This Note examines the interaction between the two dominant systems of domain-name dispute resolution: the Uniform Domain-Name Dispute-Resolution Policy ("UDRP") and the Anticybersquatting Consumer Protection Act ("ACPA"). These systems vary in structure and scope. The UDRP is an international, administrative process enforced by contract. The ACPA, on the other hand, is a statutory system designed by Congress and enforced by U.S. federal courts. Trademark owners can use the ACPA and the UDRP procedures to combat cybersquatting and other abuses of the Internet domain-name system that infringe on their trademark rights. Only recently, however, have federal cases begun to describe how the ACPA will treat UDRP decisions.

Two recent federal cases will likely influence the future development of these systems. In the first case, Sallen v. Corinthians Licenciamentos, the First Circuit held that federal courts have jurisdiction over ACPA declaratory judgment claims brought by domain-name registrants seeking to recover a domain name lost in a UDRP proceeding. In the second case, Barcelona.com, Inc. v. Excelentisimo Ayuntameiento de Barcelona, the Eastern District of Virginia dismissed a similar declaratory judgment action under the ACPA, and held that the ACPA applied to valid foreign trademark rights.

1. In this context, a system of domain-name dispute resolution could include litigation, mediation, arbitration, and UDRP's mandatory administrative proceedings.
2. 273 F.3d 14 (1st Cir. 2001).
3. The term "domain name registrant" will be used throughout the Note to describe the owner of the right to use the domain name on the Internet—a right acquired through registration of the domain name.
5. 189 F. Supp. 2d 367 (E.D. Va. 2002). The Eastern District of Virginia tries many domain name cases because plaintiffs can often assert in rem jurisdiction over the domain name, and one of the largest registrars, Network Solutions, Inc., is located in this district. See, e.g., Cesars World, Inc. v. Cesars-Palace.com, 112 F. Supp. 2d 502 (E.D. Va. 2000).
Because the UDRP and the ACPA are relatively new, there are few federal cases describing the relationship between the two systems,\textsuperscript{6} therefore \textit{Sallen} and \textit{Barcelona.com} are important decisions for federal courts applying the ACPA to UDRP decisions. These cases will influence how trademark owners and domain-name registrants will protect their rights, particularly in deciding whether to resort to either the UDRP or the ACPA. Following \textit{Sallen} and \textit{Barcelona.com}, the UDRP may have to adapt to counter an increase in the ACPA's dominance.

These cases also raise concerns about the future of domain-name dispute resolution. An international, contractual process like the UDRP does not always integrate harmoniously with a national, judicial process like the ACPA; and although the ACPA's declaratory judgment action may provide a way to address certain unfair UDRP decisions, an internal UDRP appellate process would better address lingering concerns with the UDRP process. Ultimately, in terms of balancing the rights of trademark owners and domain-name registrants, the ACPA may be merely a temporary solution until the UDRP system is further reformed.

I. BACKGROUND

Understanding the purposes of the UDRP and the ACPA requires an understanding of how abuses of the domain-name system occur. This Part describes the development of the Internet and the domain-name system. It then focuses on the registration, use, and abuse of domain-name property rights.

A. The Internet and the Domain-name System

In the 1960s, the United States funded the development of the "ARPANET" network, the seed of today's Internet.\textsuperscript{7} By the 1970s, the government had linked other networks to the ARPANET backbone, creating a "network of networks," and began allowing nongovernmental use of this network. The public quickly came to dominate what became known as the Internet, especially e-mail and the graphical World Wide Web.\textsuperscript{8}


\textsuperscript{8} Id.
The Internet is a huge web of connected computer networks that share standardized communication protocol software. These standardized protocols allow a computer connected to the Internet to communicate with any other connected computer.\(^9\) As part of the protocol, each computer is assigned a unique network address: a virtual location in cyberspace defined by an Internet protocol ("IP") number.\(^10\) This IP number works like a real-world mailing address; when sending a packet of information through the Internet, a computer attaches the receiving computer’s IP number as well as the sender’s own IP number to the information, so that the receiver can respond.\(^11\)

IP numbers, which are long and arbitrary, are essential to Internet communication, but are nearly impossible for human users to remember. Recognizing this problem, Internet engineers developed the Domain-name System ("DNS"), a database that replaces each IP number with a unique, easy-to-remember alphanumeric code called a domain name.\(^12\) When an Internet user enters a domain name into a web browser, a computer database called a domain-name server translates the name into its corresponding IP number.\(^13\)

The form of a domain name specifies its location within the Internet’s domain structure. For example, the domain name “law.berkeley.edu” is a virtual location within the top level domain devoted to educational institutions: .edu. In the .edu domain, the domain name resides within the second-level domain berkeley. Finally, within berkeley, the domain name refers specifically to the IP address for the third-level domain law.

