



1-1-2001

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## Recommended Citation

Eric J. Moore, *Computer/Internet / Chapter 218: Stopping Cybersquatters from Harming One of California's Valuable Resources: Hollywood*, 32 McGEORGE L. REV. 495 (2001).

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## **Chapter 218: Stopping Cybersquatters From Harming One of California's Valuable Resources: Hollywood**

*Eric J. Moore*

### *Code Sections Affected*

Business and Professions Code §§ 17525, 17526, 17527, 17528 (new).  
SB 1319 (Burton); 2000 STAT. Ch. 218

*"Why do you want to fund your attorney's purchase of a new boat (or whatever) when you can facilitate the acquisition of 'Panavision.com' cheaply and simply instead?"*<sup>1</sup>

### I. INTRODUCTION

In 1995, Panavision attempted to register their website on the Internet, but quickly found out that Mr. Dennis Toeppen had already registered the domain name Panavision.com, along with over a hundred other marks.<sup>2</sup> Upon Panavision's request, Mr. Toeppen replied with a letter demanding payment for the relinquishment of the web address.<sup>3</sup> Fortunately for hundreds of other companies who had yet to register their own domain names, Panavision did not pay the ransom demanded by Mr. Toeppen.<sup>4</sup> If the ransom had been paid, Mr. Toeppen could have then used this result as a bargaining chip in future negotiations, potentially costing many other businesses a significant sum, and earning Mr. Toeppen a windfall for his early registration of their domain names.<sup>5</sup> In this case, the court quickly saw through

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1. See *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1319 (9th Cir. 1998) (quoting Mr. Toeppen's letter, seeking \$13,000, in response to Panavision's demand to cease and desist the use of their mark for his domain name).

2. See *id.* at 1319 (describing the sequence of events that led to litigation between the Panavision and Mr. Toeppen); see also Steven R. Borgman, *The New Federal Cybersquatting Laws*, 8 TEX. INTELL. PROP. L.J. 265, 266 (2000) (discussing Mr. Toeppen's infamous scheme where he registered several famous marks, including Delta Airlines, Nieman Marcus, Eddie Bauer, Lufthansa, and many others).

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

4. Jeremy D. Mishkin, *Master of Your Domain—An Overview of the Anticybersquatting Consumer Protection Act*, 18 COMM. LAW 3, 4 (2000) (stating that Panavision responded to Toeppen's offer by suing under the Federal Trademark Dilution Act).

5. *Panavision*, 141 F.3d at 1327.

Mr. Toeppen's polite form of extortion and held in favor of Panavision, concluding that Mr. Toeppen was diluting Panavision's registered trademark.<sup>6</sup>

With the seemingly infinite growth and economic possibilities now available through the Internet,<sup>7</sup> new laws are necessary to address the emerging legal issues.<sup>8</sup> Unfortunately, the problems produced by the Internet are compounded by the speed at which the medium has been introduced and the lack of any true legal precedence on the matter.<sup>9</sup> This lack of legal history has left some courts struggling with how to apply pre-Internet trademark laws to present day Internet trademark issues.<sup>10</sup>

One novel problem related to the internet that has recently been addressed by the federal government is cybersquatting.<sup>11</sup> A cybersquatter<sup>12</sup> is an individual who collects domain names with the intent of selling the domain names to the person or company, who owns the mark<sup>13</sup> or personal name.<sup>14</sup>

While the federal government has drastically limited a cybersquatter's ability to exact their particular brand of extortion, loopholes still remain open that are of particular importance to the State of California.<sup>15</sup> The Anticybersquatting Consumer Protection Act (ACPA) does not provide protection for the estates of deceased celebrities.<sup>16</sup> In addition, the cybersquatter must specifically intend to profit from his actions in order to be found guilty under the ACPA.<sup>17</sup>

In an attempt to go beyond federal anti-cybersquatting legislation, the California legislature enacted Chapter 218.<sup>18</sup> Chapter 218 provides protection from an

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6. *Id.*; see Malcolm Mayhew, *Cyberjackers Heist Identities of Rich, Famous*, SACRAMENTO BEE, May 2, 2000, at E1 (quoting Jeff Liles, Creative Director for Nvision, view of cybersquatters tactics are "almost extortion").

7. See FNC Resolution: Definition of "Internet," available at [http://www.fnc.gov/Internet\\_res.html](http://www.fnc.gov/Internet_res.html) (last visited June 22, 2000) (copy on file with the *McGeorge Law Review*) (defining the Internet as a global information system linked by unique address spaces, capable of supporting communications using Transmission Control Protocol/Internet Protocol (TCP/IP), that can give access, either publicly or privately, to high level services layered on a communications infrastructure).

8. Borgman, *supra* note 2, at 266.

9. Joshua Paul, *Judicial Treatment of Trademarks in Cyberspace*, 590 PLI/PAT. 271, 273 (2000).

10. *Id.*

11. See 15 U.S.C.A. § 1125 (d) (West Supp. 2000) (enacting a specific cause of action against cybersquatters); see also Mayhew, *supra* note 6, at E1 (reporting on some specific examples of cybersquatting and how celebrities are trying to deal with the problem); Borgman, *supra* note 2, at 266 (discussing the application and ramifications of the ACPA).

