A GUIDEBOOK TO CYBERSQUATTING LITIGATION: THE PRACTICAL APPROACH IN A POST-*BARCELONA.COM* WORLD

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In June 2003, the United States Court of Appeals for the Fourth Circuit rendered its decision in the case of Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, *concluding a high-profile dispute between the Spanish registrants of www.barcelona.com and the City Council of Barcelona, Spain. In this case of first impression, the Fourth Circuit added another important building block to the growing body of domain name and trademark jurisprudence in the United States. The holding, which determines the rule of law applicable to the "reverse domain name hijacking" provision of the Anticybersquatting Consumer Protection Act, carries far-reaching consequences for future international domain name disputes. This Essay explores the background and practical implications of the holding. Sections I, II, and III explain the background of the* Barcelona.com *dispute, its relevant legal framework, and the Fourth Circuit's ruling. Sections IV and V analyze this ruling and suggest practical litigation strategies for domain name disputes.*

I. BACKGROUND

In June 2003, the United States Court of Appeals for the Fourth Circuit decided the case of *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*,[1] unanimously reversing the opinion of Chief Judge Hilton of the United States District Court for the Eastern District

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1. Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617 (4th Cir. 2003).

of Virginia.[2] This decision has important implications for U.S. domain name jurisprudence and also carries international ramifications.

This domain name dispute began in February 1996, when Joan Nagueras Cobo, a Spanish citizen, registered the domain name barcelona.com under his wife's name with the company Network Solutions, Inc. ("NSI"), a U.S. domain name registrar.[3] The Spanish couple used the domain name for posting an Internet Web site, where they provided tourist information about the city of Barcelona, Spain, e-mail services, a chatroom, and links to other Internet sites.[4] In February 1999, the registrants entered into negotiations with the City Council of Barcelona, Spain ("City Council"), over the potential sale of the domain name to the City Council.[5] In the course of negotiations, the registrants also offered the City Council the opportunity to engage in a joint business plan that would employ the domain name at issue as the prospective Internet address of the venture. These negotiations did not ripen into an agreement, however, and the City Council demanded the transfer of the domain name to its possession.[6]

Following this May 2000 demand, and mere days after receiving a cease-and-desist letter from the City Council's lawyer, the registrants transferred the domain name registration to a Delaware corporation, Barcelona.com, Inc.[7] The corporation, owned by the Spanish couple, was founded in October 1999 while negotiations with the City Council were still in progress.[8] The registrants also changed the registration address to a New York address in lieu of the former address in Spain. Barcelona.com, Inc., did not have office space in the United States, nor did it have a telephone number, employees, or bank account except for the personal account of the registrants.[9]

After Barcelona.com, Inc., refused to surrender the domain name, the City Council, owner of numerous trademark registrations in Spain incorporating the word "Barcelona,"[10] launched a Uniform Dispute Resolution Policy ("UDRP")[11] proceeding against the registrants, claiming the registration of the domain name barcelona.com violated the

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2. Barcelona.com Inc. v. Excelentisimo Ayuntamiento de Barcelona, 189 F. Supp. 2d 367 (E.D. Va. 2002).

3. *Barcelona.com*, 330 F.3d at 620.

4. *Barcelona.com,* 189 F. Supp. 2d at 369.

5. *Id*.

6. *Barcelona.com*, 330 F.3d at 620.

7. *Id*. at 620–21.

8. *Id*.

9. *Id*.

10. *Id*.

11. INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (1999), *at* http://www.icann.org/dndr/udrp/policy.htm [hereinafter UDRP]. For a more detailed discussion of the UDRP, *see infra* notes 23–37 and accompanying text.

UDRP.[12] A UDRP panel found for the City Council on two grounds. First, the panel recognized that Spanish law gives the City trademark rights in the term "Barcelona." Second, the panel determined that the domain name had been registered and used in "bad faith."[13] As a result, the registration was in violation of the UDRP. Consequently, the domain name was ordered to be transferred to the City Council in accordance with UDRP authority.[14] Before the execution of the transfer order, however, Barcelona.com, Inc., commenced a lawsuit in the United States District Court for the Eastern District of Virginia seeking declaratory judgment that the registration of the domain name was not unlawful.[15] Consequently, in accordance with the UDRP, the transfer was automatically stayed until further ruling by the district court.[16]

The district court validated the transfer, concluding that under Spanish law the City Council is likely the rightful owner of all marks incorporating the term "Barcelona."[17] Furthermore, the district court concluded that the registrants demonstrated "bad faith intent to profit," and rendering the registration unlawful.[18] The district court also ruled that the Anticybersquatting Consumer Protection Act ("ACPA")[19] protects both domestic and foreign marks against cybersquatting.[20] Since the City Council demonstrated valid rights under the law of Spain, and since the domain name was identical or confusingly similar to the marks owned by the City, the motion for declaratory judgment in favor of the registrants was dismissed.[21]

II. THE LEGAL FRAMEWORK

The framework underlying the determination of legal rights in the context of domain names and trademarks is by no means simple. Two important mechanisms were created in late 1999 to help resolve domain name disputes. Those mechanisms were established primarily to thwart

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12. Excelentisimo Ayuntamiento de Barcelona v. Barcelona.com Inc., No. D2000-0505 (World Intellectual Property Organization Aug. 4, 2000), *at* http://arbiter.wipo.int/domains/decisions/ html/2000/d2000-0505.html.

13. *Id*. This UDRP panel actually was comprised of a single panelist from the World Intellectual Property Organization ("WIPO"). *Id*.

14. *Id*.

15. Barcelona.com Inc. v. Excelentisimo Ayuntamiento de Barcelona, 189 F. Supp. 2d 367, 369 (E.D. Va. 2002).

16. *Barcelona.com*, 330 F.3d at 626.

