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106TH CONGRESS
1ST SESSION

S. 1255

To protect consumers and promote electronic commerce by amending certain trademark infringement, dilution, and counterfeiting laws, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 21, 1999

Mr. ABRAHAM (for himself, Mr. TORRICELLI, Mr. HATCH, and Mr. MCCAIN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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A BILL

To protect consumers and promote electronic commerce by amending certain trademark infringement, dilution, and counterfeiting laws, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Anticybersquatting Consumer Protection Act".

SEC. 2. FINDINGS.

Congress finds that the unauthorized registration or use of trademarks as Internet domain names or other

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identifiers of online locations (commonly known as "cybersquatting")—

(1) results in consumer fraud and public confusion as to the true source or sponsorship of products and services;

(2) impairs electronic commerce, which is important to the economy of the United States; and

(3) deprives owners of trademarks of substantial revenues and consumer goodwill.

SEC. 3. TRADEMARK REMEDIES.

(a) RECOVERY FOR VIOLATION OF RIGHTS.—Section 35 of the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, (commonly referred to as the "Trademark Act of 1946") (15 U.S.C. 1117) is amended by adding at the end the following:

"(d)(1) In this subsection, the term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

"(2)(A) In a case involving the registration or use of an identifier described in subparagraph (B), the plaintiff may elect, at any time before final judgment is ren-

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dered by the trial court, to recover, instead of actual damages and profits under subsection (a)—

"(i) an award of statutory damages in the amount of—

"(I) not less than $1,000 or more than $100,000 per trademark per identifier, as the court considers just; or

"(II) if the court finds that the registration or use of the registered trademark as an identifier was willful, not less than $3,000 or more than $300,000 per trademark per identifier, as the court considers just; and

"(ii) full costs and reasonable attorney's fees.

"(B) An identifier referred to in subparagraph (A) is an Internet domain name or other identifier of an online location that is—

"(i) the trademark of a person or entity other than the person or entity registering or using the identifier; or

"(ii) sufficiently similar to a trademark of a person or entity other than the person or entity registering or using the identifier as to be likely to—

"(I) cause confusion or mistake;

"(II) deceive; or

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"(III) cause dilution of the distinctive quality of a famous trademark.".

(b) REMEDIES FOR DILUTION OF FAMOUS MARKS.—Section 43(c)(2) of the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, (commonly referred to as the "Trademark Act of 1946") (15 U.S.C. 1125(c)(2)) is amended by striking "35(a)" and inserting "35 (a) and (d)".

SEC. 4. CRIMINAL USE OF COUNTERFEIT TRADEMARK.

(a) IN GENERAL.—Section 2320(a) of title 18, United States Code, is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking "section that occurs" and inserting "paragraph that occurs"; and

(3) by adding at the end the following:

"(2)(A) In this paragraph, the term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

"(B)(i) Except as provided in clause (ii), whoever knowingly and fraudulently or in bad faith registers or uses an identifier described in subparagraph (C) shall be guilty of a Class B misdemeanor.

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"(ii) In the case of an offense by a person under this paragraph that occurs after that person is convicted of another offense under this section, that person shall be guilty of a Class E felony.

"(C) An identifier referred to in subparagraph (B) is an Internet domain name or other identifier of an online location that is—

"(i) the trademark of a person or entity other than the person or entity registering or using the identifier; or

"(ii) sufficiently similar to a trademark of a person or entity other than the person or entity registering or using the identifier as to be likely to—

"(I) cause confusion or mistake;

"(II) deceive; or

"(III) cause dilution of the distinctive quality of a famous trademark.

"(D)(i) For the purposes of a prosecution under this paragraph, if all of the conditions described in clause (ii) apply to the registration or use of an identifier described in subparagraph (C) by a defendant, those conditions shall constitute prima facie evidence that the registration or use was fraudulent or in bad faith.

"(ii) The conditions referred to in clause (i) are as follows:

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"(I) The defendant registered or used an identifier described in subparagraph (C)—

"(aa) with intent to cause confusion or mistake, deceive, or cause dilution of the distinctive quality of a famous trademark; or

"(bb) with the intention of diverting consumers from the domain or other online location of the person or entity who is the owner of a trademark described in subparagraph (C) to the domain or other online location of the defendant.

"(II) The defendant—

"(aa) provided false information in the defendant's application to register the identifier; or

"(bb) offered to transfer the registration of the identifier to the trademark owner or another person or entity in consideration for any thing of value.

"(III) The identifier is not—

"(aa) the defendant's legal first name or surname; or

"(bb) a trademark of the defendant used in legitimate commerce before the earlier of the first use of the registered trademark referred to

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in subparagraph (C) or the effective date of the registration of that trademark.

"(iii) The application of this subparagraph shall not be exclusive. Nothing in this subparagraph may be construed to limit the applicability of subparagraph (B).".

(b) SENTENCING GUIDELINES.—

(1) IN GENERAL.—Pursuant to the authority granted to the United States Sentencing Commission under section 994(p) of title 28, United States Code, the United States Sentencing Commission shall—

(A) review the Federal sentencing guidelines for crimes against intellectual property (including offenses under section 2320 of title 18, United States Code); and

(B) promulgate such amendments to the Federal Sentencing Guidelines as are necessary to ensure that the applicable sentence for a defendant convicted of a crime against intellectual property is sufficiently stringent to deter such a crime.

(2) FACTORS FOR CONSIDERATION.—In carrying out this subsection, the United States Sentencing Commission shall—

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(A) take into account the findings under section 2; and

(B) ensure that the amendments promulgated under paragraph (1)(B) adequately provide for sentencing for crimes described in paragraph (2) of section 2320(a) of title 18, United States Code, as added by subsection (a).

SEC. 5. LIMITATION OF LIABILITY.

Section 39 of the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, (commonly referred to as the "Trademark Act of 1946") (15 U.S.C. 1121) is amended by adding at the end the following:

"(c)(1) In this subsection, the term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

"(2)(A) An Internet service provider, domain name registrar, or registry described in subparagraph (B) shall not be liable for monetary relief to any person for a removal or transfer described in that subparagraph, without regard to whether the domain name or other identifier is ultimately determined to be infringing or dilutive.

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"(B) An Internet service provider, domain name registrar, or registry referred to in subparagraph (A) is a provider, registrar, or registry that, upon receipt of a written notice from the owner of a trademark registered in the Patent and Trademark Office, removes from domain name service (DNS) service or registration, or transfers to the trademark owner, an Internet domain name or other identifier of an online location alleged to be infringing or dilutive, in compliance with—

"(i) a court order; or

"(ii) the reasonable implementation of a policy prohibiting the unauthorized registration or use of another's registered trademark as an Internet domain name or other identifier of an online location.".

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