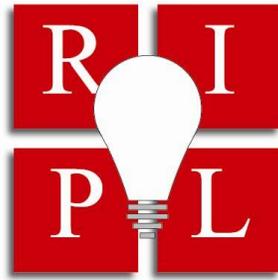


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## NAVIGATING CYBERSQUATTING ENFORCEMENT IN THE EXPANDING INTERNET

JORDAN A. ARNOT

### ABSTRACT

It has always been a considerable task to police something as vast as the Internet for trademark violations and abuse. As the Internet develops with the ongoing launch of hundreds of new generic Top-Level Domains, so does the host of enforcement options available to those seeking to protect the value of trademarks and other intellectual property. This article outlines seven criteria to consider when selecting a remedy, or combination of remedies. The traditional cease and desist letter is still a viable and effective option, and so, of course, is litigation. These tools were greatly enhanced in 1999 when the Internet Corporation for Assigned Names and Numbers (ICANN) established the Uniform Domain Name Dispute Resolution Policy (UDRP), an arbitration process that can re-assign domain names to trademark holders. The Anticybersquatting Consumer Protection Act (ACPA) is the only tool with potential for damages as well as temporary restraining orders and domain transfer. The most recent tools for the gTLD era include Uniform Rapid Suspension (URS) and Trademark Post Delegation Dispute Resolution Procedure (PDDRP). The URS is a complement to the UDRP process, and it gives trademark owners the ability to temporarily suspend disputed domains. PDDRP, on the other hand, is a mechanism to pursue registries acting in bad faith. Weighing just seven criteria can help identify the best method available to redress trademark infringement on the Internet.

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## NAVIGATING CYBERSQUATTING ENFORCEMENT IN THE EXPANDING INTERNET

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### I. INTRODUCTION

With the Internet expanding, so too are the means by which a trademark holder can address unauthorized registration and use of domain names containing its trademarks, a practice known as cybersquatting.<sup>1</sup> Traditionally, cybersquatting has been cheap, easy, and quick; remedying the same has been seen as expensive and slow. However, the potential fora and various remedies available to those addressing such abuses continue to expand and evolve, offering greater flexibility to rights holders.

By the late 1990s, it was clear that traditional trademark infringement laws were not adequate to address the issues of cybersquatting.<sup>2</sup> Accordingly, the introduction of federal laws in the United States in the same year as the introduction of an administrative procedure provided more flexibility in addressing the nuances of cybersquatting.<sup>3</sup> Now, with the introduction of new generic top level domain names (“gTLDs”), a range of new Rights Protection Mechanisms (“RPMs”) have recently been introduced.<sup>4</sup>

Navigating the various RPMs, and evaluating their respective strengths and weaknesses, can be challenging. This article will briefly discuss the history and development of cybersquatting (Section I) to better understand *why* cybersquatting happens, followed by an in-depth analysis of the potential means by which trademark holders may opt to resolve their domain name disputes (Section II), i.e. *what* rights owners can do to redress the wrong committed by cybersquatters. Finally, this article will conclude with a summary of factors to consider in order to determine the best method under a particular set of circumstances to enforce rights (Section III), i.e. *how* to best proceed.

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<sup>1</sup> See Steven R. Borgman, *The New Federal Cybersquatting Laws*, 8 TEX. INTELL. PROP. L.J. 265, 266 (2000) (“The growth of Internet use has been accompanied by the phenomenon of ‘cybersquatting.’”).

<sup>2</sup> See *id.* at 267 (“It is difficult to understand how the mere registration of a domain name would constitute ‘use’ of a mark sufficient to create a likelihood of confusion. Similarly, it is difficult to understand how the mere registration of a domain name dilutes a trademark . . .”).

<sup>3</sup> *Id.* at 268.

<sup>4</sup> See James Nurton, *Prepare for the Domain Name Explosion*, MANAGING INTELL. PROP., July/Aug. 2008, at 20 (“[W]ithin about nine months’ time, anyone will be able to apply to own a gTLD. All they will need is to think of an original string of letters, satisfy ICANN’s minimal requirements and pay a fee.”).

*A. Brief History and Development of Cybersquatting**1. What is Cybersquatting*

Cybersquatting refers to the bad faith registration, trafficking in, or use of a domain name confusingly similar to, or dilutive of, a trademark or personal name.<sup>5</sup> There are several types of cybersquatting. First, the most blatant type of cybersquatting involves the registration of a domain name wholly incorporating a distinctive or famous mark.<sup>6</sup> For example, MasterCard International successfully brought a cybersquatting action against the registrant of the Hindi spelling of <mastercard.com> and <mastércard.com> with an accent; the registrant attempted to sell the domains for an exorbitant amount of money.<sup>7</sup> Similarly, three days after registering the <worldwrestlingfederation.com> domain name, the registrant offered to sell it to the owner of the WORLD WRESTLING FEDERATION trademarks for \$1,000.<sup>8</sup>

Second, “typosquatting” involves the registration of domain names that are intentional misspellings of distinctive or famous names.<sup>9</sup> Typosquatters aim to reap the benefit of Internet users’ propensity to make typographical errors when typing domain names into their web browsers.<sup>10</sup> In this variation, typosquatters might register (1) a common misspelling of the intended domain name trademark.com; (2) an abbreviation or differently phrased domain name, such as tm.com; (3) omit the dot in the intended domain name, i.e., wwwtrademark.com; or (4) register a different top-level domain, as in trademark.org.<sup>11</sup> In *Shields v. Zuccarini*, the Third Circuit affirmed the district court’s holding that registering five domain names (joescartoon.com, joecarton.com, joescartons.com, joescartoons.com and cartoonjoe.com), which were intentional misspellings of the plaintiff’s JOECARTOON.COM registered mark, constituted unlawful conduct.<sup>12</sup> Similarly, in *Mastercard International Inc. v. Yanda*, the U.S. District Court for the Northern District of Florida found common misspellings of MasterCard’s marks such as <matercards.com>, and <wwwpaypass.com>, among many others, constituted prohibited conduct.<sup>13</sup>

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<sup>5</sup> *MasterCard v. Trehan*, 629 F. Supp. 2d 824, 830 (N.D. Ill. 2009) (“[C]ybersquatting[] [is] the ‘deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners.’”) (quoting *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267 (4th Cir. 2001)).