17. *Barcelona.com*, 189 F. Supp. 2d at 372.

18. *Id.* at 372–73.

19. Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1129 (2000). For a more detailed discussion of the ACPA, *see infra* notes 38–44 and accompanying text.

20. *Barcelona.com*, 189 F. Supp. 2d at 373–75. For a definition of "cybersquatting," *see infra* note 22 and accompanying text.

21. *Barcelona.com*, 189 F. Supp. 2d at 376–77.

"cybersquatting," the unlawful registration of domain names incorporating trademarks in which others have rights.[22]

A. The Uniform Dispute Resolution Policy

The Uniform Dispute Resolution Policy ("UDRP")[23] was designed to deal with cybersquatting problems. It controls the rights and obligations of domain name registrants vis-à-vis registrars in cases where third parties make claims regarding the registration. The UDRP is sometimes called a mandatory or administrative "arbitration" mechanism because it is compulsory and incorporated by reference in all registration agreements between a domain name registrant and its registrar for a domain name containing the generic Top Level Domains ("gTLD") .com, .net, and .org.[24] All gTLD registrants must adhere to the UDRP since it is mandated by the Internet Corporation for Assigned Names and Numbers ("ICANN"),[25] the single entity controlling the administration of the Domain Name System ("DNS"). Since 1999, all ICANN-accredited registrars must incorporate the UDRP in registration agreements for the sale of gTLDs.[26]

The UDRP also contains rules ("UDRP Rules") that govern the policy's use.[27] The principal objective of the UDRP is to provide guidelines for the resolution of cases involving registered domain names allegedly infringing upon trademark rights. In a typical case, individuals with no rights in an established mark exploit the "first come, first served" policies of domain name registrars by registering attractive domain names incorporating the particular marks.[28] Once registered, the domain names are "held for ransom" in an attempt to extort money from the rightful trademark owners.[29] Such tactics violate the UDRP if a UDRP

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22. In one of the first cases of cybersquatting, the Northern District of Illinois described typical cybersquatters as "[i]ndividuals [that] attempt to profit from the Internet by reserving and later reselling or licensing domain names back to the companies that spent millions of dollars developing the goodwill of the trademark." Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996).

23. UDRP, *supra* note 11.

24. For an overview of the UDRP, see generally A. Michael Froomkin, *ICANN's "Uniform Dispute Resolution Policy"—Causes and (Partial) Cures*, 67 BROOK. L. REV 605 (2002).

25. For a description of ICANN and its role in the domain name system, *see* ICANN, ICANN INFORMATION, *at* http://www.icann.org/general/ (last modified Jan. 13, 2004).; *see also* A. Michael Froomkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution,* 50 DUKE L.J. 17, 50–93 (2000) (providing background on the creation of ICANN).

26. For timeline of implementation of the Policy, *see* ICANN, TIMELINE FOR THE FORMULATION AND IMPLEMENTATION OF THE UNIFORM DOMAIN-NAME DISPUTE-RESOLUTION POLICY, *at* http://www.icann.org/udrp/udrp-schedule.htm 9 (page updated Feb. 5, 2002).

27. ICANN, RULES FOR UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (1999), *at* http://www.icann.org/dndr/udrp/uniform-rules.htm (page updated Feb. 5, 2002) [hereinafter UDRP RULES].

28. *See* David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35, 46 (2001).

29. One early court decision described cybersquatting as "[t]he registration as domain names of well-known trademarks by non-trademark holders who then try to sell the names back to the trademark owners . . . who not infrequently have been willing to pay 'ransom' in order to get 'their

panel determines that three elements are met: (1) the domain name is identical or confusingly similar to a mark in which the complainant (who initiated the UDRP process by filing a complaint to one of the UDRP panels) has rights; (2) the registrant has no legitimate interests with respect to the domain name; and (3) the domain name has been registered and used in bad faith.[30]   Once these three elements are satisfied, a UDRP panel has the authority to order the cancellation of the disputed domain name or the transfer of the domain name to the complainant.[31]

The UDRP has gained favor with trademark owners seeking the transfer of domain names incorporating protected marks.[32]   The popularity of the UDRP is due, in part, to the expeditious nature of UDRP proceedings.[33]   Furthermore, since it draws its authority from the registration agreement to which all registrants must adhere, the reach of the UDRP is not limited by geographical boundaries.

A UDRP panel decision is not binding on a court deciding the same dispute, however.   Thus, registrants are entitled to commence a court action before, during, and after the course of the UDRP process.[34]   According to the UDRP, if a losing registrant files a complaint with a court of "Mutual Jurisdiction"[35] within ten business days from the UDRP panel's order to cancel or transfer its domain name, execution of that order is automatically stayed until the court reaches a holding or until the dispute is otherwise resolved.[36]   Unlike a UDRP ruling, a court decision, once rendered, is decisive regarding rights in a domain name.[37]

B. The Anticybersquatting Consumer Protection Act

The second mechanism controlling domain name disputes and cybersquatting issues is the Anticybersquatting Consumer Protection Act ("ACPA").[38]   Passed by Congress in 1999, the ACPA has been

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names' back." Sporty's Farm L.L.C. v. Sportsman's Market, Inc., 202 F.3d 489, 493 (2d Cir. 2000) (citing H.R. REP. NO. 106-412, at 5–7 (1999); S. REP. NO. 106-140, at 4–7 (1999)).

30.   UDRP, *supra* note 11, § 4(a).

31.   *Id.* at § 3(c).

32.   According to ICANN's Web site, by September 2003, more than 18,000 procedures were brought before the UDRP panels involving more than 27,000 domain names. *See* ICANN, SUMMARY OF STATUS OF PROCEEDINGS, *at* http://www.icann.org/udrp/proceedings-stat.htm (page updated Jan. 30, 2004).

