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Domain Name Disputes Under the ACPA in the New Millennium: When is Bad Faith Intent to Profit Really Bad Faith and Has Anything Changed with the ACPA's Inception?

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INTRODUCTION 269

I. THE MOST RECENT LAW 270

II. THE CASES 279

A. The First Appellate Bite at the ACPA Apple 279
B. Other Appellate Court ACPA Decisions Since Sporty's Farm 284
C. Appellate Decision Analysis 294
D. District Court Determinations 295
E. A Possible Misapplication of the ACPA 304
F. District Court Application of the ACPA and Comparisons to Appellate Courts 307

III. THE QUESTION: HAS THE ACPA REALLY CHANGED ANYTHING? 308

CONCLUSION 315

INTRODUCTION

Internet domain name registration has become a hot issue over the last few years. It has been the subject of much litigation and was a reason why Congress substantially amended federal

trademark statutes thrice in four years.[1] This Article will discuss the most recent federal statute concerning Internet domain name registration and will provide both federal appellate and district court cases that have interpreted and applied this new law. This Article will also attempt to note the changes that this new statute has made, as well as the similarities and differences between the new law and traditional trademark law that has been previously applied.

I. THE MOST RECENT LAW

On November 29, 1999, Congress enacted the Anticybersquatting Consumer Protection Act (ACPA).[2] The ACPA was the first federal statute enacted to specifically address problems associated with Internet domain name disputes. It has become a powerful tool for owners of protected marks.[3] This law made it illegal "for a person to register or to use with the 'bad faith' intent to profit from an Internet domain name that is 'identical or confusingly similar' to the distinctive or famous trademark or Internet domain name of another person or company."[4] The language of the ACPA serves as a method for trademark owners to obtain control of domain names prior to the commencement of litigation.[5]

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[1] *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 985–86 (codified as amended at 15 U.S.C. § 1125(c) (2000)); Trademark Amendments Act of 1999, Pub. L. No. 106-43, §§ 3(a)(2), 5, 113 Stat. 219, 220 (codified as amended at 15 U.S.C. § 1125(a)(3), (c)(2)); Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, § 1000(a), 113 Stat. 1501, 1501A545–49) (codified as amended at 15 U.S.C. § 1125(d)).

[2] Pub. L. No. 106-113, § 1000(a)(9), 113 Stat. 1501, 1536 (codified as amended at 15 U.S.C. § 1125(d)).

[3] *See* Elizabeth Robison Martin, *"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, 832 (2000).

[4] Shields v. Zuccarini, 254 F.3d 476, 481 (3d Cir. 2001) (citing 15 U.S.C. § 1125(d)).

[5] This can be accomplished by the use of what are commonly known as ACPA "cease-and-desist" letters. These letters, usually sent by attorneys of protected mark holders, were around prior to the enactment of the ACPA. The ACPA's language, however, has been specifically incorporated into cease-and-desist letters sent to potential cybersquatters, thus providing a strong means of obtaining ownership of a domain name without the need for litigation. For an example of a post-ACPA cease-and-desist letter,

Congress designed the ACPA to deter the misuse of domain name registration.[6] Specifically stated, Congress intended

> to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly referred to as "cybersquatting."[7]

In other words, in "the typical situation that the ACPA seeks to address, individuals register domain names that consist of famous trademarks and then attempt to sell (or perhaps more accurately, to ransom) those domain names to the trademark owners, thereby profiting from the goodwill associated with the trademark."[8] The goal behind the ACPA is to control problems associated with cybersquatters. Cybersquatters have been described as those who register "a trademark as a domain name with the intent of profiting from it by selling it, usually to the trademark owner."[9] Although it does not provide absolute protection to protected marks, the ACPA

see Richard Keyt, *Sample Cease & Desist Letter to Send to a Domain Name Owner Whose Domain Name is Infringing on a Trademark*, KeytLaw, *at* http://www.keytlaw.com/urls/c&d.htm (last modified Dec. 14, 2001).

[6] *See* S. REP. NO. 106-140, at 9 (1999); CNN v. cnnews.com, 177 F. Supp. 2d 506 (E.D. Va. 2001) (stating that the "ACPA's purpose is made manifest in its title: it is designed to deter, prohibit and remedy 'cyberpiracy,' which is defined in the legislative history as the *bad faith* registration or use of a domain name") (citations omitted).

[7] S. REP. NO. 106-140, at 4.

[8] Bird v. Parsons, 289 F.3d 865, 880 (6th Cir. 2002) (citation omitted).

[9] Monica Kilian, *Cybersquatting and Trademark Infringement*, 7 E LAW—MURDOCH UNIV. ELECS. J. OF L. 26, ¶ 11 (Sept. 2000), *at* http://www.murdoch.edu.au/elaw/issues/v7n3/kilian73.html. It should be noted that the Senate Report for the ACPA described "cybersquatting" as "the deliberate, bad-faith, and abusive registration of Internet domain names in violation of trademark owners." S. REP. NO. 106-140, at 4. This definition may be too constrictive. *See also* Jonathan M. Eisenberg, *A Guide to the Anticybersquatting Consumer Protection Act*, J. INTERNET L. 2, ¶ 1 (Mar. 2000) (identifying a "quintessential cybersquatter [as] the person who, for about $70, is first to register the Internet domain name of a well-known company or trademark . . . and then tries to ransom the domain name back to the hapless company or trademark holder"), *at* http://www.gcwf.com/articles/ journal/jil_march00_1.html.

does provide a remedy for any "bad faith appropriation of the mark."[10] The ACPA also protects consumers.[11]

The law is as follows:

> (A) 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;

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[10] Serena C. Hunn, *AntiCybersquatting Consumer Protection Act: A Powerful Remedy in Domain Name Disputes? Or a Threat to Electronic Commerce* (stating that the "bill does not provide blanket protection to the trademark owner or owner of a personal name protected as a mark, rather it provides a remedy against the 'bad faith' appropriation of the mark"), *at* http://www.fmew.com/archive/cybersquat (last modified Aug. 2000) ; *see also* BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 511 (S.D.N.Y. 2000) ("Congress clearly intended to use the bad faith element of the statute as a way to narrow the breath of the statute.").

[11] *See* S. REP. NO. 106-140, at 5.

> The practice of cybersquatting harms consumers, electronic commerce, and the goodwill equity of valuable U.S. brand names, upon which consumers increasingly rely to locate the true source of genuine goods and services on the Internet. Online consumers have a difficult time distinguishing a genuine site from a pirate site, given that often the only indications of source and authenticity of the site, or the goods and services made available thereon, are the graphical interface on the site itself and the Internet address at which it resides. As a result, consumers have come to rely heavily on familiar brand names when engaging in online commerce. But if someone is operating a web site under another brand owner's trademark, such as a site called "cocacola.com" or "levis.com," consumers bear a significant risk of being deceived and defrauded, or at a minimum, confused. The costs associated with these risks are increasingly burdensome as more people begin selling pharmaceuticals, financial services, and even groceries over the Internet. Regardless of what is being sold, the result of online brand name abuse, as with other forms of trademark violations, is the erosion of consumer confidence in brand name identifiers and in electronic commerce generally.

Id.

(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; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.

(B)

(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used,

> or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
>
> (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;
>
> (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
>
> (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43.[12]

The mere registration of a domain that may be similar to a famous trademark name is insufficient for a showing of "bad faith intent to profit" as required under the ACPA.[13] Bad faith intent to profit requires that there be a standard used to determine the mental state of the registrant. The factors delineated above in 15 U.S.C. § 1125(d)(B)(i) serve as a basis for courts to make a determination of whether such a state of mind exists, but courts are not confined to these factors in their analysis.[14] Because courts are

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[12] 15 U.S.C. § 1125(d)(1) (2000).

[13] *See* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 269 (4th Cir. 2001).

[14] *See* Gregory B. Blasbalg, Comment, *Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Marks in Cyberspace*, 5 ROGER WILLIAMS U. L. REV. 563, 569–70 (2000) (noting that "these factors are simply guidelines, not an all-inclusive list of factors to be used by the courts").

not limited to these statutory factors, the ACPA affords courts sufficient discretion.[15]

The ACPA also sets forth a complete defense for registrants alleged to have violated the ACPA. Consistent with principles of trademark and other intellectual property law, the ACPA provides a complete "fair use" defense to domain name registration.[16] The ACPA states that bad faith intent "shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."[17]

As noted, the ACPA's purpose is to combat and control the evil cybersquatter. Congress enacted the ACPA to clarify trademark owners' rights, to provide remedies for mark owners subjected to abusive domain name registration practices, and to deter this type of behavior.[18] The Senate, in its report on the ACPA, pinpointed the types of behavior that it intended to deter.[19] The Senate recognized that the following behavior needed to be addressed:

- the securing and locking up of domain names with the intent to "ransom" these domain names off for a huge profit, whether the profit be from the owner of the protected mark, or anyone else who just happens to be the highest bidder;
- the "preying" on Internet surfer confusions "by misusing a domain name to divert customers from the mark owner's site" to another site;
- those in direct competition with owners of a protected mark who register a domain name first;

[15] *See* S. REP. NO. 106-140, at 10 ("Courts must ultimately weigh the facts of each case and make a determination based on those facts whether or not the defendant registered, trafficked in, or used the domain name with bad-faith intent to profit from the goodwill of the mark of another.").

[16] *See* 15 U.S.C. § 1125(d)(1)(B)(ii).

[17] *Id.*

[18] *See* S. REP. NO. 106-140.

[19] *See id.*, at 5–7.

- behavior that involves those who "target distinctive marks to defraud consumers, including to engage in counterfeiting activities."[20]

Congress found that cyberpiracy and its effects result "in consumer fraud and public confusion as to the true source or sponsorship of goods and services; impairs electronic commerce . . . ; deprives legitimate trademark owners of substantial revenue and consumer goodwill; and places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable marks."[21] The goals of the ACPA demonstrate that "Congress harbors an aversion to cybersquatters."[22] In creating the ACPA to deter this behavior, members of Congress believed that they had drafted an effective and equitable law. Senator Orrin Hatch, a leading proponent of the ACPA, stated that it "balances the property interests of trademark owners with the interests of Internet users who would make fair use of others' marks or otherwise engage in protected speech online."[23]

Prior to the ACPA's enactment, courts utilized traditional trademark law principles to resolve domain name disputes.[24] The

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[20] *See id.*

[21] *Id*.

[22] *See, e.g.*, Oliver R. Gutierrez, *Get Off My URL! Congress Outlaws Cybersquatting in the Wild West of the Internet*, 17 SANTA CLARA COMPUTER & HIGH TECH. L.J. 139, 166 (2000) (citing 145 CONG. REC. S14986, 15019 (daily ed. Nov. 19, 1999) and 145 CONG. REC. S7325, 7335 (daily ed. July 29, 1999)).

[23] S. REP. NO. 106-140, at 9.