<sup>6</sup> *Id.* at 830–31.

<sup>7</sup> *Id.* at 831.

<sup>8</sup> *World Wrestling Fed’n Entm’t, Inc. v. Bosman*, Case No. D1999-0001, at ¶ 4 (WIPO Arbitration & Mediation Ctr. Jan. 14, 2000).

<sup>9</sup> *See, e.g., Shields v. Zuccarini*, 254 F.3d 476, 483 (3d Cir. 2001) (affirming district court’s holding that registering domain names that are intentional misspellings of distinctive or famous names constitutes unlawful conduct).

<sup>10</sup> *Id.*

<sup>11</sup> *See id.*

<sup>12</sup> *Id.* at 484.

<sup>13</sup> *Mastercard Int’l Inc. v. Yanda*, No. 4:08-cv-565, 2009 U.S. Dist. LEXIS 116785, at \*14–15 (N.D. Fla. Nov. 5, 2009).

Cybersquatters also frequently monitor when popular domain names are set to expire and will quickly “snatch” any in which the trademark holder forgets or otherwise does not re-register.<sup>14</sup> For example, in *BroadBridge Media, LLC v. HyperCD.Com*, due to “inattentiveness and inadvertence, [the] plaintiff failed to renew its registration,” which was acquired by an individual arguably in good faith;<sup>15</sup> however, the new registrant attempted to sell it back to the plaintiff at a large profit, which was ultimately found actionable.<sup>16</sup>

In addition to monitoring the renewal of domain names, cybersquatters also scour the U.S. Patent and Trademark Office database, individual Secretary of State recordings, and news developments for any new filings and then attempt to register the corresponding domain name first.<sup>17</sup>

### B. Why is Cybersquatting Happening?

The primary motivation for cybersquatters is fiscal, particularly when the potential consequences (of transferring a domain name) are minimal. Historically, it has been very inexpensive to register a domain name. For example, the registrar GoDaddy currently offers promotional .com domain names for only \$1.00 for a one-month term.<sup>18</sup>

Once a domain name is registered, the associated website can include pay-per-click and other revenue-generating advertisements.<sup>19</sup> For example, by merely placing a snippet of JavaScript in a website’s source code, an owner can monetize their website without spending a cent through programs like Google’s AdSense, which then places advertisements on the scripted websites.<sup>20</sup> When Internet users click on those advertisements, the advertiser pays Google, who in turn pays a percentage to the website operator.<sup>21</sup> In *Zuccarini v. Shields*, testimony revealed

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<sup>14</sup> See Benjamin D. Silbert, *Trademark Law, ICANN, and Domain Name Expiration*, 36 AIPLA Q.J. 311, 332 (2008) (“Many domain name registrars now auction off expired domain names to the highest bidder.”).

<sup>15</sup> *BroadBridge Media, LLC v. Hypercd.com*, 106 F. Supp. 2d 505, 507 (2000).

<sup>16</sup> *Id.* at 509, 510.

<sup>17</sup> See, e.g., Hwang Soon-hyun, *Lucky Man Gets Jump On Exxon-Mobil Domain Name*, THE CHOSUNILBO (Dec. 6, 1998, 7:25 P.M.), [http://english.chosun.com/site/data/html\\_dir/1998/12/06/1998120661195.html](http://english.chosun.com/site/data/html_dir/1998/12/06/1998120661195.html) (“Moon said that although he had registered the domain names ‘exxonmobil.com’ and ‘exxon-mobil.com.’ in the hope that such a merger would take place, even he was surprised when the mammoth merger actually went through.”).

<sup>18</sup> *Domain Names*, GODADDY, <http://www.godaddy.com/deals2/> (last visited Feb. 21, 2014, 7:29 PM).

<sup>19</sup> See, e.g., *Pay-per-click Definition*, PC MAG. ENCYCLOPEDIA <http://www.pcmag.com/encyclopedia/term/48908/pay-per-click> (last visited Nov. 18, 2013) (defining the term as “[a] marketing system on the Web in which the advertiser pays when the user clicks on its advertisement and goes to its site. This is a more interactive, results-oriented method compared to paying for just the placement of a banner ad on a Web page regardless if anyone clicks on it.”).

<sup>20</sup> See, e.g., GOOGLE ADSENSE, <http://www.google.com/adsense> (last visited Nov. 18, 2013).

<sup>21</sup> *Id.*; see also *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 847 (C.D. Cal. 2006) (Google’s Second Quarter Fiscal 2005 Report indicate that “Revenues generated on Google’s partner sites, through AdSense programs, contributed \$630 million, or 46% of [Google’s] total revenues” in that quarter alone).

that the cybersquatters' click-based revenue was nearly \$1 million per year and was almost entirely generated from users seeking other, legitimate sites.<sup>22</sup>

Domain names are big business. At the September 7, 2011 Capital Factory Demo Day, the CEO of HomeAway, Brian Sharples, indicated that the company purchased the VacationRentals.com domain name in 2007 for \$35 million, primarily to prevent a competitor from obtaining it.<sup>23</sup>

Why are companies willing to pay so much? As the Internet developed, so too did the value of memorable domain names.<sup>24</sup> Business rapidly shifted from traditional brick and mortar to e-commerce, expanding the potential customer base and increasing sales exponentially. For example, U.S. Census Bureau statistics reveal that while e-commerce accounted for \$27.4 billion in retail sales in 2000, by 2012 it accounted for over \$224.3 billion in retail sales.<sup>25</sup> With the vast commercial potential of the Internet, the value of generic or descriptive domains, as well as well-established trademarks, is apparent.

