FENWICK & WEST LLP

Domain Name Dispute Remedies

Tools for Taming the World Wide Web

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FENWICK & WEST LLP

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I. Introduction

Providing a new forum for brand promotion, the Internet has significantly impacted both the use and abuse of trademarks. Among the controversies arising with the advent of commercialized cyberspace, the use of trademarks as part of internet domain names has been the most frequent source of conflict. The issue commonly arises where a company desires an online presence to promote its products and services but discovers that, due to the ease of registration and structural realities of the domain name system, another party has been allowed to register the company's desired domain, which is typically one composed of the company name or key brand followed by the ".com" generic top level domain.

While much of the potential for conflict is due to the inherent nature of the Internet and the domain name registration process, a fast, simple, low-cost process that can be executed online in a matter of minutes, much can also be attributed to the desire of non-trademark owners to misappropriate marks for their own benefit. The ease of registration and lack of procedural bars to registering domains containing others company names or marks, coupled with the value of misappropriating traffic to one's site, creates an incentive structure where the more famous the mark and larger the number of consumers to mislead, the more desirable the domain becomes to unscrupulous actors. While, to be sure, some registrations of disputed domains are done in good faith, with no intent to trade off the rights or notoriety that has been developed by the trademark owner, many others are not.

It is this situation and many permutations of it that trademark law has struggled over the last eight or more years to confront. Fortunately for trademark owners, significant progress has been made. Trademark law has evolved with the Internet to offer a variety of increasingly focused and effective remedies to address such abuses, with the result that there has been a significant decrease in the most egregious types of cybersquatting, and there are now legal alternatives for rectifying most abusive domain registration practices and similar untoward behavior.

This paper discusses the inherent structural realities that virtually guaranteed that there would be conflict between owners of trademark rights and domain names, and the three most recently introduced remedies available to trademark owners to address bad faith registration of domain names containing their names or marks. The remedies are: the Internet Corporation for Assigned Names and Numbers' Uniform Domain Name Dispute Resolution Policy ("UDRP"), the Anticybersquatting Consumer Protection Act ("ACPA"), and the Federal Trademark Dilution Act ("FTDA"). An appreciation for the strengths and weaknesses of each is important to guide trademark owner in selecting the appropriate forum and remedy to protect their rights and combat bad actors. Although this area of law continues to develop, with new issues ever on the horizon, understanding the nuances of these alternative remedies is important in making intelligent choices as to which remedy is appropriate in a given set of circumstances.

II. Trademarks and the Internet

A. Inherent Structural Realities Lead to Conflict

Much of the potential for conflict between owners of trademark rights and domain names is due to the inherent nature of the Internet and the domain name registration process. Each domain name and the corresponding website, if any, is assigned a Uniform Resource Locator ("URL"); a unique Internet Protocol ("IP") numerical address that designates a location on one of the multiple servers that make up the backbone of the Internet. In order to make the Internet easier for humans to navigate, each URL typically corresponds to a unique alphanumeric string. When the mnemonic is typed into a web browser, the Internet Domain Name System ("DNS") translates it into the corresponding IP address, connecting the user with the desired website. The mnemonic domain names provide a simple way for users to recall website locations. For example, ‹fenwick.com› to connect a user to the website of Fenwick & West is a much easier address to remember than the correct IP address ‹206.204.218.52›.

The two key parts to a mnemonic domain name are the generic top level domain ("gTLD") and the second level domain ("SLD"). In the example, ‹Starbucks.com›, ".com" is the gTLD and "Starbucks" is the SLD. Current gTLDs include .com, .net, .org, .biz, .info and .pro, among others. While the gTLDs were initially intended to be registered and used by specific types of entities: .com for commercial entities, .net for network infrastructure companies, .org for non-profit organizations, .biz for business entities, and so on, over time these distinctions, never aggressively enforced, have for the most part been lost. The ‹.com› has become the gTLD of choice, desired by both commercial and non-commercial entities, and it is a common practice of web surfers to type "company name" plus ".com" when trying to locate the website of a particular entity.

It is the second level domain, "Starbucks" in the example above, that is typically the source of conflict, because it not only functions as an address for a location on the internet, but as a source identifier, designating the website where information regarding a particular company or a particular brand of products can be obtained. While under traditional trademark law principles multiple parties would not be permitted to use the same or similar trademarks for directly competing products for fear of creating consumer confusion, domain names with slight variations—different spellings, intentional misspellings, different or additional punctuation, plurals—can and do co-exist as they designate distinctly different locations on the servers that make up the Internet. *See, e.g., TCPIP Holding Company, Inc. v. Haar Communications, Inc.*, 244 F. 3d 88, 101-2 (2d Cir. 2001)(finding no infringement based on defendant's registration of multiple domains combining the terms "child" or "children" and "place" or "places" with and without other words); *Lockheed Martin Corp v. Network Solutions*, 985 F. Supp. 949 (C.D. Cal 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999) (permitting multiple domain registrations for variations of plaintiff's "skunkworks" mark with various spellings, punctuation and gTLDs; no trademark infringement found).

Another problem inherent to the domain name registration system is that domains are issued on a first-come-first-served basis by registrars whose only obligation is to ensure that the requested domain is unique; not to make an evaluation as to who is entitled or has the right to any particular domain. Thus, while the second level domain may be identical to another party's name or trademark, it is not the registrar's responsibility to determine the appropriateness of the registration, whether registration of a particular domain might infringe another party's rights, or whether the content of the corresponding website is consistent with the mnemonic selected (*e.g.*, whether the party registering ‹visa.com› is providing information regarding Visa's credit card services rather than those of Mastercard or some other entity). While some effort was made with the introduction of the .biz and .info domains in 2002 and the .pro domain in 2003 to provide a "sunrise period" for trademark owners to assert claims to and register domains before they were made available to the general public, registrars are simply not equipped to conduct substantive evaluations on an ongoing basis as to who should receive a particular domain, and domains, for the most part, continue to be awarded on a first-come-first-serve basis.

Further adding to the potential for conflict are the multiple country code top-level domains ("ccTLDs"), which denote country-specific domain registrations, typically managed by either a government agency or local domain name registrar in individual countries. There are over 240 ccTLDs currently available for registration, corresponding generally to the United Nations' two-letter abbreviation codes for various nations. See, www.icann.org/cctld or www.iana.org/cctld/cctld-whois.htm for information regarding ccTLDs and a list of and links to ccTLD's currently available for registration. These multiple gTLDs and ccTLDs create a multitude of opportunities for one's mark to be misappropriated, resulting in a significant burden for trademark owners who choose to investigate and police such registrations.

