

A newsletter for business owners.

## I HAVE A TRADEMARK, HOW DO I EVICT THE CYBERSQUATTER FROM MY DOMAIN NAME?

The domain name business remains rough-and-tumble. Little consideration goes into the niceties of paying attention to trademark rights. If you have a federally registered trademark and don't already have a corresponding domain name, chances are the domain name has already been grabbed. Someone is probably cybersquatting on your domain name.

Domain-name owners cybersquat on trademarks for a number of reasons. Domain-name selling is a multi-billion-dollar business, and those making that kind of money do not want a potential purchaser to question whether they should buy a domain name. They want as many purchases as fast as possible. If the buyer stops to consider trademark rights, they may decide against buying the domain name. So, the domain-name industry has an interest in keeping potential customers ignorant about trademark law. Besides, if they sell a domain name that infringes a trademark, they are protected by federal law. It is the buyer that will be out of the money should the trademark owner come after the domain name.

This ignorance of trademark law spills over to an ignorance of how to test whether a domain name infringes a trademark and what the consequences can be for infringing a federally registered trademark. Ignorance of these things leads to thousands, perhaps millions, of infringing domain names.

### How do I find out if someone has a domain name that infringes my trademark?

A simple web search can uncover those domain names that contain your trademark, are similar to your trademark, or are misspellings or mistypings of your trademark (typosquatting). You should conduct such searches or have someone do it for you because the Lanham Act, as interpreted by courts over the last several decades, places an affirmative duty on trademark owners to police their trademarks. That is, the trademark owner has the responsibility to search out cybersquatters both in the physical world and on-line. Ignoring that responsibility can lead to a court deciding that the trademark owner has abandoned the trademark.

### What should I do once I find the cybersquatter?

There are a variety of ways to deal with a cybersquatter. The most common are discussed below.

#### 1. You don't have to do anything.

Advantages: Doing nothing costs nothing.

Disadvantages: The cybersquatter's use of the domain name could damage your or your product's reputation or lead a court to conclude that you abandoned the trademark.

## 2. Complain to the cybersquatter.

You can send a letter to the cybersquatter explaining his or her infringement of your trademark, demanding that the infringement cease, and demanding that he or she turn the domain name over to you. In legal jargon, this letter is called a cease-and-desist letter. A cease-and-desist letter is just a letter that tells the cybersquatter: Stop it and leave. And also sets out what you think counts as "stopping it".

Advantages: The court will view this as an effort to protect your mark.

Disadvantages: The cybersquatter is likely to ignore it, and it could subject you to a declaratory judgment action (declaratory judgment actions are discussed below after the discussion of alternative 3).

## 3. Have a lawyer complain to the cybersquatter for you.

This is again a cease-and-desist letter, but this time on a lawyer's expensive stationery.

Advantages: This may communicate to a cybersquatter who doesn't have many resources that you are serious.

Disadvantages: A cybersquatter who doesn't have many resources can safely ignore the letter if they choose to do so. Should you decide to sue, even if they were to lose the lawsuit, they have no money to pay a judgment. Also, as in sending your own cease-and-desist letter, the lawyer's letter can trigger a declaratory judgment action, as well.

## What is a declaratory judgment action?

In this context, a declaratory judgment action comes about when Party A (the trademark owner) accuses Party B (the cybersquatter) of cybersquatting. In a normal lawsuit, the owner would eventually sue the cybersquatter over the cybersquatting if in the owner's judgment the domain name were valuable

enough. Sending a cease-and-desist letter hangs the threat of a lawsuit over the cybersquatter's head. This threat, in some cases, is enough to allow the cybersquatter to sue first. That suit would ask the court to declare that the cybersquatter is not guilty of cybersquatting. If the cybersquatter, in its judgment, believes that being accused of cybersquatting is bad enough, they can start a lawsuit themselves. As with most things in life, there is frequently an advantage to those who move first. One advantage from moving first in a declaratory judgment action is that it gives the cybersquatter more control over where the lawsuit happens.

## 4. Complain to ICANN.

ICANN is the Internet Corporation for Assigned Names and Numbers. This group sets out how computers on the internet communicate and how to link a domain name with an underlying numerical address, among other things. Complaining to ICANN is done formally through arbitration. The arbitration is set up by rules contained in the Uniform Domain-Name Dispute Resolution Policy (UDRP). The UDRP is incorporated into every contract where a domain-name purchaser (registrant) purchases registration services from a domain name seller (registrar), whether the registrant knows this or not. Therefore, when the cybersquatter registered the infringing domain name, he or she agreed to this arbitration. And if they don't participate in the arbitration once it starts, they will likely lose the domain name.

