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A REASONABLE RENDITION OF REGISTRATION: GOPETS V. HISE, SCHMIDHEINY V. WEBER, AND CONGRESSIONAL INTENT

I. INTRODUCTION

In 1999, Congress determined that existing trademark law was an ineffective means of combating cybersquatting. In response to this problem, Congress passed the Anticybersquatting Consumer Protection Act ("ACPA"). The ACPA was meant to provide trademark holders and individuals an explicit remedy against cybersquatters. However, for a trademark owner to bring a cause of action against a cybersquatter, the cybersquatter had to register the domain name with a domain name registrar after the mark became famous or distinctive. In contrast, for an individual to bring a cause of action based on a cybersquatter's use of that individual's personal name, the cybersquatter had to register the

1. S. REP. NO. 106-140, at 7 (1999) ("Instances of cybersquatting continue to grow each year because there is no clear deterrent and little incentive for cybersquatters to discontinue their abusive practices . . . Legislation is needed to address these problems and to protect consumers . . . "); H. REP. NO. 106-412, at 5 (1999) ("The legal recourse provided for in this legislation, combined with the intellectual property alternative dispute resolution procedures being adopted by the domain name registrars, will give trademark owners important tools to protect their intellectual property.").


3. 145 CONG. REC. S14696, 14713 (daily ed. Nov. 17, 1999) ("This subsection amends the Trademark Act to provide an explicit trademark remedy for cybersquatting under a new section 43(d).") ; id. at 14715. [This] subsection . . . prohibits the registration of a domain name that is the name of another living person . . . without such person's permission, if the registrants specific intent is to profit form the domain name by selling it back for financial gain to such person or a third party.").


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domain name with a registrar after the effective date of the ACPA.\(^5\)

While the timing of registration plays a crucial role in whether the Act applies, the statute does not contain an explicit definition of “registration.” This is problematic because a domain name owner can do variety of things with a domain that might potentially qualify as an act of registration under the ACPA. These actions include renewing a domain name’s registration contract, updating a domain name’s billing information, and transferring a domain name from one owner to another.\(^6\) Since any of these activities could potentially be considered registrations,\(^7\) knowing whether or not these activities bring the actions of a domain name holder under the scope of the Act is particularly important. Recently, a Circuit split has developed as to the meaning of registration and two competing definitions have been proposed.\(^8\) This note aims to analyze which of these definitions, if either, is correct in light of the legislative intent behind the Act.

Part II of the article will provide background information on the Domain Name System (“DNS”), cybersquatters, the ACPA, and Schmidheiny v. Weber, a Third Circuit case which first dealt with the definition of registration. Part III will discuss the subject opinion of this note, GoPets Ltd. v. Hise, which provided an alternate definition of registration. Part IV will discuss whether the Ninth Circuit defined registration correctly in light of the statutory language and legislative history. Additionally, this Part contains a proposal to define registration as any act that results in a new registration contract. Part V will discuss the future implications of the ruling, as well as what future actions are necessary to effectively combat cybersquatting.

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7. Id.
8. Id. at 1031.
II. BACKGROUND

A. The Domain Name System and Cybersquatters

Every website found on the Internet has an Internet protocol ("IP") address consisting of a string of numbers. These numbers represent a website's location on the Internet and if the numbers are entered into the search bar of a web browser, they will lead to the corresponding website. Because this string of numbers is very difficult to remember, IP addresses are not extremely useful to people trying to find a particular website. The DNS helps solve this problem by linking a domain name to an IP address, allowing individuals to type an easier to remember, alphanumeric string into the address bar of a browser, and come to the same website. This alphanumeric string is called a domain name.

The DNS is comprised of three primary actors: registries, registrars and registrants.

First, companies called “registries” operate a database (or “registry”) for all domain names within the scope of their authority. Second, companies called “registrars” register domain names with registries on behalf of those who own the names. Registrars maintain an ownership record for each domain name they have registered with a registry. Third, individuals and companies called “registrants” own the domain names. Registrants interact with the registrars, who in turn interact with the registries.

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9. PAUL D. MCGRady, MCGRADY ON DOMAIN NAMES § 1.03 (Mathew Bender, 2011).
10. Id.
11. Id.
12. Id. § 1.02.
14. Id.
Registrants enter into contracts with registrars for a specific term, and "[r]egistrants renew their domain name through the registrars from whom they purchased their domain names." Generally, domain names are registered under a first-come, first served basis. If a domain name is not renewed by the registrant, then after a grace period, the registrar notifies the registry that the registration is to be deleted and other registrants may obtain the domain name.

Though registrants are often regarded as the "owners" of a domain name, the question of whether a domain name constitutes property is not entirely settled. Some courts have been reluctant to hold that domain names are personal property because they are the product of a service contract between the registrar and registrant. According to these courts, the registrant does not have rights to the domain name outside of the contract terms, and therefore the registrant does not own the domain name in the traditional sense.

However, the dominant view is that there is some kind of a property right in a domain name. In many ways, this view is consistent with how domains are used in the real world. Domain names are routinely traded and there is a robust aftermarket for domain names. The first come, first served nature of domain registration also lends itself to analogies in the real property context. This includes land speculation analogies, where people own specific areas of the Internet by virtue of the fact that they had

15. McGrady, supra note 9, at § 1.09.
16. Id. § 1.11.
18. McGrady, supra note 9, at § 1.09.
19. Id. § 1.06.
21. Network Solutions, 529 S.E.2d at 86.
22. McGrady, supra note 9, § 1.06[d].
24. McGrady, supra note 9, § 1.05.
25. Lipton, supra note 23, at 453.
the foresight to register the domain name first.26 Though these real property analogies are intuitively appealing, they run into difficulty when the first come, first served nature of the DNS collides with the rights of individuals and trademark holders.27 The existence of these intangible property rights limits the usefulness of the personal property model, because trademark holders have some rights in a domain name by virtue of their trademark in certain terms.28

Regardless of whether domain names are property rights, it is undisputable that once a registrant has registered a domain there are a wide variety of things the registrant can do with her domain name. The registrant can develop or build up a personal website, build a business, sell the domain to another party, use the domain as a means to advertise, or do nothing with it.29

Due to the economic nature of many of these activities, domain names often acquire a significant monetary value.30 This monetary value is enhanced by the uniqueness requirement of domain names.31 As such, companies often desire to have high degree of similarity between their trademarks and their domain names.32 Similarly, famous individuals often desire to have control over domain names that consist of their personal name.33

However, trademark owners and celebrities did not always realize the value of domain names.34 In the early days of the

26. Id. at 453-54.
27. Id.
28. Id. at 454.
31. Susan Thomas Johnson, Internet Domain Name and Trademark Disputes: Shifting Paradigms in Intellectual Property, 43 ARIZ. L. REV. 465, 469 (2001) (“The uniqueness requirement of domain names creates an exclusivity that has important economic ramifications, since only one entity can use a specific domain name.”).
32. Id.
33. Lipton, supra note 23, at 463.
34. Id. at 447-48.
Internet, many tech savvy individuals beat the trademark owners to the punch, registered domain names in their own name, and then attempted to sell the domain names back to the trademark holders at a handsome profit. This practice became so pervasive that these individuals were eventually bequeathed a name: cybersquatters.

