The Latest Cybersquatting Trend: Typosquatters, Their Changing Tactics, and How to Prevent Public Deception and Trademark Infringement

Dara B. Gilwit
Washington University School of Law
The Latest Cybersquatting Trend: Typosquatters, Their Changing Tactics, and How To Prevent Public Deception and Trademark Infringement

Dara B. Gilwit*

I. INTRODUCTION

In an era when technology dominates, the Internet has become an indispensable and expedient source for a wealth of information. From purchasing clothes and cars, to dating and corresponding with people across the globe, the Internet is the modern day choice for instantaneous communications. Many businesses, relying heavily on customer website usage, distinguish products through their trademarks, which indicate quality and help develop brand names.1 Thus, using trademarks as domain names helps businesses to create a strong presence on the Internet.2 Yet, domain name registration, once a convenient identification method for consumers, has become a profitable venture for clever entrepreneurs such as cybersquatters.

A cybersquatter is a party who possesses no legitimate interest in a trademark and attempts to profit by registering the trademark as a domain name before the rightful trademark owner can do so.3

---

* J.D. Candidate, 2003, Washington University School of Law.
2. “A domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base.” Panavision International, L.P. v. Toeppen, 141 F.3d 1316, 1327 (quoting MTV Networks, Inc. v. Curry, 867 F. Supp. 202, 203-04 n.2 (S.D.N.Y. 1994)). A company should use its trademark as a domain name to ensure that its site is easily located. Id.
Cybersquatters then resell or license the domain name back to the company that spent millions of dollars expanding the trademark’s goodwill. Considering that businesses today rely on the Internet and electronic commerce—either by exclusively selling their products on the Internet or using the Internet as an advertising and information venue—preventing domain name infringement by cybersquatters has become increasingly important.

Emerging as the newest type of cybersquatter is the “typosquatter.” In an attempt to gain traffic to their “rogue” site, typosquatters register common misspellings of domain names for popular websites, and for variations of a trademark. For example, a person registered the domain name “ebwold,” eliminating the “r” from Electronic Boutique’s trademark protected domain name, “ebworld.com.” A typical typosquatter does not adopt the registered trademark of another in their domain name. Instead, typosquatters

4. Id.
8. Electronics Boutique Holdings Corp. v. Zuccarini, 56 U.S.P.Q. 2d 1705 (E.D. Pa. 2000), motion to set aside overruled by 2001 U.S. Dist. LEXIS 765 (E.D. Pa. Jan. 25, 2001), aff’d, 2002 U.S. App. LEXIS 9247 (3d Cir. Apr. 24, 2002). Electronics boutique registered the domain name “www.ebworld.com” for its online store. Id. at 1708. The defendant, Zuccarini, then registered the name, “www.ebwold.com” and “www.ebworl.com.” Id. at 2. When users looking to link to Electronics Boutique accidentally deleted the letters “r” or “d,” they were barraged with advertisements featuring products such as credit cards, answering machines, games and music. Id. The Internet user was “mousetrapped” and thus unable to exit the advertisements without clicking on them. Id. For every click, Zuccarini made between ten and twenty-five cents. Id.

will seek out websites that have heavy traffic. The typosquatter will then register those domain names that users are most likely to make typographical errors with when accessing. Typosquatters also register domain names that eliminate the dot after “www.” Essentially, the goal of a typosquatter is to divert traffic to their website and use this traffic to produce advertising revenues.

Compared to the number of traditional cybersquatting cases, the number of typosquatting cases is relatively small. Most recently, though, in *Shields v. Zuccarini*, the Third Circuit held that typosquatting is a violation of the Anti-Cybersquatting Consumer Protection Act (ACPA). Though the ACPA provides an adequate remedy for trademark owners against typosquatters who trick consumers, prevention is a more efficient means of dealing with typosquatters.

Part II of this Note presents an overview of the domain name system and domain name disputes that may arise concerning the use of trademarks as domain names. It discusses the general problem with cybersquatters and with typosquatters, as well as past and present procedures for dealing with them. Part III deals with the most recent case law, particularly the *Shields* case, that allows trademark owners to bring lawsuits against typosquatters. Part IV addresses a future typosquatting scenario and ways to deal with it. Part V presents a proposal for preventing typosquatting altogether.

10. *Id.*
11. *Id.*
17. 254 F.3d 476. Most case law dealing with typosquatters involves actions where the typosquatter mousetraps consumers.
18. *Id.*
II. DOMAIN NAMES AND CYBERSQUATTING

A. The Domain Name System

1. Definition of a Domain Name

The Internet is a network of computers that allows both individuals and organizations to share information globally. Computer users can access millions of websites and web pages via the Internet. A web page is a computer data file, which may have words, names, messages, pictures, sounds and links to more information. Every web page possesses its own website, which functions as its address. A numeric identifier called an Internet protocol address, or “IP” address, identifies the tangled web of data on the Internet. Similar to a street address or telephone number, IP addresses tell the Internet user’s computer where to go on the web for information. Because an IP address is not decipherable by the average Internet user, computers use an easier system consisting of domains and domain names to look for information.

A domain name identifies an Internet site by using a unique name, often a person’s or company’s name or trademark. Each domain name has two separate parts: (1) the top-level domain (TLD) located at the end of the domain name, which indicates the kind of use or the country designation; and (2) the second level domain name (SLD), which identifies the specific Web site owner with a string of words that precedes the TLD. For example, some TDLs are “.com,”

20. 141 F.3d at 1318.
21. Id.
22. Id.
24. 141 F.3d at 1318.
26. Isenberg, supra note 7, at 230.
27. Julianne Ross Davis, Protecting Your Trademark on the Internet, THE FED. LAW., July 2000, at 23, 25. See also Navai, supra note 1, at 194; Springer, supra note 5, at 320; Davis,
2003] Typosquatters and their Changing Tactics 271

“.org,” and “.edu.” Thus, to locate a site on the World Wide Web, the SLD ("domain name"), the TLD, and the standard string citation—“http://www”—must be entered.

A domain name is the easiest method for accessing a website. An Internet "search engine" helps computer users locate specific domain names. After typing in a key word search, the computer produces all of the websites, usually hundreds, which contain the key word. Individuals and companies favor an identifiable domain name to make it simpler for users to locate their website.

2. Domain Name Registration

In 1995, the U.S. Internet authorities and the National Science Foundation contracted Network Solutions, Inc. (NSI) to register the .com, .net, and .org domain names, and to handle domain name disputes. However, in November 1998, the Department of Internal Affairs (DIA) recognized that the current TLD system was insufficient to meet the needs of the Internet community. A new class of domain names was needed to accommodate the growth of the Internet and to provide for more specific and descriptive names.

In addition to the seven new TLDs (.biz, .coop, .info, .museum, .name, .pro, and .aero), the ICANN board selected the seven new TLDs for negotiation of agreements, which would permit the inclusion of the TLDs in the Internet’s domain-name system. These new TLDs are the first since 1988—aside from other country-code TLDs—to be on the Internet.