[24] *See, e.g.*, Avery Dennison Corp. v. Sumpton, 189 F.3d 868 (9th Cir. 1999); Interstellar Starship Servs., Ltd. v. Epix, Inc., 184 F.3d 1107 (9th Cir. 1999); Brookfield Communications, Inc. v. W. Coast Entm't, Corp., 174 F.3d 1036 (9th Cir. 1999); Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620 (6th Cir. 1998); Shades Landing, Inc. v. Williams, 76 F. Supp. 2d 983 (D. Minn. 1999); CCBN.com, Inc., v. C-call.com, Inc., 73 F. Supp. 2d 106 (D. Mass. 1999); Hasbro, Inc. v. Clue Computing, Inc. 66 F. Supp. 2d 117 (D. Mass. 1999); Jews for Jesus v. Brodsky, 993 F. Supp. 282 (D.N.J. 1998); Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949 (C.D. Cal. 1997); Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F. Supp. 684 (N.D. Ill. 1997); Cardservice Int'l, Inc. v. McGee, 950 F. Supp. 737 (E.D. Va. 1997); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996); MTV Networks v. Curry, 867 F. Supp. 202 (S.D.N.Y. 1994); Blasbalg, *supra* note 14, at 566 ("Before the enactment of the ACPA the most successful remedy available to the victims of cybersquatting was the use of federal trademark law.").

two most common legal theories advanced for resolving these disputes were trademark infringement and trademark dilution. Traditional trademark infringement law seeks to protect both marks and consumers from the use of protected marks in commerce in a manner that causes general public confusion, a "likelihood of confusion," or deception.[25] Traditional trademark dilution, recently codified in 1996,[26] seeks to prevent commercial use of protected marks when that use diminishes the distinctive quality of the marks.[27] The ACPA demonstrates a connection with traditional principles, as well as an evolution of the law. Indeed, the ultimate goal of traditional trademark law—of striking a balance between the protections afforded to the owner of a mark and the fair use of that mark—resembles Senator Hatch's intent when creating the ACPA.[28]

Although it is based on traditional trademark principles,[29] the ACPA is narrowly tailored to deal with problems arising from domain name disputes. One major difference between traditional trademark law and the ACPA, for example, is that the ACPA does not require that the domain name at issue be used in commerce. The ACPA applies to all domain names registered, trafficked in, or used, regardless of whether the names are intended for commercial purposes.[30] Traditional trademark infringement and dilution, codified in the Lanham Act,[31] require that marks be used in commerce for a trademark claim to exist.[32] Additionally, the ACPA provides remedies for domain names that are "confusingly

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[25] 15 U.S.C. §§ 1125(d)–1127 (2000); *see also Avery Dennison Corp.*, 189 F.3d at 873.

[26] 15 U.S.C. § 1125(c).

[27] *See id.*

[28] *See supra* note 23 and accompanying text.

[29] *See, e.g.*, Neil L. Martin, *The Anticybersquatting Consumer Protection Act: Empowering Trademark Owners, But Not the Last Word on Domain Name Disputes*, 25 IOWA J. CORP. L. 591, 596 (2000) (stating that "the structure of the ACPA triggers a trademark infringement analysis").

[30] *See* 15 U.S.C. § 1125(d)(1)(A)(ii).

[31] *Id*. § 1051.

[32] *See id*. § 1125(a)(1) (stating that any "person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof").

similar" to marks,[33] which is a departure from the former likelihood of confusion test.[34]

Under the ACPA, a plaintiff must prove three key elements. First, the plaintiff must show that the mark embodied within the text of the domain name is either distinctive or famous.[35] Second, after this classification is determined, the plaintiff must show that the domain name is identical, confusingly similar, or dilutive of a protective mark.[36] Third, the plaintiff must show that the defendant possessed a bad faith intent to profit when registering the protected mark as a domain name.[37] If the plaintiff proves these elements, then 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."[38] When a personal name, rather than a trademarked term, is the subject of the domain name dispute, federal trademark law requires a showing that the registrant possessed "specific intent to profit";[39] however, case law

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[33] *Id*. § 1125(d)(1)(A)(ii)(I).

[34] *See id*. § 1125(a)(1)(A) (noting that infringement may exist when a protected mark is issued in a manner that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person").

[35] *See* Jason H. Kaplan, Comment, *The Anticybersquatting Consumer Protection Act: Will It End the Reign of the Cybersquatter?*, 8 UCLA ENT. L. REV. 43, 54 (2000) (stating that under the "ACPA, the level of distinctiveness or fame controls the level of protection the mark receives").

[36] *See* Cello Holdings, L.L.C. v. Lawrence-Dahl Cos., 89 F. Supp. 2d 464, 472 (S.D.N.Y. 2000) (noting that the ACPA "distinguishes between a 'distinctive' mark and a 'famous' mark. Liability is imposed with respect to a 'distinctive' mark if the domain name is 'identical or confusingly similar.' Liability is imposed with respect to a 'famous' mark if the domain name is 'identical or confusingly similar to or dilutive of that mark.'") (citations omitted).

[37] *See, e.g.*, Bihari v. Gross, 119 F. Supp. 2d 309 (S.D.N.Y. 2000); Jennifer Mae Slonaker, Comment, *Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection*, 26 U. DAYTON L. REV. 121, 134 (2000).

[38] 15 U.S.C. § 1125(d)(1)(C).

[39] *Compare* 15 U.S.C. § 1129(1)(A) (stating that "[a]ny person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person"), *with* 15 U.S.C. § 1125(d)(1)(A)(i) (requiring "a *bad faith* intent to profit") (emphasis added). Case law has not yet, however, made such a distinction. *See, e.g.*, Cline v. 1-888-Plumbing Group,

rarely, if ever, makes such a distinction.[40] This Article will address the bad faith intent to profit standard and provide an analysis of various cases addressing Internet domain name disputes since the ACPA's enactment.

II. THE CASES

A. *The First Appellate Bite at the ACPA Apple*

Since the ACPA's inception on November 29, 1999, various federal courts have tackled issues that the ACPA was intended to address. The most notable case to date is the first federal appellate decision utilizing the ACPA to decide a domain name dispute: *Sporty's Farm L.L.C. v. Sportman's Market, Inc*.[41] In this Second Circuit case, both sides appeared to be suing each other for anything and everything. Briefly stated, Plaintiff-Counter-Defendant-Appellant-Cross-Appellee Sporty's Farm L.L.C. (hereinafter "Sporty's Farm") and Defendant-Third-Party-Plaintiff-Counter-Claimant-Appellee-Cross Appellant Sportsman's Market, Inc. (hereinafter "Sportsman's") disputed the rights to the domain name "sportys.com."[42]

Inc., 146 F. Supp. 2d 351 (S.D.N.Y. 2001) (making no distinction between personal names and famous marks and generally stating that it is the bad faith intent to profit standard that is required for a civil action pursuant to the ACPA).

[40] *See, e.g.*, Morrison & Foerster LLP v. Wick, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000) (noting that the "pivotal question is whether [the defendant] 'has a bad faith intent to profit' from the use of the mark," and making no distinction for different standards when a personal name is the subject of the litigation as compared to a marked term).

[41] 202 F.3d 489 (2d Cir. 2000), *cert. denied*, 530 U.S. 1262 (2000). This case was initially argued on March 17, 1999, prior to the passing of the ACPA. While the ACPA was not an issue before the U.S. District Court for the District of Connecticut, which heard the initial argument prior to this appeal, the Second Circuit decided to use the ACPA. *See id.* at 492 ("This case originally involved the application of the Federal Trademark Dilution Act (FTDA) to the Internet. While the case was pending on appeal, however, the Anticybersquatting Consumer Protection Act (ACPA) was passed and signed into law. That new law applies to this case.") (citations omitted).

[42] *See id.* There was another party listed in the case, Third-Party-Defendant-Appellee Omega Engineering, Inc. (the parent company of Sporty's Farm), who did not contest anything on appeal because it "prevailed on all claims made against it . . . ." *Id.* at 495 n.8.

Sportsman's was a mail order catalog that sold products associated with aviation, tools, and home accessories.[43] The company used the term "sporty" as a means for consumers to identify its products.[44] Sportsman's used this term for almost forty years prior to the case and registered it as a trademark approximately fifteen years before commencement of the suit.[45] Sportsman's spent a great deal of money advertising the term "sporty" for use with the sale of its products and built its company telephone numbers around this term for consumer convenience.[46]

Sporty's Farm, founded in 1996 to sell Christmas trees, was a subsidiary company to Omega Engineering, Inc. (hereinafter "Omega").[47] Prior to the creation of Sporty's Farm, Omega and another subsidiary company, Pilot's Depot, created in 1995 for the purposes of selling products associated with aviation, registered the domain name sportys.com.[48] Omega owner Arthur Hollander, who "was a pilot who received Sportsman's catalogs and thus was aware of the *sporty's* trademark," created both Sporty's Farm and Pilot's Depot.[49] Additionally, Sporty's Farm's manager, Ralph S. Michael, served as the CEO for Omega.[50]

When Sportsman's learned about the registration of the sportys.com domain name, Sporty's Farm brought a declaratory action to determine who held the rights to the domain name.[51] Sporty's Farm's apparent reason for choosing the sportys.com domain name was that manager/CEO Michael

> always thought of and referred to the Pennsylvania land where Sporty's Farm now operates as *Spotty's Farm*. The origin of the name . . . derived from a childhood memory [Michael] had of his uncle's farm in upstate New York. As a youngster, Michael owned a dog named Spotty. Because the dog strayed, his uncle took him to his upstate farm.

43 *Id.* at 493–94.
44 *Id.* at 494.
45 *Id.*
46 *Id.*
47 *Id.*
48 *Id.*
49 *Id.*
50 *Id.*
51 *Id.*

> Michael thereafter referred to the farm as Spotty's farm. The name Sporty's Farm was . . . a subsequent derivation.[52]

Because it was reported that Hollander—who had knowledge of the "sporty's" term and its association with aviation products—registered the name, and not Michael, the court quickly invalidated this excuse. The Second Circuit aptly noted that there was "no evidence in the record that Hollander was considering starting a Christmas tree business when he registered sportys.com or that Hollander was ever acquainted with Michael's dog Spotty."[53]

Initially, the U.S. District Court for the District of Connecticut had based its determination on both traditional trademark infringement and dilution principles.[54] On the traditional infringement claim, the district court held that Sporty's Farm did not violate Sportsman's trademark rights in the use of sportys.com, because there was no likelihood of consumer confusion; Sportsman's and Sporty's Farm operated "wholly unrelated businesses [and t]herefore, confusion in the marketplace is not likely to develop."[55] On dilution grounds, however, the district court found that the term "sporty's" was a famous mark entitled to protection, and Sporty's Farm's use of this term "effectively compromise[d] Sportsman's Market's ability to identify and distinguish its goods on the Internet."[56] Accordingly, the district court ordered Sporty's Farm to relinquish the sportys.com domain name.[57]

Between the time the district court heard the case and the case was presented to the Second Circuit, the ACPA was enacted. Although the ACPA was not available prior to the appeal, the Second Circuit noted that its purpose was to address this type of domain name dispute and other circumstances where ordinary trademark law principles would not be specifically on point or

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[52] *Id.*
[53] *Id.*
[54] *Id.*
[55] Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., No. 3:96CV0756, 1998 U.S. Dist. LEXIS 23290, at *14 (D. Conn. Mar. 13, 1998).
[56] *Id.* at *23.
[57] *Id.* at *28–*29.

offer strong enough protections to trademark holders.[58] The Second Circuit therefore applied the ACPA to this case.[59]

The Second Circuit found that the term "sporty's" was distinctive and thus entitled to protection under the ACPA.[60] Moreover, the court reasoned that this term, as used in the domain name sportys.com, was "confusingly similar" to the mark "sporty's," despite the fact that there was an apostrophe between the letter "y" and the second "s" in the protected mark but not in the domain name.[61] The Second Circuit noted that although this difference prevented the domain name from being "precisely identical to the *sporty's* mark,"[62] the trademarked term was still confusingly similar to the domain name because apostrophes and other features commonly used in the alphabet could not be used in an Internet domain name.[63]

After deciding that the ACPA was applicable to this case and that the term "sporty's" was entitled to protection under the Act, the *Sporty's Farm* court needed to determine whether the ACPA provided a remedy to decide who should have rights to the

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[58] *See Sporty's Farm*, 202 F.3d at 497.

