

# What is cybersquatting?



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## 1. Definition

Cybersquatting is defined as " The registering of a domain name on the Internet in the hope of selling or licensing it at a profit to a person or entity who wishes to use it. If the domain name is identical or confusingly similar to a trademark used by that person or entity, the owner of the trademark has a cause of action against whoever registered and is holding on to the name. Also called cyber piracy, domain name grabbing, and domain name piracy."

We can distinguish different types of cybersquatting like:

- Typosquatting, also called URL hijacking, which relies on mistakes such as typographical errors made by Internet users when inputting a website address into a web browser. Should a user accidentally enter an incorrect website address, they may be led to an alternative website owned by a cybersquatter. For example: [www.mbank.pl](http://www.mbank.pl) this is a web page of the biggest internet bank in Poland, however when you type it with com at the end , the link will lead you to the another private bank. It is only one of the example because typosquatting take into consideration as well following mistakes:

1. A different top-level domain: [mbank.org](http://mbank.org)
2. A misspelling based on typing errors: [bank.com](http://bank.com)
3. A differently phrased domain name: [mbanks.com](http://mbanks.com)

- Domain Parking/" Name-jacking"- Purchasing a domain name as a second-level domain name. This allows the purchaser to capitalize on any searches for that name.

- Domain Tasting: getting domains for a five-day free refund period to test, then dropping for refund the one's that did not pan out.

## **2. Background**

First time when the cybersquatting term was used was in USA in early 90'ties. It was the time when Internet babble exploded. Various individuals and organization could join in common network and share information. The Internet allows many user stimustanually connect and exchange big amount of date- like images, sounds by going to different web pages or web sites. There was and still is huge marketing and sales potential in Internet unfortunately at this time not everybody could see it from the being. Long before many large companies realized the massive volume of traffic that the Internet could bring to their business, cybersquatters paid for and registered domain names using the trademarks of several prominent businesses.

Note: Network Solutions, Inc. (" NSI") domain registration organ does not make a determination about a registrant's right to use a domain name. What NSI requires is to providedin written form following statements:

1. The domain applicant's statements are true and the applicant has the right to use the requested domain name;
2. The " use or registration of the domain name . . . does not interfere with or infringe the rights of any third party in any jurisdiction with respect to trademark, service mark, trade name, company name or any other intellectual property right"; and
3. The applicant is not seeking to use the domain name for any unlawful purpose, including unfair competition.

Despite of such a protection many companies like Fry's Electronics, Panasonic, Avon and Hertz became victims of cybersquatting, because when these companies realized that the internet was the next big marketing tool, they went online to find that their company names had already been taken by these cybersquatters.

It was the case with Panavision Company, which in 1995 tried to register their trademark as corporate domain and they found out that Mr. Toeppen is already the owner of such domain. Panavision holds registered trademarks to two names: Panavision and Panaflex, which promote main company activity, that is motion pictures camera equipments. While, Mr. Toeppen under Panavision. com were displaying photographs of the City of Pana, Illinois.

On December 20, 1995, Panavision's counsel sent a letter to Toeppen informing him that Panavision held a trademark in the name Panavision and telling him to stop using that trademark and the domain name as it was illegal action. Toeppen responded by mail to Panavision, stating that he had the right to use the name on the Internet as his domain name. However he presented the offer to Panavision which state that he is willing to resale domain for \$13, 000. Additionally, Toeppen stated that if Panavision agreed to his offer, he would not " acquire any other Internet addresses which are alleged by Panavision Corporation to be its property." Panavision rejected Toeppen proposition. In exchange Toeppen registered in NSI another Panavision trademark – Panaflex. The content of the web page contained only one word " Hello". Panavision decided to take the case to the court (Central District of California) accusing Toeppen for:

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- Federal dilution of trademark;
- State dilution of trademark;
- Federal trademark infringement;
- Federal unfair competition;
- Unfair competition;
- Intentional interference with prospective economic advantage;
- Negligent interference with prospective economic advantage; and
- Breach of contract.

Meanwhile NSI putted both domains on hold, waiting for the outcome of this litigation.

### **3. Applicable Laws**

Trademarks identify goods and create a distinction between goods various sources. Trademark is unique for each company and is protected by the law. In case of Panavision v. Toeppen, Panavision Company is suing Toeppen for violating the trademark law.

In the USA history of trademark law go back to the 19th century, shortly after II world war as response to the rapid economic growth and the need of manufacturers for trade identity and better protection from infringement.

