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# **THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT: AN ANALYSIS OF THE DECISIONS FROM THE COURTS OF APPEALS**

SUE ANN MOTA†

## I. INTRODUCTION

In 1999, Congress passed the *Anticybersquatting Consumer Protection Act*<sup>1</sup> (“ACPA”) to protect American consumers and businesses, to promote the growth of online commerce, and to provide clarity in trademark law by prohibiting “cybersquatting,” or the deliberate, bad faith, and abusive registration of distinctive marks as Internet domain names with the intent to profit from the marks’ goodwill.<sup>2</sup> The ACPA creates a civil remedy for registering a domain name with a bad faith intent to profit that is identical to or “confusingly similar” to a distinctive or famous mark.<sup>3</sup>

This article will examine the ACPA as interpreted by published decisions from the First,<sup>4</sup> Second,<sup>5</sup> Third,<sup>6</sup> Fourth,<sup>7</sup> Sixth,<sup>8</sup> and Ninth<sup>9</sup> Cir-

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1. 15 U.S.C. § 1125 (d) (2002); *see generally*, John M. Cone, *Cyberpiracy - The U.S. Legislative Response*, 6 Comp. L. Rev. & Tech. J. 221 (Spring 2002); Jason Kaplan, *The Anticybersquatting Consumer Protection Act: Will it End the Reign of the Cybersquatter?*, 8 UCLA Ent. L. Rev. 43 (Fall 2000); Elizabeth Robison Martin, *“Too Famous To Live Long!” The Anticybersquatting Consumer Protection Act Sets Its Sights To Eliminate Cybersquatter Opportunistic Claims On Domain Names*, 31 St. Mary’s L.J. 797 (2000); Marc Lorelli, *How Trademark Litigation Over Internet Domain Names Will Change After Section 43 (d) Of The Lanham Act*, 78 U. Det. Mercy L. Rev. 97 (Fall 2000).

2. Sen. Rpt. No. 106-1410 (1999).

3. 15 U.S.C. § 1125 (d) (2002).

4. *See generally Northern Light Technology, Inc. v. Northern Lights Club*, 236 F.3d 57 (1st Cir. 2001), *cert. denied*, 2001 U.S. LEXIS 4484, *see infra* nn. 28-33 and accompanying

cuit Courts of Appeals. An analysis of these cases will follow.

## II. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Finding that cybersquatting results in consumer fraud and public confusion, impairs e-commerce, deprives legitimate trademark owners of revenues and goodwill, and places burdens on trademark owners,<sup>10</sup> Congress passed the ACPA<sup>11</sup> in 1999. Prior to the ACPA, there was no clear deterrent to cybersquatting.<sup>12</sup> While the *Federal Trademark Dilution Act* was used successfully against cybersquatters,<sup>13</sup> Congress believed that specific legislation was necessary.<sup>14</sup>

Thus, in November 1999, the ACPA became law, making it illegal to register, traffic in, or use a domain name of another if the domain name is a famous or distinctive mark or confusingly similar to a famous or distinctive mark, with bad faith intent to profit.<sup>15</sup> The statute gives nine factors to examine in determining bad faith intent.<sup>16</sup> An injunction, damages and transfer, forfeiture, or cancellation of the domain name are available.<sup>17</sup> The plaintiff may elect statutory damages of \$1,000-\$100,000.<sup>18</sup> If the trademark owner cannot obtain personal jurisdiction

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text; *Sollen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14 (1st Cir. 2001); see *infra* nn. 34-37 and accompanying text.

5. See generally *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489 (2d Cir. 2000), cert denied, 2000 U.S. LEXIS 4367; see *infra* nn. 17-26 and accompanying text.

6. See generally *Shields v. Zuccarini*, 254 F.3d 476 (3d Cir. 2001); see *infra* nn. 38-42 and accompanying text.

7. See generally *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 217 (4th Cir. 2002); see *infra* nn. 61-68 and accompanying text; *Porsche Cars N. Am. v. Porschenet*, 302 F.3d 248 (4th Cir. 2002); see *infra* nn. 56-60 and accompanying text; *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001); see *infra* nn. 50-55 and accompanying text; *Virtual Works, Inc. v. Volkswagon of Am., Inc.*, 238 F.3d 264 (4th Cir. 2001); see *infra* nn. 43-50 and accompanying text.