> 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. at 495 (citing S. REP. NO. 106-140, at 7 (1999)).

[59] *See id.* at 496–97 (noting that the general rule is to "apply the law that exists at the time of the appeal" and finding that the ACPA "constitutes a particularly good fit with this case").

[60] *See id.* at 497.

[61] *See id.* at 497–98.

[62] *Id.* at 498.

[63] *See id*. at 497–98.

sportys.com domain.[64] This issue involved an analysis of the "bad faith intent to profit factors" outlined in the ACPA.[65]

The Second Circuit addressed most of the ACPA's bad faith intent to profit factors as well as issues presented in the facts that did not fit within the criteria of any enumerated factor. It determined that there was "ample and overwhelming evidence that, as a matter of law, Sporty's Farm's [sic] acted with a 'bad faith intent to profit' from the domain name sportys.com, as those terms are used in the ACPA."[66] Addressing the first factor of the bad faith intent to profit standard, the court found that neither Sporty's Farm nor its parent company, Omega, "had any intellectual property rights in sportys.com at the time Omega registered the domain name."[67] As the court noted, "Sporty's Farm was not formed until nine months after the domain name was registered, and it did not begin operations or obtain the domain name from Omega until after [the] lawsuit was filed."[68] Regarding the second factor of the standard, the court found that the domain name sportys.com failed to bear any relation to the "legal name of the party that registered it, Omega."[69] The court addressed the ACPA's third bad faith factor and recognized that Sporty's Farm had not used the website with the sportys.com name until after the litigation had begun.[70] Applying additional ACPA factors, the court determined that Sporty's use of the sportys.com domain was never "noncommercial," or a "fair use of the mark," and that Sporty's bought the name from Omega under "suspicious circumstances."[71]

The *Sporty's Farm* court went beyond application of the factors enumerated in the ACPA. It found that the most convincing basis for a finding of bad faith intent to profit stemmed from circumstances that were covered within the specific wording

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64 *See id.* at 498.
65 *See id.*
66 *Id.*
67 *Id*. at 498 (citing 15 U.S.C. § 1125(d)(1)(B)(i)(I) (2000)).
68 *Id*.
69 *Id.* at 498–99 (citing 15 U.S.C. § 1125(d)(1)(B)(i)(II)).
70 *Id.* at 499 (citing 15 U.S.C. § 1125(d)(1)(B)(i)(III)).
71 *Id.* (citing 15 U.S.C. § 1125(d)(1)(B)(i)(IV), (VI)).

of the ACPA.[72] The court found that Omega's intentions to "enter into direct competition with Sportsman's in the pilot and aviation consumer market,"[73] as well as Hollander's knowledge that the term "sporty's" provided a strong link between the Sportsman's company and the products it sold in the aviation market,[74] meant that Omega intended to register sportys.com "for the primary purpose of keeping Sportsman's from using that domain name."[75] The court also noted that Omega's creation of an unrelated business with the name Sporty's Farm subsequent to the lawsuit's filing, as well as Michael's suspect explanation for using the sportys.com domain name, demonstrated evidence of bad faith.[76]

B. *Other Appellate Court ACPA Decisions Since* Sporty's Farm

Sporty's Farm was the first federal appellate court to apply the ACPA and it has since been utilized as strong precedent for interpretation of the statute. In later appellate decisions, the First, Third, Fourth, and Fifth Circuits have also addressed the ACPA in depth and have discussed the bad faith intent to profit factors.

In *Northern Light Technology, Inc. v. Northern Lights Club*,[77] the First Circuit decided a dispute regarding the domain name "northernlights.com."[78] Since 1997, plaintiff Northern Light Technology, Inc., used the domain name "northernlight.com" for

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[72] *See id*.

[73] *Id.*

[74] *See id.*

[75] *Id*.

[76] *See id.* (noting that Omega created another company named Sporty's Farm in an unrelated business so that it could (1) use the sportys.com name in some commercial fashion, (2) keep the domain name away from competitor Sportsman's, and (3) protect itself in any type of trademark infringement claim brought by Sportsman's for use of the name). The court further stated that "the explanation given for Sporty's Farm's desire to use the domain name, based on the existence of the dog Spotty, is more amusing than credible." *Id.* It should be noted, however, that although the court found injunctive relief proper on behalf of Sportsman's Market, it found that monetary damages were not available. *Id.* at 501. In reaching this conclusion, the Second Circuit upheld the District court's determination that the requirement for damages under the FTDA was not present. *Id.* at 500. Further, the Second Circuit reviewed Connecticut law and deemed that its requirements for damages were also not present in this case. *See id.* at 500–01.

[77] 236 F.3d 57 (1st Cir. 2001).

[78] *See id*. at 58–61.

use as an Internet search engine.[79] The defendant, unlike the defendant in *Sporty's Farm*, had Internet expertise, as it was a subsidiary company owned by a Canadian corporation whose president, Mr. Burgar, described himself as an "Internet entrepreneur."[80] Specifically, Burgar (also a defendant in the case) had, "since the mid-1990's, registered thousands of 'catchy' domain names . . . the names of popular people and organizations."[81] He was also president of the subsidiary corporation, Northern Lights Club, for which the domain name was used.[82] Northern Lights Club was "an unincorporated association with a listed address in Las Vegas, Nevada."[83] Its stated mission was to "bring together devotees of the Northern Lights, or aurora borealis, including businesses that take their name from the famous celestial phenomenon."[84] Despite this illustrious description of the organization's intended purpose, Burgar's club failed to develop a strong following. In fact, his testimony indicated that the club had "no actual individual members."[85] The plaintiff first learned of the existence of a website correlating to the northernlights.com domain on March 2, 1999.[86]

Notwithstanding defendant's claims of what the northernlights.com site was originally intended for, when the site went active in April of 1999, it displayed, among other things, a search feature for specific words or phrases within the site, links to various businesses, and an unauthorized link to the northernlight.com website.[87] Prior to appeal before the First Circuit, the U.S. District Court for the District of Massachusetts granted a preliminary injunction on grounds, inter alia, that the defendant would most likely be found to have operated with a bad

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[79] *See id.* at 58.

[80] *See id.* at 58–59 (specifically referring to defendant Jeff Burgar, the President of 641271 Alberta, Ltd.).

[81] *Id.* at 59.

[82] *See id.* at 58–59.

[83] *Id*. at 59.

[84] *Id*.

[85] *Id*.

[86] *See id.*

[87] *See id.*

faith intent to profit from use of the northernlights.com domain name.[88]

Despite the *Sporty's Farm* holding, this may have been the first federal appellate decision under the ACPA to address the very reason Congress enacted the ACPA—to tackle the cybersquatter. The defendant in *Northern Lights* admitted to registering multiple domain names containing famous trademarks,[89] a modus operandi that the ACPA was intended to inhibit and control.[90] The court noted (1) the defendant's multiple registrations, the multiple (and possibly conflicting) reasons behind the registration of the domain name at issue; (2) the defendant's "apparent openness to sell the northernlight[s].com registration to the plaintiff at the right price";[91] and (3) a "history of disregarding cease-and-desist letters from legitimate trademark owners"[92] to conclude that the defendants acted with bad faith and, therefore, affirmed the district court's injunction.[93]

Although this decision in *Northern Lights* appears consistent with the stated and intended purpose of the ACPA, the query arises as to whether the defendant in *Northern Lights* was a cybersquatter per se, or a "typosquatter." A typosquatter is an individual who registers domain names that have intentional misspellings of marked terms—a behavior that may be a derivation of a cybersquatter.[94] Although the *Northern Lights* court faced this

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[88] *See id.* at 61 (citing N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 115–20 (D. Mass. 2000)).

[89] *See id*. at 65.

[90] *See supra* note 6.

[91] *N. Light Tech.*, 236 F.3d at 65.

[92] *Id*.

[93] *See id.* at 65–66.

[94] *See The Word Spy* (defining typosquatter as "[a] person who registers one or more Internet domain names based on the most common typographical errors that a user might commit when entering a company's registered trademark name."), *at* http://www.wordspy.com/words/typosquatter.asp (n.d.); *Definitions: typosquatting*, *at* http://searchwebservices.techtarget.com/ sDefinition/ 0,,sid26_gci342237,00.html (n.d.).

> Typosquatting is a form of Internet cybersquatting, based on the probability that a certain number of Internet users will mistype the name of a Web site . . . when surfing the Web. Typically, a typosquatter will register several possible input errors for a "brand name" Web site known for its high traffic, and then monitor to see how many clicks a day each of their "typo" domain names

issue, it did not specifically address it, thus leaving room for a sophisticated cybersquatter to argue an open question of law not yet addressed by a federal court of appeals. The *Northern Lights* decision unintentionally left the door open for one to find a loophole in the ACPA.

Any discrepancy left open by *Northern Lights*, however, was quickly cleared up in *Shields v. Zuccarini*,[95] where the Third Circuit had its first opportunity to deal with a cybersquatter. There, the defendant, John Zuccarini, was notorious for his registration of many domain names that bore an all-too-striking resemblance to famous organizations. Mr. Zuccarini was the stereotypical cybersquatter the ACPA was intended to prevent. During this litigation, as well as during another well-known case,[96] Mr. Zuccarini learned about the effect and purpose of the ACPA and about domain name disputes.

Before discussing Mr. Zuccarini further, a comparison must be made to Dennis Toeppen.[97] If John Zuccarini is the poster boy for the type of behavior the ACPA sought to prevent, then Dennis Toeppen, a pre-ACPA cybersquatter, is the "godfather" of domain name cyberpiracy.[98] Briefly stated, Toeppen was involved in

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> receives, and use the information to sell advertising for the sites that receive a high volume of accidental traffic.

Id. *See also* Lisa T. Oratz, *Trademarks and the Internet* ("Typosquatters register domain names that are nearly identical to the actual domain names used by other organizations. The slight differences between the domain names are intended to catch Web users who make typographical or punctuation errors when entering a Web site's address."), *at* http://www.perkinscoie.com/resource/ecomm/trademarks.htm (n.d.).

[95] 254 F.3d 476 (3d Cir. 2001).

[96] *See* Elecs. Boutique Holdings Corp. v. Zuccarini, No. CIV.A.00-4055, 2000 WL 1622760 (E.D. Pa. Oct. 30, 2000).

[97] *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996). These were Mr. Toeppen's two most famous cases.

[98] Some commentators have even gone so far as to label several of the ACPA bad faith intent to profit factors as "Toeppen factors." *See, e.g.*, Jeremy D. Mishkin, *Master of Your Domain—An Overview of the Anticybersquatting Consumer Protection Act*, COMM. LAW (ABA, Chicago, Ill.), Spring 2000, at 3, 3–5 (commenting on each of the ACPA's bad faith intent to profit factors, and implying that some are based on the actions of Mr. Toeppen), *available at* http://www.abanet.org/forums/communication/comlawyer/spring00/mishkins.html.

several pre-ACPA disputes over domain names.[99] He registered many popular terms as domain names and offered to sell them well above market value.[100] He also used clever tactics, such as attempting to persuade plaintiffs not to seek remedies in courts,[101] and placed pictures and information about localities having a name similar to a protected mark online, thus trying to legitimize his behavior.[102] None of the courts that heard Toeppen's cases condoned his actions.[103] Since his last well-known case in 1998,[104] as well as the enactment of the ACPA, the cybersquatting world has not heard much about Toeppen, so it must now rely on the stories and defenses of John Zuccarini.