### *C. A Growing Problem: Expansion of the Internet and Cybersquatting Implications*

Cybersquatting continues to rise and “[d]isputes between trademark owners and registrants of domain names that incorporate the trademarks continue to proliferate.”<sup>26</sup> In 2011, trademark holders filed a record 2,764 cybersquatting cases covering 4,781 domain names with the World Intellectual Property Organization (“WIPO”) Arbitration and Mediation Center (, under procedures based on the Uniform Domain Name Dispute Resolution Policy (“UDRP”), an increase of 2.5% and 9.4% over the previous highest levels in 2010 and 2009, respectively.<sup>27</sup>

The introduction of more than 1,300 new open gTLDs will present more opportunities for cybersquatters. These new gTLDs will potentially increase the space for cybersquatters and other criminal actors to exploit others' rights. There will likely be increased consumer confusion, particularly as the first new gTLDs are introduced. In light of the increase in potential cybersquatting spaces, the remainder of this article will address what trademark owners can do to address cybersquatters.

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<sup>22</sup> Shields v. Zuccarini, 89 F. Supp. 2d 634, 640 n.7 (E.D. Pa. 2000).

<sup>23</sup> Ben Woods, *15 of the Most Expensive Domains of all Time*, THE NEXT WEB, <http://thenextweb.com/shareables/2013/08/13/15-of-the-most-expensive-domains-of-all-time/> (last visited Nov. 18, 2013).

<sup>24</sup> See Edward C. Anderson & Timothy S. Cole, *The UDRP—A Model for Dispute Resolution in E-Commerce?*, 6 J. SMALL & EMERGING BUS. L. 235, 240 (2002) (“The National Telecommunications and Information Administration . . . called for the privatization of the . . . [domain name system] in a manner that allows for the development of robust competition and that facilitates global participation in the management of Internet names and addresses.”).

<sup>25</sup> U.S. DEP’T OF COMMERCE, U.S. CENSUS BUREAU, ESTIMATED QUARTERLY U.S. RETAIL SALES (ADJUSTED): TOTAL AND E-COMMERCE (Feb. 18, 2014), available at <http://www.census.gov/retail/mrts/www/data/excel/tsadjustedsales.xls>.

<sup>26</sup> 2-7A ANNE GILSON LALONDE, GILSON ON TRADEMARKS § 7A.06 (Matthew Bender 2013).

<sup>27</sup> Press Release, World Intellectual Property Organization, WIPO Prepares for Launch of New gTLDs While Cybersquatting Cases Continued to Rise (Mar. 6, 2012), available at [http://www.wipo.int/pressroom/en/articles/2012/article\\_0002.html](http://www.wipo.int/pressroom/en/articles/2012/article_0002.html).

## II. CYBERSQUATTING REMEDIES—WHAT CAN TRADEMARK OWNERS DO?

While there are a variety of best practices available to trademark holders to avoid and prevent cybersquatting, that subject is beyond the scope of this article. The remainder of this article will discuss several options available to trademark holders when faced with cybersquatters including: (A) private negotiation between the parties, (B) administrative proceeding under the Internet Corporation for Assigned Names and Numbers' ("ICANN") Uniform Dispute Resolution Policy ("UDRP"), (C) federal court litigation under the Anticybersquatting Consumer Protection Act ("ACPA"), (D) the Uniform Rapid Suspension ("URS"), or (E) Post-Delegation Dispute Resolution Procedure ("PDDRP").

### A. *Cease and Desist Letters ("CDL")*

#### 1. *Elements and Benefits of a CDL*

If the unauthorized registration or use can possibly be remedied via a straightforward CDL, it can be a cost-effective and quick means to redress cybersquatters.<sup>28</sup> These CDLs typically assert trademark rights and likelihood of confusion, demanding prompt written assurance that the cybersquatter will cease use of the URL and transfer it to the trademark holder with a set date for compliance.<sup>29</sup> The desired result can be specifically delineated and crafted to address the facts of the particular situation.

#### 2. *Shortcomings Associated with CDLs*

However, there are risks and shortcomings associated with relying solely on a CDL. First and foremost, identifying the name of the registrant, administrative contact, and billing contact is not always easily accessible.<sup>30</sup> These limitations are readily apparent, particularly in light of the popularity of domain privacy or proxy services, which list alternate contact information (such as a mail forwarding service address) rather than the registrant's personal information.<sup>31</sup> In fact, in March 2009,

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<sup>28</sup> See Paul D. McGrady, *Drinking From A Fire Hose: Future-Proofing Your Internet Strategies*, WORLD TRADEMARK REV., no. 41, Feb.–Mar. 2013, at 66 ("All trademark attorneys know that for every one UDRP complaint, there are dozens—or more likely hundreds—of demand letters and anonymous purchases used to deal with abusive registrations.").

<sup>29</sup> See *id.*

<sup>30</sup> ICANN, STUDY ON THE PREVALENCE OF DOMAIN NAMES REGISTERED USING A PRIVACY OR PROXY SERVICE AMONG THE TOP 5 gTLDs 1 (Oct. 2009), <http://www.icann.org/en/compliance/reports/privacy-proxy-registration-services-study-14sep10-en.pdf> ("[A]t least 18% of domain names registered under the top 5 gTLDs are likely to have been registered using a privacy or proxy service.").

<sup>31</sup> *Id.*

ICANN conducted a study revealing that 15–25% of all .COM, .NET, .ORG, .BIZ, and .INFO domains utilized privacy services.<sup>32</sup>

Even if contact information is found, it is frequently inaccurate. An ICANN-commissioned study on the accuracy of WHOIS data conducted in January of 2010 revealed only 23% of the domain records studied accurately conveyed: (1) a deliverable address; (2) the owner's name linked to that address; and (3) the registrant confirmed ownership and correctness of all details during interview.<sup>33</sup> In addition, the intended recipient may simply evade service, refusing to accept delivery of the correspondence.<sup>34</sup>

Most concerning, once on notice of an objection to the registration or use of a domain name, sophisticated cybersquatters often transfer ownership quickly in a practice known as “cyber-flying.”<sup>35</sup> This forces the trademark holder to play catch up in order to identify and serve the current registrant, typically only to be met with another transfer when found.<sup>36</sup> Alternatively, rights holders encounter obstacles in cases where the registrant changes the name to appear similar to that of the trademark holder and subsequently explains that he or she does not, in fact, control the registration.<sup>37</sup> This emphasizes that even in instances in which the recipient is cooperative, a CDL will not immediately stop the use—there frequently is an incentive for the registrant to delay the transfer as long as possible—particularly in cases where the site is generating revenue.<sup>38</sup>

## *B. The Uniform Domain Name Dispute Resolution Policy (“UDRP”) and Rules*

### *1. UDRP Elements and Defenses*

ICANN approved the UDRP on October 24, 1999.<sup>39</sup> The UDRP is an international arbitration process established by ICANN to resolve disputes regarding the bad faith registration of domain names.<sup>40</sup>

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<sup>32</sup> *Id.* (stating that the ICANN study yielded that 18% of domain names were represented by privacy or proxy services).