The first Federal Trademark law was enacted in 1870. After that the Federal Trademark law was many time adjusted to occur situations. Like on March 3, 1881 when the new amended trademark law target trademarks used in interstate commerce (and in the commerce with Indian tribes) based on the interstate commerce clause in the U. S. Constitution (art. 1, sec. 8, cl. 3). [2]

Major revision of the federal trademark law was enacted in 1905, and in 1946, when Congress passed the Lanham Act (15 U. S. C. 1051-1127). The name of the act is coming from congressman who had devoted himself to its creation in accordance with American traditions. The Lanham Act is similar to English trademark law because it adopted

use-based principles as its foundation. The Act, however, put much more emphasis on use than the English law did initially, requiring not merely an intention to use the mark, but an actual use of the mark in order for the mark to be registered. This emphasis, however, was later altered in response to changes made internationally.

The only significant amendment to the Lanham Act has been the Dilution Act of 1996. This moved further to protect the interest of business and basically means that marks that are similar to those of a business, and could be seen as a way to deceived consumers, are an infringement of Trademark laws. This completely overrode the 1905 amendment to the 1881 Trademark Act.

Another amendment in 1999 saw the introduction of the Anticybersquatting Consumer Protection Act. This act governs trademark infringement through domain names on the Internet. The introduction of this act basically meant that those who have rights to Trademarks also have rights to the associated domain name, so nobody besides Coca Cola can register the domain name `cokacola.com` on the Internet. This protects the Trademark of that company from misrepresentation.

Beside the Anticybersquatting Consumer Protection Act, domain name disputes are typically resolved using the Uniform Domain Name Resolution

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Policy (UDRP) process developed by the Internet Corporation for Assigned Names and Numbers (ICANN).

A complain in a UDRP to be executed must consist three elements as:

- The domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
- The registrant does not have any rights or legitimate interests in the domain name; and
- The registrant registered the domain name and is using it in “ bad faith.”

For UDRP ‘ bad faith’ is consider in the following situations:

- Whether the registrant registered the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark;
- Whether the registrant registered the domain name to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, if the domain name owner has engaged in a pattern of such conduct; and
- Whether the registrant registered the domain name primarily for the purpose of disrupting the business of a competitor; or

- Whether by using the domain name, the registrant has intentionally attempted to attract, for commercial gain, Internet users to the registrant's website, by creating a likelihood of confusion with the complainant's mark.

the main goal for UDPA is to give alternative solution for resolving such disputes for cybersquatting victims. Process Under UDPA is quicker and less expensive than the standard légal challenge like the ACPA. Moreover in case that any party loses a UDRP proceeding, there is always possibility of bringing a lawsuit against the domain registrant under local law.

The UDRP process has already been used in a number of well-known cases, such as Madonna Ciccone, p/k/a Madonna v. Dan Parisi and " Madonna. com". [3]

In this case, Dan Parisi registered a trademark in Tunisia. Moreover around June 8, 1998, Respondent began operating an " adult entertainment portal web site." The web site featured sexually explicit photographs and text, and contained a notice stating " Madonna. com is not affiliated or endorsed by the Catholic Church, Madonna College, Madonna Hospital or Madonna the singer.

Madonna brought Complaint, which contends that the disputed domain name is identical to the registered and common law trademark MADONNA in which she owns rights. She further contends that Respondent has no legitimate interest or rights in the domain name. Finally, Complainant contends that Respondent obtained and used the disputed domain name with the intent to attract Internet users to a pornographic web site for commercial gain based on confusion with Complainant's name and mark.

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The arbitration panel found against the defendant registrant based on:

- That the domain name registered by the respondent is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and,
- That the respondent has no legitimate interests in respect of the domain name; and,
- That the domain name has been registered and used in bad faith.

Finally ordered the domain name turned over to Madonna.

Additionally to ACPA and UDPA every particular country has his own law, which all cybersquatting disputes can be resolved. Below I presented couple countries and anti-cybersquatting law.

Australia is another example – auDA requires anyone registering a .com.au second-level domain to have a valid entitlement for that domain – i. e. a registered business name with an Australian Business Number (ABN) issued by the Australian Taxation Office. However, this has failed to protect Australia from such cybersquatting acts. Any Australian citizen over the age of 16 can obtain an ABN (which is free) and use it to register as few or as many domain names as they like.