28. Davis, supra note 27, at 25. The domain suffix of “.com” refers to a commercial enterprise; “.org” indicates that the Web site is an organization; “.edu” signifies an educational institution. Id. The current TLD system now includes seven new suffixes: “.biz” for business; “.coop” for cooperative businesses; “.info” for anyone; “.museum” for museums; “.name” for personal Web sites; “.pro” for licensed professionals such as accountants, lawyers, and doctors; and “.aero” for air transport. Internet Corporation for Assigned Names and Numbers ("ICANN"), available at http://www.icann.org/tlds/ (last visited Feb. 17, 2002). On November 16, 2000, the ICANN board selected these seven new TLDs for negotiation of agreements, which would permit the inclusion of the TLDs in the Internet’s domain-name system. These new TLDs are the first since 1988—aside from other country-code TLDs—to be on the Internet. See ICANN, supra. See also Craig Pintens, Comment, Managing the “Team” on the Field, Off the Field, and in Cyberspace: Preventing Cybersquatters from Hijacking Your Franchise’s Domain Names, 11 MARQ. SPORTS L. REV. 299, 304 (2001) (providing definitions for the new top-level domains).


30. Id. at 194.

31. Panavision, 141 F.3d at 1319.

32. A "search engine" is a website or software program that searches an online database and then gathers and reports "matches"—information that contains or is related to specific terms. THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE (4th ed. 2000), available at www.dictionary.com (last visited Nov. 4, 2002).

33. Id.

34. Id.

35. Id.

36. G. Gervaise Davis III, Internet Domain Names and Trademarks: History and Recent Developments in Domestic and International Disputes: Enabling Electronic Commerce on the
Commerce created an agreement with the Internet Corporation for Assigned Names and Numbers (ICANN), a newly formed non-profit corporation, to manage the Domain System and shift some control away from NSI. The United States government amended its agreement with NSI so that individuals wanting to register a domain name have a choice of registrar services and prices.

To register a domain name in the United States, an applicant files for a domain name with an ICANN Accredited Registrar. The system functions such that each registrar forwards its information to a main registry, which keeps the authoritative list of domain names and addresses.

The registrar, through a master NSI database, registers most U.S. domain names automatically. A person can register by simply submitting the proper application and the requisite fee. The only systematic check that the registrar makes is to check whether anyone else has an existing identical domain name. Additionally, the automated system does not review for similarities in domain names. Consequently, the system computers would automatically register both “businessclient.com” and “business-client.com” as two completely different domain names. Because the system is

37. ROBERT MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 1083 (2d ed. 2000). ICANN took control over Internet address space allocation, domain name system management, protocol parameters, and root server system management. Schmitt, supra note 19, at 4.

38. MERGES, supra note 37, at 1083. Domain name registration fees vary depending on the registrar and the TLD. For instance, a domain name in Moldova (.md) is presently more expensive than a .com domain name. Schmitt, supra note 19, at 2.

39. Schmitt, supra note 19, at 2. Initially, only NSI could register these domain names; however, since ICANN expanded the number and location of official registrars to more than 100 in the past several years, it is questionable whether NSI still maintains extensive control over the registry. See also Davis, supra note 36, at 562-63. An international listing of companies currently accredited and functional in addition to NSI is located at http://www.icann.org/registars/accreditation-qualified-list.html (last visited Feb. 17, 2002).

40. MERGES, supra note 38, at 1083.

41. Davis, supra note 36, at 563.

42. Ward, supra note 3, at 215.

43. Davis, supra note 36, at 563.

44. Id.

45. Id.
automated and many businesses try to use the same domain names, registrars operate on a first-come, first-serve basis.  

3. Trademarks as Domain Names

It is very important for a trademark owner to use their trademark as a domain name. If an Internet user does not know the domain name of a company, a user may conduct a search on the Internet for the company’s trademark. To ensure that a user gets to their site easily, it is to the benefit of the company to use its trademark as a domain name. In turn, when a company cannot use its trademark as a domain name because another Internet user registered the name first, the trademark owner’s ability to profit from their mark decreases.

It is important to note, however, that possessing a trademark does not automatically trigger ownership or the use of the same word or phrase as a domain name. A trademark owner must register their trademark with ICANN to secure ownership and use. In general, while courts have not held that the mere registration of a trademark as a domain name constitutes trademark infringement per se, suits against cybersquatters are valid under the law and courts have enforced injunctions against such use.

46. Id.
47. Navai, supra note 1, at 195.
48. Id. at 195-96 (citing Panavision, 141 F.3d at 1319).
49. Id. at 196. (citing Panavision, 141 F.3d at 1319).
50. Id.
51. See Schmitt, supra note 19, at 2.
52. Id.
B. Cybersquatting

1. Definition of Cybersquatting

Direct cybersquatting is when a person registers a trademark owner’s mark as a domain name without a bona fide claim to use the trademark. Subsequently, cybersquatters try to sell the domain name back to the owner of the registered trademark.

Registrars do not check whether applicants possess the right to use the trademark as a domain name. For their request to be approved, applicants merely need to make a good faith claim to the domain name. Because domain names are registered on a first-come, first-serve basis, and only one party may register a particular domain name, cybersquatters quickly capitalized upon trademark owners’ procrastination in registration.

2. The Problem with Cybersquatters

The practice of permitting domain names to be registered on a first-come, first-serve basis furthers the domain name infringement problem. The registration system encourages unethical parties such as cybersquatters to beat out a rightful trademark holder in the registration process so that they can take the domain name hostage and request reparation from the trademark holder. Fundamentally, cybersquatters threaten the most basic objectives of trademark law, which is “reducing the customer’s costs of shopping and making
purchasing choices.” An item bearing a trusted trademark allows a purchaser to easily and immediately determine that item’s quality, history, and dependability. Trademark law ensures that a producer, and not its competitor, will receive the financial and reputation-related rewards linked with a desired product. Domain name infringement by cybersquatters weakens the fundamental trademark principle of consumer protection by permitting ruthless competitors to benefit from the mark holder’s good will and reputation.

3. A Newer Phenomenon: Typosquatting

Typosquatting is a more recent sub-class of cybersquatters. A typical typosquatting scenario involves “mousetrapping.” If mousetrapped when misspelling a domain name, Internet users find themselves barraged with advertisements and are unable to get out of the website they originally accessed. Another typosquatting scenario involves a typosquatter that registers a variation of a trademark and sets up a website that promotes views opposite that of those views found on the trademark owner’s site. For some, typosquatting bait and switch tactics that turn traffic into revenue from phony advertising has grown into a full-fledged business enterprise.