In response to this practice, aggrieved parties often would bring legal actions against cybersquatters under the Lanham Act for trademark infringement or unfair competition. However, these actions have drawbacks. For a trademark owner to succeed in an infringement action against a cybersquatter, they must show (1) rights in the trademark and (2) that the unauthorized use of the trademark by another will result in a likelihood of confusion. This presents a problem because in order to establish a likelihood of confusion, the trademark owner generally has to show a similarity between the goods and services they offer and the goods and services offered by the cybersquatter. This provides cybersquatters with a means to avoid liability for infringement. So long as cybersquatters do not use the domain to offer similar goods or services as the trademark holder, they can avoid liability.

Actions brought under the Federal Trademark Dilution Act ("FTDA") have also proved an ill fit for cybersquatting. For a trademark owner to prevail against a cybersquatter under the FTDA, (1) the owner must show that the mark is famous, (2) that the cybersquatter’s use is commercial, and (3) that the use is likely to cause dilution. In the early days of cybersquatting, it was problematic for trademark owners to prove a cybersquatter’s use was commercial, considering early courts dealing with the issue held mere registration of the domain name was not a commercial

35. Id. at 448.  
38. M2 Software, Inc. v. Madacy Entm’t, 421 F.3d 1073, 1080 (9th Cir. 2005).  
purpose by itself. This meant a cybersquatter could register a name, not make an offer to sell the domain name back to the trademark owner, and wait for the trademark owner to attempt to purchase the domain, all while avoiding liability under the FTDA.

B. The Anticybersquatting Consumer Protection Act

In 1999, it became clear to Congress that using existing trademark law to prevent cybersquatting was not working, and in response Congress passed the Anticybersquatting Consumer Protection Act ("ACPA"). The ACPA provides two different types of plaintiffs with a cause of action against cybersquatters. First, the section of the ACPA codified in 15 U.S.C § 1125 gives trademark holders a cause of action against registrants who possess bad faith intent to profit off the goodwill associated with the trademark (hereinafter "trademark section"). The trademark section does this in two ways that are loosely analogous to the.

41. See Panavision Int'l L.P. v. Toeppen, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) ("Registration of a trade as a domain name, without more, is not a commercial use of the trademark and therefore is not within the prohibitions of the Act")

42. Blair, supra note 36, at 421.

43. See supra note 1 and accompanying text.


45. Id. § 1125(d). Section 1125(d)(1)(A) of the Code provides:
(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—
(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
(ii) registers, traffics in, or uses a domain name that—
(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; . . .

Id.
causes of action for trademark infringement or trademark dilution. In the case of a distinctive trademark, the registrant must register, traffic in, or use a domain name that is identical or confusingly similar to a mark that is distinctive at the time of the registration of the domain name.\textsuperscript{46} In the case of famous marks, on the other hand, the registrant must register, traffic in, or use a mark that is identical to, confusingly similar to, or dilutive of a mark that is famous at the time of registration.\textsuperscript{47}

In either situation, the trademark holder must show that the registrant acted with "bad faith."\textsuperscript{48} To aid courts in the determination of whether bad faith exists, the statute sets forth nine nonexclusive factors.\textsuperscript{49} These factors can be broken down into three categories: (1) factors that that "suggest circumstances that may tend to indicate an absence of bad-faith intent to profit from the goodwill of a mark,"\textsuperscript{50} (2) factors that "suggest circumstances that may tend to indicate that such bad-faith intent exists"\textsuperscript{51} and (3)

\begin{itemize}
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\textsuperscript{46} Id. § 1125(d) (1)(A)(i). \textsuperscript{47} ld. § 1125(d) (1)(A)(ii)(I). \textsuperscript{48} ld. § 1125(d) (1)(A)(ii)(II). \textsuperscript{49} Id. § 1125(d) (1)(A)(i). \textsuperscript{50} Id. § 1125(d) (1)(B).

\textsuperscript{50} 145 CONG. REC. S14696, 14713. These factors include:

1. the trademark or other intellectual property rights of the person, if any, in the domain name;
2. 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;
3. the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; [and]
4. the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name; . . .

\textsuperscript{51} 145 CONG. REC. S14696, 14713. These factors include:

1. 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;
2. the person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for
a factor that "may suggest either bad-faith or an absence thereof depending on the circumstances." 52

If the trademark holder can show that the registrant has violated the ACPA, they are entitled to statutory damages 53 and a court ordered transfer of the domain name. 54 Also, if the trademark holder is unable to locate the registrant, the trademark holder can bring an in rem proceeding against the domain name, and obtain a court ordered transfer. 55

According to Congress, the trademark section of the ACPA, is carefully and narrowly tailored to extend to cases where the plaintiff can demonstrate that the defendant registered, trafficked in, or used the offending domain name with bad-faith intent to profit from the good will of a mark belonging to someone else. Thus, the bill does not extend to innocent domain name registrations by those who 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; [and]

(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 of such domain names, without regard to the goods or services of the parties; . . .


52. 145 CONG. REC. S14696, 14713. This factor is: "(IX) the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c)." 15 U.S.C. § 1125(d)(1)(B).

53. Id. § 1117(d) (2006).

54. Id. § 1125(d) (1)(C).

55. Id. § 1125(d) (2).
are unaware of another’s use of the name, or even to someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than bad faith intent to profit from the good will associated with mark.\(^{56}\)

In addition to providing trademark holders with a cause of action against cybersquatters, the section of the ACPA codified in 15 U.S.C. § 8131 provides a cause action for individuals whose personal name had been registered by a cybersquatter (hereinafter “personal name section”).\(^{57}\) Under the personal name section, an individual can recover so long as the cybersquatter’s registration was made without the individual’s consent, and with the specific intent to profit from selling the domain for a financial gain.\(^{58}\) Unlike the trademark cause of action, which applies to every domain name registration made before or after the enactment of the ACPA, the personal name section only applies to domain names that have been registered on or after the date of the enactment of the ACPA.\(^{59}\)

In addition to these causes of action, the ACPA added the definitions of the “Internet,” and “domain name” to the Trademark Act.\(^{60}\) However, the ACPA did not elaborate on the meaning of

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56. 145 CONG. REC. S14696, 14713.
58. Id. Section 8131(1)(A) of the Code provides:

(A) Civil liability. Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person’s consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person...