8. See generally *Bird v. Parsons*, 289 F.3d 865 (6th Cir. 2002); see *infra* nn. 69-74 and accompanying text.

9. See generally *Interstellar Starship Servs. v. Epix, Inc.*, No. 01-35155, 2002 U.S. App. LEXIS 19632 (9th Cir. Sept. 20, 2002); see *infra* nn. 75-85 and accompanying text.

10. Sen. Rpt. 106-1410 (1999).

11. 15 U.S.C. § 1125 (d) (2002).

12. Sen. Rpt. 106-1410, at 6 (1999).

13. 15 U.S.C. §§ 1125, 1127 (Supp. 1996); see e.g. *Panavision Intl. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. Ill. 1996). The *Federal Trademark Dilution Act*, however, requires marks to be famous and the Ninth Circuit has disallowed protection for marks not deemed famous. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875-877 (9th Cir. 1999).

14. Sen. Rpt. 106-1410, at 7 (1999).

15. 15 U.S.C. § 1125 (d).

16. *Id.*

17. *Id.*

18. *Id.*

over the defendant, or if, through due diligence, is not able to find the defendant, an *in rem* action is available in the district where the domain name registry is located.<sup>19</sup>

A limited exemption from liability is granted to domain name registrars that suspend, cancel, or transfer domain names pursuant to a court order or in the implementation of a reasonable policy prohibiting cybersquatting.<sup>20</sup>

### III. DECISIONS ON THE ACPA IN THE COURTS OF APPEALS

At the time of this writing there have been ten published decisions from the courts of appeals on the ACPA. In February 2000, the Court of Appeals for the Second Circuit became the first appellate court to apply and interpret the ACPA in *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*<sup>21</sup> Sportsman's began using the logo "sporty" in the 1960s and registered "Sporty's" as a trademark with the U.S. Patent and Trademark Office in 1985.<sup>22</sup> Omega registered the domain name "Sportys.com;" Omega's co-owner was aware of the "Sporty's" trademark.<sup>23</sup> Omega sold the domain name to a wholly-owned subsidiary, Sporty's Farm.<sup>24</sup> Sportsman's discussed the registration of Sportys.com in 1996, and Sporty's Farm sued to continue using Sportys.com.<sup>25</sup> Sportsman's counterclaimed for trademark infringement and trademark dilution under the *Federal Trademark Dilution Act* ("FTDA").<sup>26</sup> The district court held that Sporty's Farm violated the FTDA and issued an injunction forcing Sporty's Farm to relinquish all rights to Sportys.com.<sup>27</sup>

While the appeal was pending the ACPA was enacted; the court of appeals applied the ACPA, ruling that the law to be applied is the law that exists at the time of appeal.<sup>28</sup> Applying the ACPA, the court had to determine first if "Sporty's" is a distinctive or famous mark. The court held that it is both.<sup>29</sup> The court then had to decide if the domain name "Sportys.com" is identical or confusingly similar to the "Sporty's" mark.

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19. *Id.* "Domain name" is given the narrow definition of any alphanumeric designation which is registered with or assigned by any domain name registry. It includes second-level domain names (e.g. ".com", ".net") but could also include third and fourth level domains, if assigned. Sen. Rpt. 106-1410, at 8 (1999).

20. 15 U.S.C. § 1125 (d).

21. *Sporty's Farm*, 202 F.3d at 489.

22. *Id.* at 494.

23. *Id.*

24. *Id.*

25. *Id.*

26. *Sporty's Farm*, 202 F.3d at 494; see *Avery Dennison Corp.*, 189 F.3d at 875-77.

27. *Sporty's Farm*, 202 F.3d at 495. Both parties appealed. *Id.*

28. *Id.* at 496. Sporty Farm's contends that this is impermissibly retroactive. *Id.* The Court of Appeals for the Second Circuit found this position to be meritless." *Id.* at 502.

29. *Id.* at 497.

The court held that it is confusingly similar.<sup>30</sup> The court then had to determine if a bad faith intent to profit was present. The court held that there was "more than enough evidence on the record below of bad faith intent to profit."<sup>31</sup> Thus Sporty's Farm violated the ACPA,<sup>32</sup> and the injunction granted by the district court was proper.<sup>33</sup> Thus, the first appellate decision upheld an injunction against the company registering another's trademark as a domain name.