33.   *See, e.g.*, UDRP RULES, *supra* note 27, at Rule 5(a) (registrant must file a response to the complaint within twenty days of the "date of commencement"), Rule 6 (a panel is generally appointed within five days of the filing of the response), and Rule 15(b) (decision should be rendered by the panel, absent exceptional circumstances, within fourteen days of its appointment).

34.   *See, e.g.*, BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 508–09 (S.D.N.Y. 2000) (plaintiff that has filed an ICANN administrative proceeding may bring an action in federal court before, during, or after filing such proceeding).

35.   For an explanation of Mutual Jurisdiction, *see infra* notes 58–59 and accompanying text.

36.   UDRP, *supra* note 11, § 4(k).

37.   *Id.*; *see also BroadBridge Media*, 106 F. Supp. 2d at 508–09.

38.   Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. §§1114(2), 1125(d), 1129 (2000).

incorporated in the Lanham Act, the statutory embodiment of U.S. trademark laws.[39] As its name implies, the ACPA articulates standards for defining and prosecuting unlawful cybersquatting. Specifically, the ACPA contains a three-part test for identifying cybersquatting activity. A domain name registration violates the test if: (1) a protected mark is involved; (2) a corresponding domain name was registered, trafficked, or used without regard to goods and services; and (3) there is a bad faith intent to profit from that activity.[40] These factors differ noticeably from the elements required to demonstrate cybersquatting under the UDRP.

In applying the ACPA, courts in the United States deciding domain name disputes ask three questions: (1) whether the mark allegedly infringed by the domain name is distinctive or famous and therefore entitled to protection under U.S. trademark law; (2) whether the domain name is identical or confusingly similar to the distinctive or famous mark and; (3) whether the registrant had a bad faith intent to profit from the registration of a domain name incorporating a famous or distinctive mark.[41] In the specific case of famous marks, the ACPA protects against registrations that are identical, confusingly similar, or dilutive of a mark that was famous at the time of registration.[42] Upon such a finding, liability under the ACPA is generally imposed and the mark owner is given a spate of powerful legal remedies against the registrant, including forfeiture, cancellation, or transfer of the mark.[43] Damages up to $100,000 per infringing domain name, together with other statutory remedies such as actual damages and attorneys' fees, also are available.[44]

III. THE FOURTH CIRCUIT'S RULING

In the *Barcleona.com* litigation, the registrants appealed the ruling of the district court which affirmed the UDRP panel's transfer order. On appeal, the United States Court of Appeals for the Fourth Circuit unanimously reversed the decision of the district court.[45] The Fourth Circuit's decision consisted of a four-part analysis.

A. Subject Matter Jurisdiction

Consistent with the First Circuit's decision in *Sallen v. Corinthians Licenciamentos LTDA*,[46] and in accordance with 15 U.S.C. § 1114(2)(D)(v), the court determined that it had subject matter

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39.   15 U.S.C. §§ 1051–1129 (2000).
40.   15 U.S.C. § 1125(d)(1)(A) (2000).
41.   *See, e.g.*, Shields v. Zuccarini, 254 F.3d 476, 482 (3d Cir. 2001).
42.   15 U.S.C. § 1125(d)(1)(A)(ii)(II).
43.   15 U.S.C. § 1125(d)(1)(C).
44.   15 U.S.C. § 1117(d) (2000).
45.   Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 619 (4th Cir. 2003).
46.   Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14 (1st Cir. 2001).

jurisdiction. Section 1114(2)(D)(v), termed the "reverse domain name hijacking provision" ("RDNH provision") by the Fourth Circuit,[47] confers a specific cause of action and relevant remedies to the registrant that loses a UDRP proceeding and seeks the reversal of the panel decision, along with retention of a domain name.[48] The RDNH provision gives the losing registrant a second chance to prove, in federal court, that the registration is not unlawful under the Lanham Act.[49]

Citing the legislative history and purpose underlying the ACPA, the Fourth Circuit concluded that "[b]ecause the UDRP is susceptible of being grounded on principles foreign or hostile to American law, the ACPA authorizes reversing a panel decision if such a result is called for by application of the Lanham Act."[50] Generally, upon determining a registration is not in violation of the Lanham Act, a federal court is authorized to grant injunctive relief to the registrant, including the reactivation of the domain name or the ordering of a transfer of the domain name back to the registrant.[51]

The ACPA granted the federal court subject matter jurisdiction over the Barcelona.com dispute.[52] The City Council, however, argued that upon filing a complaint with the UDRP panel, it agreed to be subject to the jurisdiction of "the Courts of Virginia (United States), only with respect to any challenge that may be made by the Respondent to a decision by the Administrative Panel to transfer or cancel the domain name that are [sic] subject to this complaint."[53] As understood by the Fourth Circuit, the City Council therefore had agreed to submit to the jurisdiction of the federal court in a RDNH provision suit. According to the City Council's theory, however, the federal court's jurisdiction should have been limited to the law applied in the UDRP panel's decision, namely Spanish trademark law.[54] In other words, the City Council objected to the federal court's potential application of U.S. trademark

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47.   *Barcelona.com*, 330 F.3d at 624–25 & 625 n.1.
48.   *Id*.
49.   *See* 15 U.S.C. § 1114(2)(D)(v) (2000).
A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) [for our purposes, the UDRP] 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 Act. 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.
Id.
50.   *Barcelona.com*, 330 F.3d at 626.
51.   *Id*. at 625.
52.   *Id.* at 626.
53.   *Id.* at 623 (quotation omitted).
54.   *Id*. It is not exactly clear from the language of the decision whether the City Council tried to make a personal jurisdiction objection or a subject matter jurisdiction objection. Asserting that the court's review is limited to application of a certain law, in this case Spanish law, resembles a subject matter challenge. However, when a party agrees to litigate in a certain jurisdiction or limits such an agreement to a certain jurisdiction, such an agreement is enforceable and relevant only to questions of personal jurisdiction.

law by claiming that the federal court's jurisdiction was limited to the questions of law presented by the UDRP proceeding.

