

Cybersquatter article for HBJ April, 2004, issue

How can you stop someone from using your trademark, or something very close to it, as his domain name?

Oh, that's easy, you say, if he won't stop willingly, just sue him under the Anti-Cybersquatting Consumer Protection Act. That's a good choice for most situations. That law allows the judge, in his sole discretion, to give you up to \$100,000 for each infringing domain name, without your having to prove that you ever lost a penny as a result of the defendant's use of your trademark.

Furthermore, if you can convince the judge that yours is an exceptional case, the law also allows the judge to order the defendant to pay your attorneys' reasonable fees.

Does it sound like this law strongly favors trademark owners? It does, but . . .

Our lawmakers realized that there might be situations where the actions of the alleged "cybersquatter" might be protected under either the trademark laws or the First Amendment. Remember that amendment? It protects your right to free speech.

So, the lawmakers limited liability under this law to one who "has a bad faith intent to profit from that mark". Then, to give the judges a little guidance in determining whether someone had "bad faith", they included in the law nine factors that a judge can consider if she wants to do so:

- (I)
the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II)
the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III)
the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV)
the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V)
the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI)

the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII)

the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII)

the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX)

the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

Notice that last factor – if your trademark is “Kodak” for a disposable camera, then you have a distinctive and a famous mark. But if your trademark for a disposable camera is “Single-Use Cam” or “Quick & Easy” then your trademark is neither distinctive nor famous, and you won’t be able to stop others from having a web page such as www.quick&easy.com.

Now, imagine that you owned Kodak, and the website is www.kodaks.com for a website that criticizes Kodak’s products, and questions the abilities of your management team. You might think that under factor five you could stop him, based on this language: “harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark”. However, judges have been reluctant to stop free speech, and even though people might inadvertently stumble onto that website, absent other indications of “bad faith”, you would probably lose that fight.

What if the cybersquatter also tried selling his own line of disposable cameras on that website? You would probably win. What if the cybersquatter sold no products on the website, but instead, in addition to criticizing Kodak, encouraged others to offer comments on their experiences with various brands of cameras, and encouraged camera vendors to post responses? What if that website had a million hits a month, and the owner was considering selling advertising on it?

This question has not yet been decided by any court. However, I suggest that such a website, although not yet “commercial” is following the typical Internet business model: first build your customer base, then start making a profit.