<sup>33</sup> NAT'L OPINION RES. CTR., DRAFT REPORT FOR THE STUDY OF THE ACCURACY WHOIS REGISTRANT CONTACT INFORMATION 2 (Jan. 17, 2010), *available at* <http://www.icann.org/en/compliance/reports/whois-accuracy-study-17jan10-en.pdf>.

<sup>34</sup> *Id.*

<sup>35</sup> PREPADOM v. Domain Drop S.A. (PREPADOM-COM-DOM), Case No. D2006-0917, at ¶ 6(A) (WIPO Arbitration & Mediation Ctr. Oct. 9, 2006), *available at* <http://www.wipo.int/amc/en/domains/decisions/html/2006/d2006-0917.html>. (“Cyber-flying or cyber-flight means changing ownership of a domain name with intent to escape a current dispute.”).

<sup>36</sup> *Id.*

<sup>37</sup> *See, e.g.*, High Point Bank & Trust Co. v. High Point Bank & Trust, Claim No. FA0601000632711, NAT'L ARBITRATION FORUM (Feb. 22, 2006), *available at* <http://www.adrforum.com/domains/decisions/632711.htm> (ordering the transfer of domain names in cases in which the original registrant of the domain name changed the WHOIS information to indicate that the complainant was the registrant of the disputed domain name).

<sup>38</sup> *Id.*

<sup>39</sup> ICANN, MINUTES OF SPECIAL MEETING, at 99.112 (Oct. 24, 1999), <http://www.icann.org/en/groups/board/documents/minutes-24oct99-en.htm#99.112>.

The UDRP is incorporated into the Registration Agreement that Internet users sign to register domain names from ICANN-accredited registrars.<sup>41</sup> These currently include all .aero, .asia, .biz, .cat, .com, .coop, .info, .jobs, .mobi, .museum, .name, .net, .org, .pro, .tel, .travel, and .xxx top-level domains as well as some country code top-level domains, which will be incorporated into each new gTLD.<sup>42</sup> This policy requires the registrant to represent and warrant that registering the name “will not infringe upon or otherwise violate the rights of any third party” and agree to participate in mandatory administrative proceeding should any third party assert such a claim.<sup>43</sup>

In order to prevail in a UDRP arbitration proceeding, a complainant must establish by a preponderance of the evidence that:

- (i) [the] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) [the registrant] ha[s] no rights or legitimate interests in respect of the domain name; and
- (iii) [the] domain name has been registered and is being used in bad faith.<sup>44</sup>

An absolute defense to a claim under the UDRP is created if the complainant fails to establish all three of these elements.<sup>45</sup> Moreover, a registrant can demonstrate its rights and legitimate interests in the domain name with evidence of either: (1) prior use of the name in connection with a *bona fide* offering of goods or services; (2) the registrant has been commonly known by the name; or (3) the registrant is making a legitimate noncommercial or fair use of the name without intent to profit.<sup>46</sup>

## 2. Limited Remedies Available under the UDRP

Remedies under the UDRP are limited to “the cancellation of [the registrant’s] domain name or the transfer of [the] domain name registration to the complainant.”<sup>47</sup> Damages and injunctive relief are not available.<sup>48</sup>

## 3. Benefits Associated with UDRP Proceedings

The limited remedies available under the UDRP are balanced by the expedited nature of the proceeding, the ease of electronic filing, and the relatively low-cost fees

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<sup>40</sup> ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY § 4(b) (Oct. 24, 1999), <http://www.icann.org/en/help/dndr/udrp/policy> [hereinafter UDRP].

<sup>41</sup> *Id.* § 1.

<sup>42</sup> ICANN, ICANN-ACCREDITED REGISTRARS (Jan. 14, 2014), <http://www.icann.org/registrar-reports/accredited-list.html>.

<sup>43</sup> See UDRP, *supra* note 40, §§ 2, 4.

<sup>44</sup> *Id.* § 4(a).

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* § 4(c).

<sup>47</sup> *Id.* § 4(i).

<sup>48</sup> *Id.*

and expenses.<sup>49</sup> For example, resolution of a dispute under the UDRP can take as little as forty-five days and cost as little as \$1500.<sup>50</sup> In stark contrast to federal litigation, there is no discovery, testimony, hearings, or motion practice in the course of a UDRP proceeding, which also saves considerable time and expenses.<sup>51</sup> Because all registrants agree to be bound by the UDRP, there are no jurisdictional issues.<sup>52</sup> Further, in light of the requirement to maintain accurate WHOIS information, coupled with the fact that service can be accomplished electronically, there are limited service of process issues.<sup>53</sup>

#### 4. Shortcomings Associated with the UDRP

That being said, proceedings under the UDRP do not prevent either party from pursuing traditional litigation, as the UDRP expressly provides for submission “to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.”<sup>54</sup>

Additional drawbacks are associated with the UDRP, which include a lack of perceived predictability because no binding precedent exists.<sup>55</sup> In an effort to alleviate these concerns regarding the inconsistency in decisions, WIPO (one of the approved dispute resolution providers hearing UDRP cases) created an “Overview of WIPO Panel Views on Selected UDRP Questions.”<sup>56</sup> These appointed panels identify common substantive and procedural questions that arise in UDRP proceedings, citing “relevant decisions” that demonstrate the current consensus on each issue.<sup>57</sup> Finally, given the limited nature of the proceedings, a UDRP proceeding is not intended for complex disputes or those in which there are complicated evidentiary issues.<sup>58</sup>

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<sup>49</sup> See, e.g., *WIPO Guide to the Uniform Domain Name Resolution Policy (UDRP)*, WORLD INTELL. PROP. ORG., <http://www.wipo.int/amc/en/domains/guide/#a5> (last visited Jan. 14, 2014).