Canada – through its own Internet regulating body, the Canadian Internet Registration Authority (CIRA) – has taken a similar approach to Australia. Registrations for a .ca country code top-level domain must meet “ Canadian Presence” requirements. The list is extensive and includes individual citizens

and residents of Canada and in addition, Canadian businesses, Aboriginal Peoples and Indian Bands, Canadian trademark holders (whether Canadian or Foreign), Her Majesty the Queen and, Foreign Businesses with a physical Canadian presence. However, as with Australia, even this has failed to protect Canada from cybersquatting acts.

In an unusual departure from trying to avoid the practice of cybersquatting, the CIRA themselves seem to encourage the practice by publishing – on their website – a very extensive Domains To Be Released List. This list is directly promoted on the site home page. The practice gives the impression of being intentionally designed to promote cybersquatting by allowing Canadian (or other) cybersquatters to literally go shopping for domains to register.

Domains that can then be offered back to the previous registrant – or a business or corporation with an affiliated name – at an inflated price.

Internationally, the United Nations copyright agency WIPO (World Intellectual Property Organization) has, since 1999, provided an arbitration system wherein a trademark holder can attempt to claim a squatted site. In 2006, there were 1823 complaints filed with WIPO, which was a 25% increase over the 2005 rate.[4] In 2007 it was stated that 84% of claims made since 1999 were decided in the complaining party's favour.

#### **4. Case: Yahoo Inc. v. Akash Arora**

Companies in India have also faced the brunt of cybersquatting in the recent past. Besides, the courts in India have been extremely vigilant in protecting the trademark interest of the domain owners who have suffered from cybersquatters. The first case in India with regard to cybersquatting was

Yahoo Inc. V. Aakash Arora & Anr., where the defendant launched a website nearly identical to the plaintiff's renowned website and also provided similar services.

Yahoo Incorporation is the owner of the well-known trademark, Yahoo and of the domain name Yahoo. com; both the trademark and the domain name acquired a distinctive name, good will and reputation. Yahoo. com had been registered by Yahoo Inc with Network Solution Inc since 1995 and offers a whole range of web-based services. The trademark Yahoo had been registered or was close to being registered in 69 countries. However, Yahoo Inc had not registered its domain name in India.

Aakash Arora started to offer web-based services similar to those offered by Yahoo. com under the name of Yahoo India. Yahoo Inc had sued Aakash Arora for using a trademark deceptively similar to its own and passing off his services as those offered by Yahoo Inc.

The issue in this case was that whether the act of Aakash Arora in registering the domain name Yahoo India, to offer services similar to those offered by Yahoo Inc, is an infringement of the trade mark of Yahoo Inc and amounts to passing-off under the relevant sections of the Trademark and Merchandise Act?

Yahoo Inc contended that Aakash Arora adopted the domain name of Yahoo to offer services similar to those of Yahoo Inc and had attempted to cash in on the good will generated by Yahoo Inc. because there was every possibility of an Internet user getting confused and deceived, believing that both the

domain names, Yahoo and Yahoo India belong to Yahoo Inc.. Therefore, Yahoo Inc. argued that Akash is liable for passing off.

As the two trade marks/domain names ‘ Yahoo!’ and ‘ Yahoo India!’ were almost similar and the latter offered services similar to those offered by the former and as the latter passed them off as being offered by Yahoo Inc., the court held Akash liable for passing off and restrained him from using the deceptively similar domain name.

The decision of the court in this case is based on the rationale that where the value of a name lies solely in its resemblance to the name or trade mark of another organization, the public is likely to be deceived by the use of such name and such act would amount to passing off.

Probably the first reported Indian Case, where in the plaintiff who is the registered owner of the domain name “ yahoo. com” succeeded in obtaining an interim order restraining the defendants and agents from dealing in services or goods on the internet under the domain name “ yahooindia. com” or any other trademark/domain name which is deceptively similar to the plaintiff’s trademark “ Yahoo”.

## **5. Conclusion**

Looking at the current situation prevailing in the world, it is certain that cybersquatting is a menace. It is a menace which has no boundaries. In my opinion, it is similar to terrorism. The only difference is that in the latter human life is affected. Cybersquatters have robbed businesses of their fortune. Looking from the Indian perspective cybersquatting has been prevalent since internet came to the subcontinent. The courts in India have

decided many cases related to cybersquatting. It is the imperative for the parliament to enact a law which would deal with this menace. As of now there is no such law which prohibits cybersquatting like that of the United States. Cybersquatting has opened the eyes of governments across the world and has prompted them to look into this phenomenon in a serious manner. The United States by enacting the ACPA, has taken a monumental step in protecting domain names in its cyberspace. It is high time India and other countries come out with legislations to protect this virus from spreading.