The Fourth Circuit denied this contention and reiterated that a UDRP proceeding is not jurisdictional in nature.[55] In its decision, the court concluded the only possible significance of the UDRP panel's decision was to bring the dispute under the scope of the RDNH provision of the ACPA.[56] Moreover, the court concluded that it was not limited in any way by the panel's ruling, or by the law applied in that proceeding.[57] Jurisdiction of the federal court over the City Council was firmly established; the UDRP decision, including the law it applied, was determined to have no bearing on the federal court's jurisdictional reach and legal analysis.

At this point, it is necessary to explain one important and often overlooked aspect of the UDRP Rules. As part of the procedural act of filing the complaint to a panel, Rule 3(b)(xiii) requires a trademark owner filing a complaint against a domain name registrant to submit to the jurisdiction of the courts in at least one specified Mutual Jurisdiction.[58] This provision is relevant in cases where a mark owner wins a UDRP proceeding and the losing registrant challenges that decision in court. Mutual Jurisdiction is defined in the Rules as "a court jurisdiction at the location of either (a) the principal office of the Registrar . . . or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time the complaint is submitted to the Provider."[59]

This means that any mark owner filing a complaint to a UDRP panel must agree, at filing, to litigate in a court of Mutual Jurisdiction if and when the registrant loses the UDRP challenge and files a lawsuit against the mark owner in such court.[60]

A close reading of the UDRP Rules' definition of a court of Mutual Jurisdiction reveals the unilateral control conferred upon the registrant to designate a Mutual Jurisdiction court. For example, a registrant can choose a registrar with a principal office located in a preferred

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55. *Id.*

56. *Id.* at 625.

57. *Id*. The WIPO panel is one of several providers authorized by ICANN to hear UDRP disputes. In this respect, it is of no consequence whether the dispute came to the court from a WIPO panel or any other panel; the *Barcelona.com* court concurred with several previous federal court decisions which give the UDRP no persuasive authority. *See, e.g.* Dluhos v. Strasberg, 321 F.3d 365, 373–74 (3d Cir. 2003).

58. UDRP RULES, *supra* note 27, at Rule 3(b)(xiii).

59. *Id.* at Rule 1.

60. For a more detailed explanation of this jurisdictional loophole, *see* Zohar Efroni, *The Anticybersquatting Consumer Protection Act and the Uniform Dispute Resolution Policy: New Opportunities For International Forum Shopping?*, 26 COLUM. J.L. & ARTS 335, 350 n.101 & 365 n.194 (2003).

jurisdiction.[61]   In addition, a registrant can decide which address to provide to the registrar.   This address ultimately will appear in the registrar's whois database.[62] Thus, a sophisticated registrant could ensure that the two potential sites of "Mutual Jurisdiction" converge in a single place—for example, the state of Virginia.[63]

In the *Barcelona.com* case, the City Council assumedly did not challenge the Fourth Circuit's personal jurisdiction at the outset of the case because it believed that in filing a UDRP complaint, it had agreed to litigate in the courts of Virginia. As mentioned earlier, the court did not accept the "ad-hoc" jurisdictional theory of the City Council and determined that it had both subject matter jurisdiction to hear the case and personal jurisdiction over the defendant.

B. Foreign Law Not Applicable

In the second part of its analysis, the Fourth Circuit found no mandatory authority in Spanish law and further determined that the district court erred in analyzing the parties' rights under a foreign legal system.[64] The RDNH provision of the ACPA provides a cause of action to the losing registrant, allowing it to show in federal court that the registration is not unlawful under the Lanham Act.[65]   According to the Fourth Circuit, no foreign law affects the application of the RDNH provision of the ACPA.[66]

C. The Elements of the RDNH Provision

Next, the court enumerated the elements of the cause of action found in Section 1114(2)(D)(v) of the Lanham Act. A plaintiff must show: (1) that he or she is the domain name registrant; (2) that the domain name was suspended, disabled, or transferred under a policy implemented by the registrar (here, the UDRP); (3) that the owner of the mark had a notice of the action in federal court; and (4) that plaintiff's registration or use of the domain name is not unlawful under the Lanham Act, as amended.[67] Since the first three elements of the test were not disputed, and because the City Council did not even attempt to

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61.   Today, there are more than 160 ICANN-accredited registrars, in multiple countries, selling domain names.   ICANN, ICANN-ACCREDITED REGISTRARS, *at* http://www.icann.org/registrars/ accredited-list.html (last updated Feb. 4, 2004).

62.   A "whois database" is defined as "an Internet directory service which can be used to find information about users registered on a server, or other information about the network." COMPUTERUSER.COM, HIGH-TECH DICTIONARY, *at*   http://www.computeruser.com/resources/ dictionary/dictionary.html (last visited Mar. 31, 2004).

63.   Efroni, *supra* note 60 at 363–64.

64.   Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 627 (4th Cir. 2003).

65.   15 U.S.C. § 1114(2)(D)(v) (2000). *See supra* note 49 and accompanying text.

66.   *Barcelona.com*, 330 F.3d at 627–28.

67.   *Id.* at 626.

claim trademark rights in the name "Barcelona" under U.S. law, the court determined that Barcelona.com was entitled to the protection of the RDNH provision.[68]

D. "Barcelona" Is Not a Protected Mark in the United States

Finally, the court suggest that even if the City Council had tried to defend its trademark rights in the term "Barcelona" under U.S. law, this attempt would have failed since the Lanham Act does not protect primarily descriptive-geographical designations.[69]   Moreover, the City Council provided no evidence that the name "Barcelona" has acquired any secondary meaning in the United States.   Thus, in the eyes of the court, the City Council had not established sufficient proof to justify protection of its trademark rights under U.S. law.