B. Competing Interests and Motivations Lead to Potential Abuses

If we add to the inherent structural inconsistencies between trademark rights and the domain name registration system, parties with either nefarious intentions or competing, legitimate rights to the same second level domain, the potential for conflict increases exponentially. Four categories or types of actors quickly appear on the scene:

The first, most notorious actor is the cybersquatter, someone who register domains with another party's trademark for the purpose of selling it to the trademark owner for a profit. Many businesses and celebrities have been the victim of this practice, including Burger King, Hertz, Neiman Marcus, MTV, as well as Madonna, Julia Roberts, Bruce Springsteen, and myriad other celebrities from the entertainment, music and sports industries. *See, Panavision, Int'l L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998), *aff'g*, 945 F. Supp. 1296 (C.D. Ca. 1996) (finding infringement and bad faith registration of ‹panavision.com› domain based, in part, on attempt to sell domain that was registered for $100 for $13,000); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996) (finding infringement and that defendant's "business" consisted of the capturing and ransom of domain names; ordering transfer of the domain to plaintiff).

Second are parties that register a competitors' name or marks as domain names in order to gain commercial advantage by either using the corresponding website to disparage their competitor products or services or to divert web traffic to the legitimate website. *See, e.g., People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001) (holding that defendant's registration of ‹peta.org› domain and posting of a website with the slogan "People Eating Tasty Animals" was done in bad faith with the intent to prevent access to the legitimate Peta site); *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F. 3d 489, 493 (2d Cir.), *cert. denied*, 120 S. Ct. 2719 (2000) (holding that competitor's registration of ‹sportys.com› was done in bad faith with the intent to disrupt trademark owner's business and prevent trademark owner from registering it); *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997) (finding infringement as a result of defendant's registration of the domain ‹cardservice.com› for the purpose of misdirecting internet users to plaintiff's competitors); *Princeton Review Management Corp. v. Stanley H. Kaplan Educational Center Ltd.*, 94 Civ. 1604 (MGC) (S.D.N.Y 1994) (regarding Princeton Review's registration of ‹Kaplan.com› to promote their educational testing services and criticize the services of their competitor).

Third, capitalizing on the ready availability of slightly different and confusingly similar domain names, "typosquatters" register domains that are one or more letters or numbers different from the legitimate domain name so as to capture inadvertent typo-driven web traffic. *See e.g., Electronics Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q. 2d 1705 (E.D. Pa. 2000) (finding that the defendant engaged in a pattern and practice of registering common misspellings of business and celebrity names in order to misdirect traffic to his websites); *Shields v. Zuccarini*, 2000 U.S. Dist. LEXIS 15223 (E.D. Pa. July 18, 2000) (same); *Nicole Kidman v. John Zuccarini, d/b/a Cupcake Party*, Case No. D2000-1415 (WIPO January 23, 2001) (finding domains ‹nicholekidman.com› and ‹nicolekidmannude.com› were registered in bad faith and with the intent to profit by "mousetrapping" visitors to the websites and preventing them from leaving; domains transferred to Ms. Kidman).

Finally, there are many instances where multiple parties may have a legitimate claim to the same domain name. Take, for example, the ‹www.united.com› domain, which could legitimately be registered by United Van Lines, United Airlines and a myriad of other entities with tradename or trademark rights in the term "united." There are myriad other examples of names or marks to which multiple parties have competing, legitimate rights.

Thus, a variety of scenarios can lead to trademark owners finding that their marks are unavailable for registration as domain names. Fortunately for trademark owners, legal remedies have evolved to meet these challenges.

III. Enforcing Trademark Rights on the Internet

Initial attempts to challenge domain registrations that impacted U.S. trademark owners' rights were brought primarily as straightforward trademark infringement claims under the Lanham Act. One of the early principles that evolved from the pre-1998 cases was that mere registration of a domain was not actionable because it did not meet the commercial use requirement for proving infringement under the Lanham Act, which specifies that infringing use of a mark is use "in connection with the sale, offering for sale, distribution or advertising of goods or services likely to cause confusion or deception." Lanham Act §32(1), 15 U.S.C. § 1114(1). *See also, Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 1279 (C.D. Cal. 1997)("the mere registration of a domain name does not constitute a commercial use"); Lockheed Martin Corp., 985 F. Supp. at 957 (holding that something more than mere registration of a domain name is required to infringe another's mark).

However, where the facts suggested egregious conduct by the domain holder, or an intent to mislead the public, courts would endeavor, in often creative ways, to find commercial use and therefore infringement based on the defendant's conduct. *See e.g., People for the Ethical Treatment of Animals v. Doughney*, 263 F. 3d 359 (finding that defendant's registration of the ‹peta.org› domain in order to prevent Internet users from accessing plaintiff's site, and providing links to third party sites, constituted commercial use despite the fact that defendant neither sold nor advertised products or services via his site); *Planned Parenthood v. Bucci*, 42 U.S.P.Q.2d 1430, (S.D.N.Y. 1997), *aff'd*, 152 F.3d 920 (2d Cir.), *cert. denied*, 119 S. Ct. 90 (1998) (finding defendant's registration of the domain ‹plannedparenthood.org› to distribute anti-abortion views and literature and divert traffic from the legitimate Planned Parenthood of America website at ‹ppfa.org› to be commercial use); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (finding that registration for the purpose of attempting to sell the domain to the trademark owner constituted commercial use). In these instances, and many like them, the Internet was clearly having an impact on and expanding the reach of trademark law in previously unforeseen and, some would argue, unintended ways.

Fortunately for trademark owners, between 1996 and 2000, a number of remedies were introduced into U.S. law that were specifically designed to address bad faith registration of domain names. They include: the Internet Corporation Assigned Names and Numbers' Uniform Dispute Resolution Procedure ("UDRP"), the federal Anticybersquatter Consumer Protection Act ("ACPA") and the Federal Dilution Act ("FTDA"). These remedies have enabled trademark owners to enforce their rights in a more targeted and effective manner than had previously been possible.

A. The Uniform Domain Name Dispute Resolution Policy

The most recent and arguably most effective remedy, at least from a cost perspective, is ICANN's Uniform Dispute Resolution Policy ("UDRP"). The UDRP was adopted by ICANN in 2000, thereby creating a contractually-based, expedited, online procedure for addressing the most egregious examples of bad faith registration of domain names.