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10. This number is part of the standardized TCP/IP protocols which allow the Internet to operate.

11. See ICANN, Glossary of Terms and Abbreviations, at http://www.icann.org/general/glossary.htm (briefly defining Internet protocol); see also A. Michael Froomkin, Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution, 50 DUKE L.J. 17, 37 (2000).

12. These engineers considered the system as an "addressing mechanism ... not intended to reflect trademarks." Holger P. Hestermeyer, The Invalidity of ICANN’s UDRP Under National Law, 3 MINN. INTELL. PROP. REV. 1, 6-7 (2002). For more information on the Domain Name System, see Luke A. Walker, Note, ICANN’s Uniform Domain Name Dispute Resolution Policy, 15 BERKELEY TECH. L.J. 289, 291-94 (2000).

13. Congress defines “domain name” as “any alphanumeric designation that is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.” 15 U.S.C. § 1127 (2000).
The United States created the Internet Corporation for Assigned Names and Numbers ("ICANN") in November 1998 as a U.S.-based, non-profit, private entity to administer all aspects of the Internet, including the domain-name system.  

This transfer was intended to privatize the Internet, especially the domain-name system. ICANN in turn administers the registries, which are private, nonprofit corporations that manage the generic top-level domain names ("gTLDs"). The top-level domain names include: .aero, .biz, .com, .coop, .info, .museum, .name, .net, and .org. In addition, ICANN approves the domain-name registrars that assign second-level domains within these gTLDs.

Anyone may register a domain name for a second-level domain within the gTLDs. A second-level domain and the domain name attached to it must be unique: the DNS would breakdown if the domain names for different locations within the gTLDs were identical. Therefore, once a sec-


ICANN’s policies are influenced by governments, Internet engineering organizations, and corporate trademark owners. See Elizabeth G. Thornburg, Fast, Cheap, and Out of Control: Lessons From the ICANN Dispute Resolution Process, 6 J. SMALL & EMERGING BUS. L. 191, 202-03 (2002).

15. Stephen J. Ware, Domain Name Arbitration in the Arbitration-Law Context: Consent to, and Fairness in, the UDRP, 6 J. SMALL & EMERGING BUS. L. 129, 157-59 (2002); see also Froomkin, supra note 11, at 13 (providing a detailed discussion of the controversy over the development of ICANN).

16. There are three types of top-level domain names: general, restricted, and country code. Domain names in the general top-level domains ("gTLDs") are open to anyone, while only specifically defined groups may register domain names in a restricted top-level domain ("rTLD"). Country code top level domains ("ccTLDs"), assigned to each country in the world, vary in their policies. Some restrict registration to only those entities within the country, others market the domain names to foreign entities. See Hester-meyer, supra note 12, at 3-4.

ond-level domain has been registered, no one can register an identical domain name within that top level domain. A second-level domain holder can then create lower-level domains within their second-level domain.

Registration of domain names is automated and occurs on a first-come basis. There is no check to determine whether the domain name infringes a company’s trademark rights. Trademark law, on the other hand, grants trademark rights only after a more stringent process. Therefore, disputes over domain-name ownership are common.

B. Cybersquatting and Other Domain-Name System Abuses

Cybersquatting is the most familiar way to abuse the domain-name system by improperly registering and using a domain name. A cybersquatter finds and registers an Internet domain name that is identical or similar to a well-known trademark. The cybersquatter then attempts to sell the domain name to the trademark’s owner, usually at an inflated price. For example, the infamous cybersquatter, Daniel Toeppen, paid $100 to register “panavision.com,” a domain name identical to the “panavision” trademark. He later offered the domain name to the Panavision Corporation for $13,000. Because there was no statute like the ACPA at the time, the federal court found him liable under traditional trademark infringement.

There are other domain-name system abuses besides cybersquatting. For example, the UDRP specifically lists registration abuses such as: (1) preventing a trademark owner from reflecting its mark on the Internet, (2) disrupting a competitor’s business, or (3) attracting users for commercial gain by misleading them about who actually owns the web site.