IV. ANALYSIS AND PROBLEMS IN THE PRESENT STATE OF THE LAW

The ruling in the *Barcelona.com* case is important in several respects.   First, it is the first federal appellate court decision to state and clarify the elements of a RDNH provision claim.   Second, the *Barcelona.com* ruling supplements the First Circuit's decision in *Sallen* which first recognized the RDNH provision as a cognizable cause of action allowing registrants to obtain declaratory judgments and injunctions in order to defend domain names against opportunistic UDRP decisions.[70]   The ruling also requires a registrant to show only that the registration is not unlawful under U.S. trademark law alone.

The Fourth Circuit properly analyzed and applied the ACPA to the facts and issues in *Barcelona.com*.   The ACPA's language unambiguously states the law under which registrations must be evaluated in a RDNH cases.[71]   The ACPA, embodied in the Lanham Act, is domestic legislation designed to protect U.S. trademarks in U.S. federal courts.[72]   Thus, it is appropriate that the scope of the ACPA, in protecting mark owners against cybersquatting and protecting registrants against reverse domain name hijacking, should go no further than adjudication of marks recognized by the United States' system.[73]

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68.   *Id.* at 626–27.

69.   *See* 15 U.S.C. § 1052(e)(2) (2000).

70.   Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 25 (1st Cir. 2001).

71.   *Id.* at 18 ("[T]he registration or use . . . is not unlawful under this chapter.").

72.   United States Senator Spencer Abraham, one of the sponsors of the ACPA, stated: "This legislation will combat a new form of high tech fraud that is causing confusion and inconveniences for consumers. . .and posing an enormous threat to a century of pre-Internet *American* business efforts." Spencer Abraham, Hearing on "Cybersquatting and Constitutional Protection: Ensuring Domain Name Integrity," Opening Statement Before Senate Judiciary Committee, *available at* http://judiciary.senate.gov/oldsite/72299spa.htm (last visited Apr. 14, 2004) (emphasis added).

73.   Interestingly, the ACPA language providing *in rem* jurisdiction specifically refers only to marks protected under the Lanham Act against infringement or dilution. 15 U.S.C. § 1125(d)(2)(A)(i) (2000) (requiring that the mark subject to in *rem* action is protected under subsection (a) or (c) of

Concluding otherwise would grant U.S. courts subject matter jurisdiction over marks recognized by the unique trademark laws of other jurisdictions. Such a result potentially violates both international law restraints on jurisdiction and the principle of comity between national legal systems.

It is interesting to note, however, the emphasis placed on the concept of territoriality in trademark law. According to the Fourth Circuit, U.S. and not Spanish law should determine the trademark rights of the City Council, in part because both the United States and Spain have been long-time members of the Paris Convention of 1883.[74] The Paris Convention recognizes the independence of trademark rights among its member-states.[75] Furthermore, the Fourth Circuit noted that, under the Paris Convention, foreign marks cannot be granted protection in the United States that would exceed the protections conveyed under the Lanham Act.[76]

Although an accurate statement, this position glosses over some of the subtleties of U.S. trademark law. The U.S. trademark system is a use-based system in which eligibility for trademark protection requires use in U.S. commerce.[77] A cause of action for trademark infringement or dilution arises when a defendant uses a mark "in commerce."[78] A principal justification for trademark law's private monopoly protection, the conferring on a single commercial entity the exclusive rights to use a mark in a certain commercial context, is to prevent a likelihood of

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section 1125). The language of the ACPA providing *in personam* protection uses the term "mark." 15 U.S.C. § 1125(d)(1)(A). "Mark" is defined in the Lanham Act to include "any trademark, service mark collective mark, or certification mark." 15 U.S.C. § 1127. The *Sallen* decision indicated that "mark" refers not only to a U.S. mark, but to *any trademark*. *Sallen*, 273 F.3d at 24 (1st Cir. 2001). Accordingly, owners of foreign marks may arguably also bring ACPA *in personam* actions in U.S. courts. However, since the *barcelona.com* decision is a RDNH decision and not an *in personam* decision, the author assumes that the holding is binding only in that context, although a more expansive reading is plausible.

74. Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 628 (4th Cir. 2003).

75. *See* Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583. Article 6(3) of the Paris Convention secures the territorial independence of marks (i.e., every member-state has discretionary power to grant protection in its territory to foreign marks protected in other member-states).

76. *Barcelona.com*, 330 F.3d at 628 (citing Scotch Whisky Ass'n v. Majestic Distilling Co., 958 F.2d 594, 597 (4th Cir. 1992); Int'l Cafe, S.A.L. v. Hard Rock Cafe Int'l (U.S.A.), Inc., 252 F.3d 1274, 1278 (11th Cir. 2001)).

77. This is the "establishment" aspect of the "use in commerce" principle. For example, 15 U.S.C § 1051(a)(1) (2000) allows registration in the U.S. principal register only for marks that are "used in commerce." In an Intent To Use ("ITU") application for registration in the principal registrar in accordance with Section 1051(b), the applicant must provide a formal statement of his or her "bona fide intention to use the mark in commerce." 15 U.S.C. § 1051(b)(3)(B). An ITU applicant further must supply a "verified statement that the mark is in use in commerce" within six months after the date of the notice of allowance. 15 U.S.C. § 1051(d)(1). Use in commerce by the defendant is also a prerequisite for filing a civil action against infringers in accordance with 15 U.S.C. § 1125(a)(1).

78. This is the "scope of protection" aspect of the "use in commerce" principle. *See* 15 U.S.C § 1125(a)(1) (infringement); 15 U.S.C. § 1125(c)(1) (dilution).

confusion among consumers regarding the source of goods and services.[79] Such confusion occurs when consumers believe products bearing similar or identical marks are attributable to a single, specifically recognized source. In this perspective, trademark protection is conceptually appropriate in the territory where the mark is established and in the United States, where it is established through use in commerce and also violated by use in commerce.[80] Hence, trademark regimes are dependent upon the territorial reach of a given legal system.

