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P. Wayne Hale

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THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT & SPORTY'S FARM L.L.C. v. SPORTSMAN'S MARKET, INC.

By P. Wayne Hale

In response to the Internet phenomenon known as "cybersquatting," many large companies cried out, "There oughtta be a law!" As a result, Congress enacted the Anticybersquatting Consumer Protection Act ("ACPA") to fill in the gaps that were apparent when the Federal Trademark Dilution Act ("FTDA") was applied to cybersquatters. The ACPA is a powerful and effective new weapon available to trademark holders, but the strength of this new weapon may have come at a cost to the free spirit that has pervaded the Internet since its inception.

The Second Circuit, in Sporty's Farm L.L.C. v. Sportsman's Market, Inc.,3 availed itself of an early opportunity to apply the newly enacted ACPA to a case that was tried before its enactment. Using Sporty's Farm and other cases as examples, this Note reviews the problems that arise when applying the FTDA to cybersquatters and analyzes how the ACPA addresses those problems.

The Note begins with an overview of the cybersquatting problem, then reviews the provisions of the FTDA used to combat this problem. The provisions of the newly enacted ACPA are reviewed next, and their application is illustrated in Sporty's Farm—the first appellate decision under the ACPA.4 Finally, the Note reviews the specific areas where Congress found the FTDA lacking in appropriate protection for mark holders and discusses how Congress drafted the ACPA to provide protection in those areas. The Note concludes with an overall assessment of the new legislation's costs and benefits.

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1. See S. REP. No. 106-140, at 4-7 (1999) (detailing the testimony heard from various companies complaining about the cybersquatting dilemma).
I. BACKGROUND

A. The Problem with Domain Names that Gives Rise to Cybersquatting

Recent years have seen an explosion in the commercial use of the Internet, resulting in a diminished supply of online “addresses.” Conducting business on the Internet is paperless and efficient, with fewer transaction costs, resulting in reduced prices and higher profits. An individual searching for a company online can often find it by typing in the company’s name or an abbreviation of the name followed by “.com.” Thus, companies conducting business online have an obvious incentive to maintain a website with a domain name that matches or describes their company, logo, or service. The inherently limited supply of domain names, combined with the ease of their acquisition, quickly resulted in a shortage problem.

5. Sporty’s Farm, 202 F.3d at 493.
6. Id.
7. Id. For this reason, many businesses attempt to reserve all names identical or reasonably similar to their trademarks, trade names, products, or other advertising endorsements. See also Porsche Cars N. Am., Inc. v. Porsch.Com, 51 F. Supp. 2d 707, 709 (E.D. Va. 1999) (noting that companies seeking to advertise their products on web sites typically seek domain names that mnemonically promote their company and thereby increase the likelihood that people will be able to locate their presence on the Internet).
8. A domain name is an address used to designate a specific webpage on the Internet. Domain names consist of two parts: a top level domain and secondary level domain. To illustrate, the domain name sportsmans.com consists of a top level domain suffix “.com,” and a secondary level domain “sportsmans.”
9. Domain names are unique in that only one entity may maintain a webpage at a domain name at any given time. See Network Solutions, Frequently Asked Questions: What is a Web Address (domain name)?, at http://www.networksolutions.com/en_US/help/general.jhtml (last visited Feb. 1, 2001). So while two businesses may maintain the same common brick and mortar name, such as “Sportsman’s,” only one Internet based company may occupy sportsmans.com online.
10. Domain name registrars continue to grant domain names as they have always been granted—primarily on a first-come, first-served basis upon payment of a small registration fee. Network Solutions, Inc., Web Address Registration: What Does it Cost?, at http://www.networksolutions.com/catalog/donnname/ (last visited Feb. 1, 2001) (listing the price for registration of a secondary level domain name in various top level domains: $35 per year to register a “.com” domain name, $30 for a “.net,” $50 for a “.tv,” and $25 for a “.org”). The process does not generally require an inquiry into whether a given domain name request matches a trademark held by someone other than the person requesting the name. See H. REP. NO. 106-412, at 5-6 (1999).
Many owners of well-known marks were slow or reluctant to accept the Internet as a potential commercial avenue, allowing others to register domains reflecting their marks and giving rise to the problem known as "cybersquatting." After registering a mark, the typical cybersquatter tries to sell it to the mark owner at a substantial profit. The simplicity of the registration process and the low cost of maintaining domain name rights has made it relatively easy for cybersquatters to profit from the process. Some mark holders grudgingly paid the "ransom" in order to get their marks back, but others believed that their trademark rights ought to protect them from such piracy—and demanded justice in the courts.

B. Domain Name Protection under the Federal Trademark Dilution Act

Before the enactment of the ACPA, trademark dilution was the most effective cause of action against cybersquatting. The term "dilution" is years over four million domain names have been reserved, reflecting the exponential growth of domain name reservation).

12. Cybersquatters tend to purchase alphanumeric combinations that reflect well-known (or soon to be well-known) companies' trade names, trademarks, service marks, or any other identifiable combination of letters and numbers. The term "mark" is used generically to refer to all of these.

13. There has been some debate over whether the more appropriate characterization of such individual is that of "cybersquatter" or "entrepreneur" For a criticism of the cybersquatter characterization, see Jessica Litman, The DNS Wars: Trademarks and The Internet Domain Name System, 4 J. SMALL & EMERGING BUS. L. 149 (2000) (arguing that this country has historically encouraged entrepreneurial acts such as those engaged in by the misnamed "cybersquatter"). The definition of acts necessary to constitute cybersquatting has also been debated. The Senate Report on the ACPA identifies five types of individuals the ACPA intends to cover. See S. REP. NO. 106-140, at 5-6 (1999). For a criticism of this approach, see Neil L. Martin, The Anticybersquatting Consumer Protection Act: Empowering Trademark Owners, But Not The Last Word on Domain Name Disputes, 25 J. CORP. L. 591, 595 (noting that the majority of commentators have confined the label "cybersquatter" to the "ransoming scenario," so the ACPA functionally serves to address a larger area of trademark law involving unauthorized mark users on the Internet).