Id.
59. Id. § 8131(4).
60. Anticybersquatting Consumer Protect Act, Pub. L. No. 106-113, 113 Stat. 1501A-445, 1501A-550 ("The term ‘domain name’ means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet. The term ‘Internet’ has
“registration” under the Act. This lack of a definition is problematic. While it is clear that the initial registration of a domain name constitutes a registration under the ACPA, it is unclear if other activities performed by the registrant after the initial registration might constitute a registration as well.61

For instance, after the initial registration, “the registrant can update the registration if her contact or billing information changes.”62 The registrant can also “switch between registrars, but leave her contact and billing information unchanged,”63 or “change the name of the registrant without changing who pays for the domain.”64 These actions may or may not be create liability under the ACPA, depending on how registration is defined under the Act.

C. Schmidheiny v. Weber

In Schmidheiny v. Weber, the Third Circuit had to determine whether one of the above mentioned actions constituted a registration under the ACPA.65 The plaintiff, Stephan Schmidheiny, was one of the world’s wealthiest individuals.66 The defendant, Steven Weber, personally registered <schmidheiny.com> on February 28, 1999, prior to the date on which the ACPA became effective, November 29, 1999.67 In June of 2000, Weber transferred the registration of his domain name to his company, Famology.com, Inc.68 In doing so, Famology.com contractually bound itself into a new registration agreement with a different registrar than the registrar Weber had initially used when the domain was in his personal name.69 Weber then sent an email

the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

61. GoPets, 657 F.3d at 1030-31.
62. Id. at 1030.
63. Id. at 1031.
64. Id.
65. 319 F.3d 581 (3d Cir. 2003).
66. Id. at 581.
67. Id.
68. Id.
69. Id. at 583.
to Schmidheiny’s assistant and offered to sell the domain name to Schmidheiny.\textsuperscript{70} In response, Schmidheiny commenced an action under the ACPA alleging that Weber and his company violated the personal name section of the ACPA.\textsuperscript{71}

The district court ruled that the “re-registration” of \textlangle schmidheiny.com\textrangle was not covered by the ACPA because the name was first registered several months before the date when the statute became effective, and “the statute references only registrations, not re-registrations.”\textsuperscript{72} According to the district court, “Congress made a clear legislative choice that [the ACPA] is not to be applied retroactively,” and the plain meaning of registration as used by Congress includes only the initial registration of the domain name.\textsuperscript{73}

The Third Circuit disagreed.\textsuperscript{74} The Third Circuit explained that “initial” and “creation” appeared nowhere in the personal name section of the ACPA, and that Congress provided no exception for “non-creation registrations.”\textsuperscript{75} Accordingly, the Third Circuit concluded that the language of the statute did not limit the word registration to “creation registration.”\textsuperscript{76}

The court also reasoned that if the statute was limited only to creation registration, “the domain names of living persons [could] be sold and purchased without the living persons’ consent, ad infinitum, so long as the name was first registered before the effective date of the Act.”\textsuperscript{77} The court found this result would be contrary to the Congressional intent behind the Act.\textsuperscript{78} To avoid this result, the court held that the word registration included a new contract between a different registrar and a different registrant, and remanded the case to the lower court for further proceedings.\textsuperscript{79}

\textsuperscript{70.} Id. at 581.
\textsuperscript{71.} Schmidheiny, 319 F.3d at 582.
\textsuperscript{72.} Id. (internal quotation marks omitted).
\textsuperscript{73.} Id. (internal quotation marks omitted).
\textsuperscript{74.} Id.
\textsuperscript{75.} Id.
\textsuperscript{76.} Id. at 583.
\textsuperscript{77.} Schmidheiny, 319 F.3d at 583.
\textsuperscript{78.} Id.
\textsuperscript{79.} Id. at 582.
After *Schmidheiny*, at least one other court reached a similar result regarding the definition of registration. However, the Ninth Circuit Court of Appeals would soon issue an opinion that arrived at a different definition of registration using a different line of reasoning.

III. THE CIRCUIT SPLIT FORMS: THE NINTH CIRCUIT AND GOPETS, LTD. v HISE

A. Factual Background

In March of 1999, Edward Hise registered <gopets.com> in his own name with Network Solutions, LLC. He also developed a business plan for the domain name as part of a marketing class he was enrolled in. Edward Hise and his brother Joseph also owned a corporation called Digital Overture, which performed internet-related services for clients. At the time of litigation, the Hise brothers and Digital Overture ("Hise") had registered more than 1300 domain names, most of which were plausible names for businesses that did not yet exist.

In 2004, Eric Bethke founded the company GoPets, Ltd. ("GoPets") in Korea. This company "created a game featuring virtual pets that moved from the computers of registered users." GoPets filed an application to register the GOPETS mark in the United States in September of 2004, and the mark was registered in November of 2006.

80. See *Ricks v. BMEzine.com, LLC*, 727 F. Supp. 2d 936, 954 (D. Nev. 2010) ("If a domain name was registered in good faith originally, but thereafter re-registered in bad faith, the cybersquatter would escape liability, a result not supportable by the statutory scheme.").
82. *GoPets*, 657 F.3d at 1026-27.
83. *Id.* at 1027.
84. *Id.*
85. *Id.*
86. *Id.*
87. *Id.*
In 2004, Bethke attempted to buy the <gopets.com> domain name from Hise. Hise responded to Bethke and explained that he had originally planned to build a business at <gopets.com>, but that he was open to selling the domain name to a “serious buyer.” Hise then informed Bethke that he would be holding an auction on September 15, and that Bethke should submit a bid. In October of that year, Bethke contacted Hise again and noted that since the date of the auction had passed, and since Hise was still the owner of the domain name, there were no other serious buyers. Bethke then offered $750.00 for the domain name, but Hise refused to sell at that price. In response, in May of 2006, Bethke initiated an action against Hise by filing a complaint under the Uniform Domain-Name Dispute-Resolution Policy (“UDRP”) with the World Intellectual Property Organization (“WIPO”).

Hise prevailed in the UDRP proceeding. Though the WIPO arbitrator doubted that Hise ever intended to develop a website at <gopets.com>, the arbitrator found Hise had not registered the domain in bad faith since his initial registration occurred five years before GoPets was founded. Since UDRP regulations only compel the transfer of domain names if they are registered in bad faith, Hise remained in possession of the name.

