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INTRODUCTION

The Anticybersquatting Consumer Protection Act was passed to deal with a new form of trademark abuse. As defined by a Senate report "cybersquatting" consists of "the deliberate, bad-faith, and abusive registration of domain names in violation of the rights of trademark owners." To deal with this problem, the Act created a new cause of action for trademark owners, distinct from those provided by the Lanham Act and the Federal Trademark Dilution Act (FTDA), which had proven insufficient to deal with this new development. The Lanham Act requires a showing of confusion or mistake, and only restricts commercial use of another's trademark. These requirements could not be met by trademark owners in any action against persons who only registered a domain name for the purpose of holding it for ransom against the rightful owner. Similarly, the FTDA requires that commercial use be made of the mark, and also requires that the mark in question be famous.

The new law amends the amends the Trademark Act of 1946 to make liable in a civil action by the owner of a trademark or service mark any person who, with a bad faith intent to profit from the mark, registers, traffics in, or uses a domain name which, at the time of its registration, is: identical or confusingly similar to a distinctive mark or is dilutive of a famous mark. Key provisions of the act include:

— Nine factors for courts to consider when determining whether there was bad faith;
— Limitation of liability for the actionable use of a domain name to the domain name registrant or the registrant's authorized licensee only;
— Authorization for a court to order the forfeiture or cancellation of the domain name or its transfer to the mark owner;
— Conditions for an in rem civil action, in addition to any other action, against a domain name by a mark owner and limitation of remedies in an in rem action to a court order for the forfeiture or cancellation of the domain name or its transfer to the mark owner;

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— Injunctive relief and statutory damages from at least $1,000 up to $100,000 per domain name. However, a court is required to remit statutory damages if an infringer reasonably believed that use of the domain name was fair or otherwise lawful;
— Specific ways in which domain name registrars may shield themselves from liability.

There has been some criticism of the Act, centering largely on concerns that it overly favors mark holders, and that it may adversely impact commercial and personal free speech by limiting the rights of parody and comparative advertising. These criticisms notwithstanding, there is general consensus that the Act provides needed and effective protection for trademark holders against the abusive registration of domain names.

William H. Manz
Jamaica, New York
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