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Blame It on the Cybersquatters: How Congress Partially Ends the Circus Among the Circuits with the Anticybersquatting Consumer Protection Act?

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I. INTRODUCTION

Congress blamed the cybersquatters for the need to pass another trademark cyberlaw. Congress enacted the Anticybersquatting Consumer Protection Act ("ACPA") on November 29, 1999.[1] The ACPA aimed to protect consumers and businesses, to promote the growth of electronic commerce, and to provide clarity in the law for trademark owners by prohibiting cybersquatting activities on the Internet.[2] Prior to the enactment of the ACPA, the Federal Trademark Dilution Act ("FTDA"),[3] which was passed by Congress in 1995 and became effective on January 16, 1996, was hailed as a powerful tool to combat cybersquatters on the Internet.[4] That presumed powerful tool

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1. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, 113 Stat. 1501 (1999) (codified at 15 U.S.C.A. § 1125(d) (West 1998)).

2. *See* S. REP. NO. 106-140, at 4 (1999); *see also* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 495 (2d Cir. 2000) (quoting relevant legislative history on the purpose of the ACPA). Cybersquatting is the bad faith registration of trademarks as domain names with the intent to profit from the goodwill associated with such marks. *Sporty's Farm*, 202 F.3d at 495.

3. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 987 (1995) (codified as amended at 15 U.S.C.A. § 1125(c) (West 1998)).

4. *See* Paul Heald, Sunbeam Prod., Inc. v. The West Bend Co.: *Exposing the Malign Application of the Federal Dilution Statute to Product Configurations*, 5 J. INTELL. PROP. L. 415, 416-17 (1998) ("[A] suit for dilution is easier to prove than infringement because the troublesome factual question of consumer confusion is not relevant."); Stephen F. Mohr, *The New Federal Trademark Dilution Act: Expanding the Rights of Trademark Owners, in* ANNUAL ADVANCED SEMINAR ON TRADEMARK LAW 1997, at 9 (PLI Patents, Copyrights, Trademarks & Literary Prop. Course, Handbook Series No. G-476, 1997) ("The Dilution Act has already proven to be an effective weapon for owners of arguably well-known or 'famous' trademarks to prevent a wide range of third party uses of marks similar or identical to such marks."); Melanie M. Routh, Note,

turned out to have very little magic.[5] Congress passed the FTDA with so little debate that it left many ambiguous terms undefined, such as distinctiveness, fame, and dilution. These terms were immediately subjected to a wide, polarized range of judicial interpretations by a number of circuit courts.[6] A circus among the circuit courts has been created as some courts extend the FTDA protection only to "nationally renowned" trademarks while others only require the protected trademarks to be known within a niche market. Another circuit court takes an extreme position, requiring the protected trademarks to possess both fame and heightened distinctiveness as a prerequisite to protection under the FTDA.[7] On the dilution element of the FTDA, some circuits require actual, consummated, dilutive harm to famous marks, while others demand only a likelihood of dilution between the famous mark and offending mark.[8] The rigorous standard of proving a dilution claim under the FTDA, coupled with the conflicting rulings among the circuit courts, sends trademark owners back to the beginning in their combat against diluters, particularly cybersquatters.[9] As a result, the once wildly celebrated FTDA turns out to lack much luster.

Congress, instead of admitting that the problems associated with the FTDA stemmed from Congress' haste to pass the FTDA without sufficient legislative history or clear guidance that would lead to a coherent and uniform interpretation, blamed the shortcomings of the FTDA on cybersquatters.[10] To cure the shortcomings and outsmart the

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Trademark Dilution and the Effect of the Federal Trademark Dilution Act, 50 RUTGERS L. REV. 253, 257-58 (1997) (reviewing judicial interpretations of the FTDA and concluding that courts have given the dilution theory a newfound respect and are more willing to recognize dilution as a trademark cause of action).

5. *See infra* Part II.A (discussing the FTDA and the reasons for its passage).

6. *See* Xuan-Thao N. Nguyen, *The New Wild West: Measuring and Proving Fame and Dilution Under the Federal Trademark Dilution Act*, 63 ALBANY L. REV. 201 (1999) (discussing the problems associated with fame and dilution); *see also, e.g.*, Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658 (5th Cir. 2000); Times Mirror Magazines, Inc. v. Las Vegas Sports News, 212 F.3d 157 (3d Cir. 2000), *cert. denied*, 121 S. Ct. 760 (2001); Avery Dennison Corp. v. Sumpton, 189 F.3d 868 (9th Cir. 1999); Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999).

7. *See infra* note 39 and accompanying text (finding that the protected trademarks must be both famous and distinctive).

8. *See infra* Part II.C (analyzing the difference between the likelihood of dilution and actual dilution).

9. *See infra* Part II (analyzing the difficulty for trademark owners to go after cybersquatters).

10. Congress stated:

> Currently, the legal remedies available to trademark owners to prevent cyberpiracy are both expensive and uncertain. Federal courts have generally found in favor of the owner of a trademark where a similar or identical domain name is actively used in

cybersquatters, Congress then passed the ACPA.[11] Unlike the FTDA, the ACPA does not require a trademark to be both distinctive and famous in order to be protected.[12] Nor does the ACPA impose a finding of actual dilution or likelihood of dilution.[13] The ACPA requires a less stringent standard that protects the trademark if the domain name is "identical or confusingly similar" to the distinctive mark.[14]

The ACPA, however, only applies to cases involving unauthorized use of protected trademarks with "bad faith intent to profit" from the goodwill of the trademarks as domain names.[15] This means that an owner of a distinctive and/or famous trademark has protection against dilution use only in the form of a domain name. Trademark owners, ironically, have no anti-dilution protection under the ACPA if the defendant used a dilutive trademark in commerce, but did not register the dilutive trademark as a domain name. Trademark owners once again are forced back to the circus among the circuits because their only potential protection against the dilutive use is through the FTDA.[16] Most trademark owners, however, will not be able to satisfy the

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> connection with a cyberpirate's Web site. The law is less settled, however, where a cyberpirate has either registered the domain name and done nothing more, or where the cyberpirate uses a significant variation on the trademark.

H.R. REP. NO. 106-412, at 6 (1999); *see also* S. REP. NO. 106-140, at 7 (1999). In addition, Congress has said:

> Current law does not expressly prohibit the act of cybersquatting. . . Trademark holders are battling thousands of cases of cybersquatting each year, the vast majority of which cannot be resolved through the dispute resolution policy set up by Internet domain name registries. Instances of cybersquatting continue to grow each year because there is no clear deterrent and little incentive for cybersquatters to discontinue their abusive practices.

S. REP. NO. 106-140, at 7.

11. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 496 (2d Cir. 2000) ("[T]he ACPA was passed to remedy the perceived shortcomings of applying the FTDA in cybersquatting cases.").

12. *See infra* Part III.B (finding that the ACPA only requires the trademark to be distinctive or famous in order to be protected).

13. *See infra* Part III.C (discussing the ACPA's requirement that the domain name be either "identical or confusingly similar" to the distinctive mark).

14. *See infra* note 154 and accompanying text (discussing the "identical or confusingly similar" requirement).

15. *See infra* Part III.E (reviewing the bad faith requirement).

16. *See infra* Part II (discussing the difficulty of trademark owners getting protection against cybersquatters). Trademark owners under such circumstances cannot assert a trademark infringement claim; while the offending use is dilutive, the offending mark is not likely to be confused with the origin or source. *See* Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1236, 1239-41 (N.D. Ill. 1996). The court explained that a plaintiff must show the likelihood of confusion resulting from the defendant's use of the plaintiff's trademark as a domain name in order to prevail. *See id.* at 1234.

elements of proof under the FTDA because "fame" and "dilution" within the meaning of the FTDA impose an extremely high burden of proof. FTDA protection is available for very few trademarks.[17] In other words, Congress has not fixed all of the shortcomings in the FTDA.[18]

This Article will examine both the FTDA and the ACPA and how Congress has created additional shortcomings with the passage of the ACPA. Further, this Article will propose what should be done to resolve some of the problems.[19] Part II discusses briefly the legislative history of the FTDA.[20] Congress blamed the cybersquatters when it passed the FTDA, but failed to cure the cybersquatting problem.[21] Part II analyzes the shortcomings of the FTDA as exhibited in the expanding disarray of judicial interpretations of distinctiveness, niche, fame, and dilution.[22] Part III discusses the legislative history of the new ACPA, illustrating a trend in congressional action on trademark-related cyberlaw: blaming the cybersquatters instead of reflecting on the problems with trademark dilution in both Internet and non-Internet contexts.[23] Part III also analyzes the elements of the ACPA along with recent legal interpretations of the new Act.[24] In addition, Part III identifies the birth of new problems in various provisions of the ACPA and suggests solutions to resolve these specific problems.[25] Part IV discusses how the ACPA fails to fix the shortcomings associated with the FTDA.[26] Further, Part IV demonstrates how the ACPA creates two different classes of protection among trademark owners depending on where the trademark diluter committed the wrong.[27] One trademark owner has an appropriate remedy because the diluter is operating on the Internet while a second trademark owner has no remedy against similar dilution as the diluter is operating in the brick and mortar world. The Article concludes that there is a need for new trademark-related cyberlaw to avoid the similar types of problems seen in both the FTDA

17. *See infra* notes 75-80 and accompanying text.

18. *See infra* Parts II.B-C (describing how circuit courts have analyzed the FTDA's requirements in widely different ways).

19. *See infra* Part IV.

20. *See infra* Part II.A.

21. *See infra* Part II.

22. *See infra* Part II.

23. *See infra* Part III.A.

24. *See infra* Part III.

25. *See infra* Part III.

26. *See infra* Part IV.

27. *See infra* Part IV.

and the ACPA.[28] New trademark-related cyberlaw should address the multiple facets of problems involving trademarks and domain names in cyberspace; in addition, it must also avoid piecemeal, incoherent, and inconsistent legislation that will hinder the growth of electronic commerce.[29] Further, any such new cyberlaw must avoid the appearance of an "e-preferred" remedy.[30] A defendant's conduct that is legislated as illegal in cyberspace should also be deemed illegal outside cyberspace.[31] Otherwise, trademark-related cyberlaw will create unfair protection among trademark owners.

II. THE FEDERAL TRADEMARK DILUTION ACT

A. Cybersquatters Made Us Pass the FTDA

The Federal Trademark Dilution Act became federal anti-dilution law on January 16, 1996.[32] One of the reasons for the passage of the FTDA, according to Senator Patrick Leahy, was to "help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others."[33] Immediately after the enactment of the FTDA, several anti-dilution lawsuits involving unauthorized use of "famous" trademarks as domain names[34] were successful.[35] The success did not last long. Soon,

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28. *See infra* Part V.

29. *See infra* Part IV.

30. *See infra* Part IV.

31. *See infra* Part IV.

32. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 987 (1995) (codified as amended at 15 U.S.C.A. § 1125(c) (West 1998)).

33. 141 CONG. REC. S19,312-01 (daily ed. Dec. 29, 1995) (statement of Senator Patrick Leahy); *see also* Panavision Int'l v. Toeppen, 141 F.3d 1316, 1326 (9th Cir. 1998) (quoting Senator Patrick Leahy's statement, "it is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others," as evidence of congressional intent to curb cybersquatters with the FTDA). The Ninth Circuit, in *Panavision International v. Toeppen*, held that Congress intended the FTDA to combat cybersquatting activities. The Ninth Circuit later applied the FTDA again in another cybersquatting case. *See* Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874-77 (9th Cir. 1999).

34. *See* Jennifer Golinveaux, *What's In a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F. L. REV. 641, 642 (1999) (explaining the anatomy of a domain name).