12. See Jennifer Golinveaux, *What's in a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F.L. REV. 641, 647 (defining a cybersquatter as "a speculator who knowingly reserves a trademark as a domain name merely to sell it for a profit").

13. See 15 U.S.C.A. § 1127 (West Supp. 2000) (defining a "mark" as including "any trademark, service mark, collective mark, or certification mark").

14. *Id.* § 1125 (d).

15. See *infra* notes 96-97 and accompanying text (discussing the shortcomings of the ACPA).

16. See 15 U.S.C.A. § 1129 (1)(a) (West Supp. 2000) (providing a remedy against persons who register "the name of another living person" exclusively).

17. *Id.*

18. See ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF SB 1319 at 3-5 (June 20, 2000) (discussing specific "loopholes," such as the requirement of proof of commercial motivation, or the fact that protection is limited only to valid trademark holders).

individual who, with a bad faith intent, registers, traffics in, or uses a domain name that is identical or confusingly similar to the personal name of another living person or deceased personality.<sup>19</sup>

## II. BACKGROUND

Put simply, the Internet is a collection of individual computers and computer networks linked together, using a common standard of data transmission for communication, enabling information to be shared with other users.<sup>20</sup> Each computer or computer network has its own individual numerical code, similar to a phone number, that is unique to itself and enables all other members of the Internet to find that specific computer or computer network.<sup>21</sup> This numeric code is referred to as an Internet Protocol (IP) address, usually in a form similar to "123.255.255.255."<sup>22</sup> Since the numeric system is somewhat unruly, and because it is difficult for most people to remember large strings of arbitrary numbers, the Internet developers allow the assignment of an alphanumeric address to coincide with the IP address.<sup>23</sup> These alphanumeric addresses are commonly referred to as "domain names."<sup>24</sup> These domain names are organized into a hierarchical structure.<sup>25</sup> At the top of the hierarchy is the top-level domain (TLD) directory. TLD's are meant to act as an identifier of the category of user who has registered the domain.<sup>26</sup> For example, in "McGeorge.edu," the ".edu" identifies the user as an educational institute.<sup>27</sup> Similarly, in "Ox.ac.uk" and "U-Tokyo.ac.jp" the ".uk" and ".jp" work as country identifiers.<sup>28</sup> Other popular TLD's include: ".com," ".org," and ".net."<sup>29</sup> The name that precedes the TLD is referred to as the second-level domain (SLD).<sup>30</sup> For example, in "McGeorge.edu," "McGeorge" would be classified as the SLD, while

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19. See CAL. CIV. CODE § 3344.1 (West Supp. 2001) (defining "deceased personality" as any person who died after January 1, 1915, and whose name, voice, signature, photograph, or likeness has commercial value at the time of their death).

20. Marcus J. Millet, *Same Game in a New Domain-Same Trademark Issues on the Internet*, 198 N.J. LAW 32, 32-33 (1999); G. Gervaise Davis III, *Internet Domain Names and Trademarks: Recent Developments in Domestic and International Disputes*, 21 HASTINGS COMM. & ENT. L.J. 601, 603 (1999).

21. See generally Luke A. Walker, *ICANN'S Uniform Domain Name Dispute Resolution Policy*, 15 BERKLEY TECH. L.J. 289, 291-92 (2000) (detailing the history of the Internet and its structure); Millet, *supra* note 20, at 33 (explaining the basic structure of the Internet); Golinveaux, *supra* note 12, at 642 (describing how computers communicate through the Internet).

22. Millet, *supra* note 20, at 33; Golinveaux, *supra* note 12, at 642.

23. Walker, *supra* note 21, at 291-92.

24. Davis, *supra* note 20, at 604. McGeorge.edu and Yahoo.com are an example of simple domain names.

25. Elizabeth R. Martin, *"Too Famous to Live Long!" The Anticybersquatting Consumer Protection Act Sets its Sights to Eliminate Cybersquatter Opportunistic Claims on Domain Names*, 31 ST. MARY'S L.J. 797, 805-09 (2000).

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.*

30. *Id.*

“.edu” would remain the TLD.<sup>31</sup> So, when a user types “McGeorge.edu” into their Internet “browser”<sup>32</sup> program, the computer first looks into the “.edu” TLD, and then finds the “McGeorge” SLD within the “.edu” TLD and supplies the data contained therein to the user.<sup>33</sup>

Organizations called “registrars” are responsible for registering and keeping track of the domain names within each TLD.<sup>34</sup> Network Solutions, Inc. (NSI) was the only registrar for SLD’s within the “.com” TLD until June 7, 1999, and remains the largest registrar for the “.com” TLD today.<sup>35</sup> Registrars provide domain names on a first come, first served basis.<sup>36</sup> The registrar also does not search the federal government’s list of registered trademarks during any part of the application process.<sup>37</sup> Domain pages are available to anybody with enough money to pay the required yearly fee. Registering a domain name through NSI typically costs between \$35 and \$40 annually.<sup>38</sup> NSI even offers a 50% discount if domain names are registered in bulk.<sup>39</sup> The only limiting factor on the registration of a domain name is that it cannot be identical to a previously registered domain name.<sup>40</sup> The registrar does not normally check to see if a domain name is confusingly similar to another domain name or mark.<sup>41</sup>