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19. Id.
20. See S. REP. NO. 106-140, at 4-5 (1999) (defining cybersquatting as “registering, trafficking in, or using domain names that are identical or confusingly similar to trademarks with the bad-faith intent to profit from the goodwill of the trademarks”); H.R. REP. NO. 106-412, at 5 (1999); Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc., 202 F.3d 489, 493 (2d Cir. 2000).
22. Id. at 1319.
24. UDRP Policy, supra note 23, ¶ 4(b)(iii).
25. Id. ¶ 4(b)(iv). This is otherwise known as “initial interest confusion”—capitalizing on an Internet user’s mistaken belief that the domain name is associated with
Trademark owners can also abuse the domain-name system through reverse domain-name hijacking, in which the trademark owner brings an unjustified claim of cybersquatting, and obtains the domain name from a legitimate owner. Both the UDRP and the ACPA provide penalties against trademark owners who try to use these systems to steal domain names. The UDRP allows a domain-name holder to have a proceeding dismissed by showing that the trademark owner is attempting either to reverse domain-name hijack the domain name, or to harass the domain-name owner. The ACPA also provides a limited penalty for reverse domain-name hijacking.

II. THE UNIFORM DOMAIN-NAME DISPUTE RESOLUTION POLICY

ICANN responded to the cybersquatting problem by working with the World Intellectual Property Organization (“WIPO”) to develop the UDRP. ICANN enforces the UDRP through its accreditation contracts with registrars. All approved gTLD registrars must incorporate the UDRP into new domain-name registration contracts and renewals of existing contracts. Those registering domain names through registration contracts agree to use the UDRP’s “mandatory administrative proceeding” to resolve certain disputes. For its part, the registrar agrees not to cancel, suspend, or trans-
fer a domain name without a private agreement, court order, or arbitration decision. In general, the UDRP provides a unique, fast-track administrative process for trademark owners alleging “registration and use of a domain name in bad faith.”

A. The UDRP Procedure

Trademark owners initiate UDRP administrative proceedings by filing a detailed complaint with one of the four dispute-resolution service providers (“providers”) currently approved by ICANN. When submitting the complaint, trademark owners agree to prove each element of the complaint and to submit to a court of mutual jurisdiction if a domain-name registrant challenges the result of the UDRP proceeding.

The complaint must allege and support three elements: (1) the domain name is confusingly similar or identical to the complainant’s trade or service mark; (2) the domain-name holder lacks legitimate rights to the domain name; and (3) the domain name has been registered and used in bad faith. The UDRP policy gives examples of bad faith: (1) registering or acquiring a domain name principally to profit from transferring the domain name to the trademark owner or a competitor of the trademark owner (this is cybersquatting); (2) registering a domain name to block the trademark owner from using its mark in a corresponding domain name, provided the registrant has a “pattern of such conduct”; (3) registering a domain name principally to disrupt a competitor’s business; or (4) using a domain name to draw Internet users to the registrant’s web site by confus-

subject to de novo judicial review. Id. at 146-47. See also id. at 149 (arguing that the UDRP’s drafters implied that the UDRP’s mandatory administrative proceeding was not arbitration by using the term “administrative procedure” instead of “arbitration”).


32. UDRP Policy, supra note 23, ¶ 4(b).


34. UDRP Rules, supra note 23, ¶ 3(b)(xiii); see Adam Goldstein, ICANN-SUCKS.BIZ (and Why You Can’t Say That): How Fair Use of Trademarks in Domain Names is Being Restrained, 12 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1151, 1162 (2002); Sorkin, supra note 14, at 39.

35. UDRP Rules, supra note 23, ¶ 3(b); see also Goldstein, supra note 34, at 1161-62; Sorkin, supra note 14, at 39.
ing users "as to the source, sponsorship, affiliation, or endorsement" of the web site.\textsuperscript{36}

After providers review the complaint for administrative compliance, and trademark owners pay the providers' service fees,\textsuperscript{37} the providers forward the complaint to the respondents, who are the domain-name registrants.\textsuperscript{38} If registrants fail to respond to the complaint within 20 days\textsuperscript{39} they default and the dispute will be decided based only on the complaint.\textsuperscript{40} A well-pleaded response should address the three elements of the complaint and argue appropriate affirmative defenses.