35. *See, e.g., Panavision Int'l*, 141 F.3d at 1326-27 (holding defendant's registration of plaintiff's trademarks as domain names diluted those marks); Teletech Customer Care Mgmt., Inc. v. Tele-Tech Co., Inc. 977 F. Supp. 1407, 1412-14 (C.D. Cal. 1997) (issuing preliminary injunction against defendant's use of plaintiff's service mark "TeleTech" as a domain name in violation of the FTDA); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227, 1239-41 (N.D. Ill. 1996) (holding defendant's use of plaintiff's trademark INTERMATIC as *intermatic.com* violated the FTDA); Hasbro, Inc. v. Internet Entm't Group, Ltd., 40 U.S.P.Q.2d (BNA) 1479 (W.D. Wash. Feb. 9, 1996) (enjoining defendant's use of the domain name *candyland.com* under the FTDA).

judicial interpretations of the nebulous concepts of fame and dilution rendered an FTDA dilution claim against cybersquatters a difficult claim to establish.[36]

B. Cybersquatters Caused the FTDA To Be Ineffective: Fame Within a Niche Market Is Not Enough—Heightened Distinctiveness Is Also Required

The FTDA provides the owner of "a famous mark . . . an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the famous mark."[37] Though the statutory language provides this protection for the owner of "a famous mark,"[38] at least one circuit court has interpreted the FTDA to require marks to be both "distinctive and famous."[39] This suggests that ownership of a famous trademark is not enough to assert a claim against cybersquatters under the FTDA.[40] The protected trademark must be both famous and distinctive.[41] Under such a requirement, trademarks like AMERICAN, NATIONAL, FEDERATED, UNITED, ACME, MERIT, and ACE, though famous, may be deemed not distinctive enough for protection under the FTDA.[42] Indeed, the Second Circuit, in *Nabisco v. PF Brands, Inc.*,[43] noted that these marks are "of the common or quality-claiming or prominence-claiming type," and that the FTDA does not extend the broad protection privilege to "such common, albeit famous, marks . . . ."[44] Within this line of judicial interpretation, cybersquatters gain a royalty-free license to use AMERICAN,

36. *See infra* Part II.B; *see also* Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874-77 (9th Cir. 1999) (holding the trademarks AVERY and DENNISON not famous for protection under the FTDA).

37. 15 U.S.C.A. § 1125(c)(1) (West 1998).

38. *See id.*

39. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 216 (2d Cir. 1999) (finding textual support for its imposition of distinctiveness as a required statutory element). The court in *Nabisco, Inc. v. PF Brands, Inc.* relied on the statute's phrases that the use of the junior mark causes "dilution of the distinctive quality of the [senior] mark," and the statute requires an assessment of "whether the mark is distinctive and famous." *Id.*

40. *See id.*

41. *See id.* at 215 (interpreting the FTDA to require both famous and distinctive).

42. *See id.* at 216.

43. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999).

44. *Id.* at 216.

NATIONAL, FEDERATED, UNITED, ACME, MERIT, and ACE[45] as domain names and have no fear of liability under the FTDA.[46]

Not only does the Second Circuit in *Nabisco* impose distinctiveness as an element of proof under the FTDA, it requires a heightened distinctiveness.[47] The *Nabisco* court held that the anti-dilution protection is reserved for highly distinctive marks that are entirely "the product of the imagination and evoke no associations with human experience that relate intrinsically to the product."[48] Trademarks that have acquired distinctiveness through years of extensive use in commerce are not eligible for protection under the FTDA.[49]

Under trademark law, distinctiveness is an important concept that categorizes trademarks relative to their strengths or weaknesses[50] and

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45. Indeed, cybersquatters can attempt to rely on the *Nabisco* court's comments on trademarks such as "American Airlines, American Tobacco Company, British Airways, Federated Department Stores, Allied Stores and First National Bank of whatever" as famous, but not distinctive within the meaning of the FTDA. *Id.* at 227-28.

46. *Id.* at 216 ("The requirement of distinctiveness is furthermore an important limitation. A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the antidilution statute seeks to protect."). The Second Circuit later perceived the shortcomings of the FTDA in cybersquatting dilution cases and directly applied the ACPA to a cybersquatting case that was initially decided by the district court solely under the FTDA. *See* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 495 (2d Cir. 2000).

47. According to the Second Circuit, the five elements are: (1) the senior mark must be famous; (2) the senior mark must be distinctive; (3) the junior use must be a commercial use in commerce; (4) the junior mark use must begin after the senior mark has become famous; and (5) the junior mark must cause dilution of the distinctive quality of the senior mark. *Nabisco*, 191 F.3d at 215. The Second Circuit believed that the "fame" factor in elements (1) and (4) should be treated in their ordinary English language meaning. *Id.* The Second Circuit saw no ambiguity with the meaning of "fame" and thus far has not offered any further discussion on "fame." *Id.* The Second Circuit also recognized that in addition to being a statutory element, distinctiveness plays an important role in the inquiry of whether the use of the junior mark will have a diluting effect on the distinctiveness of the senior mark. *Id.* at 217. The more distinctive the senior mark, the greater the protection provided against dilution. *Id.* Conversely, the less distinctive the senior mark, the weaker the protection available against dilution. *Id.*

48. *Id.* at 216. The court stated:

> The strongest protection of the trademark laws is reserved for these most highly distinctive marks . . . . The anti-dilution statute seeks to guarantee exclusivity not only in cases where confusion would occur but throughout the realms of commerce. Many famous marks are of the common or quality-claiming or prominence-claiming type—such as American, National, Federal, Federated, First, United, Acme, Merit or Ace. It seems most unlikely that the statute contemplates allowing the holders of such common, albeit famous, marks to exclude all new entrants. That is why the statute grants that privilege only to holders of distinctive marks.

Id.

49. *See id.*

50. The classification of trademarks on the distinctiveness scale has much inherent ambiguity and complexity "because a term that is in one category for a particular product may be in quite a different one for another, because a term may shift from one category to another in light of

provides protection to trademarks in accordance with their strength levels.[51] Trademarks are classified as generic, descriptive, suggestive, and arbitrary or fanciful.[52] Generally, generic marks have no distinctiveness and are not entitled to protection because they are words that name the species or object to which the marks apply,[53] and protection granted to such words would deprive competitors of any common use of the words.[54] Descriptive marks are words or phrases that describe the product, its attributes or claims.[55] Such marks are also not entitled to protection unless they have acquired secondary meaning, that is, through use and advertisement, the descriptive mark has become a source identifier in the mind of the consuming public.[56] Suggestive marks are words or phrases laden with intimation that demand the consuming public do some mental exercise to conjure the meaning or association between the marks and products.[57] Suggestive marks are protected without a showing of "secondary meaning";[58] however, they

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differences in usage through time, because a term may have one meaning to one group of users and a different one to others, and because the same term may be put to different uses with respect to a single product." Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) (holding that the term "safari" was not a generic term for certain products, and thus plaintiff had a claim for infringement of registered trademarks).

51. *See id.*

52. *See Abercrombie*, 537 F.2d at 9; *see also* Otokoyama Co. Ltd. v. Wine of Japan Imp., Inc., 175 F.3d 266, 270 (2d Cir. 1999).

53. Invented words that became too successful may be deemed generic and lose all trademark protections. *See, e.g.*, King-Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577 (2d Cir. 1963) (THERMOS); DuPont Cellophane Co., Inc. v. Waxed Prods. Co., Inc., 85 F.2d 75 (2d Cir. 1936) (CELLOPHANE), *cert. denied*, 299 U.S. 601 (1936), *and cert. denied*, 304 U.S. 575 (1938); Bayer Co., Inc. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921) (ASPIRIN); Haughton Elevator Co. v. Seeberger, 85 U.S.P.Q. (BNA) 80 (Comm. Pat. & T.M. Apr. 3, 1950) (ESCALATOR).

54. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999) (noting that CAR is a generic word and no one can claim the exclusive right to use CAR as a trademark for cars); *see also* American Cyanamid Corp. v. Connaught Labs., Inc., 800 F.2d 306 (2d Cir. 1986) (holding that "Hib" was a generic term, and therefore the use of the trademark HIBVAX did not infringe on the trademark HIB-IMUNE).

55. *See, e.g.*, Papercutter, Inc. v. Fay's Drug Co., Inc., 900 F.2d 558 (2d Cir. 1990) (PAPER CUTTER paper ornaments); W.E. Bassett Co. v. Revlon, Inc., 354 F.2d 868 (2d Cir. 1966) (TRIM cuticle trimmer).

56. *Nabisco*, 191 F.3d at 215; *see also Abercrombie*, 537 F.2d at 10 (stating that the descriptive mark must be shown to be distinctive, which requires "proof of substantially exclusive and continuous use of the mark applied to the applicant's goods for five years preceding the application").

57. *See, e.g.*, American Home Prods. Corp. v. Johnson Chem. Co., Inc., 589 F.2d 103 (2d Cir. 1978) (ROACH MOTEL for insect trap); Douglas Lab. Corp. v. Copper Tan, Inc., 210 F.2d 453 (2d Cir.) (COPPERTONE for suntan lotion), *cert. denied*, 347 U.S. 968 (1954); Playboy Entm't, Inc. v. Chuckleberry Publ'g, Inc., 486 F. Supp. 414 (S.D.N.Y. 1980) (PLAYBOY for magazine), *aff'd*, 687 F.2d 563 (2d Cir. 1982).

58. *Nabisco*, 191 F.3d at 215; *see also Abercrombie*, 537 F.2d at 10.

do not enjoy the highest level of trademark protection because "they seek to suggest the qualities of the product."[59] Arbitrary or fanciful trademarks are inherently distinctive words;[60] there is no logical relationship between such marks and the products or services bearing the marks.[61]

Within the category of arbitrary or fanciful marks, the *Nabisco* court observes, "there is still a substantial range of distinctiveness. Some marks may qualify as arbitrary because they have no logical relationship to the product, but nonetheless have a low level of distinctiveness because they are common."[62] For example, the trademark AMERICAN for airline services is qualified as arbitrary, but it possesses no distinctiveness because it is a common word.[63] Under the *Nabisco* rationale, the owner of the trademark AMERICAN for airline services has no protection under the FTDA.[64]

On the other end of the judicial polarization, the First, Third, and Ninth Circuits[65] neither impose a finding of heightened distinctiveness nor interpret distinctiveness as a statutory element under the FTDA.[66] These circuits require a mark to possess either inherent or acquired distinctiveness.[67] For example, the trademark THE SPORTING NEWS is not inherently distinctive, but it has acquired distinctiveness or secondary meaning over time in the marketplace.[68]

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59. *Nabisco*, 191 F.3d at 215.

60. Eastman Kodak Co. v. Rakow, 739 F. Supp. 116, 117 (W.D.N.Y. 1989) ("The Kodak trademark is perhaps one of the strongest and most distinctive trademarks in this country, if not in the world."); Horizon Fin., F.A. v. Horizon Bancorporation, 2 U.S.P.Q.2d (BNA) 1696 (E.D. Pa. Feb. 3, 1987) (holding that the HORIZON trademark is arbitrary for banking services).

61. *Nabisco*, 191 F.3d at 216 ("A mark is arbitrary or fanciful if there is no logical relationship whatsoever between the mark and the product on which it is used.").

62. *Id.*

63. *See id.* at 227-28.

64. *See id.* at 216, 227-28 (delineating between famousness and distinctiveness determinations under the FTDA); *see also supra* notes 42-46 and accompanying text (discussing other famous trademarks that may not have sufficient distinctiveness to be protected under the FTDA).

65. *See, e.g.*, Times Mirror Magazines, Inc. v. Las Vegas Sports News, 212 F.3d 157, 167 (3d Cir. 2000) (eschewing individualized tests of fame and distinctiveness); Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 877 (9th Cir. 1999) (describing the historical basis for determining distinctiveness); I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 42 (1st Cir. 1998) (exploring the concept of secondary meaning and distinctiveness).

66. *Times Mirror Magazines*, 212 F.3d at 167 ("[W]e are not persuaded that a mark be subject to separate tests for fame and distinctiveness."); *Avery Dennison*, 189 F.3d at 877 ("We reject Appellants' argument that the distinctiveness required for famousness under the Federal Trademark Dilution Act is inherent, not merely acquired distinctiveness."); *I.P. Lund Trading*, 163 F.3d at 47 (holding a famous mark is by necessity distinctive).

67. *See, e.g., Avery Dennison*, 189 F.3d at 877.