62. Springer, supra note 5, at 324.
63. 174 F.3d at 1053 (quoting Qualitex, 514 U.S. at 163-64).
64. Springer, supra note 5, at 325.
65. See 254 F.3d at 480.
66. Id.
68. See Sullivan, supra note 13. At the heart of the scheme are a number of companies that register domain names that are slight variations of well known websites such as www.yahoo.com, www.aol.com and www.msn.com. Id. Stoneybrook Investments, Powerclick, Inc., Global Net 2000, Inc., and Data Art Corp. have together registered hundreds of these sites according to the NSI database of domain name registrations. Id. Evidently, accidental clicks generate a large volume of business. Id. In February of 2000, Powerclick generated five cents per click with about 200,000 daily visitors. Id. At that rate, the company claims to be making nearly $4 million a year in revenues. Id. This is not surprising considering that the traffic received from typosquatting is not minimal. Id. Statistics indicate that about 20,000 clicks are sent every day from www.hotmail.com; 10,000 from myyahoo.com; and well over 200,000 are redirected. Id.
C. Dealing with Cybersquatters

1. Traditional Litigation Against Cybersquatters

Trademark owners wishing to bring suit for infringement file a claim under either the Lanham Act\(^\text{69}\) or the Federal Trademark Dilution Act\(^\text{70}\) (FTDA).\(^\text{71}\) Traditional actions for domain name disputes fall into three categories under the Lanham Act:\(^\text{72}\) [1] trademark infringement, arising under § 32;\(^\text{73}\) [2] confusion of source infringement, arising under § 43(a);\(^\text{74}\) and [3] dilution of a famous mark, arising under § 43(c),\(^\text{75}\) also termed the FTDA.\(^\text{76}\)

   a. Trademark Infringement and Confusion of Source: Sections § 32\(^\text{77}\) and § 43(a)\(^\text{78}\)

   A trademark owner might bring a cause of action under these sections when a party misappropriates their trademark for use as its own domain name and provides similar or competing goods of the actual trademark holder.\(^\text{79}\) Potentially, users who are angry, frustrated, or believe the desired site does not exist may end their search for the correct web page when they reach a different site than

---

\(^{70}\) Id. § 1125(c).
\(^{71}\) Before bringing an action, a trademark owner may send a “Cease and Desist” letter to the owner of a site to alert them of the claimed infringement. Schmitt, supra note 19, at 8. Because most infringers are not aware of the consequences for using another’s trademark, this letter gives them the opportunity to comply or be forced into legal action. Id. If a trademark owner sends a cease and desist letter, it must be done after a thorough investigation. Id. Moreover, a trademark owner must recognize the possibility that a party may respond by filing an action for Declaratory Judgment. Id.

\(^{72}\) The majority of domain name dispute cases are federal. Some states also have laws providing for causes of action for domain name disputes. Ward, supra note 3, at 217 n.41. This Note only addresses federal remedies because of the significant influence of federal law in this area. Id. (citing the same proposition).

\(^{74}\) Id. § 1125(a).
\(^{75}\) Id. § 1125(c).
\(^{76}\) See Ward, supra note 3, at 217. Additionally, § 43(d), creating a cause of action for bad faith registration, falls under the Lanham Act, but will be discussed later in this Note.

\(^{78}\) Id. § 1125.
\(^{79}\) See Springer, supra note 5, at 327.
they set out to find. Consequently, the owner of the misappropriated trademark/domain name may lose a sale, either because the customer discontinues his or her search, or the competitor takes away the customer from present and future purchases.

The latter scenario transpired in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, when the plaintiff, Brookfield Communications, tried to register the domain name “moviebuff.com.” The request was denied because West Coast Entertainment had already registered this domain name. The court held that Internet users might confuse the plaintiff’s database with the defendant’s website because of the similarity between Brookfield’s “Movie Buff” movie database software and West Coast’s online site for movie sales at “moviebuff.com.” In general, the court pointed to the products’ relatedness, and to both entities’ use of the web as a marketing and advertising forum. Hence, in order to test for trademark infringement, the court adopted the standard of likelihood of consumer confusion as to the actual source of goods or services. The underlying theory for this standard is that such confusion may prevent consumers from getting the goods they seek, or may damage the reputation of the first user of the mark by association with the second user.


81. See *Springer*, *supra* note 5, at 327 (making the same proposition).

82. 174 F.3d 1036 (9th Cir. 1999).

83. 174 F.3d at 1042.

84. *Id.* at 1057. The similarity of trademarks and domain names does not automatically mean that consumer confusion exists. The relatedness of the products or services offered and the simultaneous use of the web as a marketing and advertising forum must be considered. *Id.* at 1055.

85. *Id.* at 1053–54. Generally, to demonstrate a likelihood of confusion, a party must establish that the public believes that the mark’s owner authorized the use of the trademark. *Id.* To assess the consumer’s “likelihood of confusion” in the marketplace, the court employs the following factors: (1) strength of the plaintiff’s mark; (2) relatedness of the services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likelihood of expansion of the product lines using the marks. *Id.* at 1053. See also § 1114 (1)(a) and § 1125(a)(1)(A); AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979) (using the same factors to set the precedent test for consumer confusion).

86. See *Springer*, *supra* note 5, at 328 (quoting DeCosta v. Viacom, Int’l, 981 F.2d 602,
b. Dilution: Section 43(c)

Before the passage of the ACPA, the Federal Trademark Dilution Act (FTDA) was the popular method for trademark holders to fight cybersquatters. The FTDA became a favorite because it does not require a likelihood of confusion through the use of the marks, like §§ 32 and 43(a) require.

The FTDA provides a famous or distinctive mark owner with injunctive relief against another person’s commercial use of a mark that after becoming famous dilutes the distinctive quality of the mark. Panavision International, L.P. v. Toeppen was one of the first

605 (1st Cir. 1992), cert. denied, 509 U.S. 923 (1993)).

88. Id.
89. See Ward, supra note 3, at 219; see also Springer, supra note 5, at 329.
91. Id. at § 1125.
92. See Ward, supra note 3, at 219.
93. Dilution means “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake or deception.” 15 U.S.C. § 1127 (2000). Dilution can occur in two forms. First, blurring is “when a defendant uses the plaintiff’s trademark to identify the defendant’s goods or services, creating the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff’s product.” Springer, supra note 5, at 329 n.79 (citing Ringling Bros. Barnum & Bailey, Combined Shows v. B.E. Windows, Corp., 937 F. Supp. 204, 209 (S.D.N.Y. 1996)). Second, tarnishment is “when a famous mark is improperly associated with an inferior or offensive product or service thereby causing the good name associated with the trademark to be tarnished.” Id. (citing Hormel Foods Corp. v. Jim Henson Prods. 73 F.3d 497, 507 (2d. Cir. 1996)).
94. See 15 U.S.C. § 1125(c) (2000). To determine whether a mark is famous or distinctive a court may consider the following factors:

   (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

95. 141 F.3d 1316, 1327 (9th Cir. 1998). Panavision affirmed the decision of Internatic,
cases to expand dilution protection of trademarks to domain names.\textsuperscript{96} *Panavision* established dilution as the primary remedy for trademark owners against cybersquatters.\textsuperscript{97} In *Panavision*,\textsuperscript{98} the court held that Toeppen’s actions diluted the value of Panavision’s trademark because “potential customers of Panavision [would] be discouraged if they [could not] find its web site by typing in Panavision.com, but instead were forced to wade through hundreds of web sites.”\textsuperscript{99} Essentially, the registration of “panavision.com” weakened Panavision’s capacity to identify and distinguish its goods on the Internet.\textsuperscript{100} Consequently, Panavision, the actual owner of the mark, was unable to create an association between Panavision’s domain name and their goods.\textsuperscript{101} The court believed that this inability diminished the impact and power of the Panavision mark on consumers’ minds.\textsuperscript{102} Currently, courts tend to find in favor of the trademark holder, but there are boundaries to the dilution theory of trademark/domain name use.\textsuperscript{103}

---

\textsuperscript{96} 141 F.3d at 1327.
\textsuperscript{97} Ward, supra note 3, at 221.
\textsuperscript{98} 141 F.3d 1316.
\textsuperscript{99} \textit{Id.} at 1327.
\textsuperscript{100} \textit{Id.}
\textsuperscript{101} Springer, supra note 5, at 329 (citing 141 F.3d at 1326).
\textsuperscript{102} \textit{Id.} at 329-30 (citing 141 F.3d at 1327).
\textsuperscript{103} See Avery Dennison Corp. v. Jerry Sumpton, 189 F.3d 868, 880-81 (9th Cir. 1999) (holding that the defendant’s use of the registered trademarks of the plaintiff—“Avery” and “Dennison”—as domain names was not dilution because the defendant registered the name under “.net” as opposed to “.com.”); Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp. 2d 1161 (C.D. Cal. 1998) (upholding defendant’s registration of “/ballysucks” as a subdivision of their domain name as non-dilutive because of the First Amendment’s preemptory protection of speech and expression). The Framers of the FTDA were mindful that free speech, fair use, opinion, and commentary must be permitted under the First Amendment. Springer, supra note 5, at 331 n.91 (citing 141 Cong. Rec. S38, 559 (Dec. 29, 1995) (statement of Sen. Hatch) and quoting Senator Orrin Hatch as saying that the dilution statute would “not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.”). To qualify as a parody, the website must be used in commerce. The following constitute commercial activity under the Lanham Act: “solicitation of funds, promotion of products, diversion of Internet user from the trademark holder’s web site, and hyperlinks to other commercial sites.” Schmitt, supra note 19, at 8. See also Planned Parenthood Fed’n of AM. v. Bucci, 42 U.S.P.Q. 2d 1430 (S.D.N.Y. 1997); OBH, Inc. v. Spotlight Magazine, Inc., 86 F. Supp. 2d 176 (W.D.N.Y. 2000); People for the Ethical Treatment of Animals, Inc. v. Doughney, 113 F. Supp. 2d 915 (E.D. Va. 2000).
2. Recent Procedures for Dealing with Cybersquatters: The ACPA and the UDRP

In 1999, two events occurred creating a legal and more rational basis for resolving domain name disputes: the legislation of the ACPA and ICANN’s adoption of the Uniform Disputes Resolution Policy (UDRP), including the UDRP Rules.104

a. The Anti-Cybersquatting Consumer Protection Act105

Congress amended the Lanham Act by enacting the ACPA.106 In general, Congress believed that infringement and dilution actions did not create a sufficient remedy for domain name registration abuses, especially for cybersquatters.107 Recognizing that cybersquatters altered their tactics to avoid infringement and dilution actions, Congress passed the ACPA.108 Congress’ goals in enacting the ACPA included “protect[ing] consumers and American businesses . . . promot[ing] the growth of online commerce, and . . . provid[ing] clarity in the law for trademark owners.” 109 Specifically, Congress hoped to prevent cybersquatting “by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks.”110

To bring a successful action against a cybersquatter under the ACPA, a court must make three determinations.111 First, the court

---

104. Ward, supra note 3, at 222-23.
108. See S. REP. NO. 106-140, at 7 (1999). Cybersquatters avoided infringement by either posting a site that was unrelated to the trademark owner’s business or not using the domain name for a website. Ward, supra note 3, at 223. Similarly, cybersquatters prevented a dilution claim by avoiding the solicitation of offers to sell the legitimate trademark to owners, thus circumventing case law precedent that construed offers to sell domain names as forms of use in commerce. Id.
110. Id.
must decide whether at the time of registration the contested mark
was distinct or famous.112 Second, the court must decide whether “the
domain name is identical or confusingly similar to the mark.‖113
Third, the court must determine whether the domain name holder
registered the mark as a domain name in bad faith, such as with an
intent to profit from the mark’s and the domain name’s similarity.114
If the defendant acts in bad-faith, Congress provides for an award of
statutory damages to deter cybersquatters from bad-faith and abusive
conduct, and to adequately compensate trademark owners for the
latter conduct.115

112. Gideon Parchomovsky, On Trademarks, Domain Names, and Internal Auctions, 2001
113. Id. at 224-25.
114. Id. at 225 (citing § 1125(d)(1)(A)(i) (2000)). To avoid subjective motivations in
determining bad-faith and intent, the ACPA lists nine factors for the court to use when deciding
the intent of domain-name registrants. These factors include:
   (I) the trademark or other intellectual property rights of the person, if any, in the
domain name; (II) the extent to which the domain name consists of the legal name of
the person or a name that is otherwise commonly used to identify that person; (III) the
person’s prior use, if any, of the domain name in connection with the bona fide
offering of any goods or services; (IV) the person’s bona fide noncommercial or fair
use of the mark in a site accessible under the domain name; (V) the person’s intent to
divert consumers from the mark owner’s online location to a site accessible under the
domain name that could harm the goodwill represented by the mark, either for
commercial gain or with the intent to tarnish or disparage the mark, by creating a
likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the
site; (VI) the person’s offer to transfer, sell, or otherwise assign the domain name to
the mark owner or any third party for financial gain without having used, or having an
intent to use, the domain name in the bona fide offering of any goods or services, or
the person’s prior conduct indicating a pattern of such conduct; (VII) the person’s
provision of material and misleading false contact information when applying for the
registration of the domain name, the person’s intentional failure to maintain accurate
contact information, or the person’s prior conduct indicating a pattern of such conduct;
(VIII) the person’s registration or acquisition of multiple domain names which the
person knows are identical or confusingly similar to marks of others that are distinctive
at the time of registration of such domain names, or dilutive of famous marks of others
that are famous at the time of registration, . . . without regard to the goods or services
of the parties; and (IX) the extent to which the mark incorporated in the person’s
domain name registration is or is not distinctive and famous . . . .

