

Anti-Cybersquatting Act Kicks Cyberpirate Booty

By: James B. Astrachan

Lt. Robert Maynard killed the pirate Blackbeard in a ferocious hand-to-hand battle on Nov. 22, 1718. On Nov. 29, 1999, President Clinton took pen in hand to eliminate cyberpirates when he signed into law the Anticybersquatting Consumers' Protection Act (ACPA).

Not long ago, the 9th U.S. Circuit Court of Appeals put an end to the cyberpiracy of Dennis Toeppen, who had registered well over 100 domain names.

Toeppen, it seems, was an entrepreneur with foresight: Believing that the Internet was a valuable marketing tool, he beat many of the nation's largest companies to the punch by registering their trademarks as domain names. Then he tried to ransom the domain names to the rightful owners for a pirate's treasure.

Bad-faith intent

Until the ACPA, a trademark owner whose mark was held hostage by a cyberpirate could pay or litigate. To win in court, the trademark owner would have to establish a likelihood of confusion or dilution, but the courts were not always on the same page, and results were a medley.

The ACPA adds new section 43(d) to the Lanham Act to prohibit the exploitation of a domain name containing a trademark where the domain name registrant has a bad-faith intent to profit from its registration, trafficking or use.

Famous marks (like Exxon, for example), distinctive marks (those that distinguish goods and services but are not particularly well-known) and certain federally sanctioned marks ("Olympics") specifically are protected.

A distinctive mark is protected if the domain name registered by the cyberpirate is identical or confusingly similar to the distinctive mark. A famous mark is protected if the domain name is identical, confusingly similar to, or dilutive of, the mark.

Nine factors

A finding that a domain name registrant had reasonable grounds to believe that its use of the domain name was a fair use, or otherwise lawful, will refute a finding of bad faith.

To assist the courts in assessing bad faith, the ACPA provides nine non-exclusive factors:

- (1) whether the registrant had any trademark or other intellectual property rights in the domain name;
- (2) the extent to which the domain name consists of the registrant's legal name or nickname;
- (3) whether the registrant made a prior bona fide use of the domain name as a trademark while offering to sell products or services;
- (4) whether there is a fair, or non-commercial, use of the name at the registrant's Web site;
- (5) the intent to divert customers from the mark owner's online site in a way that will harm the mark's goodwill;
- (6) an offer to assign the domain name to the mark's owner for money without the registrant ever using, or intending to use, the domain name to sell its goods or services;
- (7) provision of false or misleading material to register the domain name;
- (8) the registration of multiple domain names that are identical or similar to distinctive or famous trademarks; and
- (9) the extent to which the mark incorporated in the domain name is famous or distinctive.

Try to get personal

Last year, Porsche Cars North America sued a cyberpirate *in rem*, and the case was dismissed by the U.S. District Court for the Eastern District of Virginia due to lack of personal jurisdiction. Porsche was unable to locate the owner of porsche.com, which is not an uncommon occurrence.

The ACPA allows *in rem* actions in the judicial district in which the domain name registrar is located for events occurring after Nov. 29, 1999, but the plaintiff must prove either likelihood of confusion or dilution.

Also, to sue the domain name, and not the registrant, the plaintiff must prove it could not obtain personal jurisdiction over the registrant or was not able to find the registrant despite a good-faith effort.

And although the remedies in an *in rem* action are limited to forfeiture, cancellation or transfer of the domain name, Congress forged a sharp cutlass to eviscerate cyberpirates in actions under the ACPA where personal jurisdiction is obtained.

In a fashion similar but not identical to the Copyright Act, the ACPA allows a plaintiff to elect recovery of statutory damages in lieu of actual damages and the defendant's profits at any time prior to final judgment being rendered. The range of statutory damages is between \$1,000 and \$100,000 in the discretion of the court.

While the statute provides no guidance to the courts in determining the amount of statutory damages, it is extremely likely that the courts will adopt the defendant's willfulness as a criteria and measure the level of willfulness by employing the nine non-exclusive factors listed in the ACPA as evidence of a registrant's bad faith.

However, some of these factors, such as multiple registrations, intent to divert and offer to sell the domain name without prior use, no doubt will carry more weight. Courts are also likely to look to the cooperation of the defendant and, hopefully, the obstructionist tactics of defense counsel.

A final note: Blackbeard's head was severed and hung on the bowsprit of Lt. Maynard's sloop. Although this was the appropriate remedy for a pirate, I suspect Congress went as far as it could.

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