The Court of Appeals for the First Circuit decided two cases under the ACPA in 2001.<sup>34</sup> In the first, *Northern Light Technology, Inc. v. Northern Lights Club*, the appellate court affirmed a preliminary injunction under the ACPA.<sup>35</sup> North Light Technology, Inc. registered the "Northern Light" service mark with the U.S. Patent and Trademark Office and registered the "northernlight.com" domain name in 1996.<sup>36</sup> One month after northernlight.com was registered, a self-described "Internet entrepreneur," defendant Burgar, registered "northernlights.com."<sup>37</sup> In 1999, this issue came to light when a *USA Today* article erroneously identified the plaintiff's Web site as northernlights.com.<sup>38</sup> The plaintiff sent Mr. Burgar a cease-and-desist letter; Mr. Burgar did not reply.<sup>39</sup> A lawsuit was filed, and was amended to add a claim under the ACPA after its enactment.<sup>40</sup> A temporary restraining order was issued, which became a preliminary injunction, as the district court found that the plaintiff would probably succeed on the merits.<sup>41</sup> On appeal, the court found no error in the district court's finding that the defendants will likely be

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30. *Id.* This "confusingly similar" standard differs from the "likelihood of confusion" standard used in trademark infringement cases. *Id.* at 498, n. 11.

31. *Id.* at 498.

32. *Sporty's Farm*, 202 F.3d at 499.

33. *Id.* at 501. Damages, however, were not available to Sportsman's. *Id.*; see generally P. Wayne Hale, *The Anticybersquatting Consumer Protection Act & Sporty's Farm L.L.C. v. Sportyman's Market, Inc.*, 16 Berkeley Tech. L.J. 205 (2001); Alanna C. Rutherford, *Sporty's Farm v. Sportsman's Market: A Case Study in Internet Regulation Gone Awry*, 66 Brook. L. Rev. 421 (2000).

34. See generally *Northern Light Technology*, 236 F.3d 57; *Sallen*, 273 F.3d at 14.

35. *Northern Light Technology*, 236 F.3d at 66.

36. *Id.* at 58.

37. *Id.* at 59. Mr. Burgar has registered thousands of domain names similar or identical to popular people and organizations. *Id.* The Northern Lights Club, according to Mr. Burgar, has no actual individual members. *Id.* The plaintiff, however, did not allege that Mr. Burgar had actual knowledge of the northernlight.com registration. *Id.* at 59, n. 3.

38. *Id.* at 59.

39. *Id.* The plaintiff also requested that the domain name registry take away the domain name from Mr. Burgar, but this request was denied due to the one-letter discrepancy. *Id.*

40. *Northern Light Technology*, 236 F.3d at 59-60.

41. *Id.* at 61.

found to have acted in bad faith.<sup>42</sup> Thus the injunction was upheld.<sup>43</sup>

In 2001, the Court of Appeals for the First Circuit addressed for the first time the issue of whether a domain name registrant who has lost an arbitration at the World Intellectual Property Organization (“WIPO”) in Geneva, may bring an action in U.S. federal court to override this under the ACPA.<sup>44</sup> The appellate court said yes in *Sallen v. Corinthians Licenciamentos LTDA*, reversing the district court.<sup>45</sup> In 1998, Sallen registered the “corinthians.com” domain name.<sup>46</sup> In 2000, the defendant, a Brazilian corporation that has rights in Brazil to the name “Corinthiao,” the Portuguese equivalent of Corinthians, a popular Brazilian soccer team, filed a complaint and prevailed at the WIPO.<sup>47</sup> Before the domain name was transferred by the WIPO, Sallen filed this action in a U.S. federal district court, which dismissed the case.<sup>48</sup> The appellate court, however, reversed and remanded, holding that a federal court’s interpretation of the ACPA supplants a WIPO interpretation of domain disputes, which applies “the lowest common denominator of internationally agreed and accepted principles of the abuse of trademarks.”<sup>49</sup>