88. GoPets, 657 F.3d at 1027.
89. Id.
90. Id.
91. Id.
92. Id.
93. The UDRP is an alternative dispute resolution process created by the Internet Corporation for Assigned Names and Numbers (“ICANN”). Id. When an individual becomes the registrant for a domain name, the registrant agrees to submit to mandatory administrative proceedings before an arbitrator in the event that a third party asserts a complaint against a registrant alleging bad faith. See Uniform Domain Name Dispute Resolution Policy, ICANN (October 24, 1999), http://www.icann.org/en/udrp/udrp-policy-24oct99.htm. UDRP proceedings have a lower cost and are often resolved quicker than ACPA proceedings. McGrady, supra note 9, § 2.02. By bringing a UDRP action, individuals do not surrender their rights to bring a cause of action under the ACPA. Id.
94. GoPets, 657 F.3d at 1027.
95. Id.
96. Id. at 1027-28.
97. Id. at 1028.
ruling, starting in November of 2006, Hise registered eighteen other domain names that were similar to <gopets.com>. 98

Bethke again attempted to buy the <gopets.com> domain name from Hise, but this time offered $40,000. 99 However, Bethke notified Hise that he owned another domain, <gopetslive.com>, and that he was prepared to go forward using this name on December 11, 2006. 100 In response, Hise sent Bethke an email with a letter attached stating that if Bethke developed <gopetslive.com> instead of purchasing <gopets.com>, potential users would be confused, and search engines would be less effective in finding <gopetslive.com>. 101 The letter also stated that if <gopets.com> were developed further, <gopetslive.com> might face competitive metatagging. 102 The letter ended with an offer to sell the <gopets.com> to GoPets Ltd. for $5 million dollars. 103 Two days after sending this email, Edward Hise changed the name of the registrant for <gopets.com> from himself to Digital Overtures. 104 However, Network Solutions, Inc. continued to be the registrar for the website. 105

In January of 2007, GoPets rejected Hise’s $5 million dollar offer, 106 and in March of 2007, Hise incorporated the GOPETS mark into the metatags for <gopets.com>, and changed the content of the <gopets.com> website to read that the site was the “official” <gopets.com> website using a font that was similar in appearance to the font used by GoPets, Ltd. at <gopetslive.com>. 107

98. Id. at 1028-29.
99. GoPets, 657 F.3d at 1028.
100. Id.
101. Id.
102. Id. ("Metatagging is inserting words into the code of a web page that help determine how it appears in search results").
103. Id.
104. Id.
106. Amended Order, supra note 81, at 7-8.
107. Id. at 8.
B. District Court Decision

On March 21, 2007, GoPets filed a complaint against Hise in the Central District of California, alleging cybersquatting under the ACPA, service mark infringement, and unfair competition under the Lanham Act and California law, as well as false advertising under California law. GoPets sought injunctive relief, transfer of the domain names, statutory damages, accounting for wrongful profits, actual damages, and attorney’s fees.

The court began with the Lanham Act claims. Based on Hise’s use of the GOPETS mark on the website, the content that was posted March of 2007, and the use of metatags, the district court determined that Hise had violated the Lanham Act, and granted GoPets motion for summary judgment with respect to the Lanham Act claims.

The district court then looked at GoPets’ ACPA claims. The district court determined there was no dispute that the GOPETS mark was distinctive when Hise registered the eighteen other domain names using “gopets” variations starting in November of 2006. However, the initial registration of <gopets.com> occurred prior to registration of the distinctive GOPETS mark; therefore, the court had to determine whether Edward Hise’s transfer of the name of the registrant for <gopets.com> from himself to Digital Overtures constituted a registration. The district court determined that the transfer of names constituted a “re-registration,” and relied on Schmidheiny to hold that that a re-registration was the same as a registration under the ACPA. Based on this, Hise’s actions with regard to <gopets.com> fell within the scope of the ACPA. The district court then analyzed all nineteen registrations, determined that Hise had “registered” the domain names in bad faith based on ACPA’s nine bad faith

108. GoPets, 657 F.3d at 1029.
109. Id.
110. Amended Order, supra note 81, at 11-12.
111. Id. at 14.
112. Id.
113. Id. at 14-15.
factors, and granted GoPets motion for summary judgment with respect to the ACPA claims. As relief, the district court ordered that Hise transfer all nineteen domain names to GoPets. The district court awarded statutory damages under the ACPA, granting GoPets $100,000 for the unlawful use of <gopets.com> and $1,000 for each of the remaining eighteen domain names.

C. Ninth Circuit Opinion

The Ninth Circuit looked to the text of the ACPA and the established test for determining whether GoPets could prevail on its ACPA claim. In order to prevail, GoPets had to show: “(1) registration of a domain name, (2) that was ‘identical or confusingly similar to’ a mark that was distinctive at the time of registration, and (3) ‘bad faith intent’ at the time of registration.” Because the litigation included <gopets.com>, which was originally registered by Hise prior to GoPets’s trademark registration, the essential issue was whether Hise’s “re-registration” of the domain name to Digital Overtures counted as “registration” under the ACPA. On appeal, GoPets conceded that the <gopets.com> domain name was not “identical or confusingly similar to” a protected mark when Hise registered the mark in 1999. However, GoPets argued the district court correctly relied on Schmidheiny to interpret that registration under the ACPA included the 2006 Digital Overture “re-registration.”

The Ninth Circuit noted the lack of a “registration” definition in the ACPA. The court explained that while the initial registrations are clearly registrations under that Act, it is unclear as to whether subsequent acts of a registrant constituted

114. Id. at 15-19.
115. Id. at 20.
116. Amended Order, supra note 81, at 22-23.
117. GoPets, 657 F.3d at 1029.
118. Id. at 1029-30.
119. Id. at 1030.
120. Id.
121. Id.
122. Id.
registration. These acts include changing registrars, updating billing information, or changing the name of the registrant or entity that pays for the maintenance of the domain name.

The court then analyzed the Schmidheiny decision. The Ninth Circuit noted that Schmidheiny dealt with a registration under the personal name section of the ACPA, but like the trademark section, the personal name section refers to registration without defining the term. According to the Ninth Circuit, the Third Circuit erroneously assumed that the personal name section did not cover the domain name in Schmidheiny because it was registered prior to the passage of the ACPA. This assumption had led the Third Circuit to determine that re-registration was a registration under the Act, because holding otherwise would “permit the domain names of living persons to be sold and purchased without the living person’s consent, ad infinitum, so long as the name was first registered before the effective date of the Act.”