15. The process does not generally require an inquiry into whether a given domain name request matches a trademark held by someone other than the person requesting the name. See H. REP. NO. 106-412, at 5-6 (1999); see also supra note 10.


18. Trademark infringement has proven largely ineffective in pursuing cybersquatters because of the requirement that mark owners prove a "likelihood of confusion." 15 U.S.C. § 1125(a) (Supp. IV 1998). If the goods sold under a domain name are not similar to the mark holder's goods, then there is little chance of consumer confusion. At least one
defined as the "lessening of the capacity of a famous mark to identify and
distinguish goods or services." Courts interpret the FTDA to provide
protection to the owner of a mark if: (1) it is a famous mark; (2) the mark
is used commercially; (3) the use of the mark occurred after the mark ob-
tained its famous quality; and (4) the use of the trademark creates a likeli-
hood of dilution of the mark’s distinctiveness. Satisfying these require-
ments in the cybersquatting context has proven difficult in most cases, but
courts have found liability in others.

court has overcome this obstacle by finding “initial interest confusion” actionable, Brook-
field Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1062-64
(9th Cir. 1999), but on the whole, dilution has proven to be the most successful cause of
action in the courts prior to enactment of the ACPA.

to unify the traditional state law doctrines of blurring and tarnishment).

20. Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir. 1999) (listing
the elements that must be proven to maintain a federal trademark dilution action). The
relevant text of the FTDA states that:

(1) The owner of a famous mark shall be entitled, subject to the prin-
ciples 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 fa-
mous and causes dilution of the distinctive quality of the mark, and to
obtain such other relief as is provided in this subsection. In determining
whether a mark is distinctive and famous, a court may consider factors
such as, but not limited to—
(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the
goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is
used;
(E) the channels of trade for the goods or services with which the mark
is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom
the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third
parties; and
(H) whether the mark was registered under the Act of March 3, 1881,
or the Act of February 20, 1905, or on the principal register.


21. Compare Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1325-26 (9th Cir.
1998) (holding that the elements of trademark dilution were satisfied in the cybersquat-
ting context), with Lockheed Martin Corp. v. Network Solutions Inc., 43 U.S.P.Q. 2d
1056 (C.D. Cal. 1997) (holding that registering a trademark alone does not satisfy the
elements required to maintain a dilution cause of action).
Courts analyze the famousness requirement by applying the eight non-exclusive factors enumerated under the FTDA. One of the key factors in this analysis is the "degree of inherent or acquired distinctiveness" a mark has. Acquired distinctiveness refers to the degree of "consumer association" built up in a mark. Inherent distinctiveness refers to the inherent qualities of a mark that make it unique when used on certain goods, a quality which may be present before the mark has ever been used. Other famousness factors enumerated under the FTDA focus on plaintiff's use of the mark or the result thereof, since fame only accrues after a sufficient number of consumers associate the mark with a product or source. These factors include the length of time the mark was associated with the goods in question, the amount of advertising the mark has received, and how well known the mark has become in a substantial portion of the United States. Courts have sometimes been moved by a deserving plaintiff's plight to find that substantially less than general public or national recognition was enough to establish fame. More recent decisions, however, have raised this famousness threshold, stating that the FTDA was intended to protect only "truly prominent and renowned" trademarks. This heightened standard reduces the class of mark holders eligible for protection under the FTDA, thereby effectively denying some mark holders relief against cybersquatters.

The FTDA's commercial use requirement poses another troubling barrier in the pursuit of sophisticated cybersquatters. The Lanham Act requires "use in commerce," which is use of the mark "in any manner on

26. See id.
28. Id. § 1125(c)(1)(C).
29. Id. § 1125(c)(1)(F).
30. See, e.g., TeleTech Customer Care Management, Inc. v. Tele-Tech Co., 977 F. Supp. 1407 (C.D. Cal. 1997) (finding that the mark "TeleTech" was hardly a household name but was still famous within its area of commerce, also referred to as "niche" fame).
31. See Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 875 (9th Cir. 1999) (providing a statutory rationale for the limited reach of the FTDA).
32. See id. at 878 (finding it unlikely that plaintiff's marks qualified as famous under the heightened standard required under the FTDA).
goods," their containers, tags, or displays. To prove commercial use, a plaintiff must establish that the defendant is using the trademark "as a trademark" in commerce. If a court holds that merely registering a domain name does not constitute commercial use, this requirement may be difficult to satisfy when clever cybersquatters leave their sites unoccupied or post "fair use" criticisms or commentaries.

Proving a likelihood of dilution of the mark's distinctiveness has typically been established by showing tarnishment or blurring, but courts have taken the initiative of including cybersquatting as a form of dilution. Tarnishment occurs when the domain name is "besmirched" in some way, typically when a trademarked domain name is linked to a site that is sexual in nature. Blurring occurs when a famous mark is "used without permission in association with goods or services that are different from those sold by the trademark owner," thus weakening the ability of the mark to identify and distinguish the source. In addition to these traditional forms of dilution, with a little bootstrapping, some courts recognized the act of cybersquatting itself as dilution by lessening the ability of a mark holder to identify and offer its goods online. Congress could see that such bootstrapping was necessary to rein in sophisticated cybersquat-
ters under the FTDA, so it enacted new legislation to deal squarely with the problem.

C. The Anticybersquatting Consumer Protection Act

The substantive requirements necessary to prove a cause of action under the ACPA reflect the competing interests at stake when the legislation was enacted. Congress enacted the ACPA to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in "cybersquatting law" for mark owners, while at the same time balancing the rights of all Americans to free speech and other protected uses of trademarks. A court may find liability under the ACPA where a famous or distinctive mark was "registered, trafficked in, or used" as a domain name by an individual acting with a "bad faith intent to profit." The ACPA provides a court with nine nonexclusive factors that may be helpful in deciding whether the domain name registrant acted with the requisite bad faith intent to profit. Liability cannot be found in any


43. 15 U.S.C.A. § 1125(d)(1)(A) (West Supp. 2000). The court in Sporty's Farm has noted that "bad faith intent to profit" is a term of art under ACPA, not necessarily to be equated with bad faith in other contexts. Sporty's Farm, 202 F.3d at 499 n.13.