68. *Times Mirror Magazines*, 212 F.3d at 165-66 (finding the plaintiff has presented evidence

To evaluate whether a mark has acquired distinctiveness or secondary meaning, courts consider factors such as the "length or exclusivity of use of the mark," the size or prominence of the plaintiff's enterprise, "the existence of substantial advertising by the plaintiff," the product's established place in the market,[69] and proof of intentional copying.[70] A strong showing of evidence[71] supporting these factors will demonstrate that a non-inherently distinctive trademark has gained secondary meaning and a high degree of distinctiveness in its market.[72]

In the First, Third, and Ninth Circuits, however, proof of "famous" is the only statutory element necessary for a mark to be protected under the FTDA. These circuits believe that famousness requires a showing greater than distinctiveness and thus a "famous" mark is by necessity also "distinctive."[73] Such courts would find a separate test for "distinctiveness" to be duplicative of "famousness."[74]

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to support that THE SPORTING NEWS trademark has acquired secondary meaning through years of extensive use in commerce and the plaintiff has expended millions of dollars in advertisement and promotion of their trademark in the media).

69. I.P. Lund Trading v. Kohler Co., 118 F. Supp. 2d 92, 113 (D. Mass. 2000) (requiring evidence of the plaintiff's market share for the inquiry of "the product's established place in the market").

70. *Times Mirror Magazines*, 212 F.3d at 165; *I.P. Lund Trading*, 163 F.3d at 41-43; *see also Avery Dennison*, 189 F.3d at 876 (noting factors for secondary meaning consideration include: (1) whether actual purchasers associate the mark with the plaintiff; (2) the degree and manner of the plaintiff's advertising; (3) the length and manner of the plaintiff's use of the mark; and (4) whether the plaintiff's use of the mark has been exclusive (citing Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 517 (9th Cir. 1989))).

71. Courts have also observed that proof of secondary meaning is "a difficult empirical inquiry which a factfinder must undertake." *Avery Dennison*, 189 F.3d at 876 (citing Taco Cabana Int'l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1119-20 & n.7 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992)).

72. *Times Mirror Magazines*, 212 F.3d at 166.

73. *Id.* at 168 ("Having decided that Times Mirror has proved that its mark had gained secondary meaning and a high degree of distinctiveness in the market, there is no necessity for proving an additional test of distinctiveness."); *Avery Dennison*, 189 F.3d at 877 ("famousness requires a showing greater than mere distinctiveness"); *I.P. Lund Trading*, 163 F.3d at 47; *see also* N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 115 n.22 (D. Mass. 2000).

74. Professor J. Thomas McCarthy explains the legislative history behind the FTDA on "distinctive and famous":

> The 1987 Trademark Review Commission Report, the genesis of the language contained in the 1996 federal Act, said that the dual mention of both "distinctive and famous" in the introduction to the list of factors was inserted to emphasize the policy goal that to be protected, a mark had to be truly prominent and renowned. The double-barreled language "distinctive and famous" reflected the goal that protection should be confined to marks "which are both distinctive, as established by federal registration at a minimum, and famous, as established by separate evidence." The Commission inserted the term "distinctive" as hyperbole to emphasize the requirement that the mark be registered, for without inherent or acquired distinctiveness, the designation would not have been a mark which should have been federally registered in the first place.

The "famous" test, nevertheless, is difficult to establish[75] because there are only a handful of cases where "famous" has been proven for a claim under the FTDA.[76] To be deemed "famous" within the meaning of the FTDA, a mark must be "truly prominent" and "renowned."[77] The difficulty with a fame based standard rests on how famous a mark should be and how to demonstrate that a mark is famous. Some courts have granted trademarks known only in their niche market a famous status, if the offending trademarks are also used in the same or a related niche market.[78] In circumstances where the plaintiff and the defendant are not in the same or related niche market, courts require the plaintiff to show that its trademark is known beyond its customer base, that is,

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> The Trademark Review Commission Report reveals that the Commission saw distinctiveness and fame as two sides of the same evidentiary coin which requires widespread and extensive customer recognition of the plaintiff's mark. However, when in the 1995 House amendment, the requirement of federal registration was dropped from the Bill, Congress neglected to also drop the mention of "distinctive" introducing the list of factors. Thus, the word "distinctive" was left floating in the statute, unmoored to either any statutory requirement or underlying policy goal.

J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 24:91 (4th ed. 1999).

75. *I.P. Lund Trading*, 163 F.3d at 47 (requiring that famous marks have "national renown" and suggesting that a consumer survey is helpful evidence to establish fame).

76. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 612 (E.D. Va. 1997) (noting that survey evidence demonstrated that over forty percent of respondents in the United States associated the mark THE GREATEST SHOW ON EARTH with Ringling Brothers' circus), *aff'd*, 170 F.3d 449 (4th Cir. 1999).

77. *Avery Dennison*, 189 F.3d at 875 (quoting *I.P. Lund*, 163 F.3d at 46) (citing MCCARTHY, *supra* note 74, § 24.91).

78. *Times Mirror Magazines*, 212 F.3d at 166 (finding that THE SPORTING NEWS trademark was famous in the sports periodicals market because both plaintiff and defendant operate in a common market and the trademark has acquired secondary meaning and a high degree of distinctiveness in its market); Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640-41 (7th Cir. 1999) (addressing the niche market debate and holding that the district court erred in concluding the trade dress for a plastic basket used for floral bouquets was not famous based solely on the niche-market status of the baskets); *see also* Wash. Speakers Bureau, Inc. v. Leading Auths., Inc., 33 F. Supp. 2d 488, 503-04 (E.D. Va. 1999) (holding fame can be adequate only if the "diluting uses are directed narrowly at the same market segment"); Teletech Customer Care Mgmt., Inc. v. Tele-Tech Co., 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (holding fame in a narrow market segment was present in a case where the plaintiff "[is] the largest provider of integrated telephone and Internet customer care worldwide" and thus satisfied the threshold requirement under the FTDA). *See generally* Christopher R. Perry, Note, *Trademarks As Commodities: The "Famous" Roadblock to Applying Trademark Dilution Law in Cyberspace*, 32 CONN. L. REV. 1127, 1148 (2000) (criticizing courts that have stretched the "famous" requirement to marks that are not nationally known).

the plaintiff's mark is known in the defendant's market.[79] This leaves many known but not "famous" marks without anti-dilutive protection.[80]

C. Cybersquatters Caused the Creation of Likelihood of Dilution Versus Actual Dilution

The FTDA and its legislative history provide no guidance on dilution or how to determine dilution.[81] The FTDA provides a sparse definition of dilution: "the lessening of the capacity of a famous mark to identify and distinguish goods or services regardless of the presence or absence of competition between the owner of the famous mark and other parties, or the likelihood of confusion, mistake, or deception."[82] This leads to a disarray of interpretations of dilution.[83] Some courts hold dilution as the "actual lessening of the senior mark's selling power" and demand a showing of "actual dilution" harm to the famous mark due to dilutive use.[84] Other courts believe dilution to be the lessening of the distinctive

79. *Avery Dennison*, 189 F.3d at 878 (finding the plaintiff's failure to present evidence demonstrates that its trademarks do not possess any degree of recognition among Internet users or that plaintiff and defendant share overlapping channels of trade); *see also* Michael Caruso & Co. v. Estefan Enters. Inc., 994 F. Supp. 1454, 1463 (S.D. Fla.) (explaining the concept of inherent distinctiveness), *aff'd*, 166 F.3d 353 (11th Cir. 1998); King of the Mountain Sports, Inc. v. Chrysler Corp., 968 F. Supp. 568, 578 (D. Colo. 1997) (finding that plaintiff failed to raise a genuine issue of fact as to whether its marks were famous), *aff'd*, 185 F.3d 1084 (10th Cir. 1999); Golden Bear Int'l, Inc. v. Bear U.S.A., Inc., 969 F. Supp. 742, 749 (N.D. Ga. 1996) (describing a close case where plaintiff failed to establish success on the merits).

80. *See, e.g.*, *Avery Dennison*, 189 F.3d at 877-79 (finding the plaintiff failed to show that its trademarks AVERY and DENNISON are famous within the meaning of the FTDA).

81. *See* Gregg Duffey, *Trademark Dilution Under the Federal Trademark Dilution Act of 1995: You've Come A Long Way Baby—Too Far, Maybe?*, 39 S. TEX. L. REV. 133, 142 (1997) (summarizing congressional intent regarding the FTDA); Nguyen, *supra* note 6, at 232-39 (discussing how dilution should be measured); Routh, *supra* note 4, at 277-81 (providing and analyzing the legislative history of the FTDA).

82. 15 U.S.C. § 1127 (1994).

83. *See, e.g.*, Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 670-71 (5th Cir. 2000) (differentiating between the likelihood and cause of dilution); Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 217-22 (2d Cir. 1999) (finding, through a ten-factor test, that analogous products may cause dilution); Times Mirror Magazines, Inc. v. Las Vegas Sports News, 212 F.3d 167, 168 (3d Cir. 1999) (clarifying the notion of blurring); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 452 (4th Cir. 1999) (discussing dilution as a blurring of a mark's distinctiveness).

84. *Westchester Media*, 214 F.3d at 670-71; *Ringling Bros.*, 170 F.3d at 452.

quality of the famous mark,[85] require a "likelihood of dilution" standard,[86] and impose a complex ten-factor test for such a finding.[87]

The Fourth Circuit, in a case involving whether the use of THE GREATEST SNOW ON EARTH by the defendant Utah Department of Travel Development in connection with Utah tourism services diluted plaintiff Ringling Brothers-Barnum & Bailey Combined Shows' trademark THE GREATEST SHOW ON EARTH, led the first judicial effort at the appellate level to formulate a standard for proving dilution under the FTDA.[88] The Fourth Circuit interpreted the FTDA to provide a "remedy only for actual, consummated dilution and not for the mere 'likelihood of dilution.'"[89] The Fifth Circuit had recently joined the Fourth Circuit in adopting the actual dilution test.[90] These circuits asserted that textual support for their interpretation is found in the FTDA definition of dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services," because such definition makes plain that "the end harm at which it is aimed is a mark's selling power, not its 'distinctiveness' as such."[91] In addition, the FTDA prohibits any commercial use of a famous mark that "causes dilution."[92] The present tense of the verb supports an actual harm standard.[93] Further, the FTDA does not expressly incorporate the "likelihood of dilution" standard as some states' anti-dilution statutes do.[94]

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85. *See Avery Dennison*, 189 F.3d at 868; I.P. Lund Trading v. Kohler Co., 163 F.3d 27 (1st Cir. 1998); *see also* 15 U.S.C. § 1127 (defining dilution).

86. *Times Mirror Magazines*, 212 F.3d at 168 (modifying the *Nabisco* analysis by applying a likelihood of dilution test that includes factors such as "actual confusion and likelihood of confusion, shared customers and geographic isolation, the adjectival quality of the junior use, and the interrelated factors of duration of the junior use, harm to the junior user, and delay by the senior user in bringing the action" (quoting *Nabisco*, 191 F.3d at 228)).

87. *Nabisco*, 191 F.3d at 217-22 (formulating and applying ten factors for dilution test); *see also* Federal Express Corp. v. Federal Espresso, Inc., 201 F.3d 168, 176 (2d Cir. 2000) (reiterating application of the ten-factor test as set forth in *Nabisco*). *See infra* notes 110-11 and accompanying text for a list of the elements comprising the ten-factor test.

88. *Ringling Bros.*, 170 F.3d at 458; *see also Westchester Media*, 214 F.3d at 670-71 (endorsing the Fourth Circuit's holding that "the FTDA requires proof of actual harm since this standard best accords with the plain meaning of the statute").

89. *Ringling Bros.*, 170 F.3d at 458.

90. *Westchester Media*, 214 F.3d at 670-71.

91. *Ringling Bros.*, 170 F.3d at 458; *see also Westchester Media*, 214 F.3d at 670-71.

92. *See* 15 U.S.C. § 1125(c)(1) (1994).

93. *Westchester Media*, 214 F.3d at 670.