The Ninth Circuit then looked at the ACPA in light of traditional property law. The court noted that it was undisputed that Hise could have retained all of the rights to <gopets.com> indefinitely had he maintained the registration under the name of Edward Hise. The court saw “no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain

123. GoPets, 657 F.3d at 1030.
124. Id. at 1030-31.
125. Id. at 1031.
126. Id.
127. Id. Unless the Ninth Circuit would hold that the plaintiff in Schmidheiny had a trademark right to his personal name, it appears that the Ninth Circuit did not see that the personal name statute does not apply to domain name registrations done prior to the effective date of the Act. See 15 U.S.C. § 8131(4).
128. GoPets, 657 F.3d at 1031 (quoting Schmidheiny, 319 F.3d at 583).
129. Id.
130. Id.
131. Id.
name is lost when that name is transferred to another owner."\textsuperscript{132} Because "[t]he general rule is that a property owner may sell all of the rights he holds in property," holding that a re-registration was a registration under the Act, would make rights to many domain names "effectively unalienable, whether the alienation is by gift, sale, or other form or transfer."\textsuperscript{133} Since nothing in the text or structure of the statute indicates that Congress intended rights in domain names be inalienable, the Ninth Circuit held that Digital Overture's re-registration of <gopets.com> was not a registration within the meaning of §1125(d)(1).\textsuperscript{134}

However, the Ninth Circuit affirmed the district court's ruling that the additional domains registered by Hise after the GoPets mark was distinctive were registered in bad faith.\textsuperscript{135} The Ninth Circuit found that the minimum statutory damages, $1,000 per domain name, for each of the additional domain names was appropriate, as well as the transfer of the additional domain names from Hise to GoPets.\textsuperscript{136}

Finally, the Ninth Circuit affirmed the district court's determination that Hise violated the Lanham Act when he put "GoPets.com the official online website," on <gopets.com>.\textsuperscript{137} Since the district court had based relief on the ACPA <gopets.com> violation, the Ninth Circuit remanded to determine what relief GoPets, Ltd. was entitled under the Lanham Act.\textsuperscript{138}

IV. ANALYSIS

While the Ninth Circuit categorized the action of Hise as a "re-registration,"\textsuperscript{139} it is clear that there are substantive differences between Hise's action and the action of the defendant in \textit{Schmidheiny}. The defendant in \textit{Schmidheiny}, who transferred registrars and named a different party as the registrant, created a

\textsuperscript{132} \textit{Id.}
\textsuperscript{133} \textit{Id.} at 1031-32.
\textsuperscript{134} \textit{GoPets}, 657 F.3d at 1032.
\textsuperscript{135} \textit{Id.}
\textsuperscript{136} \textit{Id.} at 1035.
\textsuperscript{137} \textit{Id.}
\textsuperscript{138} \textit{Id.}
\textsuperscript{139} \textit{Id.} at 1030.
new registration contract,\textsuperscript{140} while Hise’s actions, changing the domain name’s billing information but maintaining the same registrar,\textsuperscript{141} likely did not. However, the Ninth Circuit did not note this distinction in its opinion.

This distinction is important because it highlights the difficulties of defining registration. There are many actions that can be undertaken by registrants, and these actions can have very different consequences, particularly with respect to the rights of third parties.\textsuperscript{142} Though these consequences may affect the trademark or personal rights of other people, absent a consistent definition of registration, it will be difficult for innocent registrants to determine whether or not their actions fall within the scope of the Act. Thus, it is necessary consider what the definition of registration should be.

Part A of this section will discuss the plain language meaning of the word registration, the structure of the ACPA, and the legislative history behind the act. Part B will discuss an appropriate definition of registration based on the legislative intent. Part C will discuss how a broader definition would impact the GoPets decision, as well as how the definition would affect potentially innocent domain name registrants.

\textbf{A. Plain Language, Structure of the Statute, and Legislative History}

It is a settled principal that the first step of statutory interpretation is to determine “whether the statutory text is plain and unambiguous.”\textsuperscript{143} In order to do this, we should begin with the

\textsuperscript{140} Schmidheiny, 319 F.3d at 583.


\textsuperscript{142} Whenever a new registration contract is created, the term of the contract may change; thus, the domain name remains unavailable to third parties who might wish to purchase it.

\textsuperscript{143} Carcieri v. Salazar, 555 U.S. 379, 387 (2009)
plain and ordinary meaning of the word "register." Webster’s New World Dictionary defines “register” as a verb, meaning “(a) to make or secure official enter of in a register, or (b) to enroll formally . . .” Black’s Law Dictionary defines “register” as verb which means “(1) to enter into a public registry, [or] (2) to enroll formally . . .” Under these definitions, any action that results in a formal enrollment would be considered a registration.

It is likely that the creation registration constitutes a formal enrollment, and thus, satisfies the plain meaning definition of registration. When an individual registers a domain name with a registrar, the registrar passes that information to the registry. This action likely constitutes a formal enrollment to a public registry. However, since domain names are registered on a first come, first served basis, actions that take place after the domain name has been registered are unlikely to result in the removal of the domain name from the registry, making the domain name effectively unavailable to third parties. Therefore, it would be hard for subsequent actions to be considered some kind of formal enrollment. The plain language definition seems to support the Ninth Circuit interpretation, as a formal enrollment would likely only result from the initial creation registration.

An analysis of the Act’s structure also seems to support the Ninth Circuit definition. The word register and registration appear in several different places throughout the statute. Under the trademark section, in order for a person to be liable, the registrant must register the domain name prior to when the mark became distinctive or famous. Under the personal name section, an individual becomes liable if they register the domain name after the effective date of the Act. Despite the importance of the

144. Id. at 388.
145. WEBSTER’S NEW WORLD DICTIONARY SECOND COLLEGE EDITION, 1198 (1982).
146. BLACK’S LAW DICTIONARY THIRD POCKET EDITION, 603 (2006).
147. McGrady, supra note 9, § 1.09.
148. Id.
149. An exception to this would be a failure to renew the domain name. See Id.
151. Id. § 8131(4).
timing of a registration for whether or not an individual is liable under the Act, Congress did not define the term. This is in contrast to other terms that Congress did define in the statute.\textsuperscript{152} If Congress wanted to establish a different definition of registration, outside of the plain meaning, they would have explicitly listed it. Accordingly, it would seem that a plain meaning definition of registration is appropriate.