In 2001, the Court of Appeals for the Third Circuit in *Shields v. Zuccarini* upheld the district court’s judgment and the award of statutory damages and attorneys’ fees.<sup>50</sup> Shields marketed cartoons under the “Joe Cartoon” label for fifteen years before this suit.<sup>51</sup> In 1997 he registered “joecartoon.com.”<sup>52</sup> In 1999 Zuccarini, a “wholesaler” of Internet domain names, registered five domain names that were variations on Shields’ site.<sup>53</sup> Shields sent cease-and-desist letters to Zuccarini who did not respond. This suit was filed under the ACPA and other claims and

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42. *Id.* at 65. The defendants contested this, as well as the retroactive application of the ACPA. *Id.* The appellate court “expressly eschew[ed] resolving the ACPA issue, because it failed to affect the validity of the injunction. *Id.* at 65-66.

43. *Id.* See Jian Xiao, *Intellectual Property: The First Wave of Cases under the ACPA*, 17 Berkeley Tech. L.J. 159, 169 (2002).

44. *Sallen*, 273 F.3d at 16.

45. *Id.* at 29-30.

46. *Id.* at 20.

47. *Id.* at 21.

48. *Sallen v. Corinthians Licenciamentos*, 2000 U.S. Dist. LEXIS 19976 at \*1 (D. Mass. Dec. 19, 2000).

49. *Sallen*, 273 F.3d at 28; see generally Aaron L. Melville, *New Cybersquatting Law Brings Mixed Reactions from Trademark Owners*, 6 B.U. J. Sci. & Tech. L. 13 (2000).

50. *Shields*, 254 F.3d at 488.

51. *Id.* at 480.

52. *Id.* at 479-480.

53. *Id.* A “wholesaler” acquires multiple domain names with intent to profit from them. *Id.* at n. 1. These sites registered by Zuccarini featured advertisements in which visitors were “mousetrapped,” meaning that they could not escape without clicking on the ads. Zuccarini received revenue from the advertisers for every click. *Id.* at 480.

Zuccarini changed these sites to political protest pages.<sup>54</sup> The district court issued a preliminary injunction to Shields, ordering Zuccarini to transfer the infringing domain names. The district court granted summary judgment to Shields, holding that Zuccarini registered the domain names in violation of the ACPA.<sup>55</sup>

On appeal, the court held that Shields was required to prove that "Joe Cartoon" was a distinctive or famous mark, that Zuccarini's five domain names were identical or confusingly similar to Shield's mark, and that Zuccarini registered the domain names with the bad faith intent to profit from them.<sup>56</sup> The district court did not err in its findings, thus the judgment was affirmed.<sup>57</sup>

The Court of Appeals for the Fourth Circuit has issued four published opinions on the ACPA. In the first, *Virtual Works, Inc. v. Volkswagen of America, Inc.*, the court affirmed in 2001 a district court's decision ordering Virtual Works to relinquish the domain name "vw.net" to Volkswagen.<sup>58</sup> Virtual Works registered the domain name "vw.net"; two of its principals were aware that some consumers might be confused, and the principals discussed a plan to sell the domain name to the highest bidder.<sup>59</sup> Various Volkswagen dealers contacted Virtual Works expressing an interest in purchasing the domain name.<sup>60</sup> One of Virtual Work's principals then left a voice mail message in Volkswagen's trademark office stating if Volkswagen did not purchase the domain name within twenty-four hours, it would be sold to the highest bidder.<sup>61</sup> Volkswagen invoked the domain name registrar's dispute resolution policy.<sup>62</sup> Virtual Works filed declaratory judgment; Volkswagen counterclaimed on several issues including the ACPA.<sup>63</sup> The district court ordered Vir-

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54. *Id.*

55. *Shields*, 254 F.3d at 481. Zuccarini did not even respond to Shields' renewed motion for summary judgment. *Id.*

56. *Id.* at 482 (citing 15 U.S.C. §1125 (d) (1) (A), *Sporty's Farm*, 202 F. 3d at 497-99). On appeal, Zucarrini argued that he was only "typosquatting", which is not actionable. *Id.* The appellate court disagreed, stating that this was the classic example of a specific practice the ACPA was designed to prohibit. *Id.* at 483-84. For more on the issue of cybersquatting being defined as acquiring the domain name for the purpose of obtaining money from the trademark holder, see generally John D. Mercer, *Cybersquatting: Blackmail on the Information Superhighway*, 6 B.U.J. Sci. & Tech. L. 11 (2000).