44. The first four factors suggest circumstances that may indicate good faith, while the last five factors suggest circumstances that may indicate bad faith intent. The pertinent section of the ACPA states:

(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 bonafide 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
case where 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." In addition, the traditional trademark defenses are expressly retained.

The remedies available under the ACPA are a significant extension beyond those available under traditional trademark law. Congress extended the injunctive relief provisions of the Lanham Act to violations of the ACPA, allowing a court to grant the mark owner an injunction if deemed "reasonable." The damages provision of the ACPA however, provides a new form of relief. At any time before final judgment has been rendered, a mark holder may elect either actual or statutory damages. If a mark holder elects statutory damages, the ACPA allows a court to grant damages in an amount "not less than $1,000 and not more than $100,000 per domain name, as the court considers just." Since it can be difficult to

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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 contact 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 trademarks or service 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;
(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

45. Id. § 1125(d)(1)(B)(ii).
47. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, § 3003, 113 Stat. 1501, 1501A-548 (“INJUNCTIONS.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking ‘(a) or (c)’ and inserting ‘(a), (c), or (d).’”).
49. Id. § 1117(d). If the plaintiff can prove actual damages, treble damages may be awarded at the trial judge's discretion. Id. § 1117(a).
50. Id. § 1117(d).
prove actual damages in cybersquatting cases, this provision makes it easier to obtain compensation from a cybersquatter.\textsuperscript{51}

The ACPA also provides for an action against the domain name itself, or an in rem cause of action.\textsuperscript{52} A mark owner can obtain in rem jurisdiction over a domain name registration where the owner of a mark has used "due diligence" in an attempt to locate the domain name registrant or in cases where the plaintiff cannot obtain in personam jurisdiction over the registrant.\textsuperscript{53} Congress hoped to alleviate the difficulties associated with serving process against domain name owners who might be located anywhere in the world.\textsuperscript{54} To ensure that "notions of fair play and substantial justice" are met, Congress limited the remedies available to a plaintiff pursuing an in rem action to cancellation of the offending domain name registration or transfer of the registration to the mark holder.\textsuperscript{55}


\textsuperscript{52} (A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if—

(i) the domain name violates any right of the owner of a mark . . . and

(ii) the court finds that the owner—

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.


\textsuperscript{53} Id.

\textsuperscript{54} Congress recognized that it is a common practice of cybersquatters to give false names or addresses to a domain name registration authority to avoid service of process. Congress specifically drafted the in rem provisions of the ACPA to provide trademark owners with relief in such cases. See S. Rep. No. 106-140, at 10 (1999).

II. **SPORTY’S FARM: THE FIRST APPELLATE DECISION UNDER THE ACPA**

A. **Background**

Sportsman’s Market ("Sportsman’s") was a mail order catalogue company that was quite well-known among pilots and aviation enthusiasts. The company annually distributed approximately 18 million catalogues nationwide and had yearly revenues of about $50 million. Sportsman’s used the registered trademark “Sporty’s” on all of its aviation catalogues, as part of its phone number (1-800-SPORTYS), and in substantial advertising campaigns.

Omega Engineering (“Omega”) was a mail order catalogue company that mainly sold scientific process measurement and control instruments. One of the co-owners of Omega was a pilot who subscribed to an aviation catalogue operated by Sportsman’s. Omega registered the domain name sportys.com after deciding to enter into the aviation catalogue sales business as a direct competitor of Sportsman’s. Approximately nine months after Omega’s registration of sportys.com, while litigation was pending, Omega formed a wholly owned subsidiary named “Sporty’s Farm” that sold Christmas trees and “sold” sportys.com to the new business.

Sporty’s Farm brought a declaratory action against Sportsman’s seeking the right to continue to use sportys.com. Sportsman’s counterclaimed and also sued Omega as a third-party defendant on several grounds including trademark infringement, trademark dilution under the FTDA, and unfair competition under Connecticut State law. Both sides sought an injunction against the other over the use of sportys.com.

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57. *Id.* Sixty percent of this revenue derives from aviation sales. *Id.*

58. *Id.* at 494. Approximately $10 million per year was spent advertising the “Sporty’s” logo. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.* at 498. The CEO of Omega, who managed Sporty’s Farm, claimed he derived the company name from a farm he grew up on that was named after a beloved childhood dog named “Spotty.” *Id.* at 494.

63. *Id.* at 494.

64. *Id.*

65. *Id.*
B. The District Court Decision

After a bench trial applying the FTDA, the United States District Court for the District of Connecticut rejected all of Sportsman’s claims except the trademark dilution claim. The court concluded that “Sporty’s” was a famous mark entitled to protection under the FTDA since “Sporty’s” enjoys general name recognition in the consuming public. The court also held that “Sporty’s” was diluted because the registration of sportys.com effectively compromised Sportsman’s ability to identify and distinguish its goods online.

The court issued an injunction ordering Sporty’s Farm to relinquish all rights to sportys.com but would not allow Sportsman’s to collect damages, costs, or attorney’s fees. Both parties appealed to the Second Circuit, with Sporty’s Farm appealing the unfavorable injunction, and Sportsman’s contesting the denial of damages.

C. The Second Circuit Decision

1. The Decision to Apply the Newly Enacted ACPA on Appeal

Even though the district court only ruled on Sportsman’s FTDA claims, a panel of the Second Circuit decided to apply the newly enacted ACPA on appeal. Writing for the panel, Judge Calabresi noted that “it is clear that the new law was adopted specifically to provide courts with a preferable alternative to stretching federal dilution law.” Noting a “particularly good fit” in the present case, and adequate findings of fact by the district court, the appellate court decided to apply the newly enacted ACPA directly.