As of June 4, 2003, nearly 8,500 UDRP claims had been filed, involving over 14,000 domains. These claims have resulted in more than 7,000 decisions affecting the ownership of over 11,800 domains, and have resulted in the cancellation or transfer of the disputed domain name(s) to the trademark owner approximately 80% of the time. *See ICANN, Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, at http://www.icann.org/udrp/proceedings-stat.htm. This figure, although somewhat controversial given the frequency with which trademark owners prevail in such actions, is not surprising given that the UDRP was designed to address the most egregious forms of bad faith registration.

1. Process and Basis of a UDRP Claim

A UDRP proceeding is neither court action nor arbitration in the formal sense, but an extra-legal administrative alternative to federal court actions. The UDRP permits parties to challenge domain registrations that contain terms identical or confusingly similar to the complainant's trademark and provides remedies including the transfer or cancellation of domains. All domain name registrants within gTLDs and ccTLDs governed by ICANN contractually agree when registering domain names to abide by the terms of the UDRP and are thereby bound to the terms of the Policy, regardless of physical location, nationality or legal status.

The UDRP offers both sides of the dispute a faster, cheaper, and easier alternative to federal court actions. Handled primarily via e-mail, the complainant selects a dispute resolution provider from one of four ICANN approved providers: the World Intellectual Property Organization ("WIPO"), the National Arbitration Forum ("NAF"), the CPR Center for Dispute Resolution ("CPR"), or the Asian Domain Name Dispute Resolution Centre ("ADNDRC"). The claimant then chooses either a one or three person panel to hear the dispute, pays the relatively minor provider's fees, and submits their complaint. The complaint and information regarding the dispute process is forwarded to the domain holder, who can either respond or choose not to, in which case a default will be entered. Regardless of whether the domain name holder responds, the panel will make their determination based on the written documentation that has been submitted; there are no hearings, no discovery or motion practice and, in fact, under ordinary circumstances, no opportunity to respond to anything that has been submitted by the other side. Once the UDRP panel makes its ruling, it is communicated to both parties, and posted to the ICANN website located at ‹www.icann.org›, all within approximately a six-week time frame. It should also be mentioned that either during the pendency of the UDRP proceeding or within ten days of a decision, either party may file a court action to stay the proceeding or prevent the decision from becoming effective. *See, Uniform Domain Name Dispute Resolution Policy*, at ‹www.icann.org/udrp/udrp-policy-24oct99.htm.› (last modified June 4, 2002) ("UDRP").

The complainant in a UDRP proceeding must allege at least three things: (i) the disputed domain name is identical or confusingly similar to the complainant's trademark; (ii) the owner of the disputed domain has no right or legitimate interest in the domain name; and (iii) the domain name was registered in bad faith. UDRP, ¶ 4a. Evidence of bad faith registration may include that the registrant has offered to sell the domain to the trademark owner at a premium above the actual cost of obtaining the registration, that the registrant's intent is to prevent the trademark owner from registering the domain name and the domain registrant has previously engaged in a pattern of similar behavior, or that the registrant's intent in registering the domain was to divert web traffic from the legitimate trademark owner's site. UDRP, ¶ 4b. In the regard, the UDRP was clearly intended to target the type of misuses that had become familiar on the internet, which trademark owners had obtained mixed results in attempting to address through infringement actions under the Lanham Act.

Defenses available to the domain registrant under the UDRP include: (i) he/she had made a legitimate commercial use of the domain prior to the dispute; (ii) that the registrant has been "commonly known" by the domain (*i.e.*, it's his/her nickname); or (iii) that the registrant is making a "legitimate noncommercial or fair use of the domain, without intent for commercial gain to misleadingly divert consumers or to tarnish the [mark]." UDRP, ¶ 4c. The first of these provisions was intended to protect parties who have registered domains with no knowledge of trademark owner's interest or rights in the disputed second level domain. The second provision was designed to acknowledge rights in a name or term that the owner has not used for commercial purposes but has some other, legitimate interest in. The last was intended to enable parties to continue to make "fair use" of other parties' trademarks for the purpose of, for example, commenting on the trademark owner's products, practices or corporate activities or policies. Thus, registration of domain names containing other parties' names or marks followed by the term "sucks", and the posting of a website with information critical of the trademark owner or its products, is protected both under this provision and under First Amendment free speech principles.

While each of the factors plays a role in the UDRP panel's determination, the majority of decision turn on the issues of whether the domain holder truly has a right or legitimate interest in the domain name or, conversely, whether he/she registered the domain in bad faith in an attempt to take advantage of or trade off of the notoriety and goodwill the trademark owner has created in the brand. If the panel determines that the domain was registered in bad faith, the panel may order the domain to be canceled or transferred to the trademark owner.

2. Relative Advantages and Disadvantages of Pursuing a UDRP Claim

The UDRP offers many benefits to trademark owners. The UDRP process is distinctive for its inexpensive, fast, efficient and readily accessible proceedings. There are no jurisdictional issues since domain registrants agree contractually to be bound by the UDRP, and service of process issues are for the most part non-existent as proceedings are conducted via email. Since UDRP procedures were designed to be simple enough that an average person could complete the required filings, filing requirements are relatively straightforward with no evidentiary requirements, no discovery, no witness testimony, no hearing and no motion practice of the type common in federal court proceedings, thereby making the legal costs significantly lower than a federal court action. And, successful complainants in a UDRP action may have the disputed domain transferred to them, rather than simply cancelled or put on hold, a significant improvement over previous domain name dispute policies.

There are however certain limitations to using the UDRP. The UDRP was intended to address the most abusive domain registrations, where a claimant's rights a particular term are clear and proof of bad faith registration can be easily demonstrated. Complex disputes, such as determining which party has superior rights between two competing users, or where there may be complicated evidentiary issues, are beyond the reach of the UDRP. *See, e.g., Infolink v. Nathan Frey, d/b/a 123 Mail*, Case No. D2000-1687 (WIPO March 26, 2001) at p. 6, in which the UDRP panel concluded that because "proof of the first element of Complainant's claim [that the domain registrant has no right or legitimate interest in the domain] would require the submission of additional evidence and more detailed direct and cross-examination of the various witnesses whose testimony has been referred to in the pleadings" the claim was "not appropriate for resolution in this summary ICANN proceeding and would be more appropriately resolved in judicial or arbitration proceedings designed for fuller development of the evidence." *Accord, Adapticed Molecular Technologies, Inc., v Pricilla Woodward & Charles R. Thortoin, d/b/a/ Machines & More*, Case No. D2000-0006 (WIPO February 28, 2000) (ruling that the complainant had not met its burden of proving that the domain registrant, allegedly an authorized reseller of claimant's products, had no right or legitimate interest in the domain ‹militec.com›).