57. *Shields*, 257 F.3d at 488.

58. *Virtual Works, Inc. v. Volkswagen of America, Inc.*, 238 F.3d 264, 271 (4th Cir. 2001).

59. *Id.* at 266-67. At this time, numerous other Web sites were available to Virtual Works, including "virtualworks.net" and "virtualworks.org." *Id.*

60. *Id.*

61. *Id.* at 267.

62. *Id.*

63. *Virtual Works*, 238 F.3d at 267.

tual Works to relinquish the rights to vw.net to Volkswagen.<sup>64</sup>

On appeal, the court considered the ACPA's nine factors in determining bad faith intent:

(I) the trademark or other intellectual property rights of the person, if any, in the domain name; (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person; (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name; (V) the person's intent to divert consumers from the mark owner's online location to a site that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark; (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 the domain name in the bona fide offering of any goods or services; (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name; (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others; and (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous.<sup>65</sup>

The court stated that this list is not exhaustive, rather the most important grounds for finding bad faith are the unique circumstances of the case.<sup>66</sup> Under this first inquiry in this case, there is both circumstantial and direct evidence of bad faith.<sup>67</sup> Under the second ACPA inquiry, the appellate court stated that there is no dispute that Virtual Works registered, trafficked in, and used vw.net.<sup>68</sup> There is also no dispute that the VW mark is famous, and the district court was correct in holding that vw.net is confusingly similar to VW's famous mark.<sup>69</sup> Thus the remedy of ordering Virtual Works to relinquish vw.net was affirmed.<sup>70</sup>

In 2001, the Court of Appeals for the Fourth Circuit affirmed a summary judgment in *People for the Ethical Treatment of Animals v. Doughney*.<sup>71</sup> People for the Ethical Treatment of Animals ("PETA") sued Doughney for several claims including the ACPA after Doughney registered the domain name "peta.org" and created a Web site called "People

64. *Id.*

65. 15 U.S.C. § 1125 (d) (1) (B) (2002).

66. *Virtual Works*, 238 F.3d at 268 (citing *Sporty's Farm*, 202 F.3d at 499).

67. *Id.* at 269.

68. *Id.*

69. *Id.* at 270-71.

70. *Id.* at 271.

71. *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

Eating Tasty Animals.”<sup>72</sup> PETA owned the mark since 1992. Doughney was quoted in the media as stating, “[i]f they want one of my domains, they should make me an offer.” Doughney does not deny this statement.<sup>73</sup>

On appeal Doughney argued that the ACPA claim was not pleaded, but was only argued in the motion for summary judgment, that the ACPA was improperly being applied retroactively, that he did not seek to financially profit, and that he acted in good faith.<sup>74</sup> “None of Doughney’s arguments are availing,” according to the appellate court.<sup>75</sup> Thus the district court was affirmed.<sup>76</sup>

On August 23, 2002, the Court of Appeals for the Fourth Circuit vacated a district court’s order dismissing claims under the ACPA on a challenge raised three days before trial, with no excuse given for the delay in *Porsche Cars North America, Inc. v. Porsche.net*.<sup>77</sup> In 1999, Porsche companies filed a trademark dilution suit against 128 domain names related to the Porsche trademark. Few of the domain names offered a defense, and default judgment was granted.<sup>78</sup> The ACPA then passed, and the complaint was amended, adding anticybersquatting charges. Three days prior to the scheduled trial date, British domain names moved to dismiss, due to submitting to personal jurisdiction in another district court.<sup>79</sup> The district court agreed with this assertion, that if there is *in personam* jurisdiction, one can no longer proceed *in rem*.<sup>80</sup> The appellate court, however, concluded that the British domain names objected too late to *in rem* jurisdiction based on subjecting their registrant to personal jurisdiction.<sup>81</sup> The case was remanded.<sup>82</sup>

On the same day, the Court of Appeals for the Fourth Circuit in *Harrods Limited v. Sixty Internet Domain Names* extended the reach of the

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72. *Id.* at 362. Doughney had fifty to sixty other domain names at the time of summary judgment. *Id.* The district denied a parody defense. *People for the Ethical Treatment of Animals v. Doughney*, 113 F. Supp. 2d 915 (E.D. Va. 2000).