94. *See id.*; *see also Ringling Bros.*, 170 F.3d at 461 ("Unlike the state antidilution statutes which provide only injunctive relief, reflecting their sole focus on prevention of future harm, the federal Act provides that where willful conduct is shown, both compensatory and restitutionary relief may be awarded—for necessarily consummated economic harm.").

The Second Circuit in *Nabisco*, on the other end of the spectrum of dilution, rejected the Fourth Circuit's actual dilution standard.[95] The Second Circuit noted that the Fourth Circuit seems to offer two positions on actual dilution.[96] The first and narrow position is that courts may rely only on evidence of "actual loss of revenues" or the "skillfully constructed consumer survey."[97] The other position is "not only that dilution be proved by a showing of lost revenues or surveys but also that the junior [trademark] be already established in the marketplace before the senior [trademark] could seek an injunction."[98]

Such positions impose unwarranted limitations on methods of proof in trademark cases.[99] Indeed, proof of actual loss of revenue is inappropriate because the owner of a famous mark with continually growing success might never be able to show a decrease of revenues despite the use of the junior mark diluting the distinctiveness of the famous mark.[100] Moreover, loss of revenue is speculative and it is difficult to show that the loss is due to the dilution of the senior mark by the junior mark's use.[101] In addition, to wait for the junior mark to be established in the marketplace before the owner of the senior mark can seek injunctive relief under the FTDA would bar the owner from asserting any immediate and irreparable harm and subject the owner to the defenses of laches and failure to prosecute or police its mark.[102] Proof of actual dilution through a consumer survey is generally expensive, time-consuming, and may be subject to manipulation if the consumer survey is not carefully conducted in accordance with acceptable methodology.[103]

The Second Circuit also rejected the dilution test proposed by Judge Sweet in his concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales*[104] because the test does not encompass all of the factors that might bear on the issue of dilution.[105] In fact, the Second Circuit

95. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-24 (2d Cir. 1999).

96. *Id.* at 223.

97. *Ringling Bros.*, 170 F.3d at 465.

98. *Nabisco*, 191 F.3d at 224.

99. *See id.* at 223.

100. *See id.* at 223-24 (rejecting the *Ringling Bros.* interpretation of the FTDA on proof of actual, consummated harm).

101. *See id.* at 224.

102. *See id.* at 224-25.

103. *Id.* at 224.

104. Mead Data Central, Inc. v. Toyota Motor Sales U.S.A. Inc., 875 F.2d 1026, 1032-40 (2d Cir. 1989) (Sweet, J., concurring) (describing a test for dilution that includes similarity, consumer sophistication, renown of the mark, and predatory intent).

105. *See Nabisco*, 191 F.3d at 227-28.

had not adopted the *Mead Data* test prior to the enactment of the FTDA.[106] Facing the new task of interpreting the FTDA, the Second Circuit expressed its reluctance to formulate a fixed-factor test as it observed that "[i]t is not yet entirely clear how courts should determine whether a junior use causes a senior mark to suffer dilution."[107] Part of its reluctance is the timing of a fixed-factor test for dilution since the FTDA was enacted just a few years ago and the collective judicial experience with the FTDA is still in a relatively early stage.[108] The Second Circuit, nevertheless, adopted a ten-factor test for dilution under the FTDA.[109]

The ten-factor dilution test poses a major challenge to a successful claim under the FTDA.[110] The ten factors that comprise the test are: (1) the distinctiveness of the senior mark; (2) the similarity of the marks; (3) the proximity of the products and likelihood of bridging the gap; (4) the close interdependent relationship among the three preceding factors; (5) the extent of overlap among consumers of the senior user's products and the junior user's products; (6) the sophistication of the consumers; (7) actual confusion; (8) whether the senior user's mark is descriptive of the junior use; (9) whether the senior user acted with reasonable promptness in seeking to protect its mark from the alleged dilution by the junior user; and (10) whether the senior user has been lax in the past in taking steps to protect its mark against dilution by others.[111]

On an initial glance such a test seems more appropriate than the actual, consummated dilution test; however, the complex factor test will be quite expensive to prove.[112] In addition, with the present disarray in judicial interpretations of fame, distinctiveness, and dilution, a trademark owner who would like to bring a claim under the FTDA faces enormous uncertainty and an extremely high burden of proof as to these elements. Further, trademark owners face an acute problem in cybersquatting cases because some cybersquatters do not use domain names as trademarks and thus share no market or channel of trade with

106. *See id.* at 227 n.8.

107. *Id.* at 217.

108. *See id.*

109. *Id.* at 217-22.

110. *See* Federal Express Corp. v. Federal Espresso, Inc., 201 F.3d 168, 174-78 (2d Cir. 2000).

111. *See Nabisco*, 191 F.3d at 217-22. In a subsequent case, the Second Circuit applied the ten factors and affirmed the district court's denial of a preliminary injunction. *See Federal Express*, 201 F.3d at 177-78.

112. *See Federal Express*, 201 F.3d at 174-78.

the owners of the known marks.[113] This renders the FTDA completely ineffective. Moreover, the trademark owners cannot look to traditional trademark infringement.[114]

III. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

A. The Cybersquatters Are At It Again

Less than four years after the enactment of the FTDA, Congress passed the Anticybersquatting Consumer Protection Act.[115] On November 29, 1999, President Clinton signed into law an omnibus budget bill that included the ACPA.[116] The ACPA amends the Trademark Act of 1946 (also known as the Lanham Act), adding a new cause of action to Section 43[117] and providing a specific federal remedy against the cybersquatting of trademarks.[118] Congress grouped activities such as "bad faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks" as "cybersquatting."[119]

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113. *See infra* notes 130-34 and accompanying text (discussing Congressional concern about the ability of cybersquatters to insulate themselves from liability under the FTDA).

114. In addition, trademark owners cannot look to traditional trademark infringement under section 43(a) of the Lanham Act against cybersquatting activities because that section of the Lanham Act requires "use" of the trademark. *See* 15 U.S.C. § 1125(a) (1994 & West Supp. 2000). Cybersquatters do not use the domain names; rather, they hold trademarks hostage as domain names. Thus, a likelihood of confusion as to origin or source is difficult to establish against cybersquatters.

115. On June 21, 1999, Senator Spencer Abraham introduced the Anticybersquatting Consumer Protection Act ("S. 1255"). On July 29, 1999, Senator Orrin Hatch introduced the Domain Name Piracy Prevention Act of 1999 ("S. 1461"). On August 5, 1999, the Senate passed S. 1255 and amended it to incorporate S. 1461. On October 26, 1999, an amended version of that bill passed the House in lieu of the House's own version that was introduced earlier by Representative James Rogan. Congress then incorporated the legislation into its omnibus spending bill (H.R. 3194). *See* Neil L. Martin, Note, *The Anticybersquatting Consumer Protection Act: Empowering Trademark Owners, But Not the Last Word on Domain Name Disputes*, 25 J. CORP. L. 591, 591 n.4 (2000) (describing the legislative history of the ACPA); Olivia Maria Baratter & Dana L. Hanaman, 8 TULANE J. INT'L & CORP. L. 325, 359-61 (2000) (discussing the legislative history of the ACPA); *see also* http://thomas.luc.gov/cgi-bin/ (last visited Apr. 10, 2000) (providing bill summary and status of the ACPA in the 106th Congress). The President signed the bill into law on November 29, 1999. Pub. Law No. 106-113, § 3010 (1999).

116. S. REP. NO. 106-140, at 19 (1999).

117. The new section 43(d) is the ACPA. Section 43(c) is the codified FTDA. Section 43(a) of the Lanham Act is generally applied in trademark infringement and unfair competition cases. *See* 15 U.S.C.A. §§ 1125(a), (c), (d) (West 1996 & Supp. 2000).

118. *See* 15 U.S.C.A. § 1125(d).

119. S. REP. NO. 106-140, at 4; *see also* Sporty's Farm L.L.C. v. Sportman's Mkt., Inc., 202 F.3d 489, 495 (2d Cir. 2000) (defining cybersquatting as activity where a non-trademark holder registers well-known domain names solely for the purpose of selling the names back to the

The ACPA prohibits the registration of, trafficking in,[120] or the use of a domain name with a bad faith intent to profit from the goodwill of a distinctive or famous mark.[121] The owner of such a mark must prove that, in the case of a distinctive trademark, at the time of registration the domain name is either identical or confusingly similar to the distinctive mark.[122] In the case of a famous trademark, the owner must prove that the domain name is identical to, confusingly similar to, or dilutive of the famous mark[123] at the time the domain name was registered.[124] The ACPA provides an injunctive remedy against all domain names registered before, on, or after November 29, 1999.[125] Further, the ACPA provides both damages[126] and injunctive relief against all infringing or diluting domain names registered after the enactment

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original trademark owners).

120. "Traffics in" refers to transactions that include "sales, purchases, loans, pledges, licenses, exchanges or currency, and any other transfer for consideration or receipt in exchange for consideration." 15 U.S.C.A. § 1125(d)(1)(E).

121. See 15 U.S.C.A § 1125(d)(1)(A) or section 43(d) of the Lanham Act which provides:

> A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if without regard to the goods or services of the parties, that person–
>
> (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
>
> (ii) 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; . . . .

15 U.S.C.A. § 1125(d)(1)(A) (West Supp. 2000).

122. The ACPA distinguishes between distinctive and famous marks by specifying different liability for distinctive and famous marks. Cello Holdings, L.L.C. and Cello Music & Film Sys., Inc. v. Lawrence-Dahl Co., 89 F. Supp. 2d 464, 472 (S.D.N.Y. 2000).

123. *Id.*

124. *See* 15 U.S.C.A. § 1125(d) (West Supp. 2000).

125. *See* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 500 (2d Cir. 2000) (holding damages were not available because the domain name *sportys.com* was registered prior to the passage of the ACPA); *see also* Elizabeth Robison Martin, Note, *"Too Famous to Live Long!" The Anticybersquatting Consumer Protection Act Sets Its Sights to Eliminate Cybersquatter Opportunistic Claims on Domain Names*, 31 ST. MARY'S L.J. 797, 842 (2000) (suggesting that remedies under the ACPA and FTDA should be upgraded to deter cybersquatting activities).

126. Section 35 of the Lanham Act was amended to include a new provision on statutory damages:

> (d) In a case involving a violation of section 43(d)(1), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just.

15 U.S.C.A. § 1117(d) (West Supp. 2000).

date.[127] The ACPA also allows courts to "order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark,"[128] if the domain name was "registered before, on, or after the date of the enactment" of the ACPA.[129]

The legislative history of the ACPA shows that the Act was passed because "the cybersquatters have become increasingly sophisticated as the [FTDA] case law developed and now take the necessary precautions to insulate themselves from liability."[130] Congress believed that cybersquatters had invented new ways of trafficking domain names to avoid any liability under trademark dilution law.[131] In his introduction of a bill that was the precursor to the ACPA, Senator Orrin Hatch denounced cybersquatting or cyberpiracy as "fraud, deception, and the bad faith trading on the goodwill of others. . . . Unauthorized uses of others' marks undercut the market by eroding consumer confidence and the communicative value of the brand names we all rely on."[132] Likewise, the Senate Committee Report condemned cyberpiracy because it causes consumer confusion as to the source of goods and services on the Internet; impairs the growth of electronic commerce; deprives trademark owners of revenues derived from, and goodwill associated with, their trademarks; and imposes enormous burdens on trademark owners to protect and police their trademarks on the

127. 15 U.S.C.A. § 1125(d) (West Supp. 2000).

128. *See* 15 U.S.C.A. § 1125(d)(2)(D)(i) (West Supp. 2000). This remedy is the only available remedy for *in rem* jurisdiction. *See infra* Part III.F (discussing *in rem* jurisdiction provisions of the ACPA).

129. *See* Pub. L. No. 106-113, § 3010, 113 Stat. 1531-543 (2000); *see also Sporty's Farm*, 202 F.3d at 500 (noting that under the ACPA damages can be awarded for violations of the Act, but that they are not "available with respect to the registration, trafficking, or use of a domain name that occurs before the date of the enactment of this Act").