<sup>50</sup> *Id.*

<sup>51</sup> See Anderson & Cole, *supra* note 24, at 249 (“The UDRP does not provide for discovery or submission of interrogatories by the parties, elements that typically increase the cost of other processes, in both time and money.”).

<sup>52</sup> See *id.* at 250 (“Either remedy, if awarded to a complainant, is carried out and enforced by the registrar where the infringing domain name was registered.”).

<sup>53</sup> See *id.* at 249 (“The ease of filing is particularly attractive to complainants and respondents who may not otherwise have the funds necessary to obtain representation by an attorney and to engage in the costly discovery and litigation process.”).

<sup>54</sup> See UDRP, *supra* note 40, at § 4(k).

<sup>55</sup> See, e.g., *WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition*, (“*WIPO Overview 2.0*”), WORLD INTELL. PROP. ORG., <http://www.wipo.int/amc/en/domains/search/overview2.0/> (last visited Jan. 14, 2014).

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> See Anderson & Cole, *supra* note 24, at 247 (“In addition to the limited application of the UDRP . . . the drafters intended it to be a streamlined administrative dispute-resolution process, one that was not intended to address all trademark/IDN disputes.”).

### *C. Anticybersquatting Consumer Protection Act (“ACPA”)*

#### *1. ACPA Elements and Defenses*

The ACPA was enacted into law on November 29, 1999.<sup>59</sup> Section 43(d) was added to the Lanham Act, establishing a cause of action against a domain name registrant who (1) registers, traffics in, or uses a domain name that is (a) identical or confusingly similar to a distinctive mark; (b) identical or confusingly similar to or dilutive of a famous mark; or (c) is a trademark protected by 18 U.S.C. § 706 (marks involving the Red Cross) or 36 U.S.C. § 220506 (marks relating to the “Olympics”); and (2) has a bad faith intent to profit from the mark.<sup>60</sup> The ACPA itself provides a list of nine non-exhaustive factors to aid in determining whether bad faith is involved.<sup>61</sup>

However, an ACPA claim will fail if the domain registrant “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”<sup>62</sup> For example, the Fourth Circuit found that the registrant of the <falwell.com> domain name exhibited no bad faith intent to profit when the website was used “to criticize Reverend Falwell’s views” and the use did not create a likelihood of confusion.<sup>63</sup> Further, “[t]he ACPA was not designed to provide a battlefield for legitimate concurrent trademark users.”<sup>64</sup>

#### *2. Remedies Available under ACPA*

There are a variety of remedies available under the ACPA. First, injunctive relief is available, which also provides trademark owners the ability to immediately stop domain name uses through a temporary restraining order.<sup>65</sup> Second, an order compelling the forfeiture or transfer of a domain name or cancellation of the registration can also be obtained.<sup>66</sup> Moreover, in a successful ACPA claim, damages as otherwise available under the Lanham Act can be recovered.<sup>67</sup> Under 15 U.S.C. § 1117(a), these include the plaintiff’s actual damages or the defendant’s profits, costs, and attorneys’ fees.<sup>68</sup> Courts have the discretion, “according to the circumstances of the case,” to increase an award of “actual damages” to a sum not

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<sup>59</sup> Anticybersquatting Consumer Protection Act, Pub. L. No. 106–113, 113 Stat. 1501A-545 (1999), (codified at 15 U.S.C. § 1125).

<sup>60</sup> 15 U.S.C. § 1125(d)(1)(A) (2012).

<sup>61</sup> *Id.* § 1125(d)(1)(B)(i).

<sup>62</sup> *Id.* § 1125(d)(B)(ii).

<sup>63</sup> *Lamparello v. Falwell*, 420 F.3d 309, 318, 320 (4th Cir. 2005), *cert. denied*, 126 S. Ct. 1772 (2006).

<sup>64</sup> *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 240 (4th Cir. 2002) (“[T]here may be concurring uses of the same name that are noninfringing . . . [and that] would not tend to indicate a bad faith intent on the part of the registrant.”) (quoting 145 Cong. Rec. S14, 713 (daily ed. Nov. 17, 1999)).

<sup>65</sup> 15 U.S.C. § 1116(a).

<sup>66</sup> *Id.* § 1125(d)(1)(C).

<sup>67</sup> *Id.* § 1125(d)(3).

<sup>68</sup> *Id.* § 1117(a).

exceeding three times the amount of actual damages found.<sup>69</sup> Similarly, if a court finds an award based on the plaintiff's "profits" to be either "inadequate or excessive," it may increase or decrease it to "such sum as the court shall find to be just . . ."<sup>70</sup>

Most notably, however, a successful ACPA claimant can opt to recover statutory damages between \$1,000 and \$100,000 per domain name, in lieu of actual damages or profits, as the court considers just.<sup>71</sup> These statutory damages awards can be staggering. For example, Verizon was awarded \$33.15 million for its cybersquatting claims against a defendant that registered over 633 domain names, which were identical or confusingly similar to the Verizon Marks.<sup>72</sup> Similarly, in a 2011 ACPA suit, Tory Burch won \$164 million against cybersquatters selling fake Tory Burch merchandise online, through domain names including DiscountToryBurch.com, CheapToryBurchs.com, and Tory-Burch.us.<sup>73</sup>

### 3. Benefits Associated with ACPA Actions

In addition to large potential recoveries, several other benefits are associated with ACPA actions. First, the ACPA provides for *in rem* jurisdiction against the domain itself in actions where the plaintiff is unable to establish personal jurisdiction or "through due diligence was not able to find" the registrant.<sup>74</sup> An *in rem* civil action may be filed "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 . . ."<sup>75</sup> Thus, the Eastern District of Virginia has *in rem* jurisdiction over a .COM or .NET domain name, by virtue of the domain being located at the registry in Herndon, Virginia.<sup>76</sup>

As previously mentioned, an adverse decision can be avoided by simply filing an ACPA action during or within ten days of a decision rendered in a UDRP proceeding.<sup>77</sup> Similarly, federal courts may be better situated to decide complex cases, particularly those in which there are significant evidentiary issues.<sup>78</sup>

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<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> *Id.* §§ 1125(d)(3) 1117(d).