However, neither the Third Circuit nor the Ninth Circuit adopted this plain meaning approach. Instead, the Ninth Circuit evaluated the term registration in light of traditional property law;\textsuperscript{153} while the Third Circuit rejected the lower courts plain meaning approach and defined registration with respect to the policy considerations.\textsuperscript{154} Furthermore, the Ninth Circuit highlighted what it felt were potential areas of ambiguity with respect to the definition of registration.\textsuperscript{155} Though the plain meaning of registration supports the Ninth Circuit definition, the court’s unwillingness to apply a plain language meaning is somewhat telling and shows that there is sufficient ambiguity as to the meaning of the term to warrant further investigation. Based on this ambiguity, courts are permitted to look to the legislative history of the Act and determine whether using the plain meaning is inconsistent with the goals of the ACPA.\textsuperscript{156}

From the legislative history, it is clear that the primary reason for the ACPA was to expand the available causes of action against

\textsuperscript{152} See 15 U.S.C. § 1125(d)(1)(E) ("[T]he term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration."); Anticybersquatting Consumer Protect Act, Pub. L. No. 106-113, § 3005, 113 Stat. 1501A-445, 1501A-550 ("The term ‘domain name’ means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet. 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)).")

\textsuperscript{153} GoPets, 657 F.3d at 1031.

\textsuperscript{154} Schmidheiny, 319 F.3d at 582-83.

\textsuperscript{155} GoPets, 657 F.3d at 1030-31.

\textsuperscript{156} See, e.g., Barnhill v. Johnson, 503 U.S. 393, 401(1992) ("[A]ppeals to statutory history are well taken only to resolve statutory ambiguity.")
cybersquatters.\textsuperscript{157} This was largely due to the difficulties associated with the application of then-existing trademark law to the typical cybersquatter.\textsuperscript{158} While the legislative history proclaims that both the personal name and trademark sections are "narrowly" tailored to solve this specific problem,\textsuperscript{159} it also makes it abundantly clear that Congress had noticed that traditional trademark law actions were ineffective at combating cybersquatters and a new, more expansive means of protecting trademark holders and individuals was warranted.\textsuperscript{160}

Though the legislature wished to expand the reach of trademark law, Congress also intended to protect the rights of innocent registrants that lack bad faith intent to profit.\textsuperscript{161} In order to do this, Congress listed nine bad faith factors in the trademark section of the Act.\textsuperscript{162} These factors were meant to assist courts in

\begin{itemize}
\item \textsuperscript{157} See supra note 1 and accompanying text.
\item \textsuperscript{158} S. Rep. No. 106-140, at 7 ("While the Federal Trademark Dilution Act has been useful in pursuing cybersquatters, cybersquatters have become increasingly sophisticated as the case law has developed and now take the necessary precautions to insulate themselves from liability."); H. Rep. No. 106-412, at 6 ("Currently, the legal remedies available to trademark owners to prevent cyberpiracy are both expensive and uncertain.").
\item \textsuperscript{159} See 145 Cong Rec. S14696, 14713 ("The bill is carefully and narrowly tailored, however, to extend only to cases where the plaintiff can demonstrate that the defendant registered, trafficked in, or used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else. . ."); Id. at 14715 ("the provision is still very narrow in that it requires a showing that the registrant of the domain name registered that name with a specific intent to profit from the name by selling it to that person or to a third party for financial gain.").
\item \textsuperscript{160} S. Rep. No. 106-140, at 7.
\item \textsuperscript{161} 145 Cong Rec. S14696, 14713 ("[T]he bill does not extend to innocent domain name registrations by those who are unaware of another's use of the name, or even to someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark.").
\item \textsuperscript{162} Id. ("These factors are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others' marks, including for purposes such as comparative advertising, comment, criticism, parody, news reporting, fair use, etc.").
\end{itemize}
determining whether bad faith intent to profit exists.\textsuperscript{163} According to Congress, these bad faith factors “balance the property interests of trademark owners with the legitimate interests of Internet users.”\textsuperscript{164}

These nine bad faith intent factors are divided into three sections.\textsuperscript{165} The first section consists of four factors that “suggest circumstances that may tend to indicate an absence of bad-faith intent to profit from the goodwill of a mark.”\textsuperscript{166} These four facts consist of the following:

(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;\textsuperscript{167}

The next section suggests four “circumstances that may tend to indicate that such bad-faith exists.”\textsuperscript{168} These four factors consist of the following:

(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

\textsuperscript{163} 145 CONG REC. S14696, 14713.
\textsuperscript{164} Id.
\textsuperscript{165} Id.
\textsuperscript{166} Id.
\textsuperscript{168} 106 CONG REC. S14696, 14713.
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 of such domain names, without regard to the goods or services of the parties;\footnote{169}{169. 15 U.S.C. § 1125(d)(1)(B)(i)(V)-(VIII).}

Finally, the last section consists of one factor: "(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous . . . ."\footnote{170}{170. \textit{Id.} § 1125(d)(1)(B)(i)(IX).} According to Congress, a trademark owner is more likely to deserve protection under the Act if their trademark is famous or
This factor can either “suggest bad-faith or an absence thereof depending on the circumstances.”  

In addition to these nine factors, paragraph (1)(B)(ii) “underscores the bad faith requirement by making it clear that bad faith shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”  

Based on the existence of these factors, and Congress’s justification for them, it is clear that Congress felt the need to protect innocent registrations. The question then becomes how to balance this protectionist impulse with the primary intent behind the ACPA: the expansion of protection against cybersquatters.

B. The Appropriate Definition of Registration

The ACPA was supposed to broaden protections for trademark holders and individuals. The broadened protection was meant to solve problems associated with traditional trademark remedies. Since these remedies were thwarted by the ease with which cybersquatters could avoid liability under the then-existing trademark law, it follows that Congress sought to encompass a wider variety of actions within the scope of the Act. Therefore, because the timing of registration plays a primary gate-keeping role in the statutory scheme, registration should be defined in such a way as to allow for more actions to fall within the scope of the statute. This supports a definition of registration that includes the subsequent acts of registrants.

172. Id. at 14713.
173. Id. at 14714.
174. Id. at 14713 (“These factors are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others’ marks”).
175. 145 Cong. Rec. S14696, 14713 (“This subsection amends the Trademark Act to provide an explicit trademark remedy for cybersquatting under a new section 43(d).”).
By keeping the definition broad, more actions fall within the scope of the Act, which fulfills one aspect of Congress's intent. The nine factors perform the other aspect: the protection of innocent registrants. Therefore, a broad definition does not necessarily act to the exclusion of the other legislative concern. That concern is met by the existence of the bad faith factors, and need not be met by a narrow definition of registration.

According to the Ninth Circuit, the definition should be the creation registration. According to the Third Circuit, registration includes both the initial registration of the domain name, as well as what it defined as a "re-registration." Of the two definitions, the Third Circuit's is obviously broader and therefore seems more appropriate in light of the congressional intent.

However, the Third Circuit definition described only one particular kind of "re-registration." Under Schmidheiny, the Third Circuit definition includes activity that results in a new registration contract between a different registrant and a new registrar. However, a different registrant need not be present for a new registration contract to result. In fact, if a registrant transfers registrars, the registrant binds himself to that registrar under the terms of a new registration contract. Should these actions constitute registrations as well?