115. See 15 U.S.C. § 1117(d) (2000). No bad-faith can be found and the court will not
award statutory damages if the defendant believed, and the court finds such belief to be
reasonable, that the defendant registered or used the domain name fairly or lawfully. S. REP.
NO. 106-140, at 10 (1999). The court can award the trademark owner up to $100,000 in
statutory damages for each infringing domain name. 15 U.S.C. § 1117(d) (2000). See also
Since its enactment, the ACPA has been invoked successfully against cybersquatters. Though the ACPA does not explicitly provide for a cause of action against typosquatters, there is case law that expands the ACPA’s scope to encompass them.

b. The UDRP

Originally, NSI adopted a Domain Name Dispute Policy to deal with conflicting registrations and trademark issues. Because the policy did not resolve the problem nor satisfy the participants, in 1998, the U.S. Department of Commerce established the ICANN, which devised a Uniform Dispute Resolution Policy (UDRP). The ICANN designed the UDRP as an alternative form of dispute resolution to combat cybersquatting. In the event a trademark owner believes that another party infringed on his or her trademark by registering it as a domain name, he or she can initiate UDRP arbitration.
D. Typosquatting Case Law

1. Shields v. Zuccarini

In 2001, the Third Circuit of the United States Court of Appeals held that typosquatting was a violation of the ACPA. In Shields v. Zuccarini, the Third Circuit expanded protections under the ACPA by acknowledging that the protection of registered domain names and other types of intellectual property include typosquatting.

Typosquatting cases have also come before the World Intellectual Property Organization (WIPO) arbitrators. For example, when a domain name “wholesaler” registered numerous misspellings of the Wall Street Journal, WIPO arbitrators held that he had to relinquish the Wall Street Journal the registered misspellings, namely www.wallstreetjounal.com and www.wallstreetjournel.com. Rob Hassett & Suellen Bergman, Cybersquatting: The New Age of URLs and Their Impact on Trademarks, at http://www.internetlegal.com (last visited Nov. 4, 2002). Additionally, in Microsoft Corp. v. Microsoft.com aka Tarek Ahment, Microsoft was assigned “microsoft.com.” Id. (citing WIPO Case No. D2000-0548).

See generally id. Though the ACPA did not explicitly discuss typosquatting, the court in Shields decided that such offending websites are a “classic example” of what the ACPA
The plaintiff, Joseph Shields, worked as a graphic artist who designed, exhibited, licensed, and marketed the Joe Cartoon animated creature for more than fifteen years. In June 1997, Shields created a website with the registered domain name Joecartoon.com.

In November 1999, Zuccarini registered five variations of Shields's original website. These sites included: joescartoon.com, joecartoon.com, joescartons.com, joescartoons.com, and cartoonjoe.com. Upon reaching Zuccarini’s site, visitors were “mousetrapped” and needed to click on various advertisements to exit the site.

In its analysis, the court applied the three factors needed to succeed on an ACPA claim—whether the mark was famous or distinctive at the time of registration, whether the domain name is “identical or confusingly similar to” the mark, and whether the domain-name registrant acted in bad faith. The court found Joe Cartoon to be “distinctive and famous” as a mark. Furthermore, the

127. Id. at 479. Shields exhibited and marketed his creations with the names “Joe Cartoon” and “The Joe Cartoon Co.” Id. The popular “Frog Bleder,” “Micro-Gerbil,” and “Live and Let Dive” animations are some of his original creations. Id. Shields licenses his cartoons nationwide to others who then use his characters on t-shirts, coffee mugs, and other items at gift stores. Id.

128. Id. After registering the domain name joecartoon.com, Shields has since held sole operation of the website. Id. Since winning the “shock site of the day” award from Macromedia, Joe Cartoon’s web traffic increased tremendously with approximately 700,000 visits per month. Id. Website visitors can download Joe Cartoon animations and purchase related merchandise. Id. Receiving ten to twenty-five cents every time a visitor clicks on an advertisement, Shields earns about $160,000 per year in advertising related to the website alone. Hartman, supra note 124, at 1.

129. 254 F.3d at 479-80.

130. Id. at 480.

131. Id. Displayed on Zuccarini’s sites were advertisements for credit card companies and other sites. Id. When users mistakenly visited Zuccarini’s sites, they became trapped or “mousetrapped,” which meant they could not exit without clicking on a series of advertisements. Id. For every click, the advertisers paid Zuccarini between ten and twenty-five cents. Id. Zuccarini admittedly made $800,000 to $1,000,000 per year from more than three thousand web sites. Id. at 486. Zuccarini also admitted that he was “in the business of profiting from the public’s confusion and that he does not, in fact, profit from this confusion.” Id.

132. Id. at 482. See also supra notes 111-14 and accompanying text.

133. 254 F.3d at 482-83. The court used seven factors to analyze whether Shields’s mark was distinctive or famous. Id. at 483. The court reasoned that the duration and uniqueness of the “Joe cartoon” enterprise, the popularity of his website, and the global commercial success of Joe Cartoon in both real and virtual markets made the mark distinctive and famous. Id. See also Hartman supra note 124, at 1 (interpreting the mark as distinct and famous for similar reasons).
domain names were “identical and confusingly similar” enough to the Joe.cartoon.com website that Internet users would be confused by Zuccarini’s site.\textsuperscript{134} Finally, the court found that Zuccarini acted in bad-faith and with intent to commercially exploit Shields’s protected mark,\textsuperscript{135} and thus, found in favor of Shields.\textsuperscript{136} Holding that typosquatting is a violation of the federal law against cybersquatting, \textit{Shields}\textsuperscript{137} illustrates the Third Circuit’s willingness to broaden the scope of the ACPA beyond the plain language in order to better fulfill the Act’s explicit goals.\textsuperscript{138}