In *Shields v. Zuccarini*,[105] the plaintiff was a cartoon artist who marketed his graphics under the label "Joe Cartoon." The plaintiff used this label to identify and market his work for fifteen years prior to the inception of litigation and even registered the domain name "joecartoon.com" to display his product online.[106] The defendant, a domain-name "wholesaler," i.e., one who acquires "multiple domain names with the intent to profit from them,"[107] registered various domain names similar to the plaintiff's.[108] The defendant registered "joescartoon.com," "joecarton.com," "joescartons.com," "joescartoons.com," and "cartoonjoe.com."[109] Initially, the content posted by the defendant on these sites consisted primarily of advertisements for credit card companies

[99] *See Panavision*, 141 F.3d at 1316; *Intermatic*, 947 F. Supp. at 1227.
[100] *See, e.g.*, *Panavision*, 141 F.3d at 1319; *Intermatic*, 947 F. Supp. at 1230.
[101] *See Panavision*, 141 F.3d at 1319.
[102] *See id.*
[103] *See Panavision*, 141 F.3d at 1324–27; *Intermatic*, 947 F. Supp. at 1239–41.
[104] *See Panavision*, 141 F.3d at 1316.
[105] 254 F.3d 476, 479 (3d Cir. 2001).
[106] *Id.*
[107] *Id*. at n.1.
[108] *See id.* at 479–80; Elecs. Boutique Holdings Corp. v. Zuccarini, No. 00-4055, 2000 U.S. Dist. LEXIS 15719 (E.D. Pa. Oct. 30, 2001), *aff'd*, No. 01-1476, 2002 U.S. App. LEXIS 9247 (3d Cir. Apr. 25, 2002). This case is discussed in greater detail *infra* text accompanying notes 159, 161–165. In *Electronics Boutique Holdings*, the District court noted that many other claims have been brought against Zuccarini by entities such as Radio Shack, Office Depot, Nintendo, Hewlett-Packard, the Dave Matthews Band, the Wall Street Journal, Encyclopedia Britannica, Guinness beers, Spiegel's, the Sports Authority, Yahoo!, and Calvin Klein. *Id.* at *7.
[109] *Shields*, 254 F.3d at 480.

and other websites. The defendant received revenue when these sites were viewed.[110] After the plaintiff sent cease-and-desist letters to the defendant, however, the sites' contents quickly changed into a self-proclaimed political protest providing a general rant about various topics. These topics ranged from the idea that "joecartoon.com is a web site that depicts the mutilation and killing of animals in a shockwave based cartoon format" to thoughts on the policies of domain name registries, and even the ACPA itself.[111] Interestingly, all of Mr. Zuccarini's political views were directed at his legal adversary as well as the legal tools and procedures involved in the domain name system.[112]

One of Zuccarini's defenses to the ACPA claim was that he was not "cybersquatting," the type of behavior the ACPA was intended to deter.[113] Rather, he was "typosquatting."[114] He argued that this conduct was outside the scope of the ACPA, thus shielding him from liability.[115] The Third Circuit quickly rejected this defense after noting that a primary legislative intent of the ACPA was to deter those who "often register well-known marks to prey on consumer confusion by misusing the domain name to divert customers from the mark owner's site" to another site.[116] The Third Circuit recognized that the ACPA

> covers the registration of domain names that are "identical" to distinctive or famous marks, but it also covers domain names that are "confusingly similar" to distinctive or famous marks. A reasonable interpretation of conduct covered by the phrase "confusingly similar" is the intentional registration of domain names that are misspellings of distinctive or famous names, causing an Internet user who makes a slight spelling or typing error to reach an unintended site. . . . [Zuccarini's] intent was . . . to register a domain name in anticipation that consumers

[110] *See id*.
[111] *See id*. (describing defendant's pages of "POLITICAL PROTEST") (citing Shields v. Zuccarini, 89 F. Supp. 2d 634, 635–36 (E.D. Pa. 2000)).
[112] *See id.*
[113] *See Shields*, 254 F.3d at 483.
[114] *Id.*; *see also supra* note 94.
[115] *See id.*
[116] *Id*. at 484 (citing S. REP. NO. 106-140, at 15 (1999)).

> would make a mistake, thereby increasing the number of hits his site would receive, and, consequently, the number of advertising dollars he would gain.[117]

The Third Circuit deemed Zuccarini's conduct "a classic example of a specific practice the ACPA was designed to prohibit."[118] The Third Circuit held that Zuccarini possessed the requisite bad faith intent to profit for an action under the ACPA, based on Zuccarini's lack of intellectual property rights in the "Joe Cartoon" mark or any use of it in connection with the bona fide offering of goods or services.[119] In addition, the court found that by diverting consumers from the plaintiff's website, the defendant harmed the good will associated with the "Joe Cartoon" mark.[120] Zuccarini raised an absolute defense to the bad faith intent to profit standard by insisting that his use of the websites, on which his "political protest" appeared, was an exercise of his First Amendment right to free speech.[121] He argued that such use was protected from liability under the ACPA's "safe harbor" provision.[122] The *Shields* court quickly rejected this defense, relying on the district court's response that Zuccarini's claim was nothing more than a "spurious explanation cooked up purely for this suit."[123]

In another case applying the ACPA, *Virtual Works, Inc. v. Volkswagen of America, Inc.*,[124] the Fourth Circuit found that Virtual Works acted with bad faith intent to profit when it registered the domain name, "vw.net." The term "VW" is commonly associated with the Volkswagen automobile, and those at Virtual Works who registered this domain name knew that Internet users might believe "vw.net" was a website associated with the carmaker.[125] In fact, Virtual Works contemplated selling the domain name for "a lot of money" should Volkswagen be

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[117] *Id*. at 483–84 (citation omitted).
[118] *Id*. at 484.
[119] *Id.* at 484–85.
[120] *See id*. at 485.
[121] *See id.* at 485.
[122] *Id*. (quoting 15 U.S.C. § 1125(d)(1)(B)(ii) (2000)).
[123] *Id*. at 485 (quoting Shields v. Zuccarini, 89 F. Supp. 2d 634, 640 (E.D. Pa. 2000)).
[124] 238 F.3d 264 (4th Cir. 2001).
[125] *See id*. at 266.

interested in its ownership.[126] Several Volkswagen dealerships made offers to Virtual Works for ownership of the domain name.[127] In response, a representative of Virtual Works telephoned the main Volkswagen office stating that if Volkswagen did not buy the rights to vw.net within twenty-four hours, the site would be sold to the highest bidder.[128]

Applying the ACPA, the Fourth Circuit found that Virtual Works possessed bad faith intent to profit and affirmed the U.S. District Court for the Eastern District of Virginia's judgment to turn the domain name over to Volkswagen.[129] Bad faith was established based on Virtual Works' desire to profit from Volkswagen at the time of registration by registering a domain name with "overwhelming" similarities to the trademarked term.[130] The court also cited the terms of Virtual Works' offer to Volkswagen, distinguishing it from legitimate domain name sale techniques.[131]

Subsequently, and without reference to *Virtual Works*, the Fourth Circuit found that a bad faith intent to profit existed in *People for the Ethical Treatment of Animals v. Doughney*.[132] The defendant, a former Internet executive who owned 50–60 domain names, registered "peta.org" and began using the site to mock People for the Ethical Treatment of Animals (PETA).[133] The web site displayed a web page entitled "People Eating Tasty Animals" and provided information supporting issues PETA opposed.[134]

The Fourth Circuit upheld a district court determination[135] that Doughney possessed a bad faith intent to profit when registering PETA as a domain name.[136] In doing so, the Fourth Circuit

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[126] *Id.*
[127] *Id.* at 266–67.
[128] *See id.* at 267.
[129] *See id*. at 271.
[130] *See id.* at 269–70.
[131] *See id*. at 270.
[132] 263 F.3d 359, 369 (4th Cir. 2001).
[133] *See id.* at 362–63.
[134] *See id*.
[135] People for the Ethical Treatment of Animals, Inc. v. Doughney, 113 F. Supp. 2d 915 (E.D. Va. 2000), *aff'd*, 263 F.3d 359 (4th Cir. 2001).
[136] *See People for the Ethical Treatment of Animals*, 263 F.3d at 368–69.

utilized all of the enumerated factors in the ACPA.[137] Specifically, the Fourth Circuit noted that Doughney was an individual who registered multiple domain names "identical or similar to the marks or names of famous" persons and organizations, he possessed no legitimate intellectual property rights or claim to identity in the "PETA" term, had no prior use of that term, and his use of the "People Eating Tasty Animals" website was a commercial use.[138] Furthermore, the Fourth Circuit affirmed the district court's finding that Doughney "clearly intended to confuse, mislead and divert [I]nternet users into accessing his web site which contained information antithetical and therefore harmful to the goodwill represented by the PETA Mark."[139] It also found that by "recommending that PETA attempt to 'settle'" the dispute, Doughney showed bad faith intent to profit.[140]

The Fifth Circuit had its opportunity to interpret and apply the ACPA in *E. & J. Gallo Winery v. Spider Webs, Ltd.*,[141] in which the defendants registered "ernestandjuliogallo.com," a domain name essentially identical to the protected title, name, and mark of the plaintiff's popular wine selling and distribution business.[142] In its analysis, the Fifth Circuit applied the ACPA consistently with the interpretations of other federal circuit courts. The Fifth Circuit relied on the *Sporty's Farm* decision, the *Shields* decision, and the *People for the Ethical Treatment of Animals* decision in affirming a finding of bad faith intent to profit.[143]

Since registering the "Ernest & Julio Gallo" trademark in 1964, the plaintiffs had registered various similar terms and domain names but had not registered the specific term at issue.[144] They also spent hundreds of millions of dollars in promoting their brands

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[137] *See id*.
[138] *See id*. at 369.
[139] *Id*. (quoting *People for the Ethical Treatment of Animals*, 113 F. Supp. 2d at 920).
[140] *See id.*
[141] 286 F.3d 270 (5th Cir. 2002).
[142] *See id*. at 276.
[143] *See id*. at 277.
[144] *See id*. at 272; E. & J. Gallo Winery v. Spider Webs Ltd., 129 F. Supp. 2d 1033, 1035 (S.D. Tex. 2001) (noting the various domain names that the plaintiff registered for its winemaking business, including "GALLO.DE, EJGALL.DE, ERNEST-JULIO-GALLO.COM, GALLOWINERY.COM, EJGALLO.COM, and GALLOWINE.COM").

and brand names.[145] The defendant was a limited partnership that developed Internet address names.[146] It registered over two thousand Internet domain name addresses, many of which could be associated with well-known businesses, and placed some of these addresses for sale on eBay with asking prices in excess of $10,000.[147] The defendants admitted that the "ernestandjuliogallo.com" domain name was "valuable because of the goodwill that Gallo had developed in its name" and that when this domain name was registered, the defendants "hoped that Gallo would contact" them about the domain name, so they could assist Gallo "in some way."[148] Approximately six months subsequent to commencement of this lawsuit, the defendants used the offending site to discuss the lawsuit, problems associated with the consumption of alcohol, and "alleged misrepresentations by corporations."[149]

Applying the ACPA, the court found that the defendants could not claim any intellectual property rights in the domain name.[150] This domain name was not used by or used to identify the defendant Spider Webs in any manner prior to the litigation—an important characteristic to consider because it is conduct that relates to three separate factors of the ACPA bad faith intent to profit analysis.[151] More importantly, Spider Webs' initial use of the domain name *subsequent* to the commencement of the litigation undermined any claim it might have proffered to show that use of the "ernestandjuliogallo.com" domain name was not in bad faith.[152] The Fifth Circuit also based its finding of bad faith intent to profit on Spider Webs' awareness of the goodwill of the plaintiff's mark, its specific desire to offer the domain name for sale, the defendant's primary function as an entity that registered