<sup>72</sup> *Verizon Cal., Inc. v. Online NIC, Inc.*, No. C 08-2832 JF (RS), 2008 WL 5352022, at \*2 (N.D. Cal. Dec. 19, 2008).

<sup>73</sup> *Tory Burch, LLC v. Yong Sheng Int'l Trade Co., Ltd.*, No. 1:10-cv-09336-DAB, at \*5-6, \*10, \*13 (S.D.N.Y. May 13, 2011) (BL, Docket, Dist. File).

<sup>74</sup> 15 U.S.C. § 1125(d)(2)(A)(ii).

<sup>75</sup> *Id.* § 1125(d)(2)(A).

<sup>76</sup> *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 225 (4th Cir. 2002) (finding that because claims to the domain name property itself provide the basis for the action, "Virginia has important interests in exercising jurisdiction over that property" and *in rem* jurisdiction is constitutional).

<sup>77</sup> See UDRP, *supra* note 40, § 4(k) (stating that if the defendant files a complaint against the initial complainant, ICANN will delay implementation of an administrative order requiring cancelation until the parties or the court resolve the matter).

<sup>78</sup> See *id.* (contemplating judicial intervention to resolve disputes even after the UDRP proceeding has concluded); *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 624 (4th Cir. 2003) (holding that a plaintiff in a UDRP proceeding is not precluded from filing a federal civil suit, even after the issuance of a UDRP judgment as the "streamlined" UDRP process itself contemplates such intervention).

The ACPA provides relief for unauthorized use of trademarks, but it also protects personal names when they are registered or used on websites and not merely in domain names.

#### 4. Shortcomings Associated with the ACPA

ACPA actions incur greater expenses in terms of the time, money, and resources commonly associated with federal litigation.<sup>79</sup> If an appeal is necessary, the cost of the cybersquatting action increases exponentially.<sup>80</sup>

#### D. Uniform Rapid Suspension (“URS”) System

##### 1. URS Elements and Defenses

The URS is a rights protection mechanism adopted to “complement[] the existing UDRP by offering a lower-cost, faster path to relief for rights holders experiencing the most clear-cut cases of infringement.”<sup>81</sup> While the URS was created for the new gTLD program, it is available to any registry that adopts it.<sup>82</sup> In fact, the first URS decision was rendered on September 26, 2013, well in advance of the launch of any of the new gTLDs, because the .pw registry adopted the URS.<sup>83</sup>

A domain can be suspended only if there is clear and convincing evidence that the domain is identical or confusingly similar to a trademark; the registrant has no legitimate rights or interests in the domain; and if it was registered and used in bad faith.<sup>84</sup> While the substantive elements are identical to those required in a UDRP proceeding, the burden of proof here is higher.

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<sup>79</sup> See Anderson & Cole, *supra* note 24, at 246 (“In the end, although the ACPA offers substantial advantages to the trademark holder, the plaintiff is still left with the prospect of the high costs and long delays of litigation.”).

<sup>80</sup> See *id.*

<sup>81</sup> Press Release, ICANN, Uniform Rapid Suspension Procedure and Rules (Mar. 5, 2013), available at <http://www.icann.org/en/news/announcements/announcement-05mar13-en.htm> [hereinafter URS Press Release].

<sup>82</sup> See, e.g., Press Release, .pw The Professional Web, .pw Becomes the First TLD to Adopt the Uniform Rapid Suspension Rights Protection Mechanism (July 29, 2013), available at <http://registry.pw/pw-becomes-the-first-tld-to-adopt-the-uniform-rapid-suspension-rights-protection-mechanism/>.

<sup>83</sup> Facebook, Inc. v. Radoslav, Claim Number: FA1308001515825, NAT’L ARBITRATION FORUM (Sept. 27, 2013), <http://domains.adrforum.com/domains/decisions/1515825D.htm> (suspending the domain <facebok.pw> on the basis that Facebook demonstrated all three required URS elements).

<sup>84</sup> ICANN, UNIFORM RAPID SUSPENSION SYSTEM, § 1.2.6 (Mar. 1, 2013), <http://newgtlds.icann.org/en/applicants/urs/procedure-01mar13-en.pdf> [hereinafter URS SYSTEM].

## 2. Remedies Available Under the URS

The only remedy available under the URS is the temporary suspension of a domain (for the remainder of its registration period with an option to extend the registration period for one additional year at commercial rates).<sup>85</sup> If the examiner rules in favor of the respondent, the name will be unlocked and full control of the domain name registration will be returned to the registrant.<sup>86</sup>

## 3. Benefits Associated with the URS

In addition to being a low-cost and quick means to resolve cybersquatting abuses, if a URS complaint is denied, the URS proceeding is terminated without prejudice and the complainant may proceed with an action under the UDRP or in a court of competent jurisdiction.<sup>87</sup> One unique benefit of the URS for legitimate registrations is its provision of penalties for abusive filings, which could result in a ban on future URS filings.<sup>88</sup>

## 4. Shortcomings Associated with the URS

In addition to the limited remedies available and the higher burden of proof, the URS “is not intended for use in proceedings with open questions of fact or more involved legal scenarios.”<sup>89</sup>

Finality will also be a problem under the URS as a registrant has several appeal possibilities.<sup>90</sup> Moreover, the possibility that registrants abuse the policy—unnecessarily delaying the proceedings through extension requests following a default, or seeking a *de novo* review at any time within six months after a decision is rendered—could make the URS a riskier proceeding.<sup>91</sup>

### *E. Trademark Post Delegation Dispute Resolution Procedure (“PDDRP”)*

#### 1. PDDRP Elements and Defenses

The PDDRP is an administrative alternative to a court proceeding. In a PDDRP, trademark owners may file an objection against a registry when the

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<sup>85</sup> *Id.* § 10.

<sup>86</sup> *Id.* § 10.5.

<sup>87</sup> *Id.* § 8.6.

<sup>88</sup> *Id.* §§ 11.4, 11.5.

<sup>89</sup> WORLD INTELL. PROP. ORG., RIGHTS PROTECTION MECHANISMS FOR NEW TOP-LEVEL DOMAINS (TLDS), <http://www.wipo.int/amc/en/domains/rpm/> (last visited Jan. 10, 2014).