66. Id.
67. Id. at 494-95.
68. Id. at 495.
69. Id. Such remedies are only possible when the perpetrator’s acts constitute “willful dilution.” 15 U.S.C. § 1117(a) (Supp. IV 1998).
70. Sporty’s Farm, 202 F.3d at 495.
71. As a general rule, appellate courts are to apply the law that exists at the time of the appeal, unless it is more appropriate to remand for further fact-finding and consideration. See Hamm v. City of Rock Hill, 379 U.S. 306, 312 (1964) (“If subsequent to the judgment and before the decision of the appellate court, a law intervenes and positively changes the rule which governs, the law must be obeyed, or its obligation denied.”).
72. Id. at 497.
73. Id. As a procedural matter, the court later dismisses the “impermissibly retroactive” argument because the statute authorizes “prospective relief,” which the Supreme Court has found a permissible reason for retroactivity. Id. at 502.
2. The Classification of the “Sporty’s” Mark and “Confusingly Similar” Determination

The court initially examined the “Sporty’s” mark to see if it was distinctive or famous, and thus entitled to the ACPA’s protection. The Second Circuit agreed with the lower court’s finding that “Sporty’s” was a distinctive mark as used in connection with Sportsman’s catalogue of merchandise and advertising. After reaching this conclusion, the court did not decide whether the “Sporty’s” mark was famous, as distinctiveness alone was enough to warrant protection under the ACPA.

The court next addressed the question of whether the domain name sportys.com is “identical or confusingly similar” to the “Sporty’s” mark. The court noted that sportys.com is functionally identical to the “Sporty’s” mark since apostrophes cannot be used in domain names, and therefore found it to be confusingly similar.

3. The Determination of a Bad Faith Intent to Profit

The court went on to decide whether Omega had a “bad faith intent to profit,” a necessary prerequisite to liability under the ACPA. Based on the nine statutory factors, the court held that there was more than enough evidence to find a bad faith intent to profit. The first factor was indicative of bad faith because Omega did not have any intellectual property rights in sportys.com when it registered the domain name. Under the second factor, the court noted that the domain name did not consist of the legal name of the party that registered it (Omega), so Sporty’s Farm did not have any right to be identified by it. The third factor, the prior use of the domain

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75. Sporty’s Farm, 202 F.3d at 497.
76. Id.
77. Id. The court, in dicta and with some reservation, noted that the mark would probably be held to be famous. Id.
78. Id.
79. Id. at 497-98.
81. 15 U.S.C.A. § 1125(d)(1)(B)(i)(I) (West Supp. 2000). The court noted that Sporty’s Farm was not formed until after the domain name was registered and did not begin operations until after the current lawsuit was filed. Sporty’s Farm, 202 F.3d at 498.
82. 15 U.S.C.A. § 1125(d)(1)(B)(i)(II) (West Supp. 2000). The court noted that Sporty’s Farm did not exist when sportys.com was registered, so although the domain name included part of the business’s name that used it, this factor did not indicate good faith. Sporty’s Farm, 202 F.3d at 499.
name in connection with a bona fide offering of goods or services, was also found indicative of bad faith because Sporty’s Farm did not use the site until after the litigation began.\footnote{15 \(\text{U.S.C.A.} \) \S\ 1125(d)(1)(B)(i)(III) (West Supp. 2000); \textit{Sporty’s Farm}, 202 F.3d at 499.} Under the sixth factor, where a court may consider the registrant’s prior offer to sell the domain name without using it first, the court found that Omega’s sale of the mark to Sporty’s Farm was suspicious and therefore indicative of bad faith.\footnote{15 \(\text{U.S.C.A.} \) \S\ 1125(d)(1)(B)(i)(VI) (West Supp. 2000); \textit{Sporty’s Farm}, 202 F.3d at 499. Although Sporty’s Farm was a wholly owned subsidiary, the court considered it a “third party,” technically making the sale from Omega to its subsidiary a sale “without prior use.” \textit{Id.}} Finally, the court considered under the ninth factor the extent to which the mark is “distinctive and famous” as defined by the FTDA. Reiterating its finding that the Sporty’s mark is distinctive, the court concluded that this factor tilted towards a finding of bad faith use.\footnote{15 \(\text{U.S.C.A.} \) \S\ 1125(d)(1)(B)(i)(IX) (West Supp. 2000); \textit{Sporty’s Farm}, 202 F.3d at 499. Presumably, the more distinctive or famous a mark is, the more it is deserving of protection, so bad faith intent to profit may more easily be found.} The court was most swayed towards a bad faith finding, however, by the unique facts of the case: that Omega planned to compete directly with Sportsman’s and was clearly attempting to deprive Sportsman’s of the domain name.\footnote{\textit{Sporty’s Farm}, 202 F.3d at 499. Interestingly enough, this “unique factor” is one of the factors listed as evidence of bad faith under ICANN’s newly formed UDRP. \textit{Uniform Domain Name Dispute Resolution Policy}, at \url{http://www.icann.org/udrp/udrp-policy-24oct99.htm} (Oct. 24, 1999).}

The Second Circuit found Sporty’s Farm in violation of Sportsman’s statutory rights and affirmed the lower court’s injunction directing transfer of the domain name rights.\footnote{\textit{Sporty’s Farm}, 202 F.3d at 499.} Damages were not awarded under the ACPA because Omega registered the domain name before the enactment of the ACPA.\footnote{\textit{Id.} at 500 n.14 (noting that damages may only be awarded for domain name registrations occurring after the enactment of the ACPA). The ACPA, however, does not preclude an award of damages under any other cause of action. 15 \(\text{U.S.C.A.} \) \S\ 1125(d)(3) (West Supp. 2000).} The court also considered damages under the FTDA and state law but found no basis for a damages award.\footnote{\textit{Id.} at 500-501. Under the FTDA, to award damages there must be “willful intent” to dilute the mark; under the state unfair competition cause of action, there must be a violation of some sort of unfair business practice. \textit{Id.}}
III. DISCUSSION

There has been some debate over what ought to constitute unlawful cybersquatting. In the Senate Report on the ACPA, Congress identified categories of behavior that the bill is aimed at preventing. The bill is intended to apply to those who “lock up” domain names with the intent to extract ransoms from mark owners—behavior referred to as “cyber piracy” or cybersquatting by most courts. The bill is also intended to prevent behavior traditionally considered unfair competition under trademark law, such as preying on consumer confusion or free-riding on a mark holder’s goodwill. Congress cited the dispute between Disney and a business using the domain name disneytransportation.com as an example of such unfair competition. Despite its lack of affiliation with the Walt Disney Company, the site greets online consumers with “a picture of Mickey Mouse and offers shuttle services in the Orlando area and reservations at Disney hotels.”