[145] *E. & J. Gallo*, 286 F.3d at 272.
[146] *Id*. at 272.
[147] *Id*.
[148] *Id*.
[149] *See id.* at 272–73.
[150] *See id.* at 275.
[151] *See id*. The ACPA bad faith intent to profit factors that this type of conduct covers are specified in 15 U.S.C. § 1125(d)(1)(B)(i)(I)–(III) (2000).
[152] *Id*. at 276 (citing Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 499 (2d Cir. 2000), *cert. denied*, 530 U.S. 1262 (2000)).

and resold domain names, and its efforts to sell these domain names for prices well above market value.[153]

C. Appellate Decision Analysis

The *Virtual Works* court appeared to face a similar type of "infringer" as the *Sporty's Farm* court faced; however, this type of defendant does not appear to be the stereotypical cybersquatter that the ACPA aims to deter.[154] Nevertheless, the facts each circuit court faced seemed within the realm of criteria for which the ACPA was intended. Although the *Sporty's Farm* court found the most convincing basis for a determination of bad faith in facts not specifically within the ACPA's enumerated factors, it nevertheless applied the ACPA's factors to the defendant's actions.[155] The *Virtual Works* court, however, did not individually analyze these various factors, but instead decided the case based on the facts in the aggregate. While the *Virtual Works* court used the ACPA as a guide in making its determination of bad faith intent to profit, it appeared to base its conclusion on a traditional likelihood of confusion test with a twist of the factors noted in the ACPA.[156]

Regardless, when confronted with the stereotypical cybersquatter, the federal appellate courts appear to stop the cybersquatter right in his tracks. The *Shields* case is a perfect example of a federal appellate court's use of the ACPA to control a cybersquatter.[157] Relying on the *Sporty's Farm* precedent, the *Shields* court realized that defendant John Zuccarini was a true cybersquatter and chose to make an example out of him.[158] In analogous situations, both the *E. & J. Gallo Winery* court and the *Northern Lights Technology* court decided to do the same. Despite *Sporty's Farm* being known as the origin for precedent, *Shields*, *E. & J. Gallo Winery*, and *Northern Lights Technology* epitomize the type of individual the creators of the ACPA had in mind prior to its

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[153] *See id*. at 276–77.

[154] *See, e.g.*, Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996).

[155] *See Sporty's Farm*, 202 F.3d at 498–99.

[156] *See* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 267–70 (4th Cir. 2001).

[157] *See* Shields v. Zuccarini, 254 F.3d 476 (3d Cir. 2001).

[158] *See id.*

enactment. *Sporty's Farm*, despite the ultimate finding of bad faith, considered an alleged infringer that did not engage in the same type of behavior as the stereotypical cybersquatter. *Shields*, *E. & J. Gallo Winery*, and *Northern Lights Technology*, on the other hand, demonstrated that in situations involving true cybersquatters, application of the ACPA is uniform. It appears that the holding of *Sporty's Farm* will be applicable in situations involving both the cybersquatter and those who do not fit neatly into the definition. *Sporty's Farm*, therefore, provides the best basis for ACPA interpretation.

D. District Court Determinations

Similar to federal appellate decisions, district courts have also found bad faith intent to profit present in various cases. There appears to be little, if any, deviation from federal precedent and *Sporty's Farm*.

One district court case, *Electronics Boutique Holdings Corp. v. Zuccarini*,[159] involved the infamous John Zuccarini, of, among others, *Shields v. Zuccarini*[160] fame. As in Zuccarini's other brushes with the ACPA, several domain names similar to the plaintiff's protected mark were at issue.[161] Plaintiff Electronics Boutique, the well-known retailer of video and computer games and accessories, had intellectual property rights in the terms "electronics boutique" and "EB."[162] Zuccarini registered various domain names with very similar spellings to these marks—often only one letter off from the actual word.[163]

In analyzing the ACPA claim, the *Electronics Boutique* court found that Zuccarini acted with a bad faith intent to profit from his multiple registrations of domain names similar to plaintiff's mark.[164] The court applied the ACPA bad faith intent to profit

[159] No. 00-4055, 2000 U.S. Dist. LEXIS 15719 (E.D. Pa. Oct. 30, 2001), *aff'd*, No. 01-1476, 2002 U.S. App. LEXIS 9247 (3d Cir. Apr. 25, 2002).
[160] *See Shields*, 254 F.3d at 476.
[161] *Elecs. Boutique*, 2000 U.S. Dist. LEXIS 15719, at *2–*3.
[162] *See id*. at *6–*7.
[163] *See id*. at *8.
[164] *See id.* at *19 ("Mr. Zuccarini's bad-faith intent to profit from the domain misspellings is abundantly clear.").

factors and found that Zuccarini had no legitimate purpose for registration of the domain names and that he "intended to prey on the confusion and typographical and/or spelling errors of Internet users . . . for his own commercial gain."[165]

The U.S. District Court for the District of Colorado, in *Morrison & Foerster LLP v. Wick*,[166] also found a bad faith intent to profit in a case involving an individual who registered multiple domain names that were identical or closely similar to protected marks. The defendant registered domain names with both actual spellings and common misspellings of the plaintiff's well-known law firm,[167] as well as domain names containing names of similar firms.[168] The plaintiff, an established law firm, litigated for the rights to the domain names.[169] On the web sites linked to the domain names, the defendant had established web pages containing offensive messages about the plaintiff, such as "We're your good paid friends!"; "Best friends money can buy"; "Greed is good"; "We bend over for you . . . because you bend over for us!"; and "Parasites No Soul . . . No Conscience . . . No Spine . . . NO PROBLEM."[170] The defendant also included links to other sites containing offensive phrases, thus suggesting that the plaintiff affiliated with certain unpopular causes and organizations.[171] The

[165] *Id*. at *20.

[166] 94 F. Supp. 2d 1125 (D. Colo. 2000).

[167] *See id.* at 1127 (Wick "registered the domain names www.morrisonfoerster.com, www.morrisonandfoerster.com, www.morrisonforester.com, and www.morrisonandforester. com . . . .").

[168] *See id.* at 1132 (Wick "registered the names of over ninety law firms, including: www.HollandandHart.com, www.McKennaandCuneo.com, www.BakerandHostetler.com, [and] www.HallandEvans.com.").

[169] *See id*. at 1126–28.

[170] *Id*. at 1128.

[171] *See id*. (The defendant included links such as "www.LetsDoSomeIllegalSteroids.com, www.GestapoTactics.com, www.HolocaustMemorial.com, www.MightAsWellFireUpThe Ovens.com, www.JewKike.com, www.NoIrishNeedApply.com, www.NativeAmericansAre FinallyGettingTheirLandBack.com, [and] www.WhatExcuseDoWeGetToUseForTheNext ColumbineHighSchoolTragedy.com.").

defendant described his actions as a method of "messing" and "hav[ing] fun with" big law firms and corporate America.[172]

The *Morrison & Foerster* court found that the defendant possessed a bad faith intent to profit when registering the domain names.[173] Analyzing the ACPA's factors, the court based its determination on: (1) the defendant's lack of any rights or interest in the registered names; (2) the lack of any prior use by the defendant of the domain names; and (3) the likelihood that the names as registered would cause public confusion, divert Internet surfers, and disparage the plaintiff's reputation.[174] Although the defendant did not make a specific offer to sell the domain names to the plaintiff for a high price, the court nevertheless found that the defendant acted in a manner for financial gain based on an external factor to the situation. One of the domain names that defendant owned was entitled "NameIsForSale.com," which the court found sufficient to support a "reasonable inference of intent to sell the domain names for a profit."[175] The court overlooked any actual action by the defendant to transfer ownership of any registered domain name, recognizing that he could not have had time to negotiate potential sales of the registered names because he was too busy litigating domain name disputes.[176]

Behavior that did not fall within any of the specified ACPA factors supplemented the finding of bad faith and quite possibly secured the court's ultimate determination. The *Morrison & Foerster* court frowned heavily upon the defendant's "parody" of law firms and other corporations and did not approve of his personal, vengeful tactics and misappropriation of protected terms and marks.[177]

In *Victoria's Cyber Secret L.P. v. V Secret Catalogue, Inc.*,[178] the U.S. District Court for the Southern District of Florida found

[172] *Id.* at 1133 (citing the defendant's testimony in which he admitted to partaking in this behavior for comical reasons in an attempt to get even with companies after a contractual relation with a company was terminated).
[173] *See id*. at 1133–34.
[174] *See id.* at 1131–32.
[175] *Id*. at 1132.
[176] *See id.*
[177] *See id.* at 1133.
[178] 161 F. Supp. 2d 1339 (S.D. Fla. 2001).

that a bad faith intent to profit existed where the plaintiff registered multiple domain names containing the words "victoria" and "secret."[179] The defendant, Victoria's Secret, is the maker of intimate apparel for women.[180] The plaintiff claimed that it registered the domain names to publicize its affiliation with Playboy model Victoria Silvstedt, and as such, would have both a legitimate and fair use of any domain name including the terms, "victoria's," "sex," and "secret."[181] The plaintiff, however, never used the domain names at issue.[182] Additionally, the domain names were offered for sale to the defendant for "an amicable transfer agreement" to the plaintiff's attorney.[183] Nevertheless, similar to the circuit and district court decisions discussed above, the court found that the plaintiff violated the ACPA and had no valid intellectual property rights in the registered terms. In addressing the plaintiff's fair use defense, the court noted that one would need to be sophisticated in Internet adult entertainment to connect Victoria Silvstedt with the domain name, thereby negating the defense that no likelihood of confusion existed.[184] The court also noted that consumer confusion may arise because the domain names at issue would potentially "divert Internet consumers looking for Victoria's Secret's website to its own websites."[185] An additional weak point in the plaintiff's case was that any affiliation it may have had with Silvstedt was mutually terminated. In fact, Silvstedt filed documents with the court stating that she never consented to the plaintiff's use of her name.[186] Thus, any possible justification the plaintiff may have claimed for maintaining rights to use the words "Victoria's" and "secret" was clearly negated.[187]

In an interesting case, *CNN v. cnnews.com*,[188] the plaintiff was known worldwide as the originator of the cable news channel.[189]

[179] *Id.* at 1349.
[180] *See id.*
[181] *See id.* at 1344, 1353.
[182] *Id*. at 1343 (citing the pleadings filed in the case).
[183] *Id*.
[184] *See id.*
[185] *Id*.
[186] *See id.* at 1348.
[187] *See id.*
[188] 177 F. Supp. 2d 506 (E.D. Va. 2001) (mem.).
[189] *See id.* at 511–12.