\begin{itemize}
\item \textsuperscript{134} 254 F.3d at 483. The five domain names registered by Zuccarini “closely resemble ‘joe.cartoon.com,’” with a few additional or deleted letter, or rearranging of the ordering of the words.” \textit{Id.}
\item \textsuperscript{135} \textit{Id.} at 486. Utilizing a nine-factor analysis, the court concluded that Zuccarini acted in bad-faith and was not protected by any of the Act’s safe harbor provisions. \textit{See also supra note 114} (discussion of nine-factor analysis). Specifically, the court rejected Zuccarini’s First Amendment fair-use protection defense. \textit{Id.} After filing the suit, Zuccarini converted his original web page to a “political protest” page, where he warned of the evils contained on the original site. \textit{Id.} at 480. However, the court rejected Zuccarini’s attempt to avoid the provisions of the ACPA and held that Zuccarini used the infringing domain names for commercial purposes and not for “fair-use” reasons. \textit{Id.} at 485-86.
\item \textsuperscript{136} \textit{Id.} The court held in favor of Shields awarding him $10,000 per offending website, his attorney’s fees, and an injunction. \textit{Id.} at 486-88. The ACPA provides for statutory damages if a party violates § 1125(d)(1) “in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just.” \textit{Id.} at 486 (quoting 15 U.S.C. § 1117(d) (2000)). Additionally, the ACPA provides that “the court in exceptional cases may award reasonable attorney fees to the prevailing party.” \textit{Id.} at 487 (quoting 15 U.S.C. § 1117(a) (2000)). In traditional trademark infringement cases, a court must find that the losing party had “culpable conduct . . . such as bad faith, fraud, malice or knowing infringement before a case qualifies as ‘exceptional’.” \textit{Id.} The court found that Zuccarini acted willfully and in bad-faith when he, with the intention of confusing people and diverting Internet traffic to his own websites for financial profit, registered the “Joe Cartoon” domain name. \textit{Id.} at 487. Thus, the court held that Zuccarini’s actions, coupled with his “lack of contrition,” constituted an “exceptional” case, entitling Shields to his attorney’s fees. \textit{Id.} Additionally, the court issued a permanent injunction against Zuccarini. \textit{Id.} at 486. The court held that because a finding of likelihood of confusion meant a finding of irreparable injury, Shields was entitled to a permanent injunction. Shields would “suffer damage to his reputation and a loss of goodwill if Zuccarini is allowed to operate his offending web sites.” \textit{Id.} Largely, Shields’ livelihood and fame depended on Internet users’ ability to access his sites without being trapped in Zuccarini’s sites or barraged by images displayed therein, which users may attribute to him. \textit{Id.} Thus, without the permanent injunction, Shields would be irreparably harmed. \textit{Id.} Moreover, because Zuccarini has more than three thousand of these websites, his harm from the financial loss of the five websites would be miniscule. \textit{Id.} The court further noted that “public interest . . . is a synonym for the right of the public not to be deceived or confused.” \textit{Id.} Consequently, the injunction was in the public’s best interest. \textit{Id.}
\item \textsuperscript{137} \textit{Id.}
\item \textsuperscript{138} Hartman, \textit{supra} note 124, at 3.
\end{itemize}
E. How a “Telesquatter” Decision may Affect Future Typosquatter Litigation

1. The Case of Holiday Inns, Inc. v. 800 Reservations, Inc.

The 1996 Sixth Circuit case of Holiday Inns, Inc. v. 800 Reservation, Inc. presented a similar typosquatting scenario—“telesquatting.” This case involved the use of a telephone number as opposed to a domain name. Unlike Shields, the court in Holiday Inns, Inc. held against the trademark owner. In Holiday Inns, Inc., Holiday Inns filed a Lanham Act suit against the defendants, claiming unfair competition and infringement of its trademark telephone number, 1-800-HOLIDAY, known as a “vanity number.” The defendants, Call Management Systems, Inc., 800 Reservations, Inc., and Earthwinds Travel Inc., obtained the use and were engaged in using the number 1-800-H[LIDY (“complimentary number”), which Holiday Inns’s customers

139. 86 F.3d 619 (6th Cir. 1996).
140. Id.
141. The author of this Note coined the terms “telesquatting” and “telesquatter” when discussing Holiday Inns, Inc., supra note 139, to compare with the term “typosquatter.”
142. 254 F.3d 476 (3d Cir. 2001).
143. 86 F.3d 619.
144. Id. at 626.
145. Id.
146. Id. at 620. Holiday Inns, Inc. operated an international chain of hotels worldwide using the name “Holiday Inn.” Id. The hotel chain advertised extensively and sold its products and services nationwide. Id. Additionally, Holiday Inns, Inc., registered several service marks, one of which is the “Holiday Inn” mark, with the United States Patent and Trademark Office. Holiday Inn has expended a tremendous amount of time, money, and effort to increase travelers’ awareness of its 1-800-HOLIDAY phone number. Id. The vice-president of marketing for Holiday Inns, Inc., claims that virtually all of the company’s media, print, and radio advertisements feature the vanity number. Id. However, the telephone number itself is not a registered trademark. Id.
147. Call Management Systems, Inc. is “a consulting firm that obtains and services 1-800 telephone numbers for businesses.” Id. at 620.
148. 800 Reservations, Inc., is “an agency that makes reservations for a number of hotel chains, including Holiday Inns.” Id.
149. Earthwinds Travel, Inc., is “a travel agency.” Id. Call Management made a verbal agreement with Earthwinds, agreeing that Earthwinds would process calls from customers on the complimentary number in exchange for ten percent of all hotel booking commissions. Id. at 621. Furthermore, the parties agreed that until 800 Reservations could start operations on its own, Earthwinds would answer calls on this 800 service. Id. However, 800 Reservations eventually terminated and reactivated this agreement. Id.
frequently but mistakenly dialed.150

Ultimately, the court held that the defendants’ use of the complimentary number did not violate the Lanham Act.151 The court explained that the defendants did not use Holiday Inns’s trademark nor any derivation of it.152 Further, the defendants did not create public confusion.153 In fact, the court recognized the likelihood that the defendants actually lessened public confusion by answering calls that would have gone unanswered, and instead telling callers that they misdialed.154 The court refused to stretch the plain language of the Lanham Act because the defendant neither used Holiday Inns’s protected mark nor created a confusing or misleading representation of the mark.155

III. THE FUTURE FOR TYPOSQUATTERS

Although the Third Circuit held that typosquatting actions involving mousetrapping are a violation of the ACPA,156 real world cases, whereby an entrepreneur relies on consumer mistake to sell a competing good,157 foreshadow a future typosquatting tactic that could come before the court. A typosquatter might register a variation

150. Id. Holiday Inns, Inc.’s customers often unintentionally substitute the number zero for the letter “O” when dialing Holiday Inns, Inc.’s 1-800-HOLIDAY number. Id. When Call Management’s owner realized that 1-800-HOLIDAY’s complimentary number was not subscribed, he reserved it for his service. Id. at 620-21. According to Call Management, a common mistake made by consumers is dialing the number “0” (zero) for the letter “O.” Id. at 621. The trend of misdialed vanity numbers is so well recognized that businesses and hotels, such as the Marriott and Red Roof Inns, register both their vanity and complimentary numbers to make certain they entertain all potential customers’ calls. Id. In the instant case, Holiday Inn did not take a similar precaution. Id. The owner acknowledged that his “sole purpose” for choosing the complimentary number was to “intercept calls from misdialed customers who were attempting to reach Holiday Inns.” Id. Furthermore, he admitted that his company gained benefits in direct proportion to Holiday Inns’s marketing efforts to obtain reservations with 1-800-HOLIDAY. Id.
151. Id.
152. Id.
153. Id.
154. Id. at 625.
155. The court explained that “[g]iven the creative nature of the scheming mind, the law cannot hope to spell out every forbidden act but must be content with the general rules which limit competition to that which is fair and ‘stop people from playing dirty tricks’.” Id.
156. See supra note 15 and accompanying text.
157. See supra note 139 and accompanying text.
of a domain name for a popular website, but instead of mousetrapping consumers, offer them a similar, less expensive product than the popular site.158