Another significant drawback of UDRP proceedings is that rulings can be unpredictable and inconsistent with previous decisions addressing similar fact patterns. *See, e.g., Julia Fiona Roberts v. Russell Boyd*, Case No. D2000-1210 (WIPO May 29, 2000) (awarding Ms. Roberts the domain ‹juliaroberts.com› based on her common law service mark rights in her name); *contrast, The Reverend Dr. Jerry Falwell* *and The Liberty Alliance v. Gary Cohn, Prolife.net, and God.info*, Case No. D2002-0184) (WIPO June 3, 2002) (holding that claimant's rights in his personal name are not protectable under the UDRP as he "failed to show that his name, well known as it is, has been used in a trademark sense as a label of particular goods or services," and the domain holder had a legitimate interest in using the domain for social commentary); *Bruce Springsteen v. Jeff Burgar and Bruce Springsteen Club*, Case No. D2000-1532 (WIPO January 25, 2001) (despite describing Bruce Springsteen as "the famous, almost legendary, recording artist and composer," the panel declined to award Mr. Springsteen the domain ‹bruce.springsteen.com› based on failure to prove that the domain was registered and was being used in bad faith); *Gordon Sumner, p/k/a Sting v. Michael Urvan*, Case No. D2000-0596 (WIPO July 24, 2000) (declining to transfer ‹sting.com› domain to Gordon Sumner, who had used "Sting" as his stage name for over 20 years in connection with musical performances and recordings based on his failure to show that the domain had been registered in bad faith).

There are many reasons for the inconsistency in UDRP rulings, the most significant of which appear to be: 1) there are no clear guidelines under the UDRP for panelists to use in making decisions; 2) *stare decisis* does not apply; therefore prior rulings have no precedential value and need not be follow by subsequent panels in ruling on a domain name challenge; 3) there are multiple dispute resolution providers each with slightly different procedures and, for the most part, different personnel responsible for hearing UDRP claims; and 4) the makeup and level of expertise of the "panel of experts" ruling in individual cases varies significantly both in terms of political philosophy and familiarity with trademark law.

While, to be sure, some panels are made up of retired federal court judges or seasoned practitioners who are very knowledgeable about applicable trademark laws and the principles surrounding the protectability of various terms, others are not. In fact, it is not unheard of to have a UDRP panel consisting of one or more retired state court judges, practitioners or others with no experience in trademark infringement or dilution cases. Reviewing the biographies of proposed panelists, and helping to choose panelists with the requisite knowledge and experience to rule appropriately can be one of the most valuable contributions any lawyer makes to their client in such proceedings.

In addition, unlike in court proceedings, there is also no in-built appeal process to correct erroneous decisions and provide clear precedent for future cases. Looking at the policy from the opposite perspective, from that of a successful claimant, this also means that there is no guarantee that the UDRP decision will be a final determination of rights because, either during the UDRP proceeding or within 10 days of a decision, a disappointed party may file an action in federal district court to prevent the UDRP panel's decision from being enacted. UDRP ¶ 4(k); *Sallen v. Corinthians*

Licenciamentos Ltda., 273 F.3d 14 (1st Cir. 2001) (holding that an aggrieved domain holder may bring a declaratory relief action under the ACPA before an adverse UDRP ruling becomes effective); *BroadBridge Media, LLC v. HyperCD.com*, 106 F. Supp. 2d 205 (S.D.N.Y. 2000) (holding that the trademark owner need not wait until the end of the UDRP proceeding to file suit).

And, if the domain registrant files a federal court action to prevent the transfer of a domain, the federal district court need not give any deference whatsoever to the statements or evidence submitted, or analysis employed, in the UDRP proceeding, or, for that matter, to the final ruling of the UDRP panel. *See, Dluhos v. Strasberg*, 321 F.3d 365, 2003 U.S. App. LEXIS 3014, 5 USPQ2d (BNA) 1842 (3d Cir. 2003) (holding that UDRP decisions are not entitled to the “extremely deferential” standard of review owed FAA arbitration decisions); *Weber-Stephen Products Co. v. Armitage Hardware & Bld. Supply, Inc.*, 54 U.S.P.Q.2d 1766 (N.D. Ill. 2000) (in response to the court’s inquiry, WIPO advises that federal district courts may give whatever deference to UDRP decision that the court deems appropriate; court holds that UDRP ruling is not binding on it). As a result, in some instances, federal courts have completely ignored the UDRP proceeding and have reached a result opposite to the UDRP panel’s ruling. *See, Referee Enterprises, Inc. v. Planet Ref, Inc.*, No. 00-C-1391, 2001 U.S. Dist. LEXIS 9303 (E.D. Wis. 2001) (granting preliminary injunction preventing defendant from using “referee” in domain names, and reversing, without mention, the earlier UDRP ruling permitting the domain owner to retain the ‹ereferee.com› domain).

A further limitation of the UDRP is that remedies are limited to cancellation or transfer of the domain name(s) at issue; damages and injunctions are not available. However, this is not a particularly significant limitation given the speed with which a trademark owner can recapture a disputed domain, and the likely difficulty in collecting damages from some of the individuals and entities that register domain to which they have no legitimate claim.

Finally, of lesser concern, is the possibility that the relative inexpense of the UDRP processes may discourage settlement negotiations, whereas the greater attorney’s fees and expenses involved in federal court actions my encourage parties to reach negotiated settlements of such disputes that will accommodate both their interests.

Even with the limitations and unpredictability of the UDRP process, it is still the fastest, cheapest and most effective way to confront what are clearly bad faith registrations of domains. However, where the dispute at hand is complex or is likely to involve evidentiary issues that cannot be adequately explored in an expedited UDRP proceeding, a federal court action, in the form of a cybersquatting or dilution claim, may be the better option.

