

FIGHTING CYBERPIRACY-NEW REMEDIES

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On October 24, 1999 the Internet Corporation for Assigned Names and Numbers (ICANN) approved a Uniform Domain Name Dispute Resolution Policy.

On November 29, 1999 President Clinton signed into law the Cyberpiracy Prevention Act. These developments provide new arsenal for trademark owners as they battle with shady domain name registrants over the right to use particular names as web site addresses. Cyberpirates or cybersquatters as these domain name registrants are fondly known, reserve as many names containing trademarks owned by others as possible in order to profit from later sale to the rightful trademark owner. These registrants are not generally subject to traditional trademark remedies because they are not using the mark in commerce i.e they are not actually operating a website, but have just registered the name. These developments are a direct and much needed response to fill this void.

CYBERPIRACY PREVENTION ACT

The Cyberpiracy Prevention Act (the Act) requires that the trademark owner's brand or mark must be distinctive or famous. Thus the mark must be one that would be protected under trademark or dilution laws, although it does not need to be registered. The domain name must be identical to, confusingly similar to or dilutive of the trademark owners mark. There is no requirement in the Act that the domain name registrant be actually using the mark in commerce. This allows claims against registrants where the mark is merely reserved or registered. Key to the act, however, is a requirement that the domain name registrant have acted in "bad faith". Bad faith may be determined by looking at whether the registrant has registered multiple domain names comprising distinctive or famous trademarks, whether the registrant has made attempts to sell or otherwise transfer the domain name to the true trademark owner for large sums of money or whether the registrant has used misleading contact information in registering the domain name. If, on the other hand, the domain name consists of the legal name of the registrant, there is evidence that the registrant has used the domain name previously, has bona fide use offering goods and services, or has used the mark in a website, these factors may mitigate a claim of bad faith and protect innocent registrants who registered the domain name without knowledge of the trademark owner's mark.

The Act also allows the trademark owner to bring an *in rem* action in the case where a domain name registrant has provided false contact information in it's registration information or likely cannot be sued in the United States. Effectively speaking, a trademark owner may file suit in a court where the domain name owner is located, naming the domain name as the defendant. This would allow a trademark owner to obtain a domain name where that might otherwise be impossible through traditional remedies because the registrant was not within the jurisdiction of U.S. courts. In addressing statutory damages and if a violation of the Act is proven, the Act provides for the option of electing an award of statutory damages, in the amount of not less than \$1000.00 and not more than \$100,000.00.

Not surprisingly, since November 1999, many cases have been filed under the Act. One of the more highly publicized is the New York Yankees suit against a Queens, New York man who registered the domain name **newyorkyankees.com**. The outcome of this suit and similar ones filed under the Cybersquatting Act are eagerly anticipated by trademark owners.

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS (ICANN) DISPUTE POLICY

Trademark owners also have the option of resolving domain name disputes through the new ICANN Dispute Policy. This policy replaces the old domain name dispute resolution policy administered by Network Solutions, Inc. It allows a trademark owner to obtain the domain name from the registrant as opposed to the previous policy of placing the domain name on "hold". A complaint may be filed with one of the approved ICANN resolution providers, such as the World Intellectual Property Organization, the National Arbitration Forum in Minneapolis, or Eresolution, a Montreal based arbitration organization. The complaint must allege that the domain name is identical or confusingly similar to a trademark owner's mark. It is not necessary to have a federal registration in order to invoke the policy. The trademark owner must show as well why the domain name holder should be considered as having no rights or legitimate interest in the domain name and why the name should be considered as having been registered in bad faith. In contrast to the Cyberpiracy Prevention Act, there is no specific requirement that the mark at issue be either distinctive or famous.

Like the Cyberpiracy Prevention Act, bad faith can be demonstrated by a number of factors which provide evidence that

- (1) the name has been registered for the primary purpose of selling, renting or otherwise transferring the domain name to the complainant who is the owner of the trademark or to a competitor of complainant;
- (2) the name has been registered to prevent the owner of the trademark from reflecting the domain name in a corresponding domain name;
- (3) the name has been registered for the primary purpose of disrupting the business of the competitor;
or
- (4) the name has been registered with the goal of intentionally diverting users to a web site through likelihood of confusion with the complainant's trademark.

These factors differ from the Cyberpiracy Prevention Act in that they are more focused on the Complainant while the Act appears to focus on general evidence of bad faith. Another difference is that the Act requires a finding of bad faith intent while the ICANN procedure appears to require only objective evidence of bad faith.

Like the Cyberpiracy Prevention Act, under the ICANN policy the domain name registrant

has an opportunity to present evidence of good faith registration of the domain name. This would include evidence of use of the domain name to offer bona fide goods or services prior to the dispute, use of the name to identify registrant or its business and a legitimate non-commercial fair use of the name without any intent to divert potential users for commercial gain or to tarnish the domain name at issue.

To bring an action under the ICANN policy a party must file a complaint along with the required arbitration fee. The registrant then has twenty days to respond. An arbitrator will be appointed within five days after the time to file a response has lapsed. If no response is received the arbitrator will decide the dispute based upon the complaint. In either case the Arbitrator will issue a decision within fourteen days after being appointed. The remedies available are transfer of the domain name registration to the complainant or cancellation of the domain name. In addition within ten days of the decision, either party may commence a lawsuit and thereby prevent implementation of the arbitrators decision. This suit must be filed in the location of the domain name registrar or the location of the registrant. When filing the complaint the trademark owner must consent to the jurisdiction of the courts in one of these locations.

The ICANN policy is applicable to all existing domain name registrations. It therefore applies to domain names even if the registrant did not consent to the policy when it registered its domain name initially. Unless otherwise agreed by the parties the proceeding will take place in the language of the registration agreement.

Since its implementation several cases have been filed under the ICANN policy. Pursuant to ICANN policy, WIPO and The National Arbitration Forum publish all of their decisions on their respective websites. A review of these decisions reveals many more resulting in name transfers than in decisions not to transfer the name, an indication that complainants are successfully invoking the new policy. The very first case decided under the new policy was one filed by the WorldWide Wrestling Federation (WWF) in connection with the registration of the domain name **worldwrestlingfederation.com**. The California man who registered this domain name was ordered to transfer the domain name to the WWF. The second case decided under the policy also came out in favor of the trademark owner, this time, America OnLine, Inc. A National Arbitration Forum Arbitrator ruled that a French Corporation, owner of the domain name **icqsms.com** must relinquish the domain name to America Online, Inc., the owner of several trade and servicemark registrations for the mark ICQ SMS.

Already being criticized is the process whereby complainants are allowed to choose the provider that conducts the arbitration. Some see this process as creating an economic incentive for companies to compete on being pro-complainant if they want the business. Requests to review this policy have been presented to ICANN's Board of Directors.

The main advantage to using the ICANN policy would appear to be that it offers quick, easy resolution to domain name dispute resolutions and is relatively inexpensive. Those trademark owners seeking a wider array of forum choices or a decision made by a court of law are likely to lean toward

filing complaints under the Cybersquatting Act.

Generally, however, the overwhelming response by trademark owners would indicate that the Cybersquatting Act and the ICANN policy are welcome and much needed weapons in the fight against cybersquatters as e-commerce grows and trademark owners expand their presence to the World Wide Web.