

Fine Print

A Quarterly Publication of the Ohio State Bar Association
and Our Members

Issue 8 • Summer 2001

CYBERSQUATTER ALERT: TRADEMARK OWNERS HAVE NEW WEAPONS TO FIGHT, WIN CASES

By Alison D.P. Sikora

What do Teen Magazine and the New York Yankees have in common? Both have fallen victim to "cybersquatters" and are fighting back using the new federal anticybersquatting legislation and/or the Uniform Domain Name Dispute Resolution Policy.

Cybersquatters, also known as cyberpirates, are people or companies that register trademarks as domain names in bad faith for an improper purpose. Cybersquatters generally register domain names so they can sell them back to a "squatted" company or business at excessive prices (sort of an Internet blackmail) or to tarnish or disparage another company's brand.

According to Congress, the unauthorized registration and use of trademarks as domain names have (1) resulted in consumer fraud and confusion, (2) impaired electronic commerce, and (3) deprived trademark owners of goodwill and revenues. To remedy these problems, Congress enacted the Anticybersquatting Consum-

er Protection Act that became effective on November 29, 1999.

The Act allows trademark owners to file a civil action against a person who had "bad faith intent" to profit from registering the trademark as a domain name. Additionally, trademark owners can sue for statutory damages in the amount of \$1,000 to \$100,000 per domain name and have the do-

main name canceled or transferred to them if "bad faith intent" is proven.

To determine "bad faith intent," a court must consider whether the alleged cybersquatter: (1) ever used the domain name in commerce; (2) intended to divert consumers; and (3) offered to sell the domain name for fi-

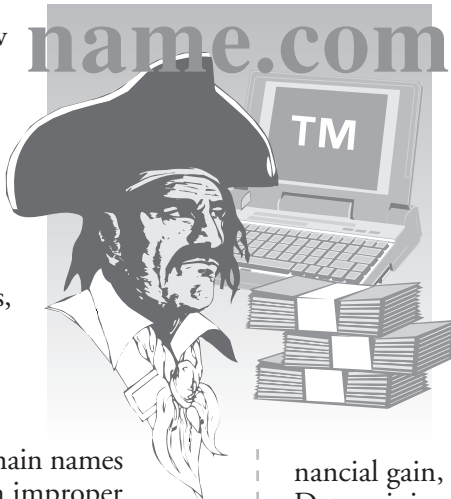
nancial gain, among other factors. Determining "bad faith intent" is a

subjective analysis that depends on the varying circumstances of each case.

In addition to the Act, trademark owners may use the Uniform Dispute Resolution Policy adopted on October 24, 1999 by the Internet Corporation for Assigned Names and Numbers (ICANN). According to the UDR Policy, an administrative panel must resolve domain name disputes. Panel members consider factors such as whether the domain name is confusingly similar or identical to the trademark, and if the domain name was registered in "bad faith." Unlike the Act, legal remedies under the UDR Policy do not include allowing trademark owners to sue for damages, though they do include canceling or transferring the domain name.

Bringing a complaint to the administrative panel is relatively inexpensive and less time-consuming than litigation. The entire complaint procedure can be handled online and be completed in less than 45 days at a cost of about \$1,000.

cont. on page 2



OPEN FORUM FOR ANONYMOUS POSTERS: RESPONDING TO ONLINE CRITICS

By Michael J. Garvin, Esq., and Stuart A. Laven, Jr.

The Internet epitomizes the notion of a double-edged sword: it enables businesses to reach prospective customers and investors around the world, while at the same time equipping disgruntled employees, underhanded competitors and others with a convenient medium for airing venomous complaints that sometimes warrant retaliation. While it is fairly simple for companies to choose a legal response to such "cybersmear" attacks (e.g., defamation, interference with business relations, misappropriation of trade secrets and others), the task of tracking down the often faceless defendants can prove daunting. What, then, is the best tactic for

cont. on page 2



OSBA

For additional copies of Fine **Print**, or further information, please contact OSBA Public Relations, 1700 Lake Shore Drive, Columbus, Ohio 43216-6562, or by phone, 800/282-6556 and 614/487-2050. Articles appearing in this newsletter are intended to provide broad, general information about the law. Before applying this information to a specific legal problem, readers are urged to seek advice from an attorney.