130. S. REP. NO. 106-140, at 7 (1999). Indeed, the Senate expressed its view on this issue:

> While the [FTDA] has been useful in pursuing cybersquatters, cybersquatters have become increasingly sophisticated as the case law has developed and now take the necessary precautions to insulate themselves from liability. For example, many cybersquatters are now careful to no longer offer the domain name for sale in any manner that could implicate liability under existing trademark dilution case law. And, in cases of warehousing and trafficking in domain names, courts have sometimes declined to provide assistance to trademark holders, leaving them without adequate and effective judicial remedies. This uncertainty as to the trademark law's application to the Internet has produced inconsistent judicial decisions and created extensive monitoring obligations, unnecessary legal costs, and uncertainty for consumers and trademark owners alike.

Id.; *see also Sporty's Farm*, 202 F.3d at 495 (quoting S. REP. NO. 106-140, at 7).

131. S. REP. NO. 106-140, at 7.

132. 145 CONG. REC. S9,749 (daily ed. July 29, 1999) (statement of Senator Hatch).

Internet.[133] Without admitting how the poorly drafted FTDA has led to the disarray of judicial interpretations of the Act within a short period of four years that have rendered a dilution claim exceedingly difficult to prove, Congress blamed the shortcomings of the FTDA on cybersquatters.[134] Courts conveniently believe in such admonitions and agree that the ACPA was passed "to remedy the perceived shortcomings of applying the FTDA in cybersquatting cases."[135] In so doing, courts ignore the circus of circuit interpretations of the FTDA as demonstrated in Section II above.[136]

Within four months of the enactment of the ACPA, courts embraced it as "a particularly good fit" with cybersquatting cases that were previously brought under the FTDA.[137] Indeed, the Second Circuit, in *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*,[138] directly applied the ACPA without remand, affirming a federal trademark dilution judgment entered before the ACPA was passed.[139] This suggests that more litigation involving cybersquatting of protected trademarks as domain names will quickly increase in the immediate future. As analyzed below, the ACPA does not overcome all the shortcomings of the FTDA and gives birth to a new set of problems that will frustrate trademark owners and litigants.

B. Distinctive or Famous

The ACPA makes it easier for an owner of a trademark to assert a claim against a cybersquatter than a dilution claim under the FTDA.[140]

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133. S. REP. NO. 106-140, at 12. Congress stated that:

> [Cyberpiracy] harms the public by causing consumer fraud and public confusion as to the true source or sponsorship of goods or services, by impairing electronic commerce, by depriving trademark owners of substantial revenues and consumer goodwill, and by placing unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their own marks.

Id.

134. S. REP. NO. 106-140, at 7; *Sporty's Farm*, 202 F.3d at 495 (quoting S. REP. NO. 106-140, at 7).

135. *Sporty's Farm*, 202 F.3d at 496.

136. *See supra* Part II (discussing how judicial interpretations of famousness and dilution rendered an FTDA dilution claim against cybersquatters difficult to establish).

137. *Sporty's Farm*, 202 F.3d at 497.

138. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 500 (2nd Cir. 2000).

139. *Id.* at 497.

140. *See, e.g.*, Michael S. Denniston & Margaret Smith Kubiszyn, *www.yourclient.com: Choosing Domain Names and Protecting Trademarks on the Internet*, 61 ALA. LAW. 1, 40 (Jan. 2000) (discussing how to protect client trademarks on the internet); Jeremy D. Mishkin, *Master of Your Domain—An Overview of the Anticybersquatting Consumer Protection Act*, 18 COMM. LAW. 3 (Spring 2000) (discussing ACPA establishment of a cause of action for bad faith

If a trademark owner cannot demonstrate that his or her trademark is well known beyond the niche area and that the trademark was used in association with particular goods or services, the trademark owner may not be able to establish the "famous" requirement under the FTDA; however, the trademark owner can now assert a claim under the ACPA.[141] As long as a trademark is either distinctive *or* famous, the trademark is entitled to protection under the ACPA.[142] This requirement arguably lowers the threshold to assert a claim against cybersquatters. This avoids the costly burden of proof for both distinctiveness and fame required under the FTDA as interpreted by the Second Circuit.[143]

As discussed above, distinctiveness is a term of art in trademark law.[144] It "refers to the inherent qualities of a mark and is completely different from fame."[145] A mark can be distinctive even before it has been used or becomes known or famous.[146] Examples of distinctive trademarks include BIOMEVA, DALAMA, and SUPPRA; these trademarks are coined words and thus inherently distinctive.[147] A trademark that is considered distinctive under the ACPA enjoys a lower level of distinctiveness scrutiny compared to a trademark under the FTDA.[148] Indeed, the Second Circuit—the same court that imposes a

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registration, use or "trafficking in" domain names); Joel Voelzke, *New Cybersquatting Law Gives Trademark Owners Powerful New Weapons Against Domain Name Pirates*, 17:2 CLW 3 (Feb. 2000) (discussing range of new legal tools available to plaintiff's against owners of domain names corresponding to trade or personal names).

141. *Sporty's Farm*, 202 F.3d at 497 n.10 (noting that the question of whether the plaintiff's mark was well-known to the defendant's customers did not need to be reached, as it would have had to have been addressed under the FTDA, "since the ACPA provides protection not only to famous marks but also to distinctive marks regardless of fame").

142. *Id.* at 497 (finding the mark SPORTY'S distinctive and therefore protected under the ACPA); *see also* 15 U.S.C.A. § 1125(d)(1)(A)(ii)(I) (West Supp. 2000).

143. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 227-28 (2d Cir. 1999); *supra* notes 39-40 and accompanying text (discussing that ownership of a famous trademark is not enough to assert a claim against cybersquatters under the FTDA).

144. *Sporty's Farm*, 202 F.3d at 497; *see also supra* Part II.B (discussing how cybersquatters caused the FTDA to be ineffective as fame within a niche market is not enough, but rather heightened distinctiveness is required).

145. *Sporty's Farm*, 202 F.3d at 497.

146. *Id.*

147. *See* MCCARTHY, *supra* note 74, § 11:5-6 (discussing that fanciful marks receive the highest form of trademark protection because they consist of coined words that are unknown or unfamiliar to the ordinary consumer and have been invented for the sole purpose of functioning as a trademark).

148. *Sporty's Farm*, 202 F.3d at 497 (acquired distinctiveness through use and presumption of distinctiveness after five continuous years of exclusive use); *Nabisco*, 191 F.3d at 215-16 (heightened distinctiveness).

heightened level of distinctiveness on trademarks under the FTDA—even allows a presumption of distinctiveness.[149]

Distinctiveness can be presumed if a registered trademark has become uncontestable through its continuous use for five years.[150] A mark is distinctive if it is either inherently distinctive or has acquired distinctiveness, or a secondary meaning.[151] A descriptive mark that has been in use for more than five consecutive years is entitled to registration and protection under trademark law.[152] Imposing the ordinary interpretation of distinctiveness as previously existed in trademark law, rather than the heightened distinctiveness requirement espoused by the Second Circuit in *Nabisco,* is consistent with congressional intent under the ACPA. As a result, cybersquatting activities are minimized with a more effective legal tool that addresses the problems generated by the cyberspace medium.[153]

C. Identical or Confusingly Similar

Unlike the FTDA, under which the complex "likelihood of dilution" test or the almost improbable "actual dilution" test is required as proof of dilutive use of a famous *and* distinctive mark by a domain name, the ACPA allows an easier standard to be met. The ACPA requires that the domain name be either "identical or confusingly similar" to the distinctive mark.[154]

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149. *Sporty's Farm*, 202 F.3d at 497.

150. 15 U.S.C. § 1065 (1994); *Sporty's Farm*, 202 F.3d at 497 (quoting Equine Techs., Inc. v. Equitechnology, Inc., 68 F.3d 542, 545 (1st Cir. 1995)). The court in *Sporty's Farm* noted that the plaintiff had filed an affidavit under 15 U.S.C. § 1065 that rendered the registration incontestable, which entitles the registered trademark "to a presumption" of inherently distinctive. *Sporty's Farm*, 202 F.3d at 497.

151. 15 U.S.C. § 1052 (1994 & West Supp. 1998) (stating that a descriptive mark can be registered if it has become distinctive of the goods or services in commerce, that is, the mark has been in substantially exclusive and continuous use for five years); N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 116 (D. Mass. 2000); I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 39 (1st Cir. 1998).

152. 15 U.S.C. § 1052(f) (1994 & West Supp. 1998).

153. Broadbridge Media v. Hypercd.com, 106 F. Supp. 2d 505, 512 (S.D.N.Y. 2000). The court stated:

> To the extent Congress enacted the ACPA intending to give trademark owners inexpensive and effective legal remedies that were uncertain and expensive under then existing trademark law, plaintiff's initiation of this *in rem* proceeding is consistent with that Congressional intent since [defendant's] proposed use of the domain name which is nearly identical to plaintiff's trademark is certain to engender a presumptively meritorious yet expensive trademark action against him.

Id.

154. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, 113 Stat. 1501 (1999) (codified at 15 U.S.C.A. § 1125(d) (West 1998)). A commentator has suggested that the

This new standard, however, raises several questions. If a domain name and a trademark are not identical, the domain name and the trademark must be confusingly similar. What does "confusingly similar" mean? What did Congress intend "confusingly similar" to mean? Does "confusingly similar" mean a simple comparison of the domain name to the trademark or does it mean courts must apply the traditional and more comprehensive trademark infringement test of "likelihood of confusion?"

The plain language of the statute suggests a simple, direct comparison between the trademark and the domain name: "a domain name that . . . is identical to or confusingly similar to that mark."[155] Further, the language of the ACPA is significantly different from the language found in the trademark infringement statute,[156] which dictates that a contextual comparison of trademarks and infringement is only found if the use is likely to cause confusion.[157] At least one court has grouped "identical to" with "confusingly similar" and interpreted the statute to require a simple and direct comparison between the protected trademark and the domain name.[158] Such interpretation is certainly

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ACPA triggers a trademark infringement or likelihood of confusion analysis. Martin, *supra* note 115, at 596-99. Such analysis, however, is contrary to the plain language of the ACPA and the congressional intent to lower the burden of proof in combating cybersquatting activities. *See supra* notes 115-36 and accompanying text (discussing the legislative history and terms of ACPA); *see also N. Light Tech.*, 97 F. Supp. 2d at 117 (discussing that since there was no identical claim, the case turns rather "upon whether *Northernlights.com* is 'confusingly similar' to NORTHERN LIGHT (R)").

155. 15 U.S.C.A. § 1125(d)(1)(A)(ii) (West Supp. 2000); *see also Sporty's Farm*, 202 F.3d at 497 n.11 ("We note that 'confusingly similar' is a different standard from the 'likelihood of confusion' standard for trademark infringement."); MCCARTHY, *supra* note 74, § 23:4 (1999) (noting "confusingly similar," when appropriately modified in context, can refer solely to the similarity of marks themselves).

156. 15 U.S.C.A. § 1114(1) (West 1997 & Supp. 2000).

157. 15 U.S.C.A. § 1114(1) provides in relevant part:

> Any person who shall, without the consent of the registrant—
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> (b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Id.

158. *N. Light Tech.*, 97 F. Supp. 2d at 117.

consistent with Congress's goal to stop cybersquatting activities where individuals register domain names without any intention to use the names in commerce, except for selling the names back to the trademark holders.[159] Moreover, the ACPA does not require that the parties' goods or services be relevant to a cybersquatting claim; traditional proof of likelihood of confusion is unnecessary.[160] This indicates that Congress was not concerned with infringement activities, but rather with abusive domain name registrations. Thus, to interpret "confusingly similar" as identical to the "likelihood of confusion" infringement standard would largely undermine congressional intent to curb cybersquatting activities.[161]

Courts that have had the opportunity to apply the ACPA directly compare the domain name and the protected trademark when determining whether the domain name is identical or confusingly similar to the protected trademark.[162] For example, *sportys.com* has been found confusingly similar to the SPORTY'S trademark even though the domain name is not precisely identical to the trademark.[163] In comparing a domain name to a trademark, courts note that on the Internet, web page addresses do not allow apostrophes and ampersands.[164] Thus, the second level domain name of *sportys.com* (sportys) is indistinguishable from the trademark SPORTY'S.[165] Similarly, morrisonfoerster of *morrisonfoerster.com* is identical to the trademark MORRISON & FOERSTER.[166] Further, the top level domain names of *sportys.com* and *morrisonfoerster.com* merely signify the site's commercial nature.[167] As a result, the differences between the domain name and the trademark are inconsequential.[168]

D. "Dilutive" of a Famous Mark

Liability under the ACPA is imposed with respect to a famous mark if the domain name is "identical or confusingly similar to or dilutive of"

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159. *Id.*

160. *Id.*

161. *Id.*

162. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 498 (2d Cir. 2000); *N. Light Tech.*, 97 F. Supp. 2d at 117.