The defendant, a subsidiary of a conglomerate based in China, used the "cnnews.com" website "to provide news and information to Chinese-speaking individuals worldwide."[190] The defendant claimed that this domain name was chosen because it stood for "China News" that "cn" is "widely used and understood to be an abbreviation for the country name 'China' and 'cn' is the top-level Internet domain for China."[191] The defendant further contended that its target audience was "located entirely within China," despite the court's observation that there was "a significant amount of English language content on both the cnnews.com site and various linked sites."[192]

Applying the ACPA factors, the *CNN* court found a bad faith intent to profit.[193] The court found that the defendant had no intellectual or fair use rights in the domain name cnnews.com and had not used this particular name for any reason prior to its registration.[194] Despite the *CNN* court's finding that several ACPA factors supported bad faith, the court's most compelling reason for this finding was based on the ACPA's fifth factor: the intent to divert consumers to another site with the purpose of damaging the goodwill of the mark.[195] The court found that the defendant went well beyond its stated target audience by placing a substantial amount of English on the site, as well as registering the domain name with a ".com," thereby ending with a domain registry from the U.S.[196] The court concluded, therefore, that the defendant possessed a bad faith intent to profit.[197]

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[190] *Id.* at 512.
[191] *Id*.
[192] *Id*.
[193] *See id*. at 523–27. It should be noted that this case is interesting for reasons beyond the scope of this article, as this case noted that the bad faith intent to profit standard is applicable to the in rem provisions of the ACPA. *Id*. at 510. *See also* BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 510 (S.D.N.Y. 2000); Harrods Ltd. v. Sixty Internet Domain Names, 110 F. Supp. 2d 420, 425 (E.D. Va. 2000). The ACPA enacted in rem provisions to address problems that mark holders were having in gaining personal jurisdiction over cybersquatters. *CNN*, 177 F. Supp. 2d at 525.
[194] *See CNN*, 177 F. Supp. 2d at 525–26.
[195] *See id*. at 525.
[196] *See id*. at 526.
[197] *See id*.

Similarly, in *Advance Magazine Publishers Inc. v. Vogue International*,[198] the U.S. District Court for the District of New Jersey found that the defendant possessed a bad faith intent to profit because the defendant registered several domain names containing the word "vogue."[199] Plaintiff, owner of the popular *Vogue* magazine, sought to register a domain name including this term.[200] In addition to finding that the defendant lacked any intellectual property rights in terms included in the domain names, the court found a bad faith intent to profit because, by the defendant's own admissions, he sought to capitalize from the notoriety of the plaintiff's protected mark.[201]

Recently, in *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*,[202] the U.S. District Court for the Eastern District of Virginia found that the defendant had a bad faith intent to profit from registration of "barcelona.com" and was thus liable under the ACPA.[203] The plaintiff, the registrant, sought a declaratory judgment against the defendant, the City Council of Barcelona, Spain.[204] Interestingly, this case involved application of the ACPA to a foreign trademark.[205] The court found a bad faith intent to profit based on the behavior of the owners of the barcelona.com domain name in registering approximately sixty "web sites containing city names and . . . well over 100 names in total."[206] The barcelona.com site consisted of information about the city of Barcelona, but this information was "provided through third party affiliates of barcelona.com, and not barcelona.com, Inc. itself,"[207] thus making it "a mere conduit to other sites."[208] The corporation that registered this domain name was incorporated

[198] 123 F. Supp. 2d 790 (D.N.J. 2000).
[199] *See id.* at 794.
[200] *See id*. at 792–93.
[201] *See id*. at 800.
[202] 189 F. Supp. 2d 367 (E.D. Va. 2002).
[203] *See id*.
[204] *See id.* at 369.
[205] *See id.* at 373 ("It is untenable to suppose that Congress, aware of the fact that the Internet is so international in nature, only intended for U.S. trademarks to be protected under the Anticybersquatting statute.").
[206] *Id*. at 374.
[207] *Barcelona.com*, 189 F. Supp. 2d at 374.
[208] *Id*. at 375.

three years after the actual registration of the domain name and eight months after the domain name's owner first offered to negotiate for ownership of the name.[209] The registrants of the domain name did not have any employees or assets other than the name itself, and changed its contact information during the "negotiations" between the parties for the site.[210] These circumstances, in addition to a lack of any intellectual property rights in the term "Barcelona," led the court to find that the registrant acted in bad faith.[211]

Various additional cases demonstrate the intolerance courts hold for those registering domain names with a bad faith intent to profit. The U.S. District Court for the Southern District of New York found a bad faith intent to profit where a defendant registered multiple variations of a protected mark, operated a website offering the same type of services that a mark holder offered, and even provided links on the site to the protected mark holders' competitors.[212] The same court also found a bad faith intent to profit where the defendant, among other things, held a domain name "hostage" until the plaintiff agreed to pay "an exorbitant amount of money" for the ownership, rental, or other property interest in the domain name.[213] Likewise, the U.S. District Court for the Eastern District of California found a bad faith intent to profit in *Porsche v. Spencer*,[214] where the plaintiff, maker of the Porsche brand automobile, faced off against a registrant of multiple domain names for rights to the name, "porschesource.com."[215] The defendant in *Porsche* was the typical cybersquatter who had no rights in the domain name at issue, no real prior use, and registered many other domain names with words similar to

[209] *See id.* at 374–75.
[210] *See id.* at 375.
[211] *See id*. at 375–76.
[212] Spear, Leeds & Kellogg v. Rosado, 122 F. Supp. 2d 403, 406 (S.D.N.Y. 2000) (providing an example of how the ACPA applies to a situation where a domain name registrant used the words of a protected mark to partake in the same type of business in which a mark holder had become established).
[213] BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 512 (S.D.N.Y. 2000) (basing a finding of bad faith intent to profit on ACPA statutory factors, but finding this aspect of the case "particularly relevant" to the inquiry).
[214] 55 U.S.P.Q.2d (BNA) 1026 (E.D. Cal. 2000).
[215] *See id*. at 1028–39.

protected marks.[216] Based on these criteria, the court found that the defendant had exhibited a bad faith intent to profit when registering the domain name.[217]

Despite the holdings of the above noted cases, there may be one area in which courts have exhibited even less tolerance for those who use protected terms in domain names. This type of situation may arise if a domain name, similar to a protected term, is registered for the purpose of disseminating pornographic material. The use of a popular term to promote an adult entertainment website occurred in *Mattel, Inc. v. Internet Dimensions, Inc.*,[218] where the defendant used the domain name "barbiesplaypen.com."[219] The plaintiff, maker of the incredibly popular Barbie doll, sued the defendant for registering this domain name and displaying pornographic material on a web page that popped up when the domain name was accessed.[220]

The *Mattel* court found a bad faith intent to profit when the defendant registered this domain name because the defendant, as with many registrants in the previously mentioned cases, lacked any intellectual property rights, had no legitimate reason for using the name "Barbie," and there was no prior, noncommercial, or fair use of the name "Barbie."[221] The defendant never espoused a desire to sell the domain name to the plaintiff. The court's main concern, however, was that the defendant's use of the domain name would tarnish the Barbie doll image because Internet users would be directed to the site after plugging the term "Barbie" into an Internet search engine.[222] This last factor provided the strongest basis for the *Mattel* court to conclude that the defendant acted with a bad faith intent to profit.

While this Article identifies cases applying the ACPA that found a bad faith intent to profit, there are also many cases in which no violation of the ACPA was found. For instance, where

[216] *See id*. at 1041–46.
[217] *See id*. at 1047.
[218] 55 U.S.P.Q.2d (BNA) 1620 (S.D.N.Y. 2000) (mem.).
[219] *See id*. at 1624.
[220] *See id.* at 1623–24.
[221] *See id*. at 1632–33, 1638.
[222] *See id*. at 1633–34.

both the plaintiff and the defendant had rights to use the term "Chambord" in connection with the sale of coffee, foods, and other products, the U.S. District Court for the Eastern District of Pennsylvania found that no violation of the ACPA existed.[223] Additionally, in *Greenpoint Financial Corp. v. Sperry & Hutchinson Co.*,[224] the plaintiff, a nationwide financial institution, fought for rights to the domain name "greenpoint.com" against the defendant company who produced the "Green Stamps" program that gained fame in the 1960's and 1970's.[225] The U.S. District Court for the Southern District of New York determined that the provisions of the ACPA were not violated and that the defendant did not act in bad faith because the defendant had a bona fide business reason for registering the name.[226]

Cello Holdings, L.L.C. v. Lawrence-Dahl Cos.[227] was another case in which a federal district court did not find that a bad faith intent to profit existed. This case, however, should be only briefly addressed because the facts bear some similarity to other cases in which a violation of the ACPA was found. In *Cello Holdings*, the defendant, a former musician, registered the domain name "cello.com" because he wanted to register names of musical instruments.[228] The court's decision notes that the defendant also registered other domain names that failed to bear any relation to instruments or music and was aware that the plaintiff's company used the term "cello" in its title.[229] At the time the defendant registered the domain name, there was a myriad of companies that had some degree of intellectual property rights in entities identified with cello.[230] Additionally, the defendant offered the cello.com domain name to at least nine of these companies for a price in the

[223] Chatam Intern., Inc. v. Bodum, Inc., 157 F. Supp. 2d 549 (E.D. Pa. 2001).
[224] 116 F. Supp. 2d 405 (S.D.N.Y. 2000).
[225] *See id*. at 408.
[226] *See id*. at 414.
[227] 89 F. Supp. 2d 464 (S.D.N.Y. 2000).
[228] *Id*. at 467–68.
[229] *Id*.
[230] *Id*.

range of $5,000.[231] Both parties in *Cello Holdings* moved for summary judgment in their favor.[232]

The *Cello Holdings* court found that the parties presented evidence tending both to support and not support a finding of "bad faith intent to profit."[233] The court recognized that the defendant's conduct was the modus operandi of the stereotypical cybersquatter: he registered a domain name that he possessed no rights to and he "engaged in a pattern of registering domain names that could be of interest to others and then trying to sell them."[234] Nonetheless, the court refused to find that a bad faith intent to profit existed and refused to grant summary judgment in favor of the plaintiff because: (1) the court believed that a reasonable fact finder could find that the defendant "did not act with an intent to 'blackmail' or 'extort' Cello"; (2) the defendant's offer for sale was a general offer rather than one directed at the plaintiff for an exorbitant sum; and (3) the term "cello" has a meaning in the English language, and, therefore, the defendant may have had a degree of fair use in the term.[235]

Cello Holdings appears to concern the type of behavior the ACPA intended to deter. The defendant registered multiple domain names and offered them for sale at prices well above market value. The court was still reluctant to find a bad faith intent to profit, despite being presented with a defendant who acted in the manner of a typical cybersquatter.

E. A Possible Misapplication of the ACPA

Despite the previously mentioned cases, demonstrating a degree of consistency in ACPA interpretation, there still seem to be a number of decisions representing a minority opinion. In *Toronto-Dominion Bank v. Karpachev*,[236] for instance, the plaintiff, popularly known as TD Waterhouse, was a worldwide corporation that provided financial services to over four million

[231] *Id*. at 468.
[232] *Id.* at 466.
[233] *Id*. at 474.
[234] *Id*.
[235] *Id*.
[236] 188 F. Supp. 2d 110, 111 (D. Mass. 2002).

people and conducted business online with the domain name "tdwaterhouse.com."[237] The defendant, a disgruntled former customer of the plaintiff who faced thousands in financial loss due to an action of the plaintiff, "registered sixteen domain names composed of variant misspellings of the name tdwaterhouse.com."[238] These sites contained web pages accusing the plaintiff of various crimes and comparing the plaintiff to the Nazis and other intolerable political groups.[239] The U.S. District Court for the District of Massachusetts granted summary judgment in favor of the plaintiff. It found that defendant Karpachev, a perturbed typosquatter possessed bad faith based on his "intent to 'tarnish or disparage' the [plaintiff's] mark" and his "admitted intent to 'divert consumers from [the plaintiff's] mark . . . by creating a likelihood of confusion as to the source, sponsorship or affiliation, or endorsement of the site.'"[240] The court also noted that the defendant possessed no intellectual property rights in the registered domain names and that the domain names he registered were "confusingly similar" to the plaintiff's mark.[241]

This seems to be a clear-cut case of the type of conduct the ACPA was intended to address: a defendant registering multiple variations of a popular and protected term and disparaging it by deliberately attempting to undermine the goodwill of the term; this is analogous to the situation encountered in the *Shields* case. This does not appear, however, to be consistent with the above-noted precedent, as the decision makes no mention of a desire to profit from the registration of such names. As already noted, the ACPA requires a finding of bad faith intent to profit, which is a separate and distinct standard from ordinary bad faith.[242] Although several commentators have distinguished between when a showing of bad

[237] *Id.*
[238] *Id*.
[239] *Id.* at 112.
[240] *Id.* at 114 (citing 15 U.S.C. § 15(d)(1)(B)(i)(V) (2000)).
[241] *Id.*
[242] *See* Sporty's Farm L.L.C. v. Sportman's Mkt., Inc., 202 F.3d 489, 499 n.13 (2d Cir. 2000) (noting that "'bad faith intent to profit' are terms of art in the ACPA and hence should not necessarily be equated with 'bad faith' in other contexts"), *cert. denied*, 530 U.S. 1262 (2000); Northland Ins. Cos. v. Blaylock, 115 F. Supp. 2d 1108, 1125 (D. Minn. 2000) (distinguishing between a party's bad intent and the bad faith intent to profit standard necessary for an ACPA claim).

faith intent to profit must be proven and when simply a showing of bad faith must be proven,[243] the case law on the ACPA has not, to date, recognized such a distinction for purposes of application. Notwithstanding a possible disposition in favor of the plaintiff under traditional trademark or dilution law, *Toronto-Dominion* does not appear to be a case in which the court properly applied the ACPA.