73. *People for the Ethical Treatment of Animals*, 263 F.3d at 363. In addition, Doughney also posted a statement at his Web site that PETA should negotiate a settlement with him. *Id.*

74. *Id.*

75. *Id.* at 367.

76. *Id.* at 371.

77. *Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248 (4th Cir. 2002).

78. *Id.* Porsche voluntarily dismissed its claims against others. *Id.* The district court dismissed some claims against British domain names for lack of *in rem* jurisdiction under 28 USC § 1655 in *Porsche Cars N. Am., Inc. v. Porsche.com*, 51 F. Supp. 2d 707 (E.D. Va. 1999), vacated by *Porsche Cars N. Am., Inc. v. Allporsche.com*, 2000 U.S. App. LEXIS 12843 (4th Cir. June 9, 2000).

79. *Id.* at 253.

80. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d at 249.

81. *Id.*

82. *Id.*

ACPA by authorizing an *in rem* action not only against bad faith registration, but also against claims of trademark infringement and dilution.<sup>83</sup> Harrods UK has the exclusive trademark rights to Harrods in much of the world; Harrods BA has the right to Harrods in much of South America. In the early 1990s, Harrods UK attempted to purchase the rights from Harrods BA, and commenced litigation in British courts.<sup>84</sup> In 1999, Harrods UK launched a Web site under the domain name "harrods.com;" Harrods BA began registering around 300 Harrods related domain names. In 2000, Harrods UK sued *in rem* sixty of the Harrods BA domain names in U.S. federal district court for trademark infringement, dilution, and bad faith registration.<sup>85</sup> The suit was *in rem* since Harrods UK could not obtain personal jurisdiction over Harrods BA. "It is not surprising that concurrent users of a shared mark would resort to litigation under the recently enacted ACPA in an attempt to gain through the courts what they failed to obtain by speedy registration," according to the Fourth Circuit.<sup>86</sup>

The district court dismissed the trademark infringement and dilution claims, holding that *in rem* actions could only be maintained for bad faith registration under the ACPA.<sup>87</sup> The district court ordered that fifty-seven of the domain names be transferred to Harrods UK, due to a bad faith intent to profit, but the remaining six, basically, Argentina names, belonged to the trademark holder, Harrods BA, which got summary judgment on these marks.<sup>88</sup>

On appeal, the Court of Appeals for the Fourth Circuit affirmed the judgment on the fifty-seven names.<sup>89</sup> The appellate court, however, reversed the summary judgment on the six, and reversed the dismissal of the infringement and dilution claims.<sup>90</sup> This is a landmark ruling extending the ACPA's *in rem* reach beyond bad faith registration to federal infringement and dilution claiming.<sup>91</sup>

In 2002, the Court of Appeals for the Sixth Circuit in *Bird v. Parsons* affirmed the judgment of the district court that the plaintiff failed to state a claim against the defendants as no bad faith intent to profit was

83. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214 (4th Cir. 2002).

84. *Id.* A British appellate court held that Harrods BA had an implied contractual right to use the name Harrods in South America. *Id.* at 220.

85. *Id.* at 221.

86. *Id.*

87. *Harrods, Ltd. v. Sixty Domain Names*, 157 F. Supp. 2d 658, 665 (2001).

88. *Id.*

89. *Harrods*, 302 F.3d at 247-48.

90. *Id.*

91. According to the Fourth Circuit, this issue had not yet been settled by any circuit court. *Id.* Another issue of first impression was the provider of proof, which was deemed to be a preponderance of the evidence, as in other civil cases. *Id.*

proven under the ACPA.<sup>92</sup> In 1985, plaintiff Bird started operating a computer software business under the name Financia, Incorporated.<sup>93</sup> The next year he registered "Financia" with the U.S. Patent and Trademark Office.<sup>94</sup> Bird registered "financia.com."<sup>95</sup> Defendant Parsons registered "efinancia.com" at defendant Dotster, Incorporated, an accredited registrar.<sup>96</sup> Bird "parked" the latter domain name at a Dotster Web site. The day after Parsons registered "efinancia.com," defendant Afternic.com, a company that provides an auction service for domain names, listed "efinancia.com" for sale.<sup>97</sup>

