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## Intellectual Property Law

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### Removing A Hazard From The Internet Freeway -- The 1999 Anticybersquatter Law

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The Internet is still a relatively new and wild information highway. Part of the attractiveness of this highway is that it is largely a "freeway" where access can be gained by all without cost. However, the Internet has now become populated with modern day highwaymen out after a fast buck. One particularly troublesome highwayman is known as the "cybersquatter".

What is a cybersquatter? Basically, a cybersquatter is someone who registers domain name addresses with the primary purpose to resell them. Cybersquatters prey on the uniqueness of the domain name address to extract their ransom. Like the radio frequencies or a telephone number, a particular domain name address can be issued to only one person or organization.

Trademark owners have been rudely awakened to find these "cybersquatters" blocking the path to registering a domain name address based on their trademark. Just ask Panavision, the owner of the trademarks "Panavision" and "Panaflex". When Panavision tried to register "panavision.com" as their domain name address, they found out that a cybersquatter (Toeppen) had already registered "panavision.com". Indeed, Toeppen had registered about 240 domain name addresses, many of them based on relatively well-known marks

So what could a trademark owner do to evict the cybersquatter from a domain name address based on their mark? The previous approach was to file suit against the cybersquatters based primarily on traditional theories of trademark law, especially the following two:

1. **Trademark infringement.** Infringement theories are based on the "likelihood of confusion" between the respective marks and requires consideration of a number of factors, including the similarity between the marks and the similarity of the goods or services that the marks are used with.
2. **Trademark Dilution.** Dilution theories aim to protect a trademark owner's goodwill from tarnishment or blurring. Dilution also requires two other elements: (a) the mark must be a famous one and (b) the "diluter" must have undertaken commercial use in commerce after the

mark became famous.

The courts have had to strain to apply these traditional trademark theories to cybersquatters. Particularly troubling was statutory basis for the remedy that was often requested by the trademark owner -- transfer of the domain name from the cybersquatter to the trademark owner. Under the federal anti-dilution statute, the diluter can only be asked to "cease and desist" from the diluting activity -- that is not the same as saying the cybersquatter must give up the domain name. In the case of trademark infringement, the infringing activity can be enjoined. Again, that does not mean the trademark owner is entitled to possession of the domain name from the cybersquatter.

The anticybersquatter law recently passed in 1999 specifically addresses the problems of applying traditional trademark law theories to cybersquatters, including the remedies. The courts can now have a domain name registered by a cybersquatter cancelled or transferred to the trademark owner. The trademark owner can also elect to collect statutory (versus actual) damages in an amount of from \$1,000 to \$100,000 per domain name improperly registered.

The new law also addresses another prior problem, namely locating the "absent" cybersquatter so that they can be sued. Rather than filing suit against an "absent" cybersquatter, the trademark owner can simply file the suit in the district where the domain name registrar or registry is located. This is referred to as an "in rem" action.

So who is a "cybersquatter" under this new law? Basically, it is anyone who: (a) "registers, traffics in or uses" a domain name; (b) that is the same or similar to the trademark of another; (c) with "bad faith intent to profit" from the trademark. The phrase "bad faith" is not defined by this new law. However, there are at least nine factors the courts can consider in determining "bad faith" intent to register a domain name, including: (1) an offer by the registrant to transfer or sell the domain name to the trademark owner for profit without intending to use the domain name to offer goods and/or services; (2) providing false information when applying for registration of the domain name; (3) registering multiple domain names that are known to be identical or confusingly similar to the trademarks of others.

This new law also provides that there is no "bad faith" when the domain name registrant believed (or had a reasonable basis for believing) that the use of the domain name was proper. This may make it advisable to obtain opinion letters from an attorney that such a "belief" was reasonable to avoid being labeled later as an unlawful cybersquatter. The new law also does not define what "intent to profit" means. It is thus unclear whether the simple act of registering the domain name without more is within this new law.

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