Instead, the court in *Toronto-Dominion Bank* should have paid attention to the U.S. District Court for the District of Minnesota's decision in *Northland Insurance Cos. v. Blaylock*.[244] In *Northland Insurance*, like in *Toronto-Dominion Bank*, the court was presented with a defendant who was a disgruntled former customer of an company with a protected mark.[245] The defendant's main gripe was that he was not fully reimbursed for damages to his yacht, which he had insured through the plaintiff's company.[246] As a result, he registered two domain names, one of which was "northlandinsurance.com," to "house complaints and criticism of [the] plaintiff's business."[247]

Despite the uncanny resemblance between the domain name that the defendant registered and the name of the plaintiff's company, the *Northland Insurance* court found no violation of the ACPA.[248] Perhaps more importantly, it refused to recognize the defendant as the type of individual—the cybersquatter—that the ACPA was intended to address.[249] The *Northland Insurance* court's reluctance to accept the plaintiff's argument that the defendant was indeed a cybersquatter, coupled with the

[243] *See* Slonaker, *supra* note 37, at 134 (outlining the standard the ACPA sets forth for trademarked terms and noting that it "also protects against the domain name registration of the name of living persons without their consent if there is a specific intent to profit from the selling of that name").

[244] *See Northland Ins.,* 115 F. Supp. 2d at 1108.

[245] *Id.* at 1114.

[246] *Id.*

[247] *Id.*

[248] *Id* at 1125.

[249] *Id.* (The "defendant does not fit the classic cybersquatter profile because there is no evidence that he has registered other variants of plaintiff's name or previously has registered marks as domain names.").

noncommercial purpose of the defendant's website, led to the determination that no violation of the ACPA took place.[250]

The *Northland Insurance* court decision seems like the more logical outcome for a case where a court is faced with an individual whose primary purpose in registering a particular name is to make a statement, regardless of whether or not the statement is negative. The ACPA specifically provided a "safe harbor" defense[251] and one of the bad faith intent to profit factors specifically takes into account any type of "fair use" that an alleged infringer may possess.[252] The uses by the defendants in both *Toronto-Dominion Bank* and *Northland Insurance* appeared to be noncommercial expressions of their personal distaste for particular entities. Use of the ACPA to suppress these types of ideas may tread on areas protected by freedom of expression principles. Although First Amendment concerns are beyond the scope of this Article, the types of behavior observed in these two cases do not seem to be the type that the ACPA was enacted to prevent.

F. District Court Application of the ACPA and Comparisons to Appellate Courts

Other than *Karpachev*, federal district courts' interpretation of bad faith intent to profit under the ACPA has been consistent. District courts have interpreted and applied the factors embodied within the ACPA in the same manner as the federal appellate courts, and for the most part, have adhered to *Sporty's Farm* as the most influential precedent in ACPA actions.

When the display of pornographic material is not involved, there appears to be three main issues courts will examine when encountered with a claim regarding a domain name dispute: (1) the registrant's intellectual property rights in terms included in the registered domain name, (2) the registrant's willingness or offer to sell the domain name above market value, and (3) the number of

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[250] *Id.* at 1124–25.

[251] *See* 15 U.S.C. § 1125(d)(1)(B)(ii) (2000); Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264 (4th Cir. 2001).

[252] *See* 15 U.S.C. § 1125(d)(1)(B)(i)(IV).

domain names registered by the registrant. One could contend that these three issues more or less define the stereotypical cybersquatter, and the very type of person that the ACPA was intended to stop.

The title of this Article asked the question "when is bad faith intent to profit really bad faith?" In reviewing cases, both at the appellate and the district court level, the answer to this question seems to revolve around the three issues highlighted in the preceding paragraph. As demonstrated in several earlier examples, once a court finds a lack of intellectual property rights in a given term, coupled with a desire to sell the domain name and/or multiple registration, it seems likely that a finding of bad faith intent to profit will occur. This method of application by federal courts helps explain why application of the ACPA, to date, seems consistent.

While those like John Zuccarini have been pummeled by the ACPA in federal courts, the courts still find no violation when a particular domain name, similar to a popular and protected mark, is innocently acquired. This sums up the original purpose of the ACPA and demonstrates that it has been applied as intended. It, therefore, appears as if district court interpretation of the ACPA, with the exception of one or two distinct decisions, has been uniform in application and has modeled itself after its appellate precedent.

III. THE QUESTION: HAS THE ACPA REALLY CHANGED ANYTHING?

As noted ad nauseum, the ACPA was enacted to provide further protections for domain name owners seeking to ward off cybersquatters. Since its enactment, the ACPA has satiated those commentators concerned with the changes deemed necessary to handle domain name disputes, and who offered suggestions for improvement.[253] Despite these general criticisms of the

[253] *See, e.g.*, Carl Oppedahl, *Advise Clients on Internet Domain Names that Infringe Trademarks*, N.Y.L.J., Feb. 14, 1995, at 5 (making recommendations for intellectual property practitioners, intellectual property organizations, and business with popular brand names to better improve the domain name dispute situation); Carl Oppedahl,

applicability of trademark law to domain name disputes prior to the ACPA, deference must be afforded to its applicability, and as such, defense of traditional trademark principles is proper. Some would say that ordinary and contemporary trademark law was not an appropriate mechanism to handle the situations for which the ACPA was created. This was because of an apparent difference between the evils that traditional trademark law was intended to rid and the way in which the Internet Domain Name System (DNS) works.[254] This difference lies in the belief that trademark law was never intended to promote the monopolization of a particular mark or word,[255] while DNS provides for the exclusive use of a particular term in a secondary level domain.

It is true that many have called for change and reform in the space where trademark law meets the Internet.[256] Before one overly criticizes the application of traditional trademark law to

Courts Grapple With Remedies in Internet Domain Name Trademark Suits, N.Y.L.J., Oct. 22, 1996, at 5 (analyzing the 1996 Federal Anti-Dilution Law that was commonly used against cybersquatters as the lead basis of a civil suit for domain name mark infringement prior to the enactment of the ACPA).

[254] *See, e.g.*, Blasbalg, *supra* note 14, at 585 ("Trademark law and domain name concepts conflict in a number of ways. These conflicts make the application of trademark law to cybersquatting cases difficult.").

[255] *See* Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d 117, 133 (D. Mass. 1999) (1st Cir. 2000) ("Holders of a famous mark are not automatically entitled to use that mark as their domain name; trademark law does not support such a monopoly."), *aff'd,* 232 F.3d 1.

[256] *See, e.g.*, Kathryn A. Kleiman, *Comments of the Domain Name Rights Coalition to Second Revised Substantive Guidelines Concerning Administrative Domain Name Challenge Panels*, *at* http://www.gtld-mou.org/notice-97–03/0024.html (last modified Dec. 6, 1997) (offering commentary on various changes believed to be needed to be implemented into the Internet Domain Name Scheme at the time of publication); Milton Mueller, *Trademarks and Domain Names: Property Rights and Institutional Evolution in Cyberspace* ("Important revisions need to be made in the policies and laws regarding domain name-trademark conflicts. Current law and policy clearly recognize that domain names can be used to violate legitimate trademark rights. That recognition must be balanced with an explicit recognition that trademark claims can be used to abuse legitimate domain name usage."), *at* http://istweb.syr.edu/~mueller/study.html (n.d.); United States Patent & Trademark Office, *Report to Congress: The Anticybersquatting Consumer Protection Act of 1999, at* http://www.uspto.gov/web/offices/dcom/olia/tmcybpiracy/repcongress.pdf (last visited June 16, 2002) (detailing various problems that Congress had to deal with prior to the enactment of the ACPA).

DNS,[257] an analysis of other legal theories appropriate for handling such a situation should be undertaken. Trademark law was used from the inception of litigation concerning domain name disputes and has been both adapted and expanded by the creation of the ACPA to better handle domain name disputes.[258] To make a comparison in layperson's terms, those who often criticize our system of government for various reasons are often countered with the infamous Winston Churchill maxim that "democracy is the worst form of Government except all those other forms that have been tried from time to time."[259] During the mid-1990's, when courts first faced legal questions regarding the proper use and ownership of terms and phrases used in Internet addresses, trademark law was the best available vehicle for courts to use and provided the most equitable results.[260] Changes were necessary to

[257] *See, e.g.*, John Carson et al., *Claim Jumping on the Newest Frontier: Trademarks, Cybersquatting, and the Judicial Interpretation of Bad Faith*, 8 UCLA ENT. L. REV. 27, 28 (2000) ("Traditional trademark and federal anti-dilution laws were insufficient to solve the problem. . . . [T]he effectiveness of the Federal Trademark Dilution Act (FTDA) had been limited because cybersquatters were adapting their activities to avoid liability."); Gutierrez, *supra* note 22, at 155 ("[T]rademark infringement law has been an ineffective way of curbing cybersquatters.").

[258] *See* 15 U.S.C. § 1125(d) (2000). The ACPA uses terms to guide courts when faced with a domain name dispute. For instance, the ACPA uses the term "confusingly similar" as a way for a court to find that bad faith exists. *Id.* § 1125(d)(1)(A)(ii)(I). Although this standard is distinct from the traditional likelihood of confusion examination, it does demonstrate a link between the ACPA and traditional trademark law, and serves as a platform for one to observe ACPA's logical basis. *Cf. id.* § 1125(a)(1)(A).

[259] OXFORD DICTIONARY OF QUOTATIONS 150:19 (3d ed. 1979).