Bird, *pro se*, filed suit for cybersquatting under the ACPA, as well as trademark infringement, unfair competition and trademark dilution.<sup>98</sup> The district granted the Dotster defendants' motion to dismiss for lack of personal jurisdiction and the Afternic and Dotster defendants' motion to dismiss for failure to state a claim.<sup>99</sup> On appeal, the court held that the district court did not err, and concerning the ACPA, held that the court did not err in dismissing the ACPA claims against the Dotster defendants because Bird's complaint contained no factual allegations that supported the requisite bad faith intent to profit.<sup>100</sup> The court of appeals found a "more fundamental and indeed fatal flaw" in Bird's ACPA claim, in that Bird must establish that the "defendants registered, trafficked in, or used a domain name" under the ACPA. Only Parsons registered a domain name, and there is no allegation that any of the other defendants were Parsons' licensees.<sup>101</sup> Thus, the district court's ruling which granted all defendants' motions to dismiss, except Parsons who did not file such a motion, was affirmed.<sup>102</sup>

In the most recent appellate court ruling at the time of this writing, the Court of Appeals for the Ninth Circuit, in *Interstellar Starship Services, Ltd. v. Epix, Inc.*, on September 20, 2002 affirmed that there was no cybersquatting as there was no bad faith intent to profit.<sup>103</sup> The defendant Epix first used "Epix" in 1984 and registered it as a trademark in 1990. Tchou, sole founder, officer, director, shareholder, and employee

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92. *Bird*, 289 F.3d at 869.

93. *Id.* at 870.

94. *Id.*

95. *Id.*

96. *Id.*

97. *Bird*, 289 F.3d at 869.

98. *Id.*

99. *Id.*

100. *Id.* at 880. The court did conclude that the district court erred in granting the Dotster defendants' motion to dismiss for lack of personal jurisdiction, as Ohio's long arm statute does reach these defendants. *Id.* at 876.

101. *Id.* at 880-81.

102. *Bird*, 289 F.3d at 882.

103. *Interstellar Starship Serv. v. Epix, Inc.*, 304 F.3d 936, 947 (9th Cir. 2002).

of Interstellar Starship Services, registered "www.Epix.com," because the name connoted electronic pictures.<sup>104</sup> When Epix tried to register its trademark as a domain name, it discovered it was already being used.<sup>105</sup> Epix requested that the registrar cancel the registration; the plaintiff filed a suit for a declaratory judgment of noninfringement.<sup>106</sup> Epix counterclaimed for unfair competition, trademark infringement under state and federal law, and dilution.<sup>107</sup> The district court granted summary judgment for the plaintiff.<sup>108</sup> The appellate court reversed, holding that there were contested issues of material fact.<sup>109</sup> On remand, Epix amended its counterclaim to include a claim of cybersquatting under the newly amended ACPA.<sup>110</sup> The district court found no cybersquatting and no trademark dilution<sup>111</sup> but the court did find past infringement, so to remedy this, the district court enjoined future infringing use.<sup>112</sup> The court did allow the plaintiff to keep Epix.com.<sup>113</sup> Epix appealed.<sup>114</sup>

On appeal, the Court of Appeals for the Ninth Circuit did not require the transfer of the domain name when the cybersquatting claim failed for lack of proof of bad faith.<sup>115</sup> Calling cybersquatting "the Internet version of a land grab,"<sup>116</sup> Epix did not establish before the district court that there was an attempt to extort Epix.<sup>117</sup> While Epix wanted the domain name transferred without proving cybersquatting, the appellate court stated that Epix provided no case wherein trademark infringement required the forced transfer.<sup>118</sup> Thus, the appellate court did not order it, and the district court was affirmed.<sup>119</sup>

#### IV. CONCLUSION

The *Anticybersquatting Consumer Protection Act* provides remedies including the transfer of a domain name if there is a bad faith intent to

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104. *Id.* at 939.

105. *Id.*

106. *Id.*

107. *Id.*

108. *Interstellar Starship Serv. v. Epix, Inc.*, 983 F. Supp. 1331 (D. Or. 1997).

109. *Interstellar Starship Serv. v. Epix, Inc.*, 184 F.3d 1107, 1111 (9th Cir. 1999).