After determining the types of behavior Congress believed mark holders ought to be protected from, Congress drafted the ACPA as an amendment to the Lanham Act to address the situations where the FTDA failed to provide appropriate protection. The remainder of this Note will review the specific areas where Congress found the FTDA to be lacking in appropriate mark holder protection and then discuss how Congress drafted the ACPA to fill in such gaps.

A. The High Standard for Protection of Marks under the FTDA

A cybersquatter may “lock up” a domain name and hold it for ransom without fear of sanction under the FTDA if the mark is not famous since the FTDA is only supposed to protect “famous marks.” In many early cases the famousness requirement was not a significant barrier for mark

90. See sources cited supra note 13 (authors expressing their views on the proper characterization of a cybersquatter).
92. See id. at 6.
93. Id.
94. Congress listed a total of five types of behavior it considered “culpable,” but the two primary examples noted here are broadly representative of the forms of behavior Congress denounced. See id. at 5-6 (1999).
95. There has also been significant development of ICANN’s UDRP and the relief it offers in domain name disputes. For a detailed discussion of current developments, see John G. White, Note, ICANN’s Uniform Domain Name Dispute Resolution Policy in Action, 16 BERKELEY TECH. L.J. 229 (2001).
holders.97 But as previously noted, the Ninth Circuit recently held that a mark must be “truly prominent and renowned” in order to meet this threshold.98 This famousness standard leaves promising newcomers, and others whose names are merely “distinctive,” with little or no protection under the FTDA.

Congress broadened the class of mark holders eligible for protection under the ACPA by protecting both famous and distinctive marks.99 The Second Circuit, applying the distinctiveness standard to the “Sporty’s” mark in Sporty’s Farm, held that it was entitled to ACPA protection after finding that it was distinctive. The court then mentioned, in dicta, that the “Sporty’s” mark met the famousness criteria in “most respects.”100 If Sporty’s Farm had been tried within the Ninth Circuit, under the “truly prominent and renowned” famousness test, the court would probably have had even more doubt as to the mark’s fame. It was not necessary to address the issue fully under the ACPA, however, since the mark was protectable once found to be distinctive.101

B. The Commercial Use Requirement under the FTDA

Cybersquatters might evade liability under the FTDA so long as they fail to make “commercial use” of the domain name. The FTDA expressly states that it does not prevent noncommercial uses of a trademark.102 Use of a mark as an “address” does not literally fit within the Lanham Act’s description of use “on goods,” which is intended to apply to such uses as

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97. See, e.g., Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996) (allowing fame based on a limited examination, partly because the issue was not contested).

98. Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 875 (9th Cir. 1999) (citing I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 46 (1st Cir. 1998)).

99. 15 U.S.C.A. § 1125(d)(1)(A)(ii)(I) & (II) (West Supp. 2000). Remember that “distinctiveness” is an inherent characteristic of a mark, similar to “uniqueness,” which may exist on the day a mark is introduced into commerce. A mark’s “fame” is based on consumer association of the goods with the mark over a substantial geographic area, and this takes time to develop. A distinctive mark might not be famous at all. For a discussion of the differences, see Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215-16 (2d Cir. 1999). The definitions of these terms are apparently the same under the ACPA as they are under the FTDA. Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc., 202 F.3d 489, 497 n.10 (2d Cir. 2000).

100. Sporty’s Farm, 202 F.3d at 497 n.10 (noting that the famousness factor dealing with “the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought” might be questionable in establishing fame).

101. Id.

102. 15 U.S.C. § 1125(c)(4) (Supp. IV 1998) (“The following shall not be actionable under this section: . . . (B) noncommercial use of a mark.”).
the Nike swoosh on shoes or IBM stamped on a computer. Early cases held that the mere reservation of a domain name, or warehousing of several domain names, did not qualify as trademark dilution because of the failure to find use in commerce. For example, in *Lockheed Martin Corp. v. Network Solutions, Inc.*, Lockheed Martin filed a complaint because several individuals had reserved variations of Lockheed's service mark as domain names. The court held that "the mere fact that a person registered a [trademark] or a variation thereof as a domain name does not mean that the person infringed or diluted Lockheed's mark."

In more abusive cases such as *Panavision International v. Toeppen*, the court held that an attempt to sell or arbitrage the domain name was commercial use, but this type of commercial use does not clearly fall within the Lanham Act's definition. In *Panavision*, Toeppen registered as domain names several trademarks held by Panavision "as part of a scheme to obtain money." But Toeppen was not making commercial use of the marks as product source identifiers; he merely used them to display photographs of Pana, Illinois. The court did not discuss the Lanham Act's definition of use in commerce, focusing instead on the "evil" intent to sell the mark, and holding this to be use in commerce. Congress noted in the Senate Report on the ACPA that it believed the outcome of this case was correct. The reasoning used to arrive at the case result, however, must have been deemed suspect, as Congress was compelled to make changes when drafting the ACPA.