163. *Sporty's Farm*, 202 F.3d at 498.

164. *See, e.g., id.* at 497-98; Morrison & Foerster v. Wick, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000).

165. *Sporty's Farm*, 202 F.3d at 498.

166. *Morrison & Foerster*, 94 F. Supp. 2d at 1130 (applying a direct comparison between the plaintiff's trademarks and defendant's domain names, not the likelihood of confusion test).

167. *See Sporty's Farm*, 202 F.3d at 499; *Morrison & Foerster*, 94 F. Supp. 2d at 1130.

168. *Sporty's Farm*, 202 F.3d at 498.

the famous mark.[169] A consistent interpretation of the ACPA would suggest that "dilutive" of the famous mark requires a direct comparison between the domain name and the famous mark,[170] not a comprehensive analysis of dilution as required by the circuit courts for a claim under the FTDA.[171] As of today, no appellate court has had an opportunity to interpret "dilutive" of a famous mark within the meaning of the ACPA.[172] One lower court has suggested that *dizneerepresentssexkittens.com* is dilutive of the registered DISNEY trademark while not being "identical" or "confusingly similar."[173]

Likewise, no appellate courts have provided an interpretation of "famous" within the meaning of ACPA.[174] Though the ACPA distinguishes distinctive and famous trademarks by imposing different liability provisions with respect to distinctive trademarks and famous trademarks, some courts have incorrectly mixed their analysis under the ACPA with the FTDA.[175] As a result, the trademark owner faces a higher burden of proof than what is actually required under the ACPA. For example, the trademark CELLO has been used in commerce to sell high-end stereo equipment for fifteen years in six states and fourteen countries.[176] More than forty-two million dollars worth of audio equipment has been sold under the trademark CELLO.[177] An Internet user, who did not own any intellectual property right in the trademark CELLO, registered *cello.com* and offered to sell the domain name to the

169. 15 U.S.C.A. § 1125(d)(1)(A)(ii)(II) (West Supp. 2000).

170. Porsche Cars N. Am., Inc. v. Spencer, 55 U.S.P.Q.2d 1026, 1030 (E.D. Cal. 2000) (citing Panavision Int'l L.P. v. Toeppen, 141 F.3d 1316, 1327 (9th Cir. 1998)) (holding defendant's use of and trafficking in Porsche's trademark in the domain name *porschesource.com* put Porsche's name and reputation at his mercy).

171. *See supra* Part II.C (discussing how cybersquatters caused the creation of the likelihood of dilution versus actual dilution).

172. Cello Holdings, L.L.C. and Cello Music & Film Sys., Inc. v. Lawrence-Dahl Co., 89 F. Supp. 2d 464, 473 (S.D.N.Y. 2000) (considering both the FTDA and the ACPA but analyzing dilution only under the FTDA); *see also Porsche Cars*, 55 U.S.P.Q.2d at 1030 (quoting *Panavision*, 141 F.3d at 1327) (holding defendant's use of and trafficking in Porsche's trademark in the domain name *porschesource.com* put Porsche's name and reputation at his mercy).

173. N. Light Tech. Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 117 n.26 (D. Mass. 2000).

174. *See* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 496 n.10 (2d Cir. 2000) (avoiding the fame analysis because the SPORTY'S trademark is distinctive and thus sufficient for a claim under the ACPA, 15 U.S.C. § 1125(d)(1)(A)(ii)(I)).

175. *Cello*, 89 F. Supp. 2d at 472 (finding that "[a] genuine issue of fact exists as to whether the mark 'Cello' is 'famous' within the meaning of the FTDA and ACPA" and citing the FTDA statute for the listing of eight non-exclusive considerations for famousness inquiry under the FTDA); Shields v. Zuccarini, 89 F. Supp. 2d 634, 638-39 (E.D. Pa. 2000) (applying the criteria of the FTDA to determine whether the plaintiff's mark was famous under the ACPA).

176. *Cello*, 89 F. Supp. 2d at 467.

177. *See id.*

trademark owner of CELLO and nine other Internet companies.[178] At the time the Internet user registered *cello.com*, he was aware that CELLO was the brand name for the audio equipment.[179] The trademark owner brought claims against the domain name registrant under both the FTDA and the ACPA. The court analyzed both statutes and denied the plaintiff's summary judgment motion because a reasonable factfinder could conclude the trademark CELLO is neither famous nor distinctive and the defendant's *cello.com* does not dilute the CELLO trademark.[180] The court mixed the meanings of "famous" and "distinctiveness" under the FTDA with the ACPA and imposed the heightened level of distinctiveness on the trademark CELLO.[181]

Such a decision ignores the plain language of and the congressional intent behind the ACPA.[182] As illustrated above, the ACPA extends protection to trademarks that are arbitrary (such as APPLE for computers or CELLO for audio equipment) and suggestive (such as APPLE-A-DAY for vitamin tablets),[183] as well as descriptive trademarks that have acquired secondary meaning.[184] Under the ACPA, the trademark CELLO should be entitled to protection and *cello.com* is unquestionably identical to the distinctive CELLO trademark.[185]

E. The Bad Faith Requirement

The most important requirement of a cause of action under the ACPA is the bad faith intent to profit from the use of another's trademark. Congress intended to use this element to tailor the ACPA narrowly.[186] The statute covers only cases where the trademark owner can "demonstrate that the defendant registered, trafficked in, or used the offending domain name with bad-faith intent to profit from the goodwill of a mark."[187]

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178. *See id.* at 467, 467-68.

179. *See id.* at 468.

180. *See id.* at 472-74.

181. *See id.* at 471-73.

182. *See supra* Part III.A (describing the ACPA, its purpose, and its legislative history).

183. MCCARTHY, *supra* note 74, § 11:71; *see also* Bigstar Entm't, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 195 (S.D.N.Y. 2000) (discussing the concept of distinctiveness in trademark law).

184. *See supra* notes 144-53 and accompanying text (discussing the definition of the term "distinctive" as it is used in trademark law).

185. *See* N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 117 (D. Mass. 2000) (interpreting the concept of distinctiveness in trademark law).

186. H.R. REP. NO. 106-464, at 10 (1999).

187. *Id.*

A registrant of a domain name can only be liable under the ACPA if the owner of the trademark can establish that the registrant registered the domain name with a bad faith intent to profit from the use of the trademark.[188] If the registrant registered a domain name that is identical, confusingly similar, or dilutive to a distinctive and/or famous mark for reasons other than a bad faith intent to profit from the protected mark's goodwill, the ACPA is not applicable.[189] Even if the registrant was fully aware of the trademark status of the domain name when he/she registered the domain name, as long as the registrant obtained the registration for reasons other than a bad faith intent to profit, the registrant is not liable under the ACPA.[190] The ACPA protects "innocent domain name registrations."[191] Indeed, a court may not find that there was bad faith intent if it "determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use[192] or [was] otherwise lawful."[193]

The ACPA provides a list of nine non-exclusive factors for finding bad faith intent to profit.[194] These non-exclusive factors are for courts

188. 15 U.S.C.A. § 1125(d)(1)(A)(i) (West Supp. 2000).

189. *See* 15 U.S.C.A. § 1125(d)(1)(C); Cello Holdings L.L.C. and Cello Music & Films Sys., Inc. v. Lawrence Dahl Co., 89 F. Supp. 2d 464, 473-74 (S.D.N.Y. 2000) (finding defendant's use of trademark in domain name with intent to profit was not indicative of bad faith and thus plaintiff was denied summary judgment under the ACPA).

190. H.R. REP. NO. 106-412, at 10 (1999); *see also* BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 511-12 (S.D.N.Y. 2000) (finding bad faith where defendant held domain name hostage until the plaintiff paid the defendant or the plaintiff promised not to sue and allowed the defendant to use the domain name); *Cello*, 89 F. Supp. 2d at 473-74 (finding a genuine issue of material fact as to whether defendant believed use of domain name was fair or otherwise lawful).

191. H.R. REP. NO. 106-412, at 10.

192. Fair use is a defense codified in 15 U.S.C. § 1115(b)(4) (1998). It is

> the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.

15 U.S.C. § 1115(b)(4) (1998); *see also* Car-Freshner Corp. v. S.C. Johnson & Son, Inc., 70 F.3d 267, 270 (2d Cir. 1995) ("[F]air use permits others to use a protected mark to describe aspects of their own goods."); Bihari v. Gross, 119 F. Supp. 2d 309, 321 (S.D.N.Y. 2000) (discussing the fair use defense in a case where defendant used plaintiff's trademark as metatag and holding defendant's use was fair because the use of the trademark was in its descriptive sense and was done in good faith).

193. 15 U.S.C.A. § 1125(d)(1)(B)(ii) (West Supp. 2000).

194. Under 15 U.S.C.A. § 1125 (d)(1)(B)(i), the nine factors are:

> (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;

to consider when evaluating whether a bad faith intent to profit from the goodwill of the protected trademark exists.[195] An examination of the factors reveals inconsistency or redundancy in factor IX. Factor IX calls for "distinctive and famous within the meaning of subsection (c)(1) of this section." Section 43(c)(1) of the Lanham Act is the heart of the FTDA.[196] As analyzed in Section II, "distinctive" and "famous" within the meaning of the FTDA requires an extremely high burden of proof.[197] These two elements narrow the type of trademarks that are entitled to the broad protection of the FTDA.[198] Indeed, only nationally renowned and very distinctive trademarks receive the federal anti-dilution protection.[199] This heightened requirement excludes many

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(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.

Id. § 1125(d)(1)(B)(i).

195. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 498 (2d Cir. 2000) ("[W]e are not limited to considering just the listed factors when making our determination of whether the statutory criterion has been met. The factors are, instead, expressly described as indicia that 'may' be considered along with other facts."); *see also BroadBridge Media*, 106 F. Supp. 2d at 512 ("The 'bad faith' statutory list not being exclusive, I may take into account other factors bearing on bad faith intent to profit.").

196. 15 U.S.C.A. § 1125(d)(1)(B)(I)(IX).

197. *See supra* Part II.B (discussing the difficulties encountered by trademark owners in the first, second, third, and ninth circuits).

198. *See id.*

199. *See* I.P. Lund Trading APS, Kroin Inc. v. Kohler Co., 163 F.3d 27, 47 (1st Cir. 1998).

trademarks that are not so famous and inherently distinctive, but, nevertheless, valuable enough to be subjected to cybersquatting conduct.[200] To combat this problem, the ACPA was supposed to lower the bar and provide protection for these marks.[201] Factor IX contradicts that intent and the plain language of the other provisions in the ACPA.[202] Most trademarks that are entitled only to protection under the ACPA would yield negative answers on factor IX because these trademarks are certainly not "distinctive and famous within the meaning of subsection (c)(1) of this section."[203] If the reference to "within the meaning of subsection (c)(1) of Section 43" is deleted from factor IX, the inconsistency problem will be eliminated. Nevertheless, the redundancy problem remains. Factor IX still lists "distinctive and famous" as a consideration even though "distinctive and famous" are the very first elements courts must consider in determining whether a mark is entitled to protection under the ACPA prior to analyzing an existence of bad faith intent to profit from the goodwill of the trademark.[204] This factor should not be included in the enumerated factors for finding a bad faith intent to profit.