<sup>90</sup> See URS SYSTEM, *supra* note 84, §§ 12.

<sup>91</sup> See *id.* §§ 5.3, 6.4, 12.1.

operation or use of a domain leads to or supports trademark infringement, on either the top level or second level.<sup>92</sup>

According to ICANN, “[t]he Trademark PDDRP generally addresses a [r]egistry [o]perator’s complicity in trademark infringement on the first or second level of a [n]ew gTLD.”<sup>93</sup> At least thirty days prior to filing a formal complaint, a rights holder must notify the registry of the alleged infringing conduct and express a willingness to meet to resolve the issue.<sup>94</sup>

Under the PDDRP and at the top level, trademark owners must demonstrate “by clear and convincing evidence, that the registry operator’s affirmative conduct” infringes a trademark.<sup>95</sup> At the second level, affirmative conduct by a registry that amounts to “*a substantial pattern or practice of specific bad faith intent by the registry operator to profit from the sale of*” domain names that infringe trademark rights.<sup>96</sup> The PDDRP specifically states that a “registry operator is not liable under the PDDRP solely because: (i) infringing names are in its registry; or (ii) the registry operator knows that infringing names are in its registry; or (iii) the registry operator did not monitor registrations within its registry.”<sup>97</sup>

## 2. Remedies Available Under the PDDRP

Section 18 of the Trademark PDDRP explicitly notes that because “registrants are not a party to the action, a recommended remedy cannot take the form of deleting, transferring or suspending registrations . . . .”<sup>98</sup> Moreover, “[r]ecommended remedies will not include monetary damages or sanctions . . . .”<sup>99</sup> Instead, a variety of graduated enforcement tools against the registry operator may be recommended including: remedial measures to ensure no future infringing registrations; suspension of new domain name registrations in the gTLD until violations are cured; or, in the cases in which the registry operator acted with malice, termination of the registry agreement.<sup>100</sup>

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<sup>92</sup> ICANN, TRADEMARK POST-DELEGATION DISPUTE RESOLUTION PROCEDURE (TRADEMARK PDDRP) § 5.1 (June 4, 2012), <http://newgtlds.icann.org/en/applicants/agb/pddrp-04jun12-en.pdf> [hereinafter TRADEMARK PDDRP]. There are three types of PDDRP: (1) the Trademark PDDRP; (2) the Registration Restrictions PDDRP (which “address[es] circumstances in which a community-based New gTLD Registry Operator deviates from the registration restrictions outlined in its Registry Agreement”); and (3) the Public Interest Commitments PDDRP (which “addresses complaints that a Registry may not be complying with the Public Interest Commitment(s) in Specification 11 of their Registry Agreement.”). ICANN, UNDERSTANDING POST-DELEGATION DISPUTE RESOLUTION PROCEDURES, <http://newgtlds.icann.org/en/program-status/pddrp> (last visited Jan. 10, 2014) [hereinafter UNDERSTANDING PDDRP].

<sup>93</sup> *Id.*

<sup>94</sup> TRADEMARK PDDRP, *supra* note 92, § 7.2.3(d).

<sup>95</sup> *Id.* § 6.1.

<sup>96</sup> *Id.* § 6.2 (emphasis in original).

<sup>97</sup> *Id.* § 6.2.

<sup>98</sup> *Id.* § 18.1.

<sup>99</sup> *Id.* § 18.2.

<sup>100</sup> *Id.* § 18.3.

### 3. *Benefits of a PDDRP Proceeding*

The PDDRP provides a procedure to address possible trademark abuse by ICANN-approved TLD registries, and should promote responsible registry conduct. The PDDRP provides a forum for rights-holders in the expanding Internet who are no longer in a position to pursue multitudes of lower-level enforcement options like the UDRP or ACPA claims in a variety of jurisdictions.<sup>101</sup> In addition, the PDDRP provides flexibility with respect to the remedy, which will take into consideration “the ongoing harm to the [c]omplainant.”<sup>102</sup>

### 4. *Shortcomings Associated with a PDDRP Proceeding*

The PDDRP involves several procedural layers which renders it a slow and complex process.<sup>103</sup> For example, the Trademark PDDRP requires a rights holder to notify the registry of the alleged infringing conduct and express a willingness to meet to resolve the issue at least thirty days prior to filing a formal complaint.<sup>104</sup>

Moreover, the PDDRP requires complainants to pay costs in advance of the proceedings.<sup>105</sup> Therefore, the PDDRP may be a mechanism that appeals only to those trademark owners with substantial financial resources.<sup>106</sup>

Finally, the PDDRP only addresses a registry operator’s complicity in trademark infringement on the first or second level of a new gTLD. A registry operator will not be held liable under the PDDRP for a domain name registered by a third party without “the direct or indirect encouragement, inducement, initiation or direction of any person or entity affiliated with the registry operator; and [that registration] provides no direct or indirect benefit to the registry operator other than the typical registration fee.”<sup>107</sup> Evidence of this bad-faith conduct must be demonstrated and is not always going to be readily available to a trademark holder.<sup>108</sup>

## III. WEIGHING THE OPTIONS—SELECTING THE BEST DISPUTE RESOLUTION PROCESS

Accordingly, a number of factors must be considered in order to determine the best dispute resolution process under any set of particular circumstances. These include:

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<sup>101</sup> See UNDERSTANDING PDDRP, *supra* note 92.

<sup>102</sup> See TRADEMARK PDDRP, *supra* note 92, § 18.4.

<sup>103</sup> UNDERSTANDING PDDRP, *supra* note 92 (“[C]omplainants [must] take specific steps to address their issues before filing a formal complaint.”).

<sup>104</sup> See TRADEMARK PDDRP, *supra* note 92, § 7.2.3(d).

<sup>105</sup> *Id.* § 14.2.

<sup>106</sup> *Id.* § 14.2. The policy stipulates, “If the [p]anel [ultimately] declares the [c]omplainant to be the prevailing party, the registry operator is required to reimburse the [c]omplainant for all [p]anel and [p]rovider fees incurred.” *Id.* § 14.3.