Unlike the FTDA, the ACPA does not require commercial use of the domain name. Instead, it allows courts to consider the circumstances surrounding any commercial use as a factor in deciding whether to find liability. By removing the strict requirement of commercial use, Congress re-

103. *See* H. REP. NO. 104-374, at 3 (1995) (citing uses, which refer to products bearing another's mark, that would be actionable under the FTDA).
104. *See*, e.g., Juno Online Services v. Juno Lighting, 979 F. Supp. 684, 691 (N.D. Ill. 1997) (finding that reserving the right to use a domain name without using it, or "warehousing," is not enough to establish that defendant placed the mark on goods, or "used or displayed [the mark] in the sale or advertising of services," as required to find liability).
106. *Id.* at 1058. This was an especially sympathetic case, however, as it was the domain name registrar being sued in lieu of the cybersquatter.
107. 141 F.3d 1316 (9th Cir. 1998)
108. *Id.*
109. *Id.* at 1318.
110. *Id.* at 1319.
111. *Id.* at 1324-26.
moved a loophole that sophisticated cybersquatters had previously used to avoid liability under the FTDA.\textsuperscript{113} Congress also removed the need for courts to expand the definition of "use in commerce" beyond the FTDA's intended scope. Under the ACPA's bad faith intent to profit analysis, courts are now permitted to consider any commercial behavior engaged in by cybersquatters that indicates their registration was in bad faith.\textsuperscript{114}

Commercial use is implicated in four of the nine nonexclusive factors,\textsuperscript{115} one of which was found to be influential in Sporty's Farm. The Second Circuit held that Omega's formation of a business to sell goods on the eve of Sporty's Farm's trial date was not a "bona fide business" indicative of good faith under factor three.\textsuperscript{116} In addition, the Second Circuit exercised its discretion under the ACPA to introduce other factors indicative of bad faith, noting that the most persuasive reason for its holding was the fact that Omega registered the domain name merely to keep it away from a "future [business] competitor."\textsuperscript{117} Hence, "commercial use" has been relegated from a liability stumbling block under the FTDA to a number of relevant, but discretionary, factors in determining liability under the ACPA.

C. The Lack of Deterrence under the FTDA

Congress deemed the FTDA an inadequate deterrent to cybersquatting because the threat of sanction did not outweigh the reward gained by engaging in the wrongful behavior.\textsuperscript{118} Even if the FTDA made cybersquat-

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\item Id. at 7.
\item Under factor three of the bad faith intent to profit analysis, if the defendant has previously used the domain name in "connection with the bona fide offering of any goods or services," then the court may find evidence of good faith. Id. § 1125(d)(1)(B)(i)(III). The fifth factor of the bad faith intent to profit analysis directs a court to inquire into the registrant'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 . . . ." Id. § 1125(d)(1)(B)(i)(V). Under bad faith intent to profit factor six, a court may consider the registrant's attempt to sell the domain name without having first used, or intended to use, the domain name in a bona fide offering of goods or services, or the prior history of attempting to sell domain names. Id. § 1125(d)(1)(B)(i)(VI). Under bad faith intent to profit factor eight, a court can consider the person's acquisition of multiple domain names that the registrant knows to be infringing or commercially dilutive of a distinctive or famous mark. Id. § 1125(d)(1)(B)(i)(VIII).
\item Id.
\item See S. REP. NO. 106-140, at 7-8 (1999).
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ting unlawful, if the liability the cybersquatter faced was not greater than the expected profit multiplied by the chance of making a sale, cybersquatting would not be deterred. Cybersquatters can effectively tie up a domain name in the .com top level domain merely by spending $35 to register the name. If found liable under the FTDA, a defendant will probably be forced to hand over the domain name to the actual mark holder, but obtaining a judgment for damages is contingent upon the mark holder establishing damages and willful dilution. Hence, before the enactment of the ACPA, most courts ended up merely transferring the domain name to the victor without levying a "punishment" against the cybersquatter. Congress determined that the mere threat of losing the domain name was not enough of a deterrent to prevent cybersquatters from continuing their behavior.

Congress solved this deterrence problem directly by drafting the ACPA to allow a mark holder to opt for statutory damages in lieu of actual damages. The ACPA amends the Lanham Act to allow a court to award statutory damages in an amount not less than $1,000 and not more than


120. See, e.g., Avery Dennison Corp. v. Sumpton, 999 F. Supp. 1337, 1342 (C.D. Cal. 1998) (issuing an injunction ordering domain name transfer, with no accompanying damages award).

121. 15 U.S.C. §§ 1125(c)(2), 1117(a) (Supp. IV 1998). Even assuming a plaintiff can establish willful intent, proving damages can be difficult. See S. REP. NO. 106-140, at 7 (1999); see also Electronics Boutique Holdings Corp. v. Zuccarini, 56 U.S.P.Q.2d 1705, 1711 (E.D. Pa. 2000) (emphasizing that the actual damages suffered by the mark holder as a result of cybersquating were "incalculable").

Some courts have erected yet another barrier for plaintiffs seeking to use the FTDA—requiring proof of actual, rather than likely, harm to establish dilution. See, e.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 170 F.3d 449, 464-65 (4th Cir. 1999) (in order to maintain a cause of action under the FTDA, the complainant must establish actual damages, rather than merely a "likelihood of dilution," through proof of actual loss or a skillfully constructed consumer survey). For a summary and analysis of the current circuit split on this issue, see Matthew S. Voss, Note, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development & Nabisco, Inc. v. PF Brands, Inc., 15 BERKELEY TECH. L.J. 265 (2000).

122. Avery Dennison, 999 F. Supp. at 1342 (issuing an injunction ordering domain name transfer, but requiring the plaintiff to pay reasonable compensation for the domain name).


$100,000 per domain name, as the court considers just. The mark holder may opt for either remedy up until judgment is rendered, allowing him to choose the most favorable remedy if he can prove actual damages. At least one court has taken full advantage of these new damages provisions, choosing to award the maximum penalty of $100,000 per domain name against a cybersquatter who, according to the court, “boldly thumbs his nose at the rulings of [the] court and the laws of our country.”

The threat of such a large damage award clearly provides a disincentive to cybersquatting, one that may have deterred the defendant in Sporty’s Farm from ever registering sportys.com if faced with the same decision today. As online businesses contemplate marketing schemes, such as Omega’s plan to prevent Sportsman’s from using its unique identifier online, they will have to consider the probability that a large penalty will be levied against them if they are found to have a bad faith intent to profit.

D. The Difficulty Proceeding against Online Defendants under the FTDA

The global nature of cybersquatting gives rise to problems dealing with jurisdiction and service of process, which may be insurmountable without the ability to proceed in rem against cybersquatters. Trademark holders attempting to police their marks are faced with a significant problem when cybersquatters register domain names under aliases or provide

125. Id. In order to avoid problems with retroactivity, the damages provision does not apply to domain names that were registered before the enactment of the ACPA. Id. The applicability provisions following the text of the statute provide that the ACPA injunctive remedy applies to all registrations, but the damages provision does not apply to registrations that occurred before enactment of the ACPA on November 29, 1999. Consolidated Appropriations Act, 2000, Pub. L. No. 106-113, Div. B, § 1000(a)(9), 113 Stat. 1536, 1537 (1999).