Since Congress sought to expand the causes of action available to trademark holders with the ACPA, it is appropriate that any act that results in a new registration contract should be considered a registration. This definition would create a broader range of

178. GoPets, 657 F.3d at 1031.
179. Schmidheiny, 319 F.3d at 583.
180. Id. at 583.
activities that would fall within the scope of the Act and allow for a broader protection of trademarks and individuals, thus fulfilling the legislative intent. Moreover, this definition is not overbroad; it would not encompass activities that arguably have nothing to do with cybersquatting in the first place.

Actions such as changing billing information for a domain name would not be considered registrations. This is important because agents should be able to register websites on behalf of their companies, and then change registration billing information around at a later date. These actions should not be considered registrations because the term of the registration contract remains unaltered, and the prospect of the domain becoming available again on a certain date remains unchanged by the actions. This is distinguishable from registrar transfers that result in a new contract, and may also result in a change of the contract term.

This distinction is important because of the nature of cybersquatting. When a cybersquatter attempts to exact high fees from trademark holders for the purchase of the domain name, they rely on the leverage that a first come, first served domain name system gives them against trademark holders. Actions that do not increase this leverage, such as changing billing information, should not be considered important enough to invoke the Act. However, new registration contracts, may extend the term of the registration, and can thereby increase a cybersquatter’s leverage. Once these registration contracts are created, the date that a domain name may be available again becomes more and more

183. See, e.g., Domain Name Transfer Agreement, supra note 182 ("[Registrants who have transferred to Go Daddy] agree to be legally bound by the agreements that govern all domain names registered through Go Daddy as found on the legal agreements page, including the Domain Name Registration Agreement "); Transfer To Network Solutions, supra note 185 (requiring agreement to the Network Solutions Service Agreement).

184. McGrady, supra note 9, § 1.11.

185. S. Rep. No. 106-140, at 5 ("Some [cybersquatters] register well-known brand names as Internet domain names in order to extract payment from the rightful owners of the marks, who find their trademarks “locked up” and are forced to pay for the right to engage in electronic commerce under their own brand name.").
remote, raising the level of pressure that the cybersquatter can use against the trademark holder.

This proposed definition of registration also draws a very clear line for enforcement of the Act. Records of when new registration contracts are created should be readily available from registrars, so it would not be difficult to determine when a new registration contract was created and a "registration" took place. This would result in the same level of certainty about what constitutes a registration as the Ninth Circuit "initial creation" registration definition, while providing the appropriate range of coverage for Act.

C. Analysis of a Broad Definition of Registration

It is worth noting that if registration is defined as anything that results in the creation of a new registration contract, both Schmidheiny and GoPets would have likely reached the same conclusion regarding liability under the ACPA. In Schmidheiny, the actions of the cybersquatter created a new registration contract, which would fall within the proposed definition of registration. In GoPets, when Hise changed around the billing for the <gopets.com> domain, a new registration contract was not created. Therefore, a registration would not have occurred at that time.

While it is true that either definition might lead to the same result in GoPets, the proposed definition and the Ninth Circuit definition are vastly different and would lead to different outcomes in different situations. Accordingly, it is important to determine whether the Ninth Circuit's concerns about defining registration to include subsequent actions were warranted. Essentially, this requires determining whether a definition of registration that includes subsequent actions can peacefully coexist with a desire to

186. Schmidheiny, 319 F.3d at 583.
preserve the alienability of a domain name. This coexistence would require an innocent domain name registrant to be adequately protected by the nine bad faith factors in situations where the domain name was registered prior to when a mark became famous or distinctive. If innocent registrants are adequately protected by the nine bad faith factors, then they will not be found liable under the ACPA no matter what definition of registration is used, and based on this, their property rights would be largely unaffected.

1. Protection of Innocent Registrants

Perhaps the best way to determine whether or not a broader definition of registration can coexist with the protection of innocent registrants is to go through a hypothetical involving an innocent registrant. If the nine bad faith factors would provide sufficient protection no matter what acts fell within the scope of registration, then a broader definition of registration would not be problematic.

Assume that Business X intends to start a business venture that never comes to fruition. While trying to get the venture off the ground, Business X registers a domain name that would eventually correspond with Business X. However, after the Business X venture fails to attract other investors, Business Y develops rights to a trademark that is similar to Business X’s domain name. After Business Y develops its trademark right, Business X transfers registrars and a new registration contract is created. Also, assume the domain name in question does not consist of a proper name and that the domain name was not used for any purpose prior to when the other Business Y’s trademark came into existence. Would Business X’s sale of the domain name at a profit be in bad faith in light of the nine factors listed in the statute?

188. GoPets, 657 F.3d at 1031-32.
189. I have chosen this fact pattern because I believe it represents a particularly good and lifelike example of innocent registration that might fall under the scope of the Act if the proposed definition of registration was used.
As mentioned above, the first four bad faith factors listed in the Act are meant to indicate an absence of bad faith. Assuming that Business X does not have any intellectual property rights in the domain name, that the domain name did not consist of a personal name, and that the domain name remained undeveloped and was not used for any commercial or non-commercial purpose, the first four bad faith factors would not weigh in favor of Business X. However, the absence of these factors would not necessarily weigh in favor of Business Y. Though these factors tend to indicate a lack of bad faith, their absence does not establish that bad faith exists. Rather, Business Y would still bear the burden of establishing bad faith intent to profit if Business Y brought suit against Business X.

Factor’s five through eight, which are factors that indicate the presence of bad faith, would also not explicitly favor Business Y. Since the domain name was not used for any purpose, it could not be said that Business X intended to divert the consumers from Business Y’s online location. Thus, the fifth factor would not weigh against the entrepreneur. Additionally, so long as Business X could show that they intended to use domain name for a legitimate purpose, the sixth factor would not show bad faith. Further, so long as Business X did not use a false name or acquire multiple domain names that are confusingly similar to other trademarks that were distinctive at the time of registration, it is unlikely that bad faith would be found.

190. 145 CONG. REC. S14696, 14713.
192. 145 CONG. REC. S14696, 14713.
193. MCGRADY, supra note 9, § 2.16.
194. 145 CONG. REC. S14696, 14713.
196. Id. § 1125(d)(1)(B)(i)(VI); see also 145 CONG. REC. S14714 (“Indeed, there are cases in which a person registers a name in anticipation of a business venture that simply never pans out. And someone who has a legitimate registration of a domain name that mirrors someone else’s domain name, such as a trademark owner that is a lawful concurrent user of that name with another trademark owner, may, in fact, wish to sell that name to the other trademark owner. This bill does not imply that these facts are an indication of bad-faith.”).
Finally, the ninth factor is likely unimportant in the hypothetical listed above. Though the more famous or distinctive the mark, the more protection the mark is afforded under the act, it seems unlikely that a court would find that Business Y’s successful branding would provide evidence of bad faith intent absent the existence of some other factors.