The ACPA was added to the Lanham Act to fight innovative, opportunistic Internet activities that could not be addressed directly and effectively by traditional territorial law.[81] A major shortcoming of traditional systems in deterring cybersquatting is the problematic, border-free nature of the Internet. A registration that infringes on a certain mark protected by a certain legal system has an immediate effect, both in the jurisdiction where the mark is protected and beyond.

To transcend the territorial restraints previously found in the Lanham Act, the ACPA does not require a showing of likelihood of confusion within the same class of goods and services,[82] but only requires a registration to be "identical or confusingly similar" to a mark.[83] The ACPA also imposes liability without a showing that the domain name ever was used in commerce.[84] Consequently, the territoriality issue discussed in *Barcelona.com* appears tangential. The structure of the ACPA and its abandonment of the traditional "use in commerce" requirement against registrants was intentional, precisely because domain names, as source identifiers, are different from regular trademarks.[85] Domain names are both unique and have global reach.[86] They are unique because only one entity can register a single domain name worldwide. Contrast this with trademarks, which tolerate the simultaneous existence of similar marks either in different territories or in different classes of goods and services within a territory.[87] Domain

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79. The likelihood of confusion requirement appears in 15 U.S.C. §1125(a)(1)(A) and 15 U.S.C. §1052(d) (the likelihood of confusion with an existing mark offered as a reason to refuse an application to register a new mark in the principal registrar). *See also* Anahid Chalikian, *Notes and Comments: Cybersquatting*, 3 J. LEGAL ADVOC. & PRAC. 106, 107 (2001).

80. On the other hand, in registration-based trademark systems, common in civil law countries, protection usually hinges on registration of the mark.

81. *See* Sporty's Farm L.L.C. v. Sportsman's Market, Inc., 202 F.3d 489, 493 (2d Cir. 2000) (citing H.R. REP. NO. 106-412, at 5–7 (1999); S. REP. NO. 106-140, at 4–7 (1999)).

82. The ACPA imposes liability "without regard to goods and services." 15 U.S.C. § 1125(d)(1)(A).

83. *Id*.

84. The ACPA specifically lacks such a requirement and the courts generally do not read one when applying the ACPA test. *See* 15 U.S.C. § 1125(d).

85. *See* S. REP. NO. 106-140, at 9 (1999) ("For example, while noncommercial uses of a mark. . .are beyond the scope of the bill's prohibitions. . .[, t]o recognize such an exemption would eviscerate the protection of the [ACPA].").

86. *See, e.g.*, A. Endeshaw, *The Threat of Domain Names to the Trademark System*, 3 J. WORLD INTELL. PROP. 323, 323–24 (2000).

87. This excludes well-known marks, protection of which can expand beyond specific territories.

names have global reach because they can be instantly, cheaply, and simultaneously accessed and recognized by Internet users all over the world, regardless of territory. These domain name characteristics made dealing with cybersquatters difficult under traditional trademark law, promoting the enactment of the APCA.[88]

V. POSSIBLE LITIGATION STRATEGIES

The body of law dealing with domain name disputes has gained some substance and certainty from the holding in the *Barcelona.com* case. After more than three years of intensive litigation and heavy use of the APCA, it is now safe to say that this legislation has virtually eliminated the benefits of classic cybersquatting.[89] The RDNH provision now provides a losing registrant with a cause of action to request declaratory and injunctive relief, assuming that the rulings of the Federal Courts of Appeal can withstand the rapid evolution of technology and its accompanying body of law. Consequently, registrants with legitimate rights can protect domain name registrations from the swift and unpredictable UDRP process, in which a panel can decide a dispute "in accordance with the Policy, [UDRP] Rules and any rules and principles of law that it deems applicable."[90]

There are limitations to the benefits trademark owners may hope to secure under the ACPA. U.S. federal courts are allowed to grant ACPA RDNH protection only in RDNH provision suits involving marks recognized by U.S. trademark law. A mark owner whose rights are protected only by foreign trademark law summarily will lose any RDNH provision lawsuit in a federal court.

A. A Registrant's Winning Strategy

In light of the federal appellate court rulings, it is prudent to consider the litigation strategies likely to be employed in future ACPA proceedings. While cybersquatting on U.S. marks has become a very risky business, an individual contemplating the registration of a certain domain name may attempt to exploit perceived loopholes in U.S. law. If a foreign mark—a mark not recognized in the U.S.—is incorporated in a registration, a registrant could expect looming troubles with the UDRP.

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88. *See* S. REP. NO. 106-140, at 9 ("In cases where a trademark owner can sue, the sheer number of domain name infringements, the costs associated with hundreds of litigation matters, and the difficulty of obtaining damages in standard trademark infringement and dilution actions are significant obstacles for legitimate trademark holders.").

89. Some notorious cybersquatters have gained international recognition, including Dennis Toeppen and John Zuccarini. *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Shields v. Zuccarini, 254 F.3d 476 (3rd Cir. 2001).

90. UDRP RULES, *supra* note 27, at Rule 15(a).

Since the UDRP is a much cheaper[91] and faster[92] process than traditional litigation in the courts, it is likely that the mark owner targeted by this hypothetical registrant will attack the registration by filing a complaint with one of the UDRP panels.