By following the court’s holding in *Holiday Inns, Inc.*,159 trademark owners with popular websites risk losing a traditional trademark infringement action against a typosquatter.160 At the same time, following the *Holiday Inns, Inc.*161 decision supports fair competition and, in turn, benefits consumers. Suppose a typosquatter’s actions resemble those of the telesquatter, whereby the typosquatter visibly indicates to a consumer on their website that the consumer reached the site in error. The court might reason as it did in *Holiday Inns, Inc.*,162 that the typosquatter did not use the actual trademark to create any consumer confusion—it merely took advantage of the confusion that consumers produced themselves.163 Additionally, a court may not view the typosquatter as confusing consumers because the typosquatter immediately disclosed the mistake to them. By following the *Holiday Inns, Inc.*164 rationale, a court would support fair competition by providing consumers with the opportunity to purchase the typosquatter’s competing goods or services.

On the other hand, rejecting the *Holiday Inns, Inc.* analysis would

158. For instance, a typosquatter used the domain name address “wwwcarpoint.com,” which eliminates the period after “www,” to offer a similar service in competition with Microsoft’s popular Carpoint car buying service. S. REP. NO. 106-140, at 6 (1999). Though there are examples of typosquatters attempting to sell competing goods or services, it is unclear as to whether lawsuits have been brought against them.

159. 86 F.3d 619.

160. *See also* Cumbow, *supra* note 6, at 4. Cumbow explains that the analysis in *Holiday Inns, Inc.* suggests that the owner of a popular website, such as “www.anysite.com,” would be unsuccessful against someone who promoted a competing business at “www.amysite.com” in an infringement action. *Id.*

161. 86 F.3d 619.

162. *Id.*

163. *See* Cumbow, *supra* note 6, at 3 (reasoning that the Defendant in *Holiday Inns, Inc.* “had not created any consumer confusion; it had only taken advantage of confusion that consumers had created for themselves.”). In Panavision Int’l L.P., the court found Toeppen’s reliance on *Holiday Inn* inapplicable because the 800-number in *Holiday Inn* involved a misdialed number, where Toeppen’s challenged domain name incorporated the actual trademark “Panavision.” *Id.* at 4 (citing 141 F.3d at 1325). Unlike Toeppen, a typosquatter does not use a trademark but rather a variation of it, which suggests that Panavision’s reason for rejecting *Holiday Inn, Inc.* would not apply in a typosquatting case.

164. 86 F.3d 619.
protect trademark owners from typosquatting actions, while impeding
fair competition and disadvantaging consumers. To escape Holiday
Inns, Inc.’s rationale, a court could set forth the trademark doctrine
of “initial interest”—but only if the typosquatter failed to visibly
indicate their mistake to consumers. The case of Mobil Oil Corp. v.
Pegasus Petroleum Corp. established the rationale of the initial
interest doctrine. In this case, the Second Circuit found a likelihood
of confusion between two marks: “Pegasus,” used for petroleum
products, and the winged horse logo, used by Mobil Oil. Though a
customer would quickly realize that Pegasus was not associated with
Mobil, and in turn become “unconfused,” the court found that
consumers’ initial interest in the defendant’s products and services
resulted in enough confusion to injure the trademark, and thus sustain
a cause of action.

Though providing an indication to consumers that they mistakenly
reached a site would quickly eliminate confusion as to the source of
the goods or services, failing to indicate so might cause a consumer
to confuse a typosquatter’s goods or services with those of the
trademark owner. This initial association would be enough to injure
the trademark owner’s goodwill. Yet a ruling against the typosquatter
in this scenario would prevent fair competition and would deprive
consumers of the right to purchase competing goods.

Whether or not a court applies a Holiday Inns, Inc. analysis
depends largely on whether the typosquatter visibly indicates to the

---

165. Id.
166. Cumbow, supra note 6, at 4.
167. 818 F.2d 254 (2d Cir. 1987).
168. See Cumbow, supra note 6, at 4 (discussing Mobil Oil Corp. v. Pegasus Petroleum
Corp., 818 F.2d 254 (2d Cir. 1987) in support of the “initial interest” doctrine).
169. Id.
170. In the case of Foxworthy v. Custom Tees, Inc., the court held that the unauthorized
use of comedian Jeff Foxworthy’s trademark phrase on t-shirts injured his trademark despite
that purchasers knew the shirts did not come from Foxworthy and that confusion created an
association in the consumer’s mind who traded on the goodwill of Foxworthy’s trademark.
Cumbow, supra note 6, at 4 (citing 879 F. Supp. 1200 (N.D. Ga. 1995)). Furthermore, the court
in Blockbuster Entertainment Group v. Laylco, Inc. held that although a customer knew upon
entering the store that it was not Blockbuster, using the name “Video Busters” initially attracted
customers by trading on Blockbuster’s established reputation. Id. (citing 869 F. Supp. 505 (E.D.
Mich. 1994)).
171. 86 F.3d 619.
consumer that they have reached the wrong site. If a typosquatter provides no indication of a mistake, the court may be less likely to tip the scale in favor of fair competition and the typosquatter, as initial interest confusion could injure the trademark. On the other hand, a typosquatter’s indication of a mistake to consumers may eliminate confusion and reduce the consumer’s undue and unnecessary search costs, which makes it more difficult to justify a cause of action in trademark law.\textsuperscript{172} Under these circumstances, a court would be more inclined to rule in favor of fair competition and the typosquatter.

One may not rationalize the conflict between trademark infringement and unfair competition as easily under the ACPA. Typosquatters face a stricter standard under the ACPA, as it eliminates a finding of likelihood of confusion as to source because its focus centers around the registrant’s bad-faith intent.\textsuperscript{173} Essentially, the ACPA leaves less room for the types of varying interpretations evidenced under traditional trademark claims.\textsuperscript{174}