B. The Anticybersquatting Consumer Protection Act

In an attempt to create greater certainty in trademark protection on the Internet, in 1999 Congress enacted the Anticybersquatting Consumer Protection Act ("ACPA"). The intent underlying passage of the ACPA was "to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners by prohibiting the bad faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly referred to as 'cybersquatting.'" S. Rep. No. 106-140 (1999). *See also, Broadbridge Media L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505 (noting that the intention underlying the ACPA was "to give trademark owners inexpensive and effective legal remedies that were uncertain and expensive under then-existing trademark law").

1. Basis for a Claim under the ACPA

The ACPA's passage strengthened the rights of trademark owners by prohibiting bad faith registration of domain names that are ***identical or confusingly similar to distinctive marks, including personal names***. The ACPA applies to both registration and use of a domain, thereby allowing claims not ordinarily permitted under a trademark infringement claim under the Lanham Act, which requires more than mere registration of a domain to meet the commercial use requirement for proving infringement. The ACPA also extends protection to "confusingly similar" domains, and requires only a showing that the trademark in question was distinctiveness at the time the domain was registered, not famous, as would be required under a dilution claim. Lanham Act § 43(d), 15 U.S.C. § 1125 (d).

A successful ACPA claim requires showing that the domain registrant: 1) selected the domain in bad faith; 2) has registered, trafficked in or used the domain name, including a personal name; 3) that the domain is identical to, confusingly similar to, or dilutive to the plaintiff's mark; and 4) that the mark was distinctive at the time the domain was registered. *Id.*, § 1125 (d)(1)(A).

The ACPA provides a non-exhaustive list of nine factors to guide the determination as to whether bad faith is involved, including whether the registrant has offered to sell the domain to the trademark owner, whether the domain was registered with an intent to diver traffic from the trademark owners website, whether there has been a pattern of registering domains with others trademarks, and whether the registrant provided false information to the domain registry. *Id.*, §1125 (d)(1)(B). *See, Porsche Cars North Am., Inc. v. Spencer*, 55 U.S.P.Q.2d 1026 (E.D. Cal. 2000) (discussing bad faith factors of the Act in finding that the ‹porschesource.com› domain had been registered by defendant in bad faith). Occasionally, courts will look beyond these factors and base their decision on other evidence of defendant's bad faith in registering a particular domain. *See, e.g., Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267-70

(4th Cir. 2001) (basing a finding bad faith registration of the domain ‹vw.net› on the "unique circumstances of the case" including the registrant's testimony that it had never been known by or referred to itself as "VW", that it realized when registering the domain that it might be valuable to the defendant, and that it had threatened to sell the domain "to the highest bidder" if the defendant did not purchase it); *Sporty's Farm L.L.C.*, 202 F. 3d at 499 (emphasizing as a basis for finding bad faith that the plaintiff registered the ‹sportys.com› domain with the intent to compete directly with the trademark owner and that plaintiff's explanation for registering the domain was "more amusing than credible"). Courts will likely continue to use discretion and consider facts beyond those that fit within the nine specifically enunciated in the ACPA in assessing whether bad intent motivated domain registrants.

But, all is not lost for would-be defendants. The ACPA also includes a "safe harbor" provision, providing that where the domain registrant "[b]elieved and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful," the claim will fail. 15 U.S.C. § 1125(d)(B)(ii). *See, e.g., Hartog & Co. v. swix.com*, 136 F. Supp. 2d 531, 540-41 (E.D. Va. 2001) (refusing to find bad faith intent based on the nine statutory factors and because of the safe harbor provision; concluding that defendant reasonably believed it was entitled to register the domain). However, courts have been reticent to broadly apply this safe provision if the facts of the case taken as a whole suggest that the domain registrant's primary motive was to take advantage of the legitimate trademark owner. *See, People for the Ethical Treatment of Animals v. Doughney*, 263 F. 3d at 369 (ruling that the safe harbor provision did not apply and defendant's website at ‹peta.org› which bore the heading "People Eating Tasty Animals" did not constitute a fair use or parody of plaintiff organization in light of other evidence of bad faith); *Virtual Works v. Volkswagen*, 238 F. 3d at 266 (refusing to construe the safe harbor provision broadly; finding bad faith intent underlying the registration of the ‹vw.net› domain).

Thus, the ACPA only applies to cases where the mark owner can establish that the registrant had a bad faith intent to profit from using or registering a domain name containing its mark. The Act also expressly indicated that traditional defenses such as fair use or parody are still available to domain registrants. *Id*. § 1051.

2. Advantages and Disadvantages of Pursuing an ACPA Claim

As noted in above, the most immediate benefit of an ACPA action is that the mere filing of the lawsuit can be used to stop an adverse decision in a UDRP proceeding from being implemented, so long as the federal suit is filed before, during or within 10 days of the UDRP ruling. UDRP, ¶ 4(k); *See, Sallen v. Corinthians Licenciamentos LTDA., supra*. It can also serve to reverse the final decision of the UDRP panel and either prevent or require the transfer of the disputed domain. *Id*.

However, the most significant advantage of filing suit under the ACPA is that federal courts are in a better position to evaluate complex cases, particularly where there are competing rights and significant evidentiary issues. This is particularly true, where, for instance, evidence of bad faith is circumstantial, will need to be developed through testimony, or is based on the domain registrant's having engaged in a pattern and practice of behavior that is violative of trademark owners' rights. This evidence might include the registrant's prior abuse of the domain registration system, that the registrant has been unresponsive, has submitted erroneous information to the domain registrar, or has attempted to obscure his true identity. Information about additional domains held by the registrant, previous attempts to sell domains to trademark owners, or negative rulings or findings of cybersquatting in prior UDRP or ACPA actions would also be best presented in the context of a federal lawsuit as federal district courts are more likely to have the resources to develop and evaluate this type of evidence, and the lengthy time frame for federal court actions lends itself to the development of such evidence.

Another advantage to pursuing an ACPA action compared to, for example, an infringement action is that the "confusingly similar" standard under the ACPA is easier to satisfy than the more rigorous "likelihood of confusion" standard applied in infringement actions. *See, e.g., Shields v. Zuccarini*, 254 F.3d at 483 (holding domain names containing variations of Joe Cartoon including ‹joecartoons.com›, ‹joecarton.com›, and ‹cartoonjoe.com› confusingly similar to the mark); *Harrods Lt. V. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 677 (E.D. Va. 2001) (finding domain names consisting of the word "harrods" and other generic or geographic terms confusingly similar to plaintiff's HARROD trademark); *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000) (holding domain names containing variations of Morrison & Foerster confusingly similar).

