

What is Cybersquatting and What Can Be Done About It? ACPA or UDRP?

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Have you ever had a third party register a domain name that is either exactly the same or very similar to your trademark? If so, it may be a Cybersquatting issue. Cybersquatting is registering, trafficking in, or using a domain name with a bad-faith intent to profit from the goodwill of a trademark belonging to someone else. To address this issue, Congress enacted what is known as the Anticybersquatting Consumer Protection Act ("ACPA"). The ACPA amended the [Lanham Act](#) by providing trademark owners with a civil remedy against cybersquatting.

If you're not sure how this may affect your business, let's run through some examples.

The typical scenario is that the name of your product, or your company name is a registered trademark (or a strong common law trademark). However, you failed to register the domain name for whatever reason. Joe Schmo cybersquatter decides to beat you to the punch and registers the domain name of your trademark. He may have even registered plural versions or misspellings of your trademark as well (this is known as typosquatting). Joe Schmo cybersquatter is simply holding the domain name for ransom hoping to sell it back to you for a nice profit, or he may decide to keep domain name knowing that he will get a lot of traffic to his websites. The cybersquatter may sell products similar to yours or is simply engaged in affiliate marketing and makes money off of the clicks on his website. These situations can obviously cause consumer confusion and can easily cause lost profits to your company and dilution of your trademark(s) as well.

One avenue of recourse is filing an ACPA claim in federal court. The Plaintiff in an Anti-Cybersquatting suit must establish:

1. The Defendant has a bad faith intent to profit from the mark, including a defendant name which is protected as a mark;
2. 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 18 U.S.C. section 706.

It's important to distinguish cases in which the cybersquatter is obviously acting in bad faith, from situations in which the individual simply registered the domain name with the intent of doing something else with it that is unrelated to trademark owner's goods and/or services.

The ACPA excludes a finding of bad faith where the domain name holder reasonably believed that the use was "fair use" or otherwise lawful. Accordingly, bad faith is the biggest component in an ACPA claim. So what is bad faith? There are several elements the federal courts will consider such as:

The trademark ownership rights held by the mark owner;

The closeness of the domain name and the cybersquatter's name;

The cybersquatter's commercial use of the domain name for access to a web site;

The cybersquatter's intent to divert web traffic from the mark owner;

The cybersquatter's offer to sell the domain name to the mark owner;

Whether the cybersquatter gave misleading information in registering the domain name; and

Similar or repeated cybersquatting on other marks.

For example, in Hasbro Inc. v. Clue Computing Inc.[66 F. Supp.2d 177 (D. Mass 2000)], the district court held that Clue Computing's use of its registered domain name clue.com, was in fair use, despite Hasbro's existing registration of the trademark "Clue" for its famous board game. The two company's fields in which the names were used were not related; Clue Computing had registered the disputed domain name first, used it in legitimate commerce, and not attempted to sell the domain name to Hasbro.

UDRP or ACPA?

So if you've concluded that someone has cybersquatted one of your trademarks, should you file a ACPA lawsuit? Before doing so, you should consult with your intellectual property attorney about other avenues such as the Uniform Domain Name Dispute Resolution Policy ("UDRP"). UDRP is an ICANN-approved arbitration that resolves domain name disputes submitted to ICANN for resolution. Very often (nearly 75% of UDRP cases) results in the cancellation of the cybersquatter's domain name registration. The standards to establish cybersquatting in UDRP cases for wrongful registration is very similar to ACPA's standards. Furthermore, UDRP proceedings are typically much less expensive and quicker (about 2-3 months total compared to ACPA which is federal litigation and may take years if not settled before trial). Another advantage with the UDRP is that it's well suited for international domain name disputes because the hearings are ex parte (based only on filed documents; no witnesses or parties are present). UDRP can be used in addition to an ACPA litigation or possibly done before or after an ACPA ruling because UDRP rulings are not binding upon the courts. Also, UDRP findings may be appealed. This is a departure from most arbitration practice (www.icann.org/udrp).

However, the remedies in UDRP proceedings are limited to only transfers of the domain name. Compared to an ACPA litigation, the Plaintiff may obtain monetary damages, attorney's fees and costs (in exceptional cases), and/or an injunction, in addition to the cancellation or transfer of the improper web domain name to the original owner. Furthermore, under ACPA the Plaintiff has the option of suing for statutory damages for \$1,000 to \$100,000, as the court deems just under the circumstances.

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