Interestingly, the most important factor in finding a bad faith intent to profit is not listed in the enumerated factors. It is generally "the unique circumstances" of a particular case.[205] For example, "[a] competitor X of Company Y has registered Y's trademark as a domain name and then transferred [the domain] name to Subsidiary Z which operates a business wholly unrelated to Y."[206] Competitor X has exhibited indicia of bad faith: X did not have trademark rights in the domain name at the time X registered the domain name; the domain name was not X's legal name; X did not have an active web site with the domain name address

200. *Sporty's Farm*, 202 F.3d at 497 (applying the ACPA because "the new law was adopted specifically to provide courts with a preferable alternative to stretching federal dilution law when dealing with cybersquatting cases").

201. *See id.* at 497 n.10 (noting that it does not have to analyze fame under the ACPA because the trademark in question was distinctive).

202. *See* 15 U.S.C.A. § 1125(d)(1)(A)(ii)(I)–(II) (West Supp. 2000).

203. 15 U.S.C.A. § 1125(d)(1)(B)(i)(IX).

204. *Sporty's Farm*, 202 F.3d at 499 ("[A]s we discussed above, the *sporty's* mark is undoubtedly distinctive, *see id.* § 1125(d)(1)(B)(i)(IX)." (citation in original)).

205. *Id.* at 499 (stating that the most important basis for its finding of bad faith is "the unique circumstances of this case, which do not fit neatly into the specific factors enumerated by Congress but may nevertheless be considered under the statute"); *see also* Morrison & Foerster v. Wick, 94 F. Supp. 2d 1125, 1133 (D. Colo. 2000) ("The most persuasive reason for concluding that [defendant] acted with bad faith intent does not fit neatly into the specific factors enumerated in the ACPA. I may nevertheless consider it under the statute .... [Defendant's] own testimony demonstrate his bad faith.").

206. *Sporty's Farm*, 202 F.3d at 496.

until the litigation began; X did not claim that the use of the domain name was noncommercial or a fair use; and X transferred the domain name to its subsidiary for the purpose of preventing Y from using the domain name.[207]

The unique circumstances of a case, however, allow courts full discretion to determine bad faith intent to profit as the courts see fit. A lower court has found bad faith in a case where the defendant targeted plaintiff's trademarks, created fictitious entities to register protected trademarks as domain names, and offered dubious explanations for the selection of these domain names.[208] Another lower court found bad faith in a case where the defendant held the domain name hostage until the plaintiff either paid him for the transfer or rental of the domain name, or allowed him to have uncontrolled use of plaintiff's trademark together with a promise not to be sued for any use of the trademark.[209] Not all courts find bad faith intent to profit. For example, in a case where the defendant knew about the commercial success of the plaintiff's trademark as a brand name in a particular industry, had no ownership of the trademark, and registered the trademark as a domain name solely for the purpose of selling the domain name to others. At summary judgment, the court did not find bad faith intent to profit.[210]

Finding bad faith intent to profit is entirely subjective. Trademark owners rest the outcome of their litigation against cybersquatters at the mercy of the courts. One court may find bad faith intent to profit while another may not under similar circumstances. As demonstrated above, judicial interpretation of bad faith intent to profit since the passage of the ACPA has not been consistent. At the early stage of judicial interpretation of the ACPA, courts should review congressional intent when they apply the ACPA.[211] Judicial decisions should strive to yield

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207. *See id.* at 498-99.

208. N. Light Tech. v. N. Lights Club, 97 F. Supp. 2d 96, 119 (D. Mass. 2000), *aff'd*, 236 F.3d 57 (1st Cir. 2001).

209. BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 512 (S.D.N.Y. 2000).

210. Cello Holdings, L.L.C. and Cello Music & Film Sys., Inc. v. Lawrence-Dahl Co., 89 F. Supp. 2d 464, 473-74 (S.D.N.Y. 2000).

211. H.R. REP. NO. 106-412, at 11 (1999) (explaining congressional intent behind 15 U.S.C.A. § 1125(d)(1)(B)(IV) (West Supp. 2000), "the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name").

> [B]alance the interests of trademark owners with the interests of those who would make the lawful noncommercial or fair uses of others marks online, such as in comparative advertising, comment, criticism, parody, newsreporting, etc. . . . . The fact that a person may use a mark in a site in such a lawful manner may be an appropriate indication that the person's registration or use of the domain name lacked the required element of bad faith.

Id.

consistent results that would balance the rights of trademark owners and the interests of innocent registrants of domain names.[212]

F. In rem *Jurisdiction and Its Ambiguity*

In drafting the ACPA, Congress observed that many cybersquatters elude trademark enforcement because they are foreign entities and it is impossible to obtain *in personam* jurisdiction over them.[213] In addition, cybersquatters often provided aliases and false information to the registrar of domain names and thus could not be found.[214] This created a problem for trademark owners who wanted to initiate an action and serve the complaint on cybersquatters.[215] To solve this problem, Congress included an *in rem* provision in the ACPA.

Under the ACPA, trademark owners can now assert an *in rem* action against the domain name itself.[216] This significant provision of the ACPA essentially overturns the holding in *Porsche Cars North America*

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212. The Internet has also become a forum for critical commentary. The registration of domain names in the form of the name of the company and "*sucks.com*" is common and is a part of "cybergripping." Lucent Tech., Inc. v. Lucentsucks.com, 95 F. Supp. 2d 528, 535 n.9 (E.D. Va. 2000) (citing Greg Farrell, *From Source Grapes to Online Whine*, USA TODAY, Apr. 6, 2000, at 01B); *see also* Thomas E. Anderson, *Emerging Intellectual Property Issues in Cyberspace*, 78 MICH. B.J. 1260, 1263 (1999) ("Cybergrippers are websites dedicated to criticizing a person, product, or business.").

213. S. REP. NO. 106-140, at 10 (1999); *BroadBridge Media*, 106 F. Supp. 2d at 506-07 (describing an *in rem* action against domain name *hypercd.com* since the registrant is a citizen of British Columbia, Canada).

214. S. REP. NO. 106-140, at 10 ("A significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner.").

215. *See id.*

216. The *in rem* provision provides:

> The owner of a mark may file an *in rem* civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if
>
> (i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) and (c); and
>
> (ii) the court finds that the owner–
>
> (I) is not able to obtain *in personam* jurisdiction over a person who would have been a defendant and in a civil action under paragraph (1); or
>
> (II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by–
>
> (aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and
>
> (bb) publishing notice of the action as the court may direct promptly after filing the action.

15 U.S.C.A. § 1125(d)(2)(A) (West Supp. 2000).

Inc. v. Porche.com, in which the court held that the Lanham Act did not authorize *in rem* actions.[217]

The ACPA allows the trademark owner to bring an *in rem* action against a domain name if the trademark being registered as the domain name is a registered trademark or protected under section 43(a) or (c) of the Lanham Act,[218] and the trademark owner cannot obtain personal jurisdiction over the registrant or is unable to locate the defendant registrant.[219] With due diligence, the trademark owner must attempt to locate the defendant registrant by sending notice of the *in rem* action to the registrant at both the postal address and the e-mail address listed in the registration and by publishing a notice of the action after filing the *in rem* proceeding as a court directs.[220]

In an *in rem* proceeding against the domain name itself under the ACPA, however, the trademark owner may not assert claims for damages or attorneys' fees.[221] The trademark owner is limited to having the domain name transferred to it or obtaining a cancellation or forfeiture of the domain name.[222] Further, the *in rem* action can only be filed in the judicial district where the domain name registrar or registry is located.[223] A domain name also has its "situs" for jurisdictional purposes where "documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain are deposited with the court."[224]

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217. Porsche Cars N. Am., Inc. v. Allporche.com, 51 F. Supp. 2d 707, 709, 712 (E.D. Va. 1999) (expressing concern over the constitutional implications of *in rem* actions that the exercise of *in rem* jurisdiction over domain names without *in personam* jurisdiction over the domain names' owner might violate the Due Process Clause), *vacated and remanded*, 215 F.3d 1320 (4th Cir. 2000) (per curiam) (holding the ACPA allows *in rem* action against domain names and applies retroactively to plaintiff's action against defendant against domain names).

218. 15 U.S.C.A. § 1125(d)(2)(A)(i).

219. Lucent Tech., Inc. v. Lucentsucks.com, 95 F. Supp. 2d 528, 530-32 (E.D. Va. 2000) (dismissing an *in rem* action in a case where the plaintiff was able to obtain *in personam* jurisdiction over the registrant but initiated the *in rem* action based on the ground that it was not able to find the registrant); *see also* 15 U.S.C. § 1125(d)(2)(A)(ii).

220. 15 U.S.C.A. § 1125(d)(2)(B)(A)(ii).

221. 15 U.S.C.A. § 1125(d)(2)(D)(i).

222. *Id.* Procedurally, the trademark owner must deliver a file stamped copy of the complaint to the registrar. The registrar then freezes the domain name, except to transfer or cancel as ordered by the court. The registrar must also deposit the domain name with the court. The court can only grant injunctive relief in the form of a forfeiture or cancellation, or transfer the domain name.

223. 15 U.S.C.A. § 1125(d)(2)(A) (stating that an *in rem* suit can be brought in a judicial district where the registrar is located or where "documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain are deposited with the court").

224. 15 U.S.C.A. § 1125(d)(2)(c)(ii).

In rem actions in cyberspace have raised some constitutional concerns.[225] Are the due process rights of domain name registrants violated in proceedings that adjudicate their interests *in absentia*? Is a domain name a "*res*" for purposes of establishing *in rem* jurisdiction?[226] A commentator has addressed these constitutional concerns, but not the ambiguity of the *in rem* provision under the ACPA.[227] The *in rem* provision requires notice of the alleged violation and intent to file an *in rem* action against the registrant of the domain name at the registrant's postal and e-mail addresses. The provision is silent, however, as to how much time is adequate for such a notice. How much time is reasonable for the registrant to respond to the notice? To satisfy the Due Process requirements, how much time should a plaintiff wait after it has sent a notice of intent to proceed against a domain name to the registrant at the postal and e-mail addresses provided by the registrant before it initiates an *in rem* proceeding?

Further, the provision provides that a plaintiff may proceed with an *in rem* action against a domain name if the court finds that the owner is unable to obtain *in personam* jurisdiction over the domain name registrant, *or* that the plaintiff, through due diligence, is unable to find the domain name registrant.[228] The provision seems to expressly provide two bases for an *in rem* action, and the plaintiff can select either of the bases for *in rem* jurisdiction. Does this mean that the plaintiff can select the second option even though the plaintiff is able to obtain *in personam* jurisdiction over the domain name registrant? Is an *in rem* proceeding against the domain name appropriate? Should an action against the registrant be initiated?

Addressing these concerns, *in rem* actions should only be allowed as a last resort where *in personam* jurisdiction is impossible.[229] This will

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225. *See* Porsche Cars N. Am., Inc. v. Allporsche.com, 51 F. Supp. 2d 707, 710-13 (E.D. Va. 1999) (raising numerous constitutional concerns associated with *in rem* jurisdiction in cyberspace), *vacated and remanded*, 215 F.3d 1320 (4th Cir. 2000) (per curiam); *see also* Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 141-45 (2000) (addressing constitutional concerns and concluding such concerns are not warranted).

226. Lucent Tech., Inc. v. Lucentsucks.com, 95 F. Supp. 2d 528, 535 (E.D. Va. 2000) (quoting Caesars World Inc. v. Ceasars-Palace.com, No. 99-550-A (E.D. Va. Mar. 3, 2000) (slip opinion)) (holding that a domain name is a "*res*" for purposes of establishing *in rem* jurisdiction since "[t]here is no prohibition on a legislative body making something property. Even if a domain name is no more than data, Congress can make data property and assign its place of registration as its situs.").

227. Lee, *supra* note 225, at 141-44.

228. 15 U.S.C.A. § 1125(d)(2)(A)(ii)(I), (II) (West Supp. 2000).