In addition, the ACPA expressly provides protection for personal names, whereas a traditional trademark infringement claims and the UDRP policy do not, at least not absent a showing that the individual has developed service mark rights in connection with their name. And, the ACPA does not require the plaintiff to establish that the mark in questions is "famous" as would be necessary under a federal dilution claim (which is discussed in detail in the next section), but rather that the mark was distinctive at the time the domain was registered, or the registration was renewed. *See Schmidheiny v. Weber*, 2003 U.S. Dist. LEXIS 2401 (3rd Cir. Feb. 11, 2003) (holding that re-registration of a domain name brought the matter within the purview of the ACPA even though the domain was originally registered prior to the passage of the ACPA).

The ACPA also provides, for the first time, for *in rem* actions, or actions against the domain itself, where the cybersquatter is beyond the personal jurisdiction of the court or cannot be located despite the trademark owner's diligent efforts to do so. 15 U.S.C. § 1125 (d)(2). *See, e.g., Fleet Boston Financial Corp. v. fleetbostonfinancial.com*, No. 00-10176-DPW (D. Mass. 2001) (ruling that the *in rem* provisions of the ACPA can be invoked only in the judicial district where the domain registrar, registry or other authority is located); *Hartog & Co. v. swix.com*, 136 F. Supp. 2d 531 (E.D. Va. 2001) (holding that a trademark owner need only show that the domain name in dispute is "identical or confusingly similar" to a term in which it owns rights to succeed in an ACPA *in rem* action, and need not show that use of the domain is likely to cause consumer confusion; no bad faith found in connection with ‹swix.com› domain); *Porsche Cars North America Inc. v. Spencer*, 55 U.S.P.Q. 2d 1027 (finding that the ‹porschesource.com› domain had been registered by defendant in bad faith). Thus, the ACPA created wholly new protections for mark holders in the domain name space.

Finally, and perhaps most importantly, the ACPA offers a host of remedies not available under the UDRP, including allowing trademark owners to stop domain name uses immediately by requesting a temporary restraining order or preliminary injunction, and providing statutory damages of between $1,000 and $1000,000 per domain registration. *See, e.g., Sporty's Farm v. Sportsman's Market, Inc.*, 202 F.3d 489 (finding that defendant had registered the ‹sportys.com› domain in bad faith and upholding the district court's injunction requiring the domain holder to transfer the domain to defendant; no damages awarded as ACPA was enacted after the action was initiated); *Electronics Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q. 2d 1705 (awarding maximum statutory damages of $100,000 for each disputed domain name registered by the defendant who "boldly thumbs his nose at the rulings of this court and the laws of our country"). *Cf. Shields v. Zuccarini*, 2000 U.S. Dist. LEXIS 15223 (E.D. Pa. July 18, 2000) (plaintiff's motion for attorney's fees and statutory damages of $10,000 per infringing domain granted), *af'd*, 254 F.3d 476 (3d Cir. 2001).

The detriments to pursuing an ACPA claim are criticisms commonly levied against the U.S. legal process in general. An ACPA action is expensive, requiring the filing and prosecution of a lawsuit in federal district court with the attendant costs of such an action, which can exceed $300,000 if pursued to a final ruling. Time-wise, it can take months or, more typically, years to obtain a decision in an ACPA case, although cases often settle shortly after the ruling on a preliminary injunction motion, if there is one.

The fact that federal courts have greater resources to analyze the briefs, declarations and evidence submitted, and longer periods of time to evaluate a case, does not ensure that the decision rendered will be well-reasoned, consistent with precedent, and will not have to be appealed in order to obtain the "right" result. Thus, further expense may be involved.

Finally, while injunctive relief is available in egregious cases, and damage awards are possible, neither is guaranteed, and the cost, time and distraction of personnel and resources from a party's business activities are significant deterrents to bringing cybersquatting claims. However, in the right circumstances, an ACPA claim may be the only remedy for recapturing a valuable domain and source identifier for a trademark owner.

C. The Federal Trademark Dilution Act

The third and arguably most powerful remedy is the Federal Trademark Dilution Act ("FTDA"). Enacted in 1996, the FTDA added subsection (c) to the Lanham Act and marked the first statutory modification of U.S. trademark law to address the unique challenges presented by the Internet. The FTDA expanded protection for famous marks by prohibiting dilution, thereby creating a federal claim where none previously existed. Lanham Act § 43(c), 15 U.S.C. § 1125(c) (1996).

1. Basis for a Claim under the FTDA

The FTDA provides for injunctive relief against ***commercial practices*** that ***dilute*** the distinctive quality of a ***famous*** mark. 15 U.S.C. § 1125(c) (1). Given the vagueness inherent to the terms "fame" and "dilution", Congress sought to elaborate on these. Dilution is defined as, "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127.

The two types of dilution recognized by federal courts are blurring, the gradual whittling away or dispersion of the identity of the mark, and tarnishment, use of a mark for unsavory or shoddy products or purposes that threatens a negative association with the famous mark. 15 U.S.C. § 1125(c) (1). *See, Toys "R" Us Inc. v Akkaoui*, 40 U.S.P.Q.2d 1936 (N.D. Cal, 1996) (finding dilution and transferring domain ‹adultsrus.com› from retailer of sexual devices and clothing to toy manufacturer); *Hasbro, Inc. v Internet Entertainment Group, Inc.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) (finding dilution and transferring ‹candyland.com› domain from the operator of pornographic website to the manufacturer of children's board games).

The statue provides eight factors to aid in determining whether a mark is famous: the degree of inherent or acquired distinctiveness, duration and extent of use, duration and extent of advertising, geographical reach, channels of trade for which mark is used, degree of mark recognition in those channels, nature and extent of use of similar or same marks by third parties, and whether the mark is registered. 15 U.S.C. § 1125(c) (1).