Accordingly, Business X would likely not be found liable under the Act. Since Business Y would bear the burden of proof with respect to bad faith intent to profit, and since none of the factors seem to weigh in favor of Business Y, they would be unlikely to prevail and Business X would avoid liability. While a narrow definition of registration might keep Business X out of court altogether, Business Y would have a hard time proving the bad faith intent of an innocent registrant during the proceeding. Thus, the nine bad faith factors provide adequate protection for innocent registrants, and registration can be defined without this protection in mind.

2. The Alienability of Property

But what happens if a third-party purchases that domain name from the entrepreneur in the above hypothetical? Would third parties have fewer rights than the registrant who originally registered the domain name, as the Ninth Circuit feared? The answer would appear to be that they would have the same exact rights as the original purchaser. Just as Business X could not engage in activity that would violate the trademark rights of another party, a subsequent purchaser would be bound by existing trademark law.

However, this would be the case no matter what circumstances preceded the sale. It is well settled that a domain name owner’s actions are constrained by traditional trademark law, regardless of whether they fall inside or outside the scope of the ACPA.

198. 145 CONG. REC. S14696, 14713.
199. McGrady, supra note 9, § 2.16.
200. GoPets, 657 F.3d at 1031-32.
201. See Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1327 (9th Cir.1998) (holding that a cybersquatters activities had diluted a famous mark);
Adding ACPA claims to the list of causes of action available to a trademark holder, which was the intent of the Act, does not necessarily change this basic premise. Though it is easier to prevail under the ACPA than it would be under a FTDA or infringement action, the idea that trademark law can affect the rights of a domain name registrant is not new or unwarranted.

V. IMPACT OF THE NINTH CIRCUIT OPINION AND THE FUTURE OF CYBERSQUATTING

Given the importance of domain names and the pervasive nature of cybersquatting and domain name speculation, the situation in GoPets is likely to repeat itself. Part A will briefly discuss the future implications of the GoPets ruling and consider what the consequences would be if the GoPets definition where to be adopted. Part B will discuss what future measures can be taken to combat cybersquatting.

A. The Implications of the Ninth Circuit Opinion

The Ninth Circuit definition of registration restricts trademark holders to traditional causes of action if someone has registered a domain name containing their mark, prior to when their mark became famous or distinctive. As noted above, the ACPA was passed largely because the actions under traditional trademark law were ineffective at combating cybersquatters. By limiting the causes of action for domain names that were initially registered prior to when a trademark became distinctive or famous, the Ninth Circuit is denying a class of trademark holders a cause of action that would help combat cybersquatters. This allows cybersquatters to escape liability in the same ways they would prior to the passage of the ACPA and thwarts the intention of Congress.

Brookfield Communs. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1066 (9th Cir. 1999) ("[R]egistration of a domain name for a Web site does not trump long-established principles of trademark law.")


203. Id.
This limitation is particularly important because cybersquatters often attempt to register domain names in anticipation of the domain name becoming associated with a future mark. In doing so, the cybersquatters are attempting to profit off the goodwill generated by the hard work of other entities. This kind of ill-gotten profit was one of the things that Congress sought to put an end to with the passage of the ACPA. Adoption of the Ninth Circuit initial creation registration, as opposed to the broader definition suggested by the note, would allow cybersquatters to continue to profit by registering domain names consisting of plausible business names that do not yet exist.

B. The Future of Combating Cybersquatting

As is the case in most situations where courts are required to determine the meaning of ambiguous terms in statutes, some kind of instruction from Congress would be preferable to judicial determination. If Congress were to give some instruction as to what it considers registration to mean, further interpretation by various Circuits would be prevented and both time and money would be saved. However, whether or not this occurs will depend on what kind of issues require Congressional action in the future.

In the event that Congress does consider adding a definition of registration to the Act, it is hoped that the definition will be broader in scope than the one offered by the Ninth Circuit. A

204. S. REP. No. 106-140, at 4-5 ("In another example of bad-faith abuses of the domain name registration system, Network Solutions—the domain name registry that administers the Internet's ".com," ".net," ".org," and ".edu" top level domains—pulled on a London computer club in May, 1999, that had registered over 75,000 domain names using an automated computer program. Their aim was to lock up all available four letter domains by systematically reserving every possible combination of letters, starting with aaaa.com, then aaab.com, aaac.com, up to zzzz.com, until every available combination had been reserved.").

205. H. REP. No. 106-412, at 6 ("'Cyberpiracy' can involve individuals seeking extortionate profits by reserving Internet domain names that are similar or identical to trademarked names with no intention of using the names in commerce themselves. Such actions undermine consumer confidence, discourage consumer use of the Internet, and destroy the value of brand-names and trademarks of American businesses").
broader definition would cast a wide net and allow courts to focus on deterring cybersquatting. In doing so, Congress could rely on the nine bad faith factors to protect innocent registrants and even eliminate the gate-keeping role that registration plays in the statute. This would shift the focus of the ACPA away from the timing of the registration to how a registrant uses or intends to use a domain name.

While this idea is certainly worth considering, the action of registration in and of itself can create liability under the Act. Thus, even if registration were no longer part of determining whether actions fall within the scope of the Act temporally, it would still be necessary to define registration so that we could determine whether a registrant “transfer, used, or registered” a domain name with the bad faith intent to profit. Because the proposed definition is related to actions that would potentially increase a cybersquatter’s leverage over a trademark holder, defining registration as any action that creates a new registration contract would broaden the category of actions that would fall within the scope of the Act, and thus, fulfill Congress’s intent: combating cybersquatting.

VI. CONCLUSION

The Ninth Circuit was correct in concluding that the term registration is ambiguous. However, when the Ninth Circuit defined registration, it did not take into consideration the intent behind the passage of the Act. This led the Ninth Circuit to consider the definition in light of property law and come up with a narrow definition. Since a broader definition of registration, such as the one proposed in this note, would more accurately reflect the Congressional intent behind the passage of the ACPA, and since the Ninth Circuit’s property concerns are already met by the existence of the bad faith factors, the appropriate definition of registration should include actions subsequent to the initial

207. Id. § 1125(d)(1)(A).
208. GoPets, 657 F.3d at 1030-31.
209. Id. at 1032.
creation registration. This would allow the courts to combat cybersquatting more effectively and would not infringe on the rights of innocent registrants.

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