127. Electronics Boutique Holdings Corp. v. Zuccarini, 56 U.S.P.Q.2d 1705, 1713 (E.D. Pa. 2000) (also awarding attorney’s fees and an injunction order to transfer the domain names). At present, few published decisions on the damages provision of the ACPA are available. For another example, see United Greeks, Inc. v. Klein, 2000 WL 554196 (N.D.N.Y. 2000) (denying mark holder’s request for $10,000 per domain name, instead awarding $2,000 per domain name, for a total of $10,000 statutory damages).


129. In certain situations where a defendant’s property violates the law, but the defendant cannot be located, courts have allowed an in rem suit—a suit against the property itself. Rule 4(n) of the Federal Rules of Civil Procedure authorizes federal courts to exercise in rem jurisdiction over property within their domain if a federal statute so provides. FED. R. CIV. P. 4(n).
false contact information.\textsuperscript{130} When there are multiple defendants, the problem compounds itself.\textsuperscript{131} Without being able to locate, identify, or serve process on the owner of a potentially diluting domain name, a mark holder is left without legal remedy unless he is allowed to proceed in rem.

This problem poses yet another barrier to pursuing cybersquatters under the FTDA. In \textit{Porsche Cars North America, Inc. v. Porsch.com},\textsuperscript{132} the District Court for the Eastern District of Virginia held that a mark holder could not proceed in rem against a domain name under the FTDA. Porsche had identified 128 domain names consisting of common misspellings and combinations using the mark “Porsche,” registered by various individuals.\textsuperscript{133} Porsche filed an in rem proceeding under the FTDA against the domain names, but the court held that even though the FTDA does not expressly preclude an in rem cause of action, “its language speaks strongly in favor of allowing in personam actions alone.”\textsuperscript{134} As a result, a cybersquatter might be able to evade judicial sanction by providing false or misleading contact information that prevents the mark holder from effectively serving process.

Congress addressed this problem in a manner that seems to respond directly to the concerns raised in \textit{Porsche}.\textsuperscript{135} Under the ACPA, a mark holder may file an in rem action against the domain name itself if the registrant cannot be located after reasonable efforts or if personal jurisdiction cannot be obtained.\textsuperscript{136} The fact that several mark holders have already

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  \item \textsuperscript{130} S. REP. NO. 106-140, at 10 (1999).
  \item \textsuperscript{131} Which is not uncommon given the multitude of possible variations on any trademarked name.
  \item \textsuperscript{132} Porsche Cars N. Am., Inc. v. Porsch.com, 51 F. Supp. 2d 707, 713 (E.D. Va. 1999).
  \item \textsuperscript{133} \textit{Id.} at 709.
  \item \textsuperscript{134} \textit{Id.} at 712 (noting that the language of the FTDA speaks strongly in favor of allowing in personam actions alone because the Act remedies only another “person’s” use of the mark, and assesses damages against a “person”). While some of the domain name registrants’ identities and addresses were unknown (such that an in personam action would be futile), most were known. \textit{Id.} The court noted that the Due Process Clause requires “at least some appreciation” of the difference between defendants that cannot be reached and those that can. \textit{Id.} at 713 (registrants whose identities and addresses are known would rightly object to having their interests adjudicated in absentia). Since Porsche’s pursuit of an in rem remedy failed to differentiate between the two different classes of defendants, the complaint had to be dismissed as to all defendants. \textit{Id.}
  \item \textsuperscript{135} In fact, it seems Congress intended to address the case directly. \textit{See Cybersquatting and Consumer Protection: Ensuring Domain Name Integrity} (Fed. News Service, July 22, 1999) (Prepared statement of Senator Spencer Abraham before the Senate Judiciary Committee).
  \item \textsuperscript{136} 15 U.S.C.A. § 1125(d)(2) (West Supp. 2000). The plaintiff in \textit{Sporty’s Farm} would not have been permitted to take advantage of the in rem provision, since the de-
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taken advantage of the in rem cause of action under the ACPA is practical evidence of the existing need that this provision satisfies.\textsuperscript{137}

A mark holder proceeding in rem might be faced with the dilemma of having to prove a cybersquatter's bad faith intent to profit without knowledge of the squatter's identity. To ease this problem, under the ACPA a court may consider under factor seven a domain name registrant'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 contact indicating a pattern of such conduct" in deciding whether the requisite bad faith intent to profit exists.\textsuperscript{138} This factor might be the only helpful indicator of bad faith intent to profit when a mark holder proceeds in rem because the defendant could not be located. One court faced with this situation noted that factor seven, coupled with the similarity of the offending mark, "may well be sufficient to enable a plaintiff facing a defaulting domain name to obtain an in rem judgment against the domain name."\textsuperscript{139}

Courts might also choose to exercise their discretion when conducting the bad faith intent to profit analysis\textsuperscript{140} and characterize the defendant's failure to show up at the hearing as evidence of bad faith. On the whole, Congress seems to have addressed effectively the problems presented when proceeding against difficult to reach or numerous cybersquatters such as those in the \textit{Porsche} case.