Although definitions for fame and dilution were articulated in the statute, uncertainty persisted as to how to apply the concepts and lead to judicially constructed expansions as to both. Without qualitative or quantitative measures of fame, and lacking other remedies to combat cyberpiracy, from 1996-1999 nearly every mark evaluated in an FTDA action was found to be famous. *See, e.g., Panavision International, L.P. v. Toeppen*, 141 F. 3d 1316 (ordering transfer of domain based on finding that PANAVISION was a famous mark and had been diluted); *Hotmail Corp v. Van$ Money Pie Inc.*, 47 U.S.P.Q.2d 1020 (N.D. Cal. 1998), 1998 U.S. Dist. LEXIS 10729 at 10 (finding defendant's use of Hotmail accounts to send spam e-mail to be a dilutive use of Plaintiff's famous HOTMAIL mark); *Teletech Customer Care Management, Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407 (C.D. Cal. 1997) (finding TELETECH to be a famous mark and ordering transfer of ‹teletech.com› domain but permitting defendant to use ‹tele-tech.com›); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (ordering transfer of ‹intermatic.com› domain based on finding that INTERMATIC was a famous mark and had been diluted).

It was not until the enactment of the ACPA, which provided a more targeted remedy to address bad faith registration of domain names, that federal courts began to limit the scope of the FTDA to truly famous marks. *See e.g., TCPIP Holding Co, Inc. v. Haar Communications, Inc.*, 244 F. 3d 88 (holding that THE CHILDREN'S PLACE was not a famous mark for purposes of the FTDA; no transfer of defendant's domains ‹childsplace.com›, ‹childrensplace.com›, ‹mychildsplace.com›, etc., which were variations on the theme of a place for children); *Avery Dennison Corp. v. Sumptom*; 189 F.3d 868 (9th Cir. 1999) (holding that the AVERYDENNISON mark was not famous for purposes of the FTDA; ‹avery.net› and ‹dennison.net› domains not transferred); *Hasbro, Inc. v. Clue Computing*, 66 F. Supp. 2d 117 (D. Mass. 1999), *aff'd*, 231 F.3d 1 (1st Cir. 2000) (holding CLUE not a famous mark for purposes of the FTDA; commenting that "Holders of a famous mark are not automatically entitled to use the mark as their domain name; trademark law does not support such a monopoly.").

However, even today, Courts remain confused as to the applicability of the dilution cause of action, and the analysis to be used in determining both whether a mark is famous and whether dilution has occurred. In *Wringling Bros. v. Utah Division of Travel Development*, 170 F. 3d 449; 1999 U.S. App. LEXIS 4179; 50 U.S.P.Q.2d (BNA) 1065 (4th Cir. 1999), the Fourth Circuit Court of Appeals upheld a district court ruling that defendant's use of "The Greatest Snow on Earth" in connection with winter sports activities was not dilutive of plaintiff's slogan "The Greatest Show on Earth" for circus performances. The Court also engaged in a lengthy discussion of the legislative history and intent behind the dilution cause of action, both under state and federal statutes, and the various methods and criteria that have been used by state and federal courts in determining whether dilution has occurred. The *Wringling Bros.* court concluded that proof of dilution requires: "(1) a sufficient similarity between the junior and senior marks to evoke an 'instinctive mental association' of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services." *Id.*, at p. 30.

The *Wringling Bros.* court went on to say that this third element of the dilution cause of action requires a showing of "actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods and services." *Id.*, at p. 39 (emphasis supplied). The court suggested some ways in which plaintiffs might demonstrate that actual economic harm had occurred, including: 1) in rare instances, by submitting proof of an actual loss of revenues and simultaneously disproving other possible causes for the loss; 2) "through a skillfully constructed consumer survey designed not just to demonstrate 'mental association' of the marks but further consumer impressions from which actual harm and cause might rationally be inferred" (*i.e.*, a showing that some portion of the original mark's identifying ability or selling power has been diminished); or 3) from relevant contextual factors such as the extent of the junior mark's exposure, the similarity of the marks, and the strength of the senior mark as indirect evidence that might complement other proof. *Id.*, at pp. 50-51.

However, in the subsequent case of *Nabisco v. PF Brands*, 191 F.3d 208 (2d Cir. 1999), the Second Circuit criticized this reasoning, stating that the Fourth Circuit had engaged "in excessive leteralism to defeat the intent of the statute." *Id.* at 224. In the *Nabisco* case, the Second Circuit Court of Appeals upheld the district court's ruling enjoining Nabisco from distributing a goldfish-shaped cheddar cheese cracker on the ground that it diluted Pepperidge Farm's "similar, famous, goldfish-shaped cheddar cheese cracker." *Id.* The *Nabisco* court also criticized as unworkable the suggestions made by the *Wringling Bros.* court as to how the third element of dilution cause of action—actual economic harm—might be proved, even if actual economic harm were the standard of proof, which the *Nabisco* court contended it was not.

The *Nabisco* court instead applied a ten-factor test that included distinctiveness of the senior user's mark, similarity of the marks, proximity of the products and the likelihood of bridging the gap, shared consumers and geographic limitations, sophistication of consumers, actual confusion, and the quality of the junior users use, and indicated that a strong showing on four of the factors would indicate a "high likelihood of success" on the dilution cause of action. *Id.* at 217-222. *See also, Eli Lilly & Co. v. Natural Answsers, Inc.*, 233 F. 3d 456 (7th Cir. 2000) ("proof of mere likelihood of dilution is sufficient").

Thus, as recently as three years ago, federal courts appear to be confused, or at least in disagreement, as to the standards and criteria to apply in evaluating whether dilution has occurred, and also appeared to be confusing the likelihood of confusion analysis applicable to infringement actions with the evidentiary requirements necessary to establish that dilution had occurred.

It was not until the Supreme Court's recent decision in *Moseley et al., dba Victor's Little Secret v. V. Secret Catalogue, Inc. et al.*, 537 U.S. 418, 2003 U.S. LEXIS 1945, 123 S. Ct. 1115 (March 4, 2003), that some clarity was provided as to the standard of proof required to succeed on a dilution cause of action.

The underlying facts of this case were that Petitioners, Victor and Cathy Moseley, operated a small lingerie and "adult novelties" store in Elizabethtown, Kentucky, under the name "Victor's Secret" from which they sold, among other things, "adult toys," video and gag-gifts. The respondents were owners of the VICTORIA'S SECRET trademark, which the company had used in connection with the sale of moderately priced, high quality lingerie for decades, had spent over $55 million advertising in 1998 (the year before this dispute arose) and operated more than 750 Victoria's Secret stores nationwide, including a store near the Moseley's hometown, with combined sales in 1998 in excess of $1.5 billion. When respondents learned of the Moseley's store and asked them to cease using the name, the Moseleys responded by changing the name to "Victor's Little Secret" but continued to operate. *Id.* at 1119-20.

