

UDRP Versus ACPA: Choosing the Right Tool to Challenge Cybersquatting

BY CONNIE L. ELLERBACH

Fenwick
FENWICK & WEST LLP

One of the most frequent sources of conflict on the Internet has resulted from the unauthorized registration and use of domain names containing other parties' trademarks or company names, a practice commonly referred to as cybersquatting. Fortunately, trademark law has evolved to offer a variety of increasingly focused and effective remedies to address such abuses, two of the most recent of which are: the Internet Corporation for Assigned Names and Numbers' Uniform Domain Name Dispute Resolution Policy ("UDRP"), and the federal Anticybersquatting Consumer Protection Act ("ACPA"). It is important that trademark owners appreciate the strengths and weaknesses of each when selecting the appropriate forum to challenge the registration of domains containing their trademarks.

A. The UDRP

Adopted in 2000, the UDRP created a contractually-based, expedited, online procedure for addressing the most egregious examples of bad faith registration of domain names. The UDRP permits parties to challenge domain registrations that contain terms identical or confusingly similar to their trademarks, and provides remedies that include the transfer or cancellation of domains. The basis and procedure for filing a UDRP claim can be found at *Uniform Domain Name Dispute Resolution Policy*, www.icann.org/udrp/udrp-policy-24oct99.htm.

The UDRP offers many benefits to trademark owners. UDRP proceedings are inexpensive, fast, efficient and readily accessible. There are no jurisdictional issues since domain registrants agree contractually to be bound by the UDRP, and service of process issues are generally non-existent as proceedings are conducted via email. UDRP filing requirements are relatively straightforward, and there are no evidentiary requirements, discovery, testimony, hearings or motion practice of the type common in federal court proceedings, thereby significantly decreasing costs compared to federal lawsuits. And, successful claimants in a UDRP action may have the disputed domain transferred to them, rather than simply cancelled or put on hold as under the previous dispute policy.

There are however certain limitations to using the UDRP. The UDRP was intended to address abusive domain registration, where a claimant's rights in a particular term are clear and proof

of bad faith can be easily demonstrated. Complex disputes, such as determining which of two users has superior rights to the mark contained in a domain, or where there are complicated evidentiary issues, are beyond the scope of the UDRP.

Another drawback of UDRP proceedings is that due to the lack of evidentiary guidelines, lack of requirement to follow precedent, and the varying experience and political philosophy of the panelists, rulings can be unpredictable and inconsistent with previous decisions addressing similar fact patterns. Nowhere has this been more true than in celebrity domain name disputes. *Compare Julia Fiona Roberts v. Russell Boyd*, Case No. D2000-1210 (WIPO May 29, 2000) (awarding Ms. Roberts the <juliaroberts.com> domain based on her common law service mark rights in her name) *with Reverend Dr. Jerry Falwell v. Gary Cohn*, Case No. D2002-0184 (WIPO June 3, 2002) (holding that claimant's rights in his personal name were not protectable under the UDRP). This situation appears to have improved as panelists and the organizations providing them have gained experience evaluating conflicting claims and a body of decisions has developed, but it is still a consideration making careful review of the biographies and prior decisions of proposed panelists important in determining which have the requisite knowledge and experience to evaluate such claims.

In addition, unlike in court proceedings, there is no in-built appeal process to correct arguably erroneous decisions and provide guidance for future disputes. There is also no guarantee that a UDRP ruling 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 a federal court action to prevent the UDRP panel's decision from being implemented. A further limitation of the UDRP is that remedies are limited to cancellation or transfer of the domain(s) at issue; damages and injunctions are not available.

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. In fact, as of July 2003, UDRP panels had rendered more than 7,200 decisions affecting the ownership of over 12,800 domains, resulting in the cancellation or transfer of the disputed domain names approximately 70% of the time.

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, an ACPA action may be the better choice.

B. The ACPA

Enacted in 1999, the ACPA's passage strengthened trademark owners' rights by prohibiting bad faith registration of domain names that are identical or confusingly similar to distinctive marks, including personal names. 15 U.S.C. § 1125 (d)(1)(A). The ACPA provides a list of nine factors to aid in determining whether bad faith is involved (*id.* §1125 (d)(1)(B)), although courts are free to look beyond these factors. The ACPA also includes a "safe harbor" for would-be defendants, 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. *Id.* § 1125(d)(B)(ii).

As noted above, the most immediate benefit of filing an ACPA action is that doing so can prevent a potentially adverse decision in a UDRP proceeding from being rendered or implemented. It can also serve to reverse a final UDRP ruling and either prevent or require the transfer of the disputed domain.

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 476, 483 (3rd Cir. 2001) (holding domain names <joecartoons.com>, <joecarton.com> and <cartoonjoe.com> to be confusingly similar to the Joe Cartoon mark); *Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 677 (E.D. Va. 2001) (finding domains consisting of the word "harrods" confusingly similar to plaintiff's HARROD trademark).

In addition, the ACPA expressly provides protection for personal names, whereas the UDRP policy does not, absent a showing that the individual has developed service mark rights in their name. 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).

Finally, the ACPA offers a host of remedies not available under the UDRP, including allowing trademark owners to stop domain name uses immediately through a temporary restraining order

or preliminary injunction, and provides for statutory damages of between \$1,000 and \$1000,000 per domain registration.

But, perhaps the most significant advantage of filing suit under the ACPA is that federal courts are in a better position to evaluate complex cases, including those where there are competing rights to a domain 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 violates trademark owners' rights.

Deterrents to filing an ACPA claim include criticisms commonly levied against the U.S. court system generally. An ACPA action is expensive, requiring the filing and prosecution of a federal lawsuit with the attendant costs in time, money and resources. Moreover, the fact that federal courts have greater resources to analyze the evidence and arguments submitted does not guarantee that the decision rendered will be well-reasoned or consistent with precedent, or that it will not have to be appealed, resulting in even more expense.

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 appropriate remedy for a trademark owner to recapture a valuable corporate asset.

About the Author

Connie L. Ellerbach is a partner at Fenwick & West LLP. Ms. Ellerbach specializes in trademark matters for technology companies.

If you have any questions about this publication, please contact Connie L. Ellerbach at cellerbach@fenwick.com, or call at 650.335.7663.

THIS UPDATE IS INTENDED BY FENWICK & WEST LLP TO SUMMARIZE RECENT DEVELOPMENTS IN THE LAW. IT IS NOT INTENDED, AND SHOULD NOT BE REGARDED, AS LEGAL ADVICE. READERS WHO HAVE PARTICULAR QUESTIONS ABOUT THESE ISSUES SHOULD SEEK ADVICE OF COUNSEL.

© 2003 Fenwick & West LLP. All Rights Reserved.