229. *See* 145 CONG. REC. S1 5026 (daily ed. Nov. 19, 1999) (statement of Senator Leahy) ("The [*Porsche*] court held that *in rem* actions against allegedly diluting marks are not constitutionally permitted without regard to whether *in personam* jurisdiction may be

limit the use of *in rem* actions to circumstances where the registrants of domain names are foreign entities or where after all due diligence efforts have been conducted and a reasonable time of at least ten days of waiting to hear a response from the eluding registrant has passed.[230] If a domain name holder later appears after the passage of the reasonable waiting period, the *in rem* action should not be dismissed as a matter of right in favor of the domain name holder.[231] Otherwise, the dismissal will undermine the intent to curb cybersquatting conduct of individuals who chose to remain elusive, avoiding liability under trademark law.[232] Further, the dismissal of the *in rem* action would cause the trademark owners to waste all the money, time, and effort that it had expended prior to and during the *in rem* proceeding. If the trademark owner wants to assert an additional action against the registrant personally, the *in rem* action should be consolidated with the new civil action because the ACPA provides remedies that also include the remedy allowed under the *in rem* action.[233]

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exercised. . . . This legislation does differentiate between those two different categories of domain name registrants and limits *in rem* actions to those circumstances where *in personam* jurisdiction cannot be obtained."); *see also* H.R. REP. NO. 106-412, at 14 (1999) (noting *in personam* jurisdiction can not be found against foreign entities who register protected trademarks as domain names); Alitalia-Linee Aeree Italiane v. Coisinoalitalia.com, 128 F. Supp. 2d 340 (E.D. Va. 2001) (holding that the plaintiff could not maintain *in personam* claims against a domain name registrant concurrently with an *in rem* action against the domain name).

230. *Lucent Tech.*, 95 F. Supp. 2d at 532-34.

231. *See* 15 U.S.C.A. § 1125(d)(3) (West Supp. 2000) ("The civil action established under paragraph (1) and the *in rem* action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable."); *id.* § 1125(d)(4) ("The *in rem* jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether *in rem* or *in personam*." (emphasis added)); *see also* Mishkin, *supra* note 140, at 6 (concluding that the plaintiff must establish whether due diligence was exercised in attempting to locate defendant or court does not have personal jurisdiction over person); Voelzke, *supra* note 140, at 5.

232. *Lucent Tech.*, 95 F. Supp. 2d at 530.

233. *See* 15 U.S.C.A. § 1116 (West 1998 & Supp. 2000) (granting injunctive relief against violation under section 1125(a), (c) or (d)); 15 U.S.C. § 1117(a) (awarding profits, damages, and costs against violation of a registered mark under 1125(a), (c), or (d) and attorney fees in exception cases); 15 U.S.C. § 1117(c) ("In a case involving the use of a counterfit mark . . . the plaintiff may elect, any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits . . . an award of statutory damages . . . in the amount of not less than $5,000 and not more than $100,000 per counterfit mark, . . . as the court considers just."); 15 U.S.C.A. § 1125(d)(1)(C) (West Supp. 2000) ("In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark."). *Contra* Martin, *supra* note 125, at 842 (suggesting that remedies under the ACPA and FTDA should be upgraded to deter cybersquatting activities).

IV. OVERCOMING THE SHORTCOMINGS OF THE FTDA: BLAME IT ON THE CYBERSQUATTERS OR THE CREATION OF UNFAIR PROTECTION

The task of overcoming the shortcomings of the FTDA is not simple. The ACPA requires trademarks to be either distinctive or famous, but not both. This requirement, as demonstrated above, allows an easier burden of proof because it imposes a finding of distinctiveness within the ordinary meaning of trademark law.[234] Nevertheless, this requirement also demands proof of fame for "famous" trademarks. How much fame a famous mark should possess is unclear. Does "famous" mean that the protected trademarks are known nationally or just in their niche market? Should the same degree of fame under the FTDA be required for trademarks brought under the ACPA? Since the ACPA is aimed specifically at cybersquatting activities, a trademark should be deemed sufficiently famous within the meaning of the ACPA if it is known within its niche market,[235] regardless of whether the defendant and the plaintiff participate in a similar or related niche market. Because the protection under the ACPA is limited as compared to the broad anti-dilution protection provided under the FTDA, a requirement under the ACPA of a nationally well-known trademark or a requirement that the trademark is known beyond its niche market is unwarranted and inconsistent with the congressional intent under both the FTDA and the ACPA.[236]

Since Congress did not provide any guidance on "dilutive of a famous mark," the question arises as to what is "dilutive" within the meaning of the ACPA. What constitutes "dilutive" on the Internet?

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234. *See supra* notes 144-53 and accompanying text (discussing the concept of distinctiveness in trademark law).

235. A number of courts have found some trademarks famous under the FTDA if the plaintiff and the defendant share similar or related niche markets. *See, e.g.*, Times Mirror Magazines, Inc. v. Las Vegas Sports News, 212 F.3d 157, 166 (3d Cir. 2000) (finding THE SPORTING NEWS trademark to be famous in the sports periodicals market since both the plaintiff and defendant operated in a common market), *cert. denied sub nom.*, 121 S. Ct. 760 (2001); Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640-41 (7th Cir. 1999) (addressing the niche market debate and holding that the district court erred in concluding the trade dress for a plastic basket used for floral bouquets was not famous based solely on the niche-market status of the baskets); *see also* Washington Speakers Bureau, Inc. v. Leading Auths., Inc., 33 F. Supp. 2d 488, 503-04 (E.D. Va. 1999) (holding fame can be adequate only if the "diluting uses are directed narrowly at the same market segment"); Teletech Customer Care Mgmt., Inc. v. TeleTech Co., 977 F. Supp. 1407, 1409, 1413 (C.D. Cal 1997) (holding fame in a narrow market segment was present in a case where the plaintiff "may be the largest provider of primarily inbound integrated telephone and Internet customer care worldwide" and satisfied the threshold requirement under the FTDA).

236. *See supra* notes 140-53 and accompanying text (discussing the lower threshold of the ACPA in comparison to the FTDA by requiring that the trademark be famous or distinctive).

Cybersquatters do not use the domain name in association with a sale of goods or services on the Internet, thus there is no "use" of the protected trademark in commerce that may cause a likelihood of dilution or actual dilution to the distinctive quality of the protected trademark.[237] Thus, to apply the meaning of "dilution" under the FTDA to the ACPA is erroneous.[238] Dilution under the ACPA is Internet-specific and occurs if potential customers cannot find a web page at "*trademark.com*" because prospective customers of plaintiff may fail to continue to search for the plaintiff's website, due to frustration or a belief that the plaintiff does not operate on the Internet.[239] Also, dilution under the ACPA should include the use of the trademark as a domain name or as part of a domain name that blurs or tarnishes the image of the trademark (*diszneerepresentssexkitten.com* versus DISNEY), regardless of whether the registrant of the domain name actually provides any goods or products.[240]

The passage of the ACPA is aimed at cybersquatters who Congress believe have outsmarted trademark law and avoided liability under the FTDA. Focusing on just cybersquatting, the ACPA, however, creates a peculiar problem. It creates two classes of protection among trademark owners, depending on the defendant's activity or lack of activity on the Internet. For example, an owner of a trademark who learns that a third party is using a name (not as a domain name) that is dilutive of the trademark probably wishes that the user of the name registered it as a domain name. The user of the name was aware of the success of the trademark and demands that the trademark owner pay him a substantial sum in exchange for his non-use of the dilutive trademark. The owner of the trademark in this scenario has no claim under the ACPA because there is no domain name involved. The owner cannot assert a claim under the FTDA because the trademark is not famous enough. The owner also cannot assert a claim under the traditional infringement theory because the use of the name is dilutive, yet not enough to generate a "likelihood of confusion." The trademark owner can only watch with frustration while another trademark owner, who faces a

237. *See* Avery Dennison Corp. v. Sumpter, 189 F.3d 868, 880-81 (9th Cir. 1999) (discussing cybersquatting dilution).

238. *See* N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 117 n.26 (D. Mass. 2000), *aff'd*, 236 F.3d 57 (1st Cir. 2001).

239. *See Avery Dennison*, 189 F.3d at 880.

240. *See N. Light Tech.*, 97 F. Supp. 2d at 117 n.26 (noting "the domain name dizneepresentssexkittens.com is likely inherently dilutive of DISNEY while not being 'identical' or 'confusingly similar'"). The domain name, *disneysucks.com*, however is not dilutive. *See Lucent Tech.*, 95 F. Supp. 2d at 535-36.

similar situation, except that the second defendant user registers the dilutive trademark as a domain name, enjoys the full protection and remedy of the ACPA.

While there is some value in passing a law that is specific to a perceived problem, it should not create protection for some trademark owners and not others. The trademark owner in the first scenario should receive similar protection against dilutive use of his trademark regardless of whether the dilutive use occurs in cyberspace as a domain name. This calls for Congress to re-examine existing dilution law and amend the law so adequate protection is provided to all trademark owners. An amendment to the FTDA to extend anti-dilution protection to trademarks that are known within a niche market will at least be a step in the right direction to minimize unfair protection among trademark owners against dilutive use.

Moreover, although the ACPA's sole intention is to curb cybersquatting activities, it fails to address cybersquatting domain name dispute cases where the plaintiff's trademark has not acquired trademark status. For example, a young Internet company has adopted the trademark BIGSTAR and used the domain name *bigstar.com* for its website. The company sells CDs and provides chat rooms on topics such as movies, sports, and celebrities. The company has spent several million dollars in the last two years to market its BigStar mark and gains a sizable number of visitors to its website. Along comes a cybersquatter who knows about BigStar and registers a dozen variations of BigStar as unflattering and tarnishing domain names. The cybersquatter refuses to shut down his websites unless the company wires money to his bank account. The company looks to the ACPA for help. The ACPA is useless to the company because BigStar is probably deemed descriptive as a trademark[241] and is not entitled to protection because the mark has been in use for only two years and has, thus, not acquired distinctiveness.[242] Though the cybersquatting activity is the type

241. *See supra* notes 52-56 and accompanying text (contrasting generic and descriptive marks). The trademark BIGSTAR has been held descriptive when it is used in association with on-line sales of videocassettes, digital video discs and related movie merchandise, news in the movie industry, interviews with celebrities, movie previews, and with chat rooms with film celebrities. Bigstar Entm't, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 198-202 (S.D.N.Y. 2000).

242. Trademark law requires a minimum of five years of continuous use in order for a mark to receive the status of presumed distinctiveness and be entitled to registration. *See* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 496 (2d Cir. 2000); *see also* 15 U.S.C.A. § 1052(f) (West 1997 & Supp. 2000) (stating that the Trademark Office "may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a

contemplated under the ACPA, the company cannot stop such activity. Given the fact that e-commerce is still in its infantile stage, many companies that own descriptive trademarks cannot go after cybersquatters under the ACPA. The root of this problem lies in the framework of the ACPA; it was structured within the concept of trademark law and, thus, is bound by trademark law limitations. To truly combat the cybersquatting problem, Congress must think beyond the existing trademark law.

V. CONCLUSION

Congress passed the FTDA partially because it wanted to protect famous trademarks and address cybersquatting problems on the Internet. The ambiguous language in the FTDA caused the circus among the circuit courts and did not advance congressional intent very far. Congress blamed the shortcomings of the FTDA and the polarized judicial interpretations of the FTDA on the cybersquatters, and then it passed the ACPA to solve dilution on the Internet. Congress ignored its own problems with the dilution it had drafted under the FTDA. The FTDA leaves many trademark owners without protection against dilutive use because their trademarks are not deemed famous or highly distinctive enough to be worthy of the anti-dilution protection. Further, the circus among the circuits creates polarized interpretations and applications of the FTDA, rendering the federal dilution law ineffective. This calls for Congress to amend the FTDA to provide clarity and broaden the anti-dilution protection to many worthy trademarks. The ACPA is a step in the right direction for curbing a form of dilution but does not solve all of the problems associated with the FTDA. Though the passage of the ACPA does cure some cybersquatting dilution activities, it also creates unfair protection among trademark owners depending on where the wrong is committed and is not dependent on the wrong itself. It is important to promote the growth of e-commerce, but it should be done without causing unfair protection among trademark owners.

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mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.").

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