The affirmative defenses available to respondents include showing that the registrant: (1) used or prepared to use "the domain name or name corresponding to the domain name in connection with a bona fide offering of goods and services";\textsuperscript{41} (2) had no official trademark rights but "has been commonly known by the domain name";\textsuperscript{42} or (3) is "making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain, to misleadingly divert consumers, or to tarnish the trademark or service mark at issue."\textsuperscript{43}

Once providers receive a registrant's response, they appoint a panelist or group of panelists to review the dispute. Panelists are practitioners, professors, or retired judges who work for the dispute resolution provider. Each proceeding involves either a single panelist or, at the request of either party, a three-member panel.\textsuperscript{44} Panelists control the scope of evidence and communicate with the parties by mail or e-mail.\textsuperscript{45} They must review

\begin{footnotes}
\item[36] \textit{UDRP Policy}, \textit{supra} note 23, ¶ 4(b)(i)-(iv).
\item[37] Each dispute resolution provider charges a different amount depending on the number of panelists and the number of domain names challenged. \textit{See} Froomkin, \textit{supra} note 27, at 665 n.175.
\item[38] The DRSP must forward it to the domain name holder/respondent within three calendar days of receiving the complaint. The provider must use means reasonably calculated to contact the respondent, but a respondent will default if they cannot be contacted. \textit{See} Sorkin, \textit{supra} note 14, at 39; Thornburg, \textit{supra} note 14, at 200.
\item[39] The 20 days are measured from the time the provider forwards the complaint. \textit{See} UDRP Rules, \textit{supra} note 23, ¶¶ 5(a), 4(c), 4(a).
\item[40] UDRP Rules, \textit{supra} note 23, ¶ 5(e).
\item[41] UDRP Policy, \textit{supra} note 23, ¶ 4(c)(i). \textit{See also} Goldstein, \textit{supra} note 34, at 1162.
\item[42] UDRP Policy, \textit{supra} note 23, ¶ 4(c)(ii).
\item[43] \textit{Id.} ¶ 4(c)(iii). One commentator has noted that these affirmative defenses overlap considerably with complainant's burden of proof. Thornburg, \textit{supra} note 14, at 198.
\item[44] The complainant pays for the provider in most cases. A respondent who requests a three-member panel, however, must split the panel's cost with the complainant. Thornburg, \textit{supra} note 14, at 200.
\item[45] \textit{Id.} at 200 n.32.
\end{footnotes}
the documents and submit a written decision to the provider within two weeks. If the panelists find for the complainant, they will issue an order for the registrar to either cancel the domain name or to transfer it to the complainant. These are the UDRP’s only remedies.

Instead of responding to the complaint, registrants can suspend the proceeding by filing a lawsuit in a court of competent jurisdiction within ten business days of receiving the complaint,\(^{46}\) such as a declaratory judgment action under the ACPA. The registrant can also wait until the conclusion of the UDRP proceeding and then challenge a losing decision by filing a lawsuit within 10 days of the decision. Because the UDRP lacks an internal appeal process, neither party can directly appeal a UDRP decision.

**B. The UDRP Provides Fast, Cheap, and Consistent Recovery**

Trademark owners appreciate the speed, low cost, and effectiveness of UDRP proceedings. As of February 21, 2003, trademark holders had brought nearly 8,000 UDRP proceedings.\(^ {47}\) Of these proceedings, over 5,200 were decided in favor of the trademark owner.\(^ {48}\)

The UDRP successfully resolves some of the major problems that plague civil court trademark lawsuits. Civil trials over trademark rights are often long, expensive, and unpredictable, deterring trademark owners from suing cybersquatters.\(^ {49}\) While federal civil trials can drag on for months or even years, UDRP proceedings last about two months on average.\(^ {50}\) UDRP proceedings cost from $700 to $4000 while civil trials may cost...

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46. *UDRP Policy,* supra note 23, ¶ 4(k). Although arbitration can be suspended to allow either party to file a lawsuit, the only recourse for a party who refuses to enter arbitration altogether is to surrender the name. Goldstein, supra note 34, at 1162. The registrant may either submit to the arbitration or file a lawsuit that will suspend the arbitration. *UDRP Policy,* supra note 23, ¶ 4(k). If the registrant refuses to submit to arbitration, the domain name can be cancelled or transferred. Id. ¶ 3.


48. Id.


50. See Ware, supra note 15, at 151 n.150 (stating that Internet domain name litigation can last from “six months to three years”). With the cost of Internet domain name litigation exceeding $15,000, and the length of proceedings ranging from six months to three years, arbitration stands as a less expensive, faster alternative. A federal preliminary injunction in the Eastern District of Virginia, however, can be granted in a similar space of time as a UDRP decision. See Thornburg, supra note 14, at 199 n.29.
$15,000 or more. Finally, given the complexity of the substantive and procedural rules governing civil trademark suits, the trademark owner cannot predict whether they will succeed. In comparison, the UDRP's procedural rules are simple, and proceedings seem to favor trademark owners almost in spite of the substantive law.