Ultimately, while it is less clear whether a traditional claim for trademark infringement would withstand a \textit{Holiday Inns, Inc.}\textsuperscript{175} analysis,\textsuperscript{176} there is still a strong likelihood that courts will follow the trend of bringing typosquatters to justice under the ACPA.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{172} Trademark law requires a showing of a likelihood of confusion. If this cannot be shown then a trademark owner does not have an infringement claim. See supra notes 79-86 and accompanying text.
\item \textsuperscript{173} The ACPA does not concentrate on the costs incurred by the consumer, but rather on the intent of the infringer. See supra notes 109-11 and accompanying text.
\item \textsuperscript{174} A typosquatter’s showing that they provided a consumer with a visible indication that they reached the site in error may on its face seem like a good-faith effort to not deceive consumers. However, the typosquatter’s mere intent to divert consumers to their website through the use of a domain name that is confusingly similar would likely be viewed as bad-faith in itself. The typosquatter knew that the domain name was confusingly similar to the mark of another because otherwise they would not have registered the domain name in the first place. See 15 U.S.C. § 1125 (d)(1)(A)(VIII) (2000).
\item \textsuperscript{175} 86 F.3d 619.
\item \textsuperscript{176} See also Cumbow, supra note 6, at 4.
\end{itemize}
\end{footnotesize}
Despite the attempts of the ACPA and UDRP to solve cybersquatting, many commentators suggest that both procedures have weaknesses and do not adequately address the problem. These suggestions imply that there are inadequacies for dealing with typosquatters as well. The ACPA and UDRP provide trademark owners with a means to deal with typosquatters after they register a domain name in bad faith and begin using it on the Internet. However, few preventative measures are in place to deter typosquatters from registering the domain names in the first place. Whether through the courts or UDRP arbitration, initiating legal action has many drawbacks. Therefore, changes should be instituted to minimize the need for such legal actions.

A. Trademark Owners Take Charge

The most obvious solution to preventing a typosquatter from using a trademark as a domain name is for trademark owners to register as many variations of their domain names as possible.

177. Many view the bad-faith requirement under the ACPA as too subjective, which may lead to inconsistent rulings against cybersquatters. See Ward, supra note 3, at 232-35 (discussing the deficiencies of both the ACPA and the UDRP). In addition, some criticize the UDRP for its lack of monetary relief, its inability to handle complex trademark claims and non-trademark claims, and its lack of a clear basis for bad-faith. See Sandra Edelman, Cybersquatting Claims Take Center Stage, 18 COMPUTER INTERNET LAW. 1, 4-5 (Jan. 2001) (discussing the disadvantages of UDRP arbitration). See also Parchomovsky, supra note 115, at 227 (discussing the UDRP’s misguided reliance on good-faith). See also id. at 229 (suggesting that disputed domain names be distributed according to the party that values it the most to promote economic efficiency); Springer, supra note 5, at 359 (addressing the ACPA’s and the UDRP’s failure to address the actual problem).

178. By providing for an award of statutory damages, the ACPA established one method for deterring cybersquatters. See Parchomovsky, supra note 115, at 240 n.70 (explaining that statutory damages deter cybersquatters from registering domain names in bad-faith).

179. The downfalls of bringing a lawsuit in court include but are not limited to “(i) cost, (ii) the long length of time of actions and, (iii) the level of proof needed to show a likelihood of confusion (the test for Trademark infringement) or that a Trademark was famous enough to garner dilution protection (only famous marks are protected outside their specific goods and services).” Schmitt, supra note 19, at 3

180. The Treasury Department’s Office of the Comptroller of Currency, the agency that oversees the operation of U.S. financial institutions has dealt with their concerns over the typosquatting problem by alerting and advising banks to carefully select domain names. Hassett & Bergman, supra note 124, at 16. Further, the agency encouraged banks to register variations
Nameengine.com conducted a study, which demonstrated that other parties have registered 265 domain names of the Fortune 500 companies.181 Further, only 163 of the Fortune 500 companies actually own a majority of the registrations of their own name.182 The study indicates that many companies are not actively nor sufficiently policing their names.183 Newer businesses in the process of creating websites, should also be encouraged to register variations of their domain names. Businesses could thereby preempt future typosquatter actions that target their domain names.184

B. A Notice System

A more thorough domain name registration process that includes a notice system may be the solution to trademark infringement by typosquatters—and by many cybersquatters for that matter.185 Typosquatters differ from the general class of cybersquatters in that they register domain names after a trademark owner has already established a domain name using their trademark. Whether the
typosquatter registers first is irrelevant because typosquatters seek out sites with high traffic. Accordingly, preventing them from registering an alternative might be easier than finding a flawless cure for the damage done.

The institution of a system whereby trademark holders receive notice when someone attempts to register their trademark or a variation of it is a potential solution. Such a system could coexist with the Patent and Trademark Office (PTO) and receive the same listings of registered trademarks. Each time someone attempts to register a domain name, a search company—similar to those companies used to monitor their web sites for the use of its trademarks and service marks—would check it against the PTO list. Upon finding a name that is the same or similar, the service would then send notice to the trademark holder. Additionally, the owner of the allegedly infringing domain name would be required to prepare a detailed report of his or her intentions for use, which they would then submit to the trademark owner. Upon receiving a copy of the report, the trademark owner would decide whether or not to permit the use of the domain name. To promote fair competition and prevent trademark owners from arbitrarily and blindly denying others the registration of marks, the service will review the report and, in accordance with standards similar to those found in the ACPA, monitor the legitimacy of the trademark owner’s denial. For example, the service would consider whether the domain name registrant is...

---

186. Conversely, the problem of cybersquatting arises because cybersquatters register a trademark as a domain name before the rightful trademark owner. See supra notes 56-58 and accompanying text.

187. Numerous companies hire search companies to monitor their web sites for its trademark and service mark’s use by others. Schmitt, supra note 19, at 7. For example, one service called Thomson and Thomson searches the Internet for a trademark and then reports the “hits” with archived pages and a link to the allegedly infringing site. The only downfall is that the service does not filter authorized uses or irrelevant uses of words used in the trademark. Id. Cyveillance is another company whose services include searching in text and visuals for the mark. Id. Though costlier than other services, Cyveillance provides an extra element to its service by having people actually review the sites, and according to a list of criteria, rank the top fifty sites that seem to pose the most harm. Id. The reports of the fifty sites include the archived page, a brief summary of the usage in paragraph form, the names of the owners, and a categorization of either foreign or domestic, commercial or non-commercial. Id. See also www.cyveillance.com (last visited Nov. 4, 2002). Other companies providing such services include: eWatch, CyberAlert, and Net Currents. Schmitt, supra note 19, at 7.
using the name with a bad-faith intent, whether the domain name is likely to confuse consumers, and whether the name is being used commercially. Evaluating the registration of domain names under ACPA-like standards before granting permission to use the names would alleviate the need to bring a court action later under the ACPA.  

Though costlier, the notice system will avoid the expense of court action or arbitration, which is ultimately more expensive. In addition, the system would reduce the time it takes for trademark owners to police their own marks.

V. CONCLUSION

Given the expanding nature of the Internet, trademark owners will inevitably face new problems with cybersquatters. The ACPA leaves less room for courts to rule in favor of a typosquatter than traditional infringement causes of action. Yet it is likely that typosquatters will change their tactics to adapt to such legislation. Ultimately, it is increasingly important to implement methods that will prevent typosquatters from profiting from the reputation, good name or trademark of third parties, and equally important to balance the public’s right not to be deceived.

188. See supra notes 111-15 and accompanying text.