110. *Interstellar Starship Serv. v. Epix, Inc.*, 125 F. Supp. 2d 1269, 1282 (D. Or. 2001).

111. *Id.*

112. *Id.* The plaintiff may no longer use the EPIX.COM logo without an appropriate disclaimer of any affiliation with Epix. *Id.*

113. *Id.*

114. *Interstellar Starship Services*, 2002 U.S. App. LEXIS 19632 at \*29.

115. *Id.*

116. *Id.* at \*26.

117. *Id.* at \*29. A settlement offer by the plaintiff's attorney after the lawsuit commenced was made to settle the case, not to extort. *Id.*

118. *Id.* at \*31.

119. *Id.* at \*36.

profit from that mark by a cybersquatter who registers, traffics in, or uses a domain name that is identical or confusingly similar to a distinctive or famous mark.<sup>120</sup> Several U.S. Courts of Appeals decisions have interpreted this 1999 Act. Several appellate courts, including the First,<sup>121</sup> Second,<sup>122</sup> and Fourth<sup>123</sup> Circuit Courts of Appeals, have applied the ACPA retroactively, which is not ground breaking, as the ACPA specifically states that it applies to all names registered before, after, or at the time of its enactment.<sup>124</sup>

The ACPA has been applied in the classic sense of cybersquatting, when the domain name holder attempted to sell the name to the trademark holder, VW, in *Virtual Works, Inc. v. Volkswagen of America, Inc.*<sup>125</sup> When there was no bad faith intent to profit found, however, the ACPA was not applied and the domain name was not transferred, even though there had been prior trademark infringement, in *Interstellar Starship Services, Ltd. v. Epix, Inc.*<sup>126</sup> The ACPA has also been applied when the bad faith intent to profit comes not from selling the domain name back to the trademark holder, but from selling advertising seen by those accidentally hitting the site, like in *Shields v. Zuccarini*.<sup>127</sup>

Perhaps two of the most interesting applications of the ACPA have been by the First<sup>128</sup> and Fourth<sup>129</sup> Circuit Courts of Appeals. The First Circuit in *Sallen v. Corinthians Licenciamentos LTDA* held that U.S. federal courts do have jurisdiction when a domain name holder has lost a dispute at the WIPO.<sup>130</sup> This ruling is important, as it reinforces the ACPA and recognizes that U.S. standards may be different than WIPO standards, and that U.S. federal courts may address the issue. The second major ruling came in August 2002, when the Court of Appeals for the Fourth Circuit extended the ACPA's *in rem* jurisdiction beyond bad faith intent to profit in registering domain names, to trademark infringement and dilution suits.<sup>131</sup>

The appellate courts have been consistent on such issues as retroactivity of the ACPA, but courts have differed on how far the reach of the ACPA is to be expanded. The Court of Appeals for the Fourth Circuit in August 2002 extended the *in rem* proceedings beyond bad faith intent to

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120. 15 U.S.C. § 1125 (d).

121. *Northern Light Technology*, 236 F.3d at 66.

122. *Sporty's Farm*, 202 F.3d 489 at 502.

123. *Virtual Works*, 238 F.3d at 268.

124. 15 U.S.C. § 1125 (d).

125. 283 F.3d 264 (4th Cir. 2001).

126. *Interstellar Starship*, 304 F.3d at 947.

127. *See generally Shields*, 254 F.3d 476.

128. *See generally Sallen*, 273 F.3d 14.

129. *See generally Harrods*, 302 F.3d 214.

130. *Sallen*, 273 F.3d at 28.

131. *See generally Harrods*, 302 F.3d 214.

profit,<sup>132</sup> while the Court of Appeals for the Ninth Circuit in September 2002, did not transfer a domain name under the ACPA without the finding of cybersquatting.<sup>133</sup> This may be setting the stage for an interpretation of the ACPA at the Supreme Court.

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132. *Id.*

133. *Interstellar Starship*, 304 F.3d at 948.

## APPENDIX A

The *Anticybersquatting Consumer Protection Act*, 15 U.S.C. § 1125 (d) (2002), states:

(1) (A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, 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 or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.

(B) (i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

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

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

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

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

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

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

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

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

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

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

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

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

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner—

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

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

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

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D) (i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall—

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, Suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.