CYBERSQUATTER, cont. from page 1

The UDR Policy does not prevent a trademark owner from exercising his or her rights to take legal action under the Act. A trademark owner may file a cause of action under the Act before the administrative proceeding or within 10 days after the panel renders its decision. If the panel receives official word within this time period that a lawsuit has been started, it will wait until the court has resolved the lawsuit before implementing its decision.

The Act and the UDR Policy should help trademark owners by deterring cybersquatters and providing a useful way for companies to resolve domain name disputes with individuals or organizations that attempt to disparage a trademark or a company, or try to blackmail a business by offering to sell a desired domain name they weren't quick enough to obtain in the first place.

Alison D.P. Sikora, Esq., is an attorney in the Columbus office of Hahn Loeser + Parks LLP. Sikora focuses her practice in business, telecommunications and intellectual property law.

justice
i s h a r d w o r k

OPEN FORUM, cont. from page 1

identifying anonymous online critics?

Although a cybersmear on any company's reputation can be made with relative or total anonymity, victims need not despair. A number of companies like Raytheon Co., Stone & Webster, ITEX Corp., Callaway Golf Co. and Flooring America, Inc.

Ever-advancing technology is helping "cybersmearers" achieve almost indecipherable anonymity...

have succeeded in identifying anonymous culprits in "John Doe" suits designed expressly for that purpose. Recently, Flooring America, Inc. brought a John Doe suit in Delaware federal court solely for the purpose of compelling various Internet service providers ("ISPs") to

identify anonymous posters who allegedly hurt the company's stock price by posting defamatory comments on bulletin boards supplied by the ISPs.

Subpoenas to the ISPs proved successful: Flooring America was able to find out that it was two of the company's competitors that had posted the defamatory comments. Having identified the culprits, Flooring America dismissed the John Doe suit and moved on to sue the two competitors for defamation.

The Flooring America case is a good example of a typical complication in an anonymous-poster suit. Before filing suit on any substantive claims, the plaintiff must file a John Doe suit, naming the unknown poster as a "John Doe" defendant, and then subpoena the Doe's identification from

ISPs suspected of hosting the Doe's postings. In some cases, John Doe subpoenas yield swift results. In others, however, the unmasking is not so easy. For example, Yahoo!, a company generally known for its willingness to cooperate in John Doe matters, recently refused to divulge the identities of all but 20 of 300 subpoenaed Does who allegedly posted defamatory statements about the CEO of a major health care provider. Moreover, the vast majority of ISPs do not review their bulletin boards for obscene or profane material because federal law generally protects ISPs from content liability, and because they are sometimes reluctant to play the "middle man" in John Doe suits.

The occasional reluctance of ISPs in responding to subpoenas is not the only bump in the John Doe road, however, as defendants frequently assert a right of privacy in their online anonymity. Ever-advancing technology is helping "cybersmearers" achieve almost indecipherable anonymity, as the number of online encryption-for-hire services continues to grow.

The law in this area is evolving. Inevitably, the courts will be obliged to decide whether to establish new rules to streamline the now arduous John Doe identification process.

Michael J. Garvin, Esq., and Stuart A. Laven, Jr., Esq., practice in the Cleveland office of Hahn Loeser + Parks LLP. Garvin and Laven are members of the firm's litigation area as well as its intellectual property and technology team.

IN THE HOPPER

Pending state legislation which could affect small business:

Senate Bill 74 (revised UCC Article 9), regarding secured transactions, is an important piece of legislation that becomes effective July 1, 2001.

House Bill 278 would allow the directors of Ohio corporations to adopt specific, limited changes to the articles of incorporation under certain circumstances.

House Bill 279 would eliminate the requirement that deeds and mortgages be signed in the presence of two witnesses and require only an acknowledgment before a notary public.

Senate Bill 8 would regulate the transmission of electronic mail advertisements.

To review these bills, visit www.legislature.state.oh.us/.

From the OSBA Office of Government Relations.

Funding for Fine Print provided by the Ohio State Bar Foundation.