Trademark owners also benefit from the fact that the UDRP binds all registrars and has no internal appeal process, so trademark owners need not worry that the UDRP's remedies will not be enforced. In addition, the UDRP allows a victorious trademark owner to transfer or cancel the domain name immediately, unless there is a court action by the domain-name registrant. The speed, low cost, predictability, and enforceability of the UDRP process encourage trademark holders to enforce trademark rights.

C. UDRP Encourages Bias, Forum Shopping, and Reverse Domain-Name Hijacking.

Despite UDRP's benefits for trademark owners, a group of vocal critics (primarily law professors, Internet users, and domain-name holders) have raised legitimate concerns about how the UDRP encourages bias, forum shopping, and reverse domain-name hijacking.

Trademark holders win nearly 65% of UDRP proceedings. This high rate of success may be due to respondent defaults and legitimate cases of domain-name abuse. However, the respondent faces significant procedural disadvantages under the UDRP: tight time limits to prepare a defense, little notice, no appeals process, no discovery, and no hearing.

According to critics, a successful UDRP decision gives a trademark holder the "equivalent of a preliminary or even permanent injunction... with much lower procedural hurdles." A victorious trademark holder has a huge advantage over the domain holder who must assume the expense of going to court to retrieve the domain name.

In addition to procedural bias, some critics also claim that the decisions themselves are biased. This leads to forum shopping, in which

51. See Ware, supra note 15, at 151 n.150 (stating that "the cost of Internet domain-name litigation exceed[s] $15,000"); Froomkin, supra note 27, at 665 n.175 (stating that "[c]osts [for a UDRP proceeding] run between $750 and $4500 for one disputed domain name").

52. See Ware, supra note 15, at 152 (listing issues of fairness in the UDRP process including "adequately specific pleadings, sufficient discovery, sufficient opportunity to make legal arguments, an appropriate burden of proof, unbiased arbitrators, proper substantive rules of decision").

53. See infra note 50 and accompanying text.

54. Ware, supra note 15, at 151; Thornburg, supra note 14, at 215-216, 224.

55. Ware, supra note 15, at 151.
trademark owners choose from among dispute-resolution providers for one that rules most often in a trademark owner’s favor. This may have driven one of the early dispute-resolution providers, eResolution, out of business, because eResolution did not rule in favor of trademark owners as often as other dispute resolution providers, despite being cheaper than the other providers.\textsuperscript{56}

Because the UDRP lacks an internal appeals process, inconsistent, poorly decided, or biased decisions cannot be corrected within the UDRP system.\textsuperscript{57} Furthermore, inconsistent and contradictory UDRP decisions have also created confusion. The lack of an appellate process has allowed UDRP panelists to broaden the scope of bad faith to include actions that fall well beyond the narrowly tailored guidelines of ICANN.\textsuperscript{58}

Finally, the procedural and decisional advantages of the UDRP Rules encourage some trademark owners to engage in reverse domain-name hijacking. For example, there is no strong penalty against trademark owners that try to acquire generic and legitimately owned domain names by reverse domain-name hijacking.\textsuperscript{59}

\section*{III. THE ANTI-CYBERSQUATTING CONSUMER PROTECTION ACT}

One year after ICANN adopted the UDRP, Congress passed the ACPA (15 U.S.C. § 1114(2)(D) \textit{et seq.}). The ACPA provides a specific cause of action in the federal courts for domain-name abuses, with substantive definitions that are similar to the UDRP. The ACPA, however, allows broader remedies: ordinary damages, statutory damages, and attorney fees. In addition, the ACPA has a broader scope that protects famous marks from dilution, as well as a person’s private name from bad faith registra-

\begin{itemize}
\item[57.] See Patrick D. Kelley, Note, \textit{Emerging Patterns in Arbitration Under the Uniform Domain Name Dispute-Resolution Policy}, 17 \textsc{Berkeley Tech. L.J.} 181 (2002).
\item[58.] ICANN specifically excluded personal names and geographic names from the scope of UDRP; now the UDRP is being used to transfer these types of names. UDRP provides easy process for some trademark owners to silence critics: e.g., cyber-grippers, people who use a website for criticism, are losing domain names even if they have no intent to profit.
\item[59.] See Keith Blackman, Note, \textit{The Uniform Domain Name Dispute Resolution Policy: A Cheaper Way to Hijack Domain Names and Suppress Critics}, \textsc{15 Harv. J.L. \\& Tech.} 211, 232-33 (2001) (arguing that the UDRP does not provide a sufficient penalty against and may facilitate reverse domain name hijacking).
\end{itemize}
Finally the ACPA, unlike the UDRP, does not require the domain name to be "in use." Section 1114(2)(D)(v) of the ACPA creates a declaratory action claim for domain-name registrants. This declaratory judgment action allows a domain-name registrant to challenge an improper transfer or cancellation of a domain name. Section 1114(2)(D)(v) states:

A domain-name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain-name registrant, including the reactivation of the domain name or transfer of the domain name to the domain-name registrant.