In order to maximize the chances of keeping a registered domain name, a savvy registrant might implement the simple strategy of registering the domain name with an American registrar, having its principal office in the United States, ensuring that the owner of the registration is a U.S. entity with a U.S. address which will appear in the registrar's whois database.[93] The hypothetical registrant would wait for a UDRP complaint to arrive and defend the registration in the UDRP process.[94] If the registrant loses the UDRP proceeding, he then should file a RDNH provision suit against the mark owner in a U.S. federal court of Mutual Jurisdiction within ten business days. As explained previously, upon such a filing, the cancellation or transfer of one's domain name will be automatically stayed until the dispute is resolved, in court or otherwise.[95] The mark owner will have difficulty objecting to the court's personal jurisdiction, since upon filing the UDRP complaint the owner agreed to submit to a court of Mutual Jurisdiction to adjudicate disputes over the domain name.[96] The mark owner, therefore, jurisdictionally is "locked" into federal court, despite any possible lack of connection with the forum.[97] Thus, when the mark owner owns only

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91. The cost of the UDRP to complainants depends on the specific service provider's fees. Generally, the cost of domain name registration is substantially cheaper than federal litigation.

92. *See supra* note 33. A quick calculation based on the UDRP Rules reveals that the entire process, from filing the complaint to a UDRP panel decision, can take no more than 45 days.

93. It seems that an individual's citizenship is irrelevant for the success of this strategy.

94. One should remember to comply with the procedural UDRP Rules, especially with Rule 5(a) regarding a timely response. Even when in compliance with the procedural UDRP Rules, however, registrants are statistically more likely to lose a UDRP proceeding. *See* Michael Geist, *Fundamentally Fair.com? An Update on Bias Allegations and the ICANN UDRP, at* http://www.udrpinfo.com /resc/fairupdt.pdf (last visited June 7, 2003); *see also* Milton Mueller, *Rough Justice, An Analysis of ICANN's Uniform Dispute Resolution Policy (v2.1), at* http:// http://dcc.syr.edu/ miscarticles/roughjustice.pdf (last visited Apr. 14, 2004).

95. *See* UDRP RULES, *supra* note 27, at Rule 4(k).

96. In *Barcelona.com*, the Fourth Circuit referred to the district court proceedings:
[Barcelona.com's] complaint, brought in the Eastern District of Virginia . . . originally asserted three claims in three separate counts: a claim for declaratory judgment and injunctive relief under 15 U.S.C. § 1114(2)(D)(v); a claim for fraud and unfair competition; and a claim for tortious interference with prospective economic advantage. In response to the City Council's motion to dismiss on various jurisdictional grounds, [*Barcelona.com*] *voluntarily dismissed all claims except its claim under § 1114(2)(D)(v)*. After the district court denied the City Council's motion to dismiss, the City Council filed an answer, stating as one of its affirmative defenses "[t]his court lacks jurisdiction over Defendant regarding any cause of action other than Plaintiff's challenge to the arbitrator's Order issued in the UDRP domain name arbitration proceeding."
Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 623 (4th Cir. 2003) (emphasis added). One may reasonably assume that Barcelona.com, Inc. believed in an early stage of the litigation that its only real chance to assert jurisdiction over the City Council was through application of the RDNH provision.

97. *Id.* at 629. In fact, the City Council submitted an affidavit stating: "the City does not own and is not using any trademarks in the United States, to identify any goods or services." *Id.*

foreign rights in the mark, a registrant has a high probability of winning in the federal court.[98]

A possible wrinkle in this strategy may occur if the trademark owner launches an atypical challenge by directly filing suit for trademark infringement. However, assuming that the law is as previously stated and that there are no U.S. trademark rights involved, the ACPA as applied by the U.S. courts provides no recourse to the trademark owner.[99] Furthermore, if the infringement action is initiated in a foreign court, the registrant should object fiercely to the foreign court's personal jurisdiction and demonstrate the absence of a violation of trademark rights in that jurisdiction.[100] Even if the registrant loses in a foreign court and a transfer of the domain name to the mark owner is ordered, the registrant may regain the domain name in a federal court in a RDNH action under the ACPA. There is at least one example of a federal district court ordering a domain name registry[101] to ignore a Korean court order demanding the Korean registrar not transfer a domain name.[102]

B. A Foreign Trademark Owner's Strategy

On the other hand, the trademark holder in the same situation as the City Council of Barcelona, compelled to litigate in a U.S. federal court under the RDNH provision of the ACPA, would be best served by objecting *completely and entirely* to the personal jurisdiction of the U.S. court. This should be done even though the mark holder has already submitted to jurisdiction in filing a UDRP complaint. At this stage, the services of a good lawyer to explain this apparent contradiction might be necessary. If the mark holder fails in the jurisdictional stage, he should assert protected rights under the Lanham act, such as common law trademark rights.[103] Obviously, once in federal court, the foreign mark holder is in a disadvantageous position. In fact, following the

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98. *But see* McNeil v. Stanley Works, 33 Fed. Appx. 322, 325 (9th Cir. 2002) (doubting in dicta whether the submission by the complainant in a UDRP complaint to a Mutual Jurisdiction is enforceable).

99. *But see Barcelona.com*, 330 F.3d at 629.

100. Jurisdictions other than U.S. federal courts would probably have to adjudicate the dispute according to traditional trademark law and some newly evolved doctrines created to deal with cybersquatting. So far, it seems that the United States stands alone in legislating powerful, designated tools against cybersquatting such as the ACPA.

101. Verisign was the registry of the domain name at issue.

102. GlobalSantaFe Corp. v. GlobalSantaFe.com, 250 F. Supp. 2d 610, 626–27 (E.D. Va. 2003). The Eastern District of Virginia justified such an order in that it was the first to assert *in rem* jurisdiction over the domain name, in an *ex parte* proceeding, and that the physical location of the registry in Virginia provides a sufficient basis to assert *in rem* jurisdiction, as compared to the location of the registrar, which was located in Korea. *GlobalSantaFe* demonstrated the power of federal courts to enforce their judgments against registrars. This power also could be utilized in RDNH disputes, which were previously adjudicated in foreign courts.