[260] There are several pre-ACPA cases pertaining to the application of trademark infringement and dilution claims in domain name disputes. *See, e.g.*, Avery Dennison Corp. v. Sumpton, 189 F.3d 868 (9th Cir. 1999); Interstellar Starship Servs., Ltd. v. Epix, Inc., 184 F.3d 1107 (9th Cir. 1999); Brookfield Communications, Inc. v. W. Coast Entm't, Corp., 174 F.3d 1036 (9th Cir. 1999); Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620 (6th Cir. 1998); Shades Landing, Inc. v. Williams, 76 F. Supp. 2d 983 (D. Minn. 1999); CCBN.com, Inc., v. C-call.com, Inc., 73 F. Supp. 2d 106 (D. Mass. 1999); Hasbro, Inc. v. Clue Computing, Inc. 66 F. Supp. 2d 117 (D. Mass. 1999); Jews for Jesus v. Brodsky, 993 F. Supp. 282 (D.N.J. 1998); Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949 (C.D. Cal. 1997); Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F. Supp. 684 (N.D. Ill. 1997); Cardservice Int'l, Inc. v. McGee, 950 F. Supp. 737 (E.D. Va. 1997); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996); MTV Networks v. Curry, 867 F. Supp. 202 (S.D.N.Y. 1994); Blasbalg, *supra* note 14, at 566 ("Before the enactment of the ACPA the most successful remedy available to the victims of cybersquatting was the use of federal trademark law.").

allow trademark law to keep up with technological innovations that may not have been foreseeable at the time contemporary principles of trademark law were initially articulated in the federal courts over forty years ago.[261] At the time that trademark law was developing in regards to this topic, it was the correct tool to resolve disputes.

But has the ACPA or the cases applying it affected traditional trademark principles in a different way from what traditional trademark law was created for in the first place? The ACPA was designed to rid a particular evil: the prominence of cybersquatters[262] taking well-known names and using them as Internet addresses. Cases applying the ACPA have used the statute's bad faith intent to profit factors as a tool to determine which party has the more legitimate right to the domain name.[263] It is the application and extension of such bad faith intent to profit factors that have served as a protective shield against the cybersquatter.[264]

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[261] *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). This is a landmark case in trademark law where the Second Circuit promulgated factors to properly assess whether a substantial likelihood of confusion was present:

(1) the degree of strength the plaintiff has in his mark;
(2) the similarity between the marks;
(3) the types of people who are most likely to purchase what the two parties offer on the
market;
(4) any evidence which tends to prove that there is actual confusion present;
(5) the intent of the defendant;
(6) the proximity of the products;
(7) the likelihood that the prior owner would bridge the gap;
(8) the quality of defendant's product.

Id.

[262] *See supra* notes 6–8 and accompanying text.

[263] *See, e.g.*, Sallen v. Corinthians Licenciamentos L.D.T.A., 273 F.3d 14, 28 (1st Cir. 2001) ("Congress has defined in the ACPA what it means to lack a legitimate interest in a domain name under U.S. law."); Ford Motor Co. v. Lapertosa, 126 F. Supp. 2d 463, 465 (E.D. Mich. 2000) (providing an example of a case in which a court has highlighted most, if not all, of the bad faith intent to profit factors of the ACPA en route to a determination).

[264] *See* Matthew Edward Searing, *"What's in a Domain Name?" A Critical Analysis of the National and International Impact on Domain Name Cybersquatting*, 40 WASHBURN L.J. 110, 131 (2000) (Due to the ACPA, "cybersquatters will have a harder time avoiding court penalties because it is harder to predict how courts will determine bad faith intent.").

Instead of amending traditional trademark principles, the ACPA has been used as a substitute for trademark law. In addition, since its inception in November 1999, it has been used as a mechanism to prevent the overlap of traditional trademark concepts with the system of domain name rights and registration. Perhaps this is why the Second Circuit in *Sporty's Farm* seemed so eager to apply the newly created ACPA.[265] Not only was it deemed the appropriate law to handle the facts presented, but it also allowed the court to shift the emphasis that traditional trademark concepts had on DNS to a newly created statutory cause of action.[266] Since the *Sporty's Farm* case, as noted in this Article, other courts have applied the ACPA in greater depth to deal with domain name disputes rather than basing claims on trademark infringement or the Federal Trademark Dilution Act (FTDA), another statute created primarily for the purpose of combating cybersquatters.[267] Instead of amending the general concepts of trademark law until a certain branch was narrowly tailored for domain disputes, a new law was created. This law not only attempts to fix a problem not specifically addressed in prior legislation, but also appeases those critics who believed the concepts of traditional trademark law were stretched too far to deal with the DNS problem.[268]

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[265] *See id*. at 125–29 (noting the *Sporty's Farm* courts as well as the district court of the *Zuccarini* decision to be examples of "courts' willingness to accept and apply the bad faith factors" of the ACPA).

[266] *See* P. Wayne Hale, *The Anticybersquatting Consumer Protection Act & Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 16 BERKELEY TECH. L.J. 205, 212 (2001) (The ACPA's remedies "are a significant extension beyond those available under traditional trademark law.").

[267] *See* 15 U.S.C. § 1125(c) (2000). This provision of the Lanham Act states that an "owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to 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 mark . . . ." To show dilution, a plaintiff must show that (1) a mark is famous; (2) that the defendant made commercial use of the mark; (3) that the defendant's use of the mark began subsequent to the mark becoming famous; and (4) that the defendant's use of the mark diminishes the mark's ability to identify and distinguish goods and services. *See* Panavision Int'l L.P. v. Toeppen, 141 F.3d 1316, 1324 (9th Cir. 1998).

[268] *See* Searing, *supra* note 264, at 118 (noting that trademark principles applied prior to the ACPA were vague and sometimes inapplicable to domain disputes).

The ACPA deals specifically with an Internet domain name that is the subject of a dispute, but a term, word, or phrase, in and of itself, is not a trademark. Instead, a trademark takes into account other features—essentially anything adding to the distinctiveness of a mark identifying a particular item.[269] It is the groupings of words, symbols and logos that is the trademark and not the word by itself. It is these groupings of words and logos that are non-existent when it comes to domain names, thus providing a lack of protection for mark owners in certain circumstances where the defendant's conduct fails to rise to the level of infringement or dilution.[270] This is true even though "the most valuable asset a company owns is its name."[271] In fact, a company name used as a domain name "has a significant and measurable monetary value, especially when the name is used to trade on the borrowed good will and reputation of another party."[272] The lack of protection for mark holders serves as a gray area and a void that the ACPA was intended to fill and, as demonstrated in practice, actually does fill.[273] Of course, not all situations fall within this gray area, and thus the outcome in these cases, regardless of whether or not a party bases a claim on the ACPA, the FTDA, or another trademark theory, will remain the same. For instance, in the most clear-cut and egregious situations (i.e., the defendant—such as Zuccarini[274] or Toeppen[275]—is a true cybersquatter), the cybersquatter will face defeat regardless of the claim's source. Additionally, those types of cases involved

[269] The term "trademark" is defined as a "word, phrase, logo, or other graphic symbol used by a manufacturer or seller to distinguish its product or products from those of others. . . . To receive federal protection, a trademark must be (1) distinctive rather than merely descriptive, (2) affixed to a product that is actually sold in the marketplace, and (3) registered with the U.S. Patent and Trademark Office." BLACK'S LAW DICTIONARY 1483 (6th ed. 1990).

[270] *See, e.g.*, Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620, 626 (6th Cir. 1998); Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d 117 (D. Mass. 1999).

[271] Martin, *supra* note 3, at 803.

[272] *Id*. at 813.

[273] A majority of the cases highlighted in this Article illustrate this principle.

[274] *See* Shields v. Zuccarini, 254 F.3d 476 (3d Cir. 2001); Elecs. Boutique Holdings Corp. v. Zuccarini, No. 00-4055, 2000 U.S. Dist. LEXIS 15719 (E.D. Pa. Oct. 30, 2001), *aff'd*, No. 01-1476, 2002 U.S. App. LEXIS 9247 (3d Cir. Apr. 25, 2002).

[275] *See* Panavision Int'l LP v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996).

infringers of a protected mark, further ensuring the defendant's demise.

The original provision of the Lanham Act, section 1125(a) of the United States Code (the statute initially used for domain name disputes), codified common law trademark infringement claims.[276] This section regulates the proper use of trademarks and notes that "any word, term, name, symbol, or device, or any combination thereof" used in a manner "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person"[277] is a basis for a trademark infringement claim. Unlike the Lanham Act, however, the ACPA specifically limits itself to domain names, having no more general applicability.[278] Contrary to what some commentators may believe,[279] there is a difference in analysis between the bad faith intent to profit under the ACPA and the likelihood of confusion test. The aforementioned cases rely primarily on the factors outlined in the ACPA, which is specifically tailored to domain name disputes; while these cases could have applied more traditional trademark law, as codified in the Lanham Act, the claimants found more salient recourse by using the ACPA and having the court apply the factors therein.

Although the stated purpose of the ACPA was to protect trademark owners confronted with cybersquatters,[280] it appears that its interpretation has been broadened to protect marks used by those who lack the mens rea of the stereotypical cybersquatter.[281] Perhaps the ACPA's reach has become too broad and has been applied beyond the scope of its intended purpose by punishing domain name registrants who make the unintentional mistake of

[276] 15 U.S.C. § 1125(a) (2000).

[277] *Id*.

[278] *See* 15 U.S.C. § 1125(d)(1)(A)(ii) (limiting its scope to a person who "registers, traffics in, or uses a domain name").

[279] *See* Martin, *supra* note 29, at 600 (conveying that not only is a bad faith inquiry "tantamount" to the likelihood of confusion standard, but that "ACPA plaintiffs must establish a likelihood of confusion even if bringing a claim based solely on a trademark dilution theory").

[280] *See* S. REP. NO. 106-140, at 4 (1999).

[281] Toronto-Dominion Bank v. Karpachev, 188 F. Supp. 2d 110, 113–14 (D. Mass. 2002) (finding that the defendant, whose intent was to "tarnish or disparage" the plaintiff's mark, was in violation of the ACPA).

obtaining a domain name that includes a protected mark. As illustrated by the cases highlighted in this Article, however, it appears that courts are properly applying the ACPA, providing appropriate deference to the fair use defense, and achieving the most equitable results. Thus, the ACPA appears not only to have served its purpose of stopping the evil cybersquatter but has also provided a fair and just framework for courts to adjudicate domain name disputes.[282]

Of course, like any law, the ACPA has not gone unscathed and isolated from criticism.[283] Nonetheless, the ACPA has laid the framework for consistent interpretation and a somewhat uniform application, which thereby creates stability for mark owners and was precisely what mark owners needed from the ACPA.

CONCLUSION

The ACPA was intended for a specific purpose: to rid the world of the pesky cybersquatter who harmed both protected mark holders as well as consumers. The ACPA's bad faith intent to profit standard is very straightforward and serves as a means to combat this specific problem. Federal courts, at both the appellate and the district court level, have applied a uniform interpretation of the ACPA factors. In certain circumstances, federal courts have applied, either directly or indirectly, notions of traditional trademark law in reaching an ultimate determination. The court decisions discussed in this Article appear to have reached the most equitable results, while taking into account both parties' claims to rights in particular names.

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[282] *See supra* notes 6–7, 11, 18–21, 23.

[283] *See, e.g.*, Eisenberg, *supra* note 9 (noting various criticisms of the APCA from various sources); Kevin Eng, *Breaking Through the Looking Glass: An Analysis of Trademark Rights in Domain Names Across Top Level Domains*, 6 B.U. J. SCI. & TECH. L. 7, 77–78 (2000) (describing the ACPA as "a formidable federal weapon, the use of which can lead to results as coercive as cybersquatting itself" as it strengthens "large companies' already superior positions, [and] weakens smaller companies' positions"); Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 882–85 (2000) (making observations about the ACPA, e.g., the title is "entertaining," the law is "too much and too late," and "goes too far").

The ACPA has become a productive law that has been followed and interpreted in the same manner for which it was intended. An examination of the highlighted case law demonstrates that substantial deviation from current interpretation seems unlikely. The ACPA was the congressional answer to problems associated with cybersquatters, and as seen by most of the examples in this Article, has been adequate. Most importantly, the type of behavior the ACPA sought to deter has been effectively controlled.