Clause (ii)(II) describes policies by registrars and registries to prohibit "registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark."

IV. Sallen and Barcelona.COM

Two recent federal cases show how the ACPA’s declaratory judgment action is changing the relationship between the UDRP and the ACPA. These cases analyze the level of deference that courts grant to UDRP decisions and the use of the ACPA by foreign parties to resolve domain-name disputes. The results of these cases will influence the strategies parties may use to resolve domain-name disputes.

A. Sallen v. Corinthians Licenciamentos

In 1998, Jay D. Sallen registered the domain name corinthians.com. As part of his registration contract, Sallen agreed that the UDRP would govern domain-name disputes with third party trademark holders. A year later, Sallen attempted to sell the domain name to the Corinthians Licenciamentos ("CL"): a Brazilian company that owned the Brazilian trademark rights to "Corinthians." That name represented the popular Brazilian

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60. 15 U.S.C. § 1125(c) (providing a remedy for dilution of famous marks); 15 U.S.C. § 1129 (providing a legal action against the cyberpiracy of individual names).
62. Id.
64. 273 F.3d at 20.
65. Id. at 21.
soccer team known internationally as the Corinthians. Instead of negotiating, CL filed a UDRP claim with the WIPO dispute resolution provider. Following the usual UDRP procedure, the WIPO panelist ruled that Sallen was cybersquatterting on the corinthians.com domain name and ordered that the domain name be transferred to CL.

Sallen, however, fought to keep the domain name by filing a complaint in U.S. federal court. Sallen’s claim sought a declaratory judgment under §1114(2)(D)(v) of the ACPA, claiming that he had lawfully registered corinthians.com. The district court dismissed the suit on a motion that no actual controversy existed between the parties because the UDRP decision had established the ownership of the domain name and the trademark owner did not plan to sue under the ACPA. Without an actual controversy, the court held it lacked jurisdiction under the Declaratory Judgment Act.

On Sallen’s appeal to the First Circuit, the court reversed the district court’s holding on lack of jurisdiction. The court found that §1114(2)(D)(v) specifically granted federal courts jurisdiction over domain-name disputes. Congress had designed this section to give “domain-name holders ... a cause of action to rectify reverse domain-name hijacking by trademark holders ...”. Thus, federal courts have jurisdiction over a declaratory judgment brought by a former domain-name holder seeking to recover a domain name lost in a UDRP proceeding.

The holding in Sallen further reinforces previous rulings by federal courts that they do not grant deference to UDRP decisions and will review

66. Id.
67. Id.
68. Id.
69. Id. at 22. As required by the UDRP Rules, Sallen filed the court action within ten days of the UDRP decision. Id.
70. Id. The UDRP specifically grants a registrant the right to challenge an adverse resolution by filing a court action within ten business days of the ruling. The registrar of the domain name will not transfer the domain name unless this trial court dismisses the claim or rules against the registrant. UDRP Policy, supra note 23, ¶4(k).
71. Sallen, 273 F.3d at 22.
72. Id. at 29. Section 1114(2)(D)(v) states:

A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

these decisions de novo. The Sallen court, like previous courts, specifically noted that the UDRP Rules include a clause stating that its administrative decisions do not bind courts of competent jurisdiction.

The result in Sallen firmly establishes that domain-name registrants may bring a suit for declaratory judgment under ACPA § 1114(2)(D)(v) in order to cancel adverse UDRP decisions. However, in terms of strategy, the result in Sallen presents a new dilemma for trademark owners seeking transfer of a domain name. A UDRP proceeding is fast and inexpensive, but the trademark owners must now consider whether the domain-name registrant will challenge the result with an expensive round of litigation under the ACPA. An ACPA suit, on the other hand, may be slow and expensive, but the result, barring a successful appeal, settles ownership of the domain name.

B. The ACPA Does Not Fix the UDRP’s Flaws

The ACPA provides procedures for both trademark holders and domain-name owners. A trademark owner can also challenge an unfavorable UDRP ruling and bring a new action under the ACPA. Further, the validation of UDRP decisions by a declaratory judgment claim may improve domain-name dispute resolution in general. The UDRP system would benefit from an appellate process, and until ICANN approves one, the pseudo-appellate review offered by the ACPA declaratory judgment action may allow review of domain-name disputes.