\section*{E. The ACPA's Dark Side}

The strength of this new weapon against cybersquatters may not have come without a cost. The "free spirit" that has pervaded the Internet since its inception has arguably been dampened by this new legislation.\textsuperscript{141} The

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\item defendant was clearly identified and personal jurisdiction was established. \textit{See} Sporty's Farm L.L.C. v. Sportsman's Market, Inc., 202 F.3d 489, 494 (2d Cir. 2000), \textit{cert. denied}, 120 S. Ct. 2719 (2000).
\item \textit{See}, \textit{e.g.}, Broadbridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505 (S.D.N.Y. 2000); Harrods v. Sixty Domain Names, 110 F. Supp. 2d 420 (E.D. Va. 2000). As an interesting note, see White, \textit{supra} note 95 (discussing how panels applying the UDRP deal with "defaulting" defendants, since ICANN's UDRP has no formal method of dealing with the situation when the defendant fails—for whatever reason—to participate in the arbitration proceedings).
\item \textit{Harrods}, 110 F. Supp. 2d, at 427.
\item \textit{See} Jessica Litman, \textit{The DNS Wars: Trademarks and The Internet Domain Name System}, 4 J. SMALL & EMERGING BUS. L. 149 (2000) (arguing that the ACPA, by unnecessarily empowering trademark owners, favors commercial speech over other forms
ACPA drafters made efforts to ensure that fair use and First Amendment rights were not impinged upon, but any chilling effect on such domain name uses is difficult, if not impossible, to measure. The drafters of the FTDA noted that one of the reasons the bill adequately protected First Amendment rights was the fact that the bill did not prohibit noncommercial expression. Under the ACPA, however, this limitation is now removed. Even more significantly, the ACPA’s new statutory damages provision allows trademark owners—or their lawyers—to mention in their “cease and desist” letter that a court may award up to $100,000 in statutory damages, regardless of the use the registrant made of the domain name. Although Congress explicitly mentions examples of “acceptable” domain name registrations, such as the registration of pokey.org for a child nicknamed Pokey, it is unlikely that the mark owner will mention this in its letter. It seems more likely that domain name holders will give of speech online—allowing mark owners to further suppress other online uses by amateurs, critics, fans, and children).

142. In developing this new cause of action on behalf of trademark holders, the drafters of the ACPA intended to balance the legitimate interests of good faith Internet users with attempts to clarify the law for trademark holders and online consumers. S. REP. No. 106-140, at 8-9 (1999). The ACPA has a savings clause that explicitly preserves the traditional trademark defenses, such as fair use, comparative advertising, and First Amendment rights (such as free speech, parody, comment, criticism, and news reporting). 15 U.S.C.A. § 1051 (West Supp. 2000) (“Savings Provisions” following the text of the statute); see also S. REP. No. 106-140, at 11 (1999). In addition, the ACPA was amended after presentation to include a provision intended to balance cybersquatting deterrence with protected trademark uses online by limiting the cause of action to only bad faith registrations and uses of others’ marks by persons who seek to profit unfairly from the goodwill associated therewith. S. REP. No. 106-140, at 8-10 (1999). Bad faith intent to profit cannot be found in any case in which the court determines that the person reasonably believed that the use of the domain name was a fair use or otherwise lawful. 15 U.S.C.A. § 1125 (d)(1)(B)(ii) (West Supp. 2000). In addition, the first four bad faith intent to profit factors provide “wiggle room” for courts to consider the good faith use of a registrant. See id. § 1125 (d)(1)(B)(i)(I)-(IV). Moreover, the ACPA provides for costs & attorney’s fees to the winner of an action, which may help restore a junior mark user that successfully litigates against a bullying senior user. S. REP. No. 106-140, at 11 (1999). The ACPA also allows a domain name holder who proves that the trademark holder had insufficient basis for an action under the ACPA to collect any damages incurred as a result of the suit. Id.

143. H. REP. No. 104-374, at 4 (1995) (noting that the bill adequately protects First Amendment rights because it does not prohibit noncommercial expression & explicitly exempts from liability traditional “fair uses” of a mark).

144. A damages provision dubbed “draconian” by some. See Litman, supra note 141 (noting that Senator Patrick Leahy referred to the bill’s provisions as “draconian”).

up their names, regardless of any good faith intent to use, rather than face such a large, unfettered penalty.\textsuperscript{146}

IV. CONCLUSION

The Second Circuit in \textit{Sporty’s Farm} was accurate in stating that the ACPA “constitutes a particularly good fit” for the facts of the case.\textsuperscript{147} \textit{Sporty’s Farm} is representative of one type of case for which the ACPA was designed. Although the same result may have been warranted under the FTDA in this case, the ACPA truly provides courts with “a preferable alternative to stretching federal dilution law” by enumerating factors uniquely tailored to cybersquatting cases.\textsuperscript{148}

Aside from the damages provision, the ACPA seems a generally appropriate solution to the problems presented when applying the FTDA to cybersquatters, even if there is some potential for undesired side effects. Congress has addressed the FTDA’s problems with a flexible solution that gives courts the discretion to consider culpable patterns of behavior that might become apparent in the future. Given the need for new legislation\textsuperscript{149} and the benefits of a law that is capable of adapting as technology advances, any chilling effect on good faith domain name registrants is probably a tolerable side effect.

The ACPA statutory damages provision clearly satisfies Congress’s desire to deter cybersquatting, but an alternative solution that provides some guidance to the courts when determining the amount of statutory damages would probably be just as effective, yet have less of a chilling effect on good faith users. Congress gave courts broad discretion in determining liability but at the same time provided guidance to the courts in the form of a multi-factor test\textsuperscript{150} with limitations.\textsuperscript{151} Similar guidance seems appropriate when determining damages. One court faced with the problem of determining statutory damages considered several factors, including the

\textsuperscript{146} For discussion from the viewpoint that the ACPA is bad for good faith users and small business owners, see The Domain Name Right Coalition, Home Page, at http://www.netpolicy.com/dmainindex.html (last visited Feb. 2, 2001).
\textsuperscript{148} \textit{Id}.
\textsuperscript{149} \textit{See} S. REP. No. 106-140, at 7 (1999).
\textsuperscript{151} Bad faith intent to profit cannot be found in any case in which the court determines that the person reasonably believed that the use of the domain name was a fair use or otherwise lawful. \textit{Id.} § 1125 (d)(1)(B)(ii).
defendant's overall profits from cybersquatting (not just profits from the domain names at issue in the case), the likelihood that his other domain names were infringing (evidenced by mark similarity and other suits or demands pending against him), the type of individual or organization that was "squatted" on (e.g., public health organizations), and the defendant's prior violations of the ACPA. Whether such factors are appropriate is beyond the scope of this Note, but good faith domain name registrants would probably be better served if Congress provided at least some guidance or restrictions to assist courts in making this determination.