

VirtuAl Law Tips

Quelling Cybersquatting Activity

The rapid growth of Web commerce, affectionately referred to as e-commerce, has accentuated the tension between owners of established trademarks and service marks, on the one hand, and owners of domain names. Conventional brick-and-mortar businesses are being augmented or even superseded by cyberspaced businesses having a “virtual” presence on the Web. Physical present in or at business establishments is being replaced by user interfaces consisting of computer screens and keyboards and pointer devices.

A domain name or its URL equivalent, is primarily merely an address enabling a Web surfer to locate particular content or the like provided by an individual, a government entity, a business entity, or any other organization — profit or nonprofit. Nevertheless, a URL may interfere with the rights of a trademark owner and precipitate the necessity to instigate legal action to preserve rights and to prevent unfair competition or similar business activities from being propagated.

As has become the rule more than the exception, Web sites typically acquire trademark significance or if its corresponding URL prevents trademark owners from using domain names identical to their respective trademarks. Thus, to the consternation of trademark owners, there has developed a substantial threat of Web visitors suffering from confusion, mistake, or deception upon arrival at a site that is not sponsored by the trademark owner. There is also a real threat of dilution occurring from owners of URLs trying to free-ride the reputation of established trademark owners who have the same or similar trademark registrations.

Many domains with distinctive trademarks have been registered for the specific purpose of ultimate sale to the legitimate trademark owner. While several high-profile sales have occurred, there have also been many law suites filed based upon theories of unfair competition and the like.

While some measure is available through the dispute resolution procedures effectuated by the Internet Corporation For Assigned Names and Numbers (ICANN), it is clear that stronger measures were needed making allowing trademark owners to avail themselves of the machinery of the federal and state courts, as appropriate. Thus, to provide ammunition for quelling this cybersquatting trend, the federal government promulgated on November 29, 1999 the “Anticybersquatting Consumer Protection Act,” Title III of Public Law 106-113. This Act prohibits registration of, trafficking in, or use of a domain name under circumstances in which the intent is to profit from the good will associated with a trademark upon which the domain name is based. To prevail on this new legal theory, a trademark owner must prove bad faith behavior involves either an identical or confusingly similar trademark that was established at the time of the

domain name registration.