Basically, the trademark owner starts the arbitration by paying the arbitration fee to an approved arbitration board and filing a document (called a brief) that explains the evidence that the trademark owner believes shows that the domain name was registered in bad faith. The rules of the arbitration set out the contents of the brief, which include the trademark owner showing trademark rights, and in most cases, showing that the infringing domain name was registered with the intent to sell it to the trademark owner by the cybersquatter. There are several other ways to establish and show bad faith,

but this is the way that most bad faith registration is shown.

After that, the cybersquatter can file a response explaining why he or she disagrees with the trademark owner or why he or she has some proprietary interest in the domain name despite its similarity to the trademark.

Finally, in some arbitration forums, both parties get another go at making their arguments. In other forums, that is the end of the argument unless the arbitrator requests additional submissions.

The arbitrator then decides who's right. If the arbitrator decides in favor of the trademark owner, ICANN issues an order to the registrar of the domain name to transfer the domain name to the trademark owner. The registrar will then transfer the domain name unless the cybersquatter appeals the arbitration decision by filing suit in a court.

All told, the entire procedure can result in the transfer of a domain name in 45-60 days. There are no damages or fees awarded to the winner of the arbitration. In most cases, the arbitration fee is about 1,500 USD. The trademark owner can prepare the brief himself or herself. If he or she hires an attorney to write the brief, that usually costs 3,000 to 4,000 USD.

Advantages: The arbitration is quick and possibly less expensive than filing an anti-cybersquatting lawsuit.

Disadvantages: No money damages are awarded. And a cybersquatter's merely filing suit can easily defeat the arbitration decision.

But the ability to defeat the arbitration decision by filing suit can greatly increase the potential costs of using an arbitration. This is especially true when the cybersquatter is located in a foreign jurisdiction because part of filing the arbitration is agreeing to submit to the jurisdiction of a court where the cybersquatter is located (at least for review of the arbitration decision). If a Turkish cybersquatter files suit in Turkey to challenge the arbitration decision,

are you really going to litigate in Turkey?

Also, if the jurisdiction allows claims based on harming someone's business, these can easily be added to the suit that the cybersquatter files to defeat the arbitration decision.

Generally, any real likelihood of the cybersquatter appealing an unfavorable arbitration decision counsels choosing a trademark infringement suit over the UDRP arbitration. While the cost to the trademark owner are potentially higher, the cybersquatter's costs are higher as well. People facing real costs are always more motivated to settle than those who have nothing to lose.

#### **5. Purchase the domain name for a nominal price.**

If you're going to spend 5,500 USD for the arbitration and can buy the domain name for less, the wise decision is to buy it.

Advantages: Buying carries with it more certainty and in most cases less cost than the arbitration. In those cases where the final price is over 5,500 USD, the trademark owner can consider the extra money the price of certainty.

Disadvantages: All sales require a willing seller. The cybersquatter has to be willing to sell the domain name. Of course if they are not willing to sell, they don't understand the cybersquatting business very well. Next, the trademark owner is buying something they should already own, which sometimes doesn't sit well with them. Also, selling on their own without an arbitration means less money for me. Oh wait, that's not a disadvantage for the trademark owner.

If the trademark owner does negotiate such a sale, the trademark owner should arrange it under an escrow agreement especially when the cybersquatter would be hard to reach by court processes. The trademark owner should secure control over the domain name before the trademark owner turns over any money to the seller.

## 6. Sue under the Anticybersquatting and Consumer Protection Act (ACPA).

This could turn out to be a full-blown trademark infringement suit with all the time and money that that entails.

Advantages: Under the right circumstances, money damages and, less likely, attorneys fees can be awarded.

Disadvantages: Such suits take a long time and can cost a lot of money. Typically, such a suit could be prepared and filed for 8-10 thousand USD. So, it may begin as inexpensively as the UDRP arbitration. But the final cost, as with all litigation, depends a lot on what the other side does. If they fail to answer the lawsuit, the trademark owner will get a court order instructing the registrar to transfer

the domain name and some amount of money damages which can be actual damages or up to \$100,000 if a court awards the highest allowed statutory damages for a federally registered mark. (Whether or not these damages can ever be collected is another matter). It also avoids the problem of having to litigate in a foreign jurisdiction as discussed above, but can cost far more and take far longer than the arbitration.

### Conclusion

Infringing domain names pose problems for trademark rights holders. The responsibility to police a mark to avoid charges that the mark has been abandoned extends to searching for infringing domain names. And if infringing domain names are found, the trademark owner should do something about it.

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