just that many lawsuits to protect his rights. This poses a significant obstacle to mark owners. Additionally, the courts cannot handle this explosive caseload. Thus, the government and other groups are advocating alternative dispute resolution.[179] Furthermore, the First Amendment may protect some "negative comment" sites where the owner has exhibited bad faith. However, if the courts continue to examine the "big picture" of a case when deciding it, justice will continue to prevail under the ACPA.[180]

VII. Conclusion

Considering the large volume of consumer dollars being transferred through e-commerce,[181] the increasing number of households gaining Internet access,[182] and the difficulty in deciphering the exact source and authenticity of material throughout the World Wide Web, laws must be applied so as to protect consumers and their hard-earned dollars. Since its inception, the ACPA has effectively played its protective role by significantly subsidizing the inability of consumers to verify the true source of information in this new world of electronic storefronts.

The ACPA was not enacted and has not been applied to give companies the rights to every possible combination of letters that bears

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[179] Donna L. Howard, *Trademarks and Service Marks and Internet Domain Names: Giving ICANN Deference*, 33 ARIZ. ST. L.J. 637 (2001) (describing in detail the differences between vindicating intellectual property rights under the ACPA and under alternative dispute resolution according to ICANN).

[180] *See* Bally Total Fitness Holding Corporation v. Faber, 29 F. Supp. 2d 1161, 1165 (C.D. Cal. 2001) (holding the defendant not liable for using "compupix.com/ballysucks" as the URL for a site devoted to consumer complaints about Bally Total Fitness because the average consumer would not be likely to assume that Bally was affiliated with a site dedicated to criticizing the organization).

[181] U.S. Department of Commerce, Economics and Statistics Administration, Office of Policy Development, *Digital Economy 2000* at 9 (2000), *available at* http://www.esa.doc.gov/508/esa/DigitalEconomy.htm (last visited Feb. 18, 2002).

[182] 145 CONG. REC. S10519 (daily ed. Aug. 5, 1999), *available at* 1999 WL 593845.

any similarity to a protected mark.[183] Although large companies with many resources have been increasingly issuing cease and desist letters to almost any registrant who incorporates part or all of their mark into a domain name,[184] this is a broad and incorrect application by large trademark owners. When these owners attempt to back up their letters in court, the courts will not stand for it. The ACPA was enacted, and has been applied in most cases, just liberally enough to prevent the expropriation of protected marks in cyberspace and to abate consumers' confusion resulting from such use. The matter at hand is one of ensuring that the consumer knows that the goods and services he is viewing on the Internet are genuine, safe, and reliable while protecting the investment of a trademark owner in the same way it is protected in other forms of media.[185] Courts have begun to use the ACPA so as to provide a more safe, reliable electronic world for consumers and trademark owners. In effect, the ACPA has become an authoritative presence on the cyber streets of e-commerce, striking a unique balance between the interests involved.

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[183] *Virtual Works*, 238 F.3d at 271.

[184] *See, e.g.*, *The Guide to Marijuana on the Internet*, *at* http://www.yahooka.com (last visited Feb. 18, 2002) (Although Yahoo! Inc. sent a cease and desist letter in January 1999, the site has continued to be operational; Yahoo! Inc. has never filed suit against www.yahooka.com.).

[185] Hearings, *supra* note 10.

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