<sup>107</sup> *Id.* § 6.2.

<sup>108</sup> *Id.*

### A. Eligibility to Use a Particular Forum

First and foremost, an injured party must confirm it has standing to pursue a claim in the desired forum. For example, if a party is not a registered trademark rights holder, it may not be able to pursue an action under the URS.<sup>109</sup> In contrast, the UDRP is open to all parties who seek recourse for trademark-based domain name disputes, whether or not they have *registered* rights in a trademark.

### B. Jurisdiction

Similarly, a complainant must ensure it selects a proceeding in a suitable jurisdiction. For example, if a trademark holder cannot get personal jurisdiction over, or cannot with due diligence find, the registrant of a domain name, the ACPA may be a viable option as the statute itself provides for *in rem* jurisdiction over the domain name.<sup>110</sup> However, pursuing an *in rem* action limits the damages available under the statute.

### C. Timeline

An injured party's timeline is often a deciding factor. If a complainant is concerned about immediate use of a domain at issue, the URS could be an option, as the domain is immediately locked when the complaint is filed and satisfies a basic administrative review.<sup>111</sup> By contrast, under the UDRP, the status quo is maintained until the panel issues its order.<sup>112</sup> Similarly, a motion for a temporary restraining order may be warranted in ACPA litigation.<sup>113</sup> If time is of the essence for an ultimate disposition, a quick proceeding like the URS may be desirable. However, injured parties must weigh the remedies available under each of the proceedings against the speed as typically the quicker the action, the more limited the remedies.

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<sup>109</sup> See TRADEMARK PDDRP, *supra* note 92, § 4(a)(i). This provision stipulates that one is "required to submit to a mandatory administrative proceeding in the event that a third party . . . asserts . . . that (i) [one's] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights." *Id.* The statute explicitly states "rights," not a registration. *Id.*; see also Theodore Presser Co. v. John Smith/Whois Protection, Case No. D2008-0549, at ¶¶ 6(C), 7 (WIPO Arbitration & Mediation Ctr. May 29, 2008), available at <http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-0549.html> (requiring the transfer of theodorepresser.com to the owner of the common law trademarks THEODORE PRESSER and THEODORE PRESSER COMPANY, the rights in which were established based on evidence of use thereof, not based on *registration* thereof).

<sup>110</sup> 15 U.S.C. § 1125(d)(2)(A) (2012).

<sup>111</sup> URS SYSTEM, *supra* note 84, § 4.1.

<sup>112</sup> UDRP, *supra* note 40, § 4(k).

<sup>113</sup> Anderson & Cole, *supra* note 24, at 245.

*D. Cost*

As outlined above, federal court litigation can be exceedingly expensive in light of the costs associated with discovery, motion practice, etc., while the alternative administrative processes may initially be less costly. However, the initial cost should always be considered in connection with the appeal and dispute options available—pursuing an initially low-cost administrative proceeding will provide no financial benefit if it ultimately is followed by litigating the same matter thereafter.

*E. Remedies Available*

If a party simply desires that the registrant cease use of a domain name, the URS is a great option. However, if the rights-holder wants to avoid the burden of monitoring for a renewal window or seeks to use or control the domain name itself, the UDRP or ACPA may be more suitable alternatives. A successful UDRP or ACPA claim can result in a domain name transfer, unlike the URS, which freezes a registrant's activity at an infringing domain name.<sup>114</sup> If a party desires monetary damages, the ACPA is its only option.<sup>115</sup>

*F. Collecting Judgments*

While a substantial monetary remedy may be desired, and ultimately obtained in litigation like the Verizon and Tory Burch cases mentioned above, the practicality of collecting any judgment should be taken into account. In fact, Lanham Act (and ACPA) damages judgments are not dischargeable in bankruptcy.<sup>116</sup>

Moreover, in addition to the large statutory damage awards that have been issued in connection with ACPA actions, some plaintiffs have successfully collected the defendant's assets. For example, after the plaintiff, 1st Technology, won a \$46 million default judgment, it thereafter obtained possession of the defendant Bodog Entertainment Group, S.A.'s assets to satisfy the judgment.<sup>117</sup>

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<sup>114</sup> *Id.* at 250; *see also* *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 268 (4th Cir. 2001) (“The only remedy available for ACPA violations that occurred before November 29, 1999, however, is to have the domain name transferred to the owner of the mark or canceled.”).

<sup>115</sup> *See Virtual Works*, 238 F.3d at 268 (noting that statutory damages were not available prior to ACPA's enactment); *Verizon Cal., Inc. v. Online NIC, Inc.*, No. C 08-2832 JF (RS), 2008 WL 5352022, at \*2 (N.D. Cal. Dec. 19, 2008) (awarding the plaintiff \$33.15 million under ACPA); *Tory Burch, LLC v. Yong Sheng Int'l Trade Co.*, No. 1:10-cv-9336, at \*5–6 (S.D.N.Y. May 13, 2011), (BL Docket, Dist. File) (awarding ACPA damages).

<sup>116</sup> *In re Butler*, No. 11-40930-MGD, 2013 WL 5591922, at \*8 (Bankr. N.D. Ga. Sept. 9, 2013).

<sup>117</sup> *1st Tech., LLC v. Rational Enters. Ltda*, No. 2:06CV01110-RLH-GWF, 2008 WL 4571057, at \*1, 8, 10 (D. Nev. July 29, 2008).

### *G. Right to Appeal*

If finality is desired, a proceeding like that under the UDRP or URS would not be advised, as parties in those proceedings may submit the dispute to a court of competent jurisdiction for independent resolution even after a decision has been rendered in the underlying action.<sup>118</sup>

## IV. CONCLUSION

Navigating cybersquatting enforcement entails understanding the options available and weighing the factors the injured party deems most important. Accordingly, the end goal should dictate the first step. Selecting the mechanism that best fits the desired goal is only the beginning; careful consideration should be paid to the shortcomings associated with that mechanism. If those shortcomings are acceptable, being mindful of them and addressing them when possible can help lessen the impact should they occur. If the shortcomings render a mechanism unviable, the situation should be reassessed to select the best option on balance.

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<sup>118</sup> Anderson & Cole, *supra* note 24, at 250.