Many critics see the UDRP’s lack of an internal appellate system as a weakness and have presented strong arguments and proposals for appellate reforms. An appellate process ensures consistency among lower ruling bodies, by accepting appeals from lower court rulings and reviewing the decisions for the proper results based on allowable evidence and a correct view of the law. Appellate courts do not accept new evidence or retry the case. Lower courts are bound to follow the holdings of appellate bodies.
This encourages consistency among lower courts, a consistency that the UDRP is lacking.

While the ACPA declaratory judgment action allows a second review of a dispute, in most other ways it is different from a typical appellate process. Under the declaratory judgment action, the court retries the case accepting new evidence and arguments. Although the court accepts new evidence, it may also be influenced by the UDRP decision. Thus, it is likely these decisions can influence the final result, but the amount of influence is uncertain.

The substantive standards for domain-name abuse used in domain-name dispute resolution problems still vary between the UDRP system and the ACPA. The UDRP system and the ACPA system have little obvious influence on each other. For example, the federal courts are not required to defer to the UDRP, and the UDRP panelists are not bound by ACPA decisions and may draw substantive law from any number of areas. Thus, there is a danger that their standards will drift further apart, and result in trademark owners again shopping for the most favorable forum. This reinforces the perception of domain-name disputes as procedural and venue games rather than cases tried on the merits.

Cybersquatters who lose UDRP decisions can use the cost of a federal trial to leverage against a trademark owner. Some trademark owners will find it cheaper to settle with a cybersquatter rather than to defend an ACPA challenge. For example, the evidence suggests that Sallen registered corinthians.com, like he did many other sports teams, in order to sell it back to the owners of the Corinthians soccer team. Following Sallen, savvy cybersquatters can now threaten a challenge under the ACPA. Federal trials are costly and unpredictable, and would likely be avoided by many trademark owners. Some trademark holders may pay off an irritating cybersquatter to avoid the cost and unpredictable result of a federal trial.

Further, the burden of appealing a UDRP decision rests on the losing party. A respondent who loses a UDRP proceeding must use expensive litigation to recover the name, and many would likely give up rather than enter an expensive federal trial. Casual, yet legitimate users may also be discouraged from appealing a loss in a UDRP decision because of the expense and risk of losing.

At its best, the validation of an ACPA declaratory judgment action gives domain-name owners a second chance to retain their domain name and may prevent reverse domain-name hijacking. However, the declaratory judgment action does not provide a mechanism to standardize the substantive standards used by UDRP panelists, nor does it remove the potential time and money expenses of a civil trial.
C. Barcelona.com, Inc. v. Excelentisimo Ayuntameiento de Barcelona

Barcelona.com, Inc. v. Excelentisimo Ayuntameiento de Barcelona is a federal district court case from the Eastern District of Virginia that presents a counterpoint to the Sallen case. Like Sallen, the domain-name holder in Barcelona.com attempted to use the declaratory judgment action to recover its domain name after losing a UDRP decision. In Barcelona.com, however, the defendant trademark holder won a counterclaim charging cybersquatting under the ACPA.

In 1996, Joan Nogueras Cobo ("Nogueras") registered the domain name "barcelona.com" and, a later year, launched a website under this name offering information and services related to the city of Barcelona. In 1999, Nogueras attempted to negotiate with the City Council of Barcelona ("Council"), the holder of limited Spanish trademark rights in names containing the word "Barcelona," about rights to the domain name. Serious negotiations began in April of 2000 when Nogueras presented representatives of the Council with an investment portfolio that the court characterized as having "glaringly inflated figures and overstated" the worth of the domain name. The Council demanded that Nogueras transfer barcelona.com to them. Nogueras refused, and transferred rights in the domain name to a U.S. corporation, barcelona.com, Inc., which he had incorporated in Delaware in 1999.

The following month, May 2000, the Council filed a UDRP complaint and quickly obtained a ruling that Nogueras was cybersquatting. The panelist reasoned that the Council owned a trademark in "Barcelona" un-

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78. The Eastern District of Virginia is a particularly important district for ACPA domain name disputes because plaintiffs can establish jurisdiction over domain name holders. See Ceasars World, Inc. v. Ceasars-Palace.com, 112 F. Supp. 2d 502 (E.D. Va. 2000).