Respondents subsequently filed suit alleging, *inter alia*, that the Moseley's use of the name "Victor's Little Secret" was dilutive of their famous trademark VICTORIA'S SECRET. The District Court granted summary judgment on the FTDA claim, and enjoined the Moseleys "from using the mark 'Victor's Little Secret' on the basis that it causes dilution of the distinctive quality of the Victoria's Secret mark." *Id.* On appeal, the Sixth Circuit applied the standards enunciated by the Second Circuit in *Nabisco v. PF Brands*, requiring that a "likelihood of dilution" be proved, and affirmed the District Court's ruling, finding that respondents' mark was distinctive and that the evidence established dilution even though no actual harm had been proved. *Id.* at 1120-21.

The Moseleys subsequently appealed to the Supreme Court, which granted *certiorari* to settle the conflict between the circuits as to what showing was required to prove that dilution had occurred: whether, as the Fourth Circuit had held in the *Wringling Bros.* decision, a showing of actual economic harm to the value of a famous mark was required or, alternatively, whether the proper standard was a subjective "likelihood of dilution" showing as urged by the Second Circuit in the *Nabisco* case.

The Court concluded that, in contrast to state dilution statutes, the FTDA "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution." *Id.* at 1124. Therefore, in order to succeed on a federal dilution cause of action, plaintiffs must submit objective proof of actual injury to the economic value of a famous mark, rather than relying on mere presumption of harm arising from a subjective "likelihood of dilution" showing. *Id.* Although requiring proof of injury to the economic value of the mark, the Court did not go as far as the *Wringling Bros.* court and require that actual economic harm be shown. *Id.* at 1124-1125.

In its opinion, the Court focused its analysis on the FTDA's definition of dilution, namely "the lessening of the capacity of a famous make to identify and distinguish goods or services" and concluded that, although Respondent's VICTORIA'S SECRET mark was unquestionably valuable and the Moseleys had not challenged whether the mark was "famous" under the FTDA, so the Court was free to assume this, the record revealed a "complete absence of evidence" that the Moseley's store name had caused any lessening of the VICTORIA'S SECRET mark's capacity to identify and distinguish the Respondent's goods or services. *Id.* at 1124. The record had shown only that an advertisement for the Moseley's store, under its original name "Victor's Secret," had caused one person to make a mental association with the VICTORIA'S SECRET mark, however, it had not caused him to form any different impression of the trademark owner's store. The Court therefore overturned the Sixth Circuit's ruling prohibiting the Moseleys from using "Victor's Little Secret" as the name of their store.

The Court further explained that, unlike a cause of action for infringement, the dilution cause of action is "not motivated by an interest in protecting consumers." Rather, dilution law protects the selling power of a famous trademark. Therefore, the owner of a famous mark is entitled to relief against another's commercial use of the mark or trade name if that use "*causes dilution* of the distinctive quality of the famous mark." 15 U.S. C. § 1125 (c)(1) (emphasis supplied by the Court). *Id.*

Unfortunately, the Court provided little guidance on what plaintiffs need to do to demonstrate that they have suffered actual injury, other than to indicate that: 1) "an actual loss of sales or profits" need not be proven; 2) direct evidence, such as consumer surveys, would not be necessary where circumstantial evidence could reliably prove actual dilution, such as the "obvious case" of were the senior and junior users marks are identical; and 3) the mere fact that consumers mentally associate a junior user's mark with a famous mark would not, by itself, establish that dilution had occurred. *Id.*

What is clear from this case is that the standard for succeeding on a dilution cause of action has been raised over what was being employed in some circuits to require an objective showing of actual dilution of the economic power of a famous mark. How to demonstrate this is still unclear and will, no doubt, be the subject of many future dilution cases.

2. Advantages and Disadvantages of Pursuing a Claim under the FTDA

The most significant benefit of succeeding on a federal dilution claim is clearly the breadth of protection provided, and the ability to prevent or stop the use of a mark irrespective of consumer confusion or whether competing goods or services are involved. It is this far reaching remedy, which some courts have equated to providing a property right in gross, that has made courts hesitant to find that dilution has occurred.

Another advantage of pursuing an FTDA claim is, as discussed with regard to ACPA claims, where a case involves complex legal or evidentiary issues, federal courts are likely the most appropriate forum to hear the dispute, particularly where evidence of bad faith is circumstantial, will need to be developed through testimony or involves a pattern of conduct beyond the particular matter at issue.

However, like ACPA actions, an FTDA action is expensive. In fact, likely more expensive than an ACPA action given the trademark owner's evidentiary burden in demonstrating that its mark has reached a level of fame, and the need to show, as required after the Supreme Court's decision in *Moseley v. V. Secret Catalogue*, "objective proof of actual injury to the economic value of a famous mark." Add to this the uncertainty as to the type of proof that courts will consider either relevant and the amount of proof that will be sufficient to succeed on this claim, and the potential exists for the expense of pursuing such actions to increase exponentially.

Finally, given the courts' demonstrated "judicial hostility" to the dilution cause of action, even where a significant showing is made, the outcome of any action is far from predictable. In reality, a dilution claim is most often made in conjunction with more straightforward infringement or cybersquatting claims, and this will likely continue to be the case, further increasing the number and variety of elements that must be proved and expense of doing so. Pursuing a dilution claim is clearly not for the faint of heart or pocketbook.

V. Conclusion

There is no single, optimal solution for all domain name disputes. In weighing the benefits and difficulties of bringing an action under the UDRP, ACPA or FTDA, which remedy and forum will be most advantageous and effective depends upon the circumstances particular to each case.

Given that the UDRP is typically a faster, cheaper, and easier alternative compared to federal court actions, the UDRP will be the best option for claims in which the bad faith registration can be clearly demonstrated. However, the federal courts are better equipped to analyze complex cases, and to devote the substantial time and effort to evaluate the evidence submitted. Further, given the unpredictability of UDRP outcomes and uncertainty of the standard of review to be applied to UDRP decisions, a federal court action may be the more appropriate choice where evidence of bad faith is circumstantial, or will need to be established through testimony or based on a pattern of behavior by the alleged cybersquatter.

The UDRP, ACPA and FTDA have expanded in a more targeted and effective manner the options available to trademark owners to prevent harmful impact on their businesses as a result of abusive domain name registrations. Like the Internet, the law will continue to evolve, but these remedies have provided important tools for protecting trademark owner's use of their marks online.

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