103. *See* Emergency One, Inc. v. Am. Fire Eagle Engine Co., 322 F.3d 264, 267 (4th Cir. 2003) (providing an overview and relevant authority on common law trademark rights).

Barcelona.com decision, the mark holder faces a small likelihood of success.

If the owner of a foreign mark discovers that someone else has incorporated a protected mark in a gTLD domain name, he should exercise caution in filing a UDRP complaint. Indeed, the *Barcelona.com* court indicated that a UDRP proceeding followed by subsequent federal litigation may bring the dispute under the scope of the RDNH provision:

> [t]he ACPA authorizes a suit by a domain name registrant whose domain name has been suspended, disabled or transferred under that reasonable policy (including the UDRP) to seek a declaration that the registrant's registration and use of the domain name involves no violation of the Lanham Act as well as an injunction returning the domain name.[104]

A quick and less costly victory in the UDRP may come at the price of expensive and almost hopeless litigation in a U.S. court. Thus, foreign mark owners should think twice when assessing the merits of UDRP arbitration.

Another unattractive alternative for foreign mark owners is litigation in foreign courts. At minimum, to ensure a fair chance at winning the domain name in a jurisdiction recognizing the owner's rights in a mark, the owner must first establish the legitimacy of the foreign court's jurisdiction over the registrant. Given the complexity of domain name litigation and the inadequacy of legal schemes challenged by this new species of cyberpiracy, suing in a foreign court is hardly a risk-free alternative.

An interesting question is whether the foreign mark owner trying to avoid any of the undesirable outcomes detailed above could seek a limited injunction in a U.S. court to compel measures blocking access to the domain name from the territory where the mark is protected.[105] It seems such a pleading could be highly problematic for both the petitioner and the district court since such an injunction is not a remedy afforded by the ACPA, and Lanham Act injunctions are generally appropriate only when marks protected under the Lanham Act are involved. The question of whether such measures are technically feasible still awaits judicial determination in the United States.[106] Thus, a foreign

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104. *Barcelona.com*, 330 F.3d at 625.

105. The issue was discussed in the "French Yahoo!" case, where the French court concluded that such measures are technically possible and upheld the subsequent injunction entered against Yahoo! ordering it to block access of French users to parts of Yahoo!'s Web site. *See* Yahoo!, Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme, 169 F.Supp.2d 1181, 1183–85 (N.D. Cal. 200)*; see also* Yaman Akdeniz, *Case Analysis of League Against Racism and Antisemitism (LICRA), French Union of Jewish Students, v. Yahoo! Inc. (USA), Yahoo France, Tribunal de Grande Instance de Paris (The County Court of Paris), Interim Court Order, 20 November 2000*, 1 ELEC. BUS. L. REP. 110 (2001), *available at* http://www.cyber-rights.org/documents /yahoo-ya.pdf.

106. *See Yahoo!*, 169 F. Supp. 2d at 1191–93 (finding that the French Yahoo! dispute did not reach the technical question and concluding that First Amendment consideration rendered the French order unenforceable).

owner seeking such relief in federal court would be entering uncharted territory.

C. Possible Foreign Reactions

It is reasonable to think that the *Barcelona.com* decision will invoke strong reactions in foreign countries. One possible development could be the enactment of ACPA-like legislation by other sovereigns.[107] However, this is not likely to be a very effective tool in light of U.S. courts' willingness to direct orders against gTLD registries, which are almost always located within U.S. territory.[108] Some commentators have forecast "segmentation" of the Internet as a result of the struggle between the United States and other sovereigns for control.[109] In any event, as long as the Internet's technical and legal reality remains static, owners of foreign marks will continue to face extreme difficulties in protecting their marks under the ACPA and its RDNH provision.

VI. CONCLUSION

The *Barcelona.com* decision correctly applies what has become, by all accounts, an increasingly problematic law. The ACPA, and its RDNH provision in particular, makes federal courts a friendly forum for U.S. trademark owners and potential cybersquatters of foreign marks. At the same time, federal courts are becoming hostile toward owners of foreign marks trying to protect their marks against cybersquatting under the ACPA. As a result, the outcome of a given domain name litigation is driven in large measure by the identities of the participants. Registrants may now take advantage of the RDNH provision to direct UDRP challenges to U.S. courts, possibly with the help of the UDRP Rules. Conversely, owners of foreign marks, realizing the risk of being hauled into federal courts in RDNH actions, are likely to find litigation in foreign courts a much safer alternative.

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107. Imagine the EU, China, Japan, Korea, Canada, and some other sovereigns enacting national laws protecting their own marks against cybersquatting. The result would likely be a massive forum shopping trend and conflict of laws decisions.

108. *See generally* ICANN, TOP-LEVEL DOMAINS (GTLDS), *available at* http://www.icann.org/tlds (last modified Dec. 16, 2003). Presently, six of the seven non-restricted gTLD registries are located in the United States. *Id.*

109. *See* Catherine T. Struve & R. Polk Wagner, *Realspace Sovereigns in Cyberspace: Problems with the Anticybersquatting Consumer Protection Act*, 17 BERKELEY TECH. L.J. 989, 1032–33 (2002).
  Segmentation arises when the various root server systems in use are either in conflict, or do not accurately reflect the content of other root servers . . . resulting in, for example, a request for www.yahoo.com yielding a different web page in different networks . . .[W]e predict that segmentation would result under the following circumstances: First, a new root server system . . . could create conflicts with the existing public root server system . . .[S]econd, and perhaps even more importantly, segmentation must be considered a potential response by one or more sovereigns to any others' attempts to exert unwanted regulatory influence over the domain name system . . . [A]s should be easily apparent, segmentation of the domain name system would dramatically decrease its value to the Internet user community.
Id. (citations omitted).