80. Id. To be fair to Nogueras highly inflated prices for investment in an e-business was not uncommon in the highly speculative e-commerce industry of 2000. The Internet Archive shows the development of Nogueras's website from 1996 to 2001 and what happened to the site after the UDRP panelist transferred it to the City of Barcelona. See Internet Archive, Search Results for "Barcelona.com", at http://web.archive.org/web/*http://barcelona.com (last visited Mar. 3, 2003). The 1996 version of the site was primitive, but the site developed into a more complete and developed website by 2000. Id. Following the UDRP transfer, the "Barcelona.com" URL simply forwards the browser to the official site for the City of Barcelona. Id.

81. Although Nogueras had registered the domain name before ICANN adopted the UDRP, the renewal of his registration agreement required him to agree to the UDRP.
der Spanish law, and that “barcelona.com” infringed this trademark.\(^\text{82}\) To avoid immediate transfer of the domain name, Nogueras, like Sallen, filed a suit for declaratory judgment under § 1114(2)(D)(v) in the Eastern District of Virginia.\(^\text{83}\)

In response, the Council filed a counterclaim under the ACPA seeking a ruling that Nogueras was cybersquatting. This strategy worked; the district court rejected Nogueras’s action for declaratory judgment and instead ruled in favor of the Council’s counterclaim.\(^\text{84}\) The court accepted the argument that a foreign trademark owner, like the Council, could seek relief under the ACPA for violations of foreign trademark rights.\(^\text{85}\)

**D. Sallen and Barcelona.com Enhance Foreign Trademark Rights Under the ACPA**

The Internet is international, and domain-name disputes often occur between foreign entities. To be an effective remedy in a domain-name dispute, the declaratory judgment action of the ACPA must allow foreign parties to participate. Significantly, both Sallen and Barcelona.com involved foreign participants, implying that foreign trademark owners and domain-name holders may use the federal courts as a forum for resolving a domain-name dispute under the ACPA.

The opinion in Barcelona.com also provides important precedent for foreign trademark holders using the ACPA. First, the court recognized and interpreted Spanish trademark law in deciding whether either party owned a trademark in “Barcelona.”\(^\text{86}\) Although not a revolutionary decision in international choice of law, it illustrates that courts may apply the trademark law of the trademark owner’s country to determine trademark rights. Second, the case reinforces previous ACPA holdings that if the domain name’s registrar is located in the U.S., foreign trademark holders may use the ACPA to sue in federal court.

The Sallen court held that Corinthians Licenciamentos was a “mark owner” under the ACPA, even though it had not registered “Corinthians” in the U.S.\(^\text{87}\) According to the court, the ACPA applies to a “mark” as opposed to a “registered mark” and, therefore, the ACPA protects marks not

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83. Id. at 371.
84. Id. at 371. In reaching this conclusion, the court held that it should review the case de novo and not give the WIPO decision any deference. Id.
85. Id. at 373.
86. Id. at 371-72.
registered in the U.S. Because the ACPA applies to unregistered marks, U.S. domain-name holders may recover domain names from both foreign mark owners and unregistered U.S. mark owners. By interpreting "mark owner" broadly, the Sallen court ensured that the ACPA covered a much broader set of domain-name disputes.

It is likely that foreign parties that can establish jurisdiction would indeed use the ACPA to resolve domain-name disputes. The United States is currently the only country with statutory rules against cybersquatting. Furthermore, a ruling under the ACPA may be easier to enforce than a ruling from another country's court system because the United States heavily influences ICANN and the domain-name registration system.

V. CONCLUSION

Sallen and Barcelona.com provide important holdings that will influence the use of the ACPA to override UDRP decisions. In Sallen, the Federal Circuit clearly supported a domain-name registrant's right to use the declaratory judgment action of the ACPA to recover a domain name. On the other hand, Barcelona.com shows that domain-name registrants who bring these actions may expose themselves to liability under the ACPA. In addition, the ruling in Barcelona.com that the ACPA will respect foreign trademark rights may encourage foreign parties to use and defend under the ACPA when jurisdiction allows.

Overall, federal cases that support the domain-name registrant's right to overcome wrongly decided UDRP decisions, will increase the fairness of domain-name dispute resolution by balancing a domain-name owner's right to keep a properly used domain name with a trademark holder's right to reflect its trademark on the Internet.

88. Id. at 24.
89. Id.
90. The fair and effective regulation of the Internet is vitally important. The Internet is a potent catalyst of commerce, information transfer, and, some would say, democracy. The entities which influence the Internet's regulation will control the growth of these areas. See, e.g., Anderson & Cole, supra note 49, at 239-40; Scott Hejny, Comment, Opening the Door to Controversy: How Recent ICANN Decisions Have Muddies the Waters of Domain Name Dispute Resolution, 38 HOUS. L. REV. 1037, 1039 (2001).