The desire for a domain name to be identical to a company’s trademark,<sup>42</sup> or a celebrity’s name, is twofold. First, simply typing a name into a browser program is the quickest way to access a website, so it is advantageous to companies and individuals for its simplicity and speed.<sup>43</sup> Secondly, using “search engines,” which match search terms with website key words, to find a particular company or persons web page can yield hundreds of other similar sites that may confuse or distract the potential customer from accessing the intended website.<sup>44</sup> This may cause a significant loss in the number of visitors, or potential customers to the intended

31. Walker, *supra* note 21, at 292-94.

32. See Millet, *supra* note 20, at 33 (defining browser as a program that sends a query to another computer, by locating it on the Internet through the appropriate domain name, and retrieving the data contained therein).

33. Walker, *supra* note 21, at 292-94.

34. See Millet, *supra* note 20, at 33 (describing the process of registering domain names on the Internet).

35. *Id.*; Martin, *supra* note 25, at 805.

36. Millet, *supra* note 20, at 33.

37. Jeffrey J. Look, *The Virtual Wild, Wild West (WWW): Intellectual Property Issues in Cyberspace—Trademarks, Service Marks, Copyrights, and Domain Names*, 22 U. ARK. LITTLE ROCK L.J. 49, 60 (1999).

38. Network Solutions homepage, Web Address Registration available at <http://www.networksolutions.com/catalog/domainname> (last visited July 14, 2000) (on file with the *McGeorge Law Review*).

39. See *id.* (indicating that a request for registration of over 100 domain names qualifies for a bulk discount).

40. Millet, *supra* note 20, at 33.

41. See *id.* (discussing how NSI does not discriminate against domain names that are nearly identical to other companys’ domain names).

42. See 15 U.S.C.A. § 1127 (West 1997) (defining a trademark as “any word, name, symbol, or device, or any combination thereof to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown”).

43. Golinveaux, *supra* note 12, at 643.

44. *Id.*

website. When users type in a specific domain name, they anticipate finding the page that pertains to the personal name or business name that was entered.<sup>45</sup> Therefore, if a cybersquatter's page is accessed instead of the intended page, a user may give up their search due to the hassle of finding the intended page.

Cybersquatters come in a variety of flavors. The most notable form of cybersquatting is the registration of someone else's trademark as a domain name.<sup>46</sup> Other types include registering a misspelling of a trademark as a domain name,<sup>47</sup> registering someone's mark under an alternative TLD, registering another's trademark as part of a larger domain name,<sup>48</sup> registering a celebrity's name as a domain name,<sup>49</sup> or registering a competitor or adversary's name or mark and publicizing another cause or product.<sup>50</sup> While all of these forms of cybersquatting can impose a different degree and type of nuisance for the trademark holder or celebrity, they are all dealt with under the same set of laws.<sup>51</sup>

### III. EXISTING LAW

Under existing law, an individual or corporation has several legal remedies to resolve a dispute with a cybersquatter. California provides some protection under the Unfair Practices Act<sup>52</sup> and the federal government provides protection to trademark holders and famous individuals through the Lanham Act.<sup>53</sup>

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45. See Will Lee, *Hits and Misses*, ENT. WKLY, July 21, 2000, at 14 (reporting that the company who owns "survivor.com," Survivor Software, has had an increase of Internet traffic from 600 to 80,000 visitors, due to the popularity of the TV show Survivor); *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

46. See Borgman, *supra* note 2, at 266-67 (2000) (listing the various forms of cybersquatting). For example, where a cybersquatter registers the name of a popular electronics company's trademark and attempts to sell the domain name back to the mark holder. *Id.*; *Panavision*, 141 F.3d at 1325-26 (9th Cir. 1998) (holding that just such an activity constituted trademark dilution).

47. See *Toys "R" Us Inc. v. Abir*, 45 U.S.P.Q.2d 1944, 1949 (S.D. N.Y. 1997) (holding that the spelling of a domain as "toysareus.com" to sell toys to foreign markets was sufficient to constitute infringement and dilution of the Toys "R" Us registered trademark).

48. See *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166-68 (C.D. Cal 1998) (concluding that the domain name "Bally sucks" did not infringe or dilute the plaintiff's register trademark).

49. See *Website Operator Sues Julia Roberts in Domain Dispute*, available at <http://news.cnet.com/news/0-1005-200-2091821.html?tag=st.ne.ron.lthd.ni> (last visited on June 16, 2000) (on file with the *McGeorge Law Review*) (discussing a suit brought by the domain holder of "Juliaroberts.com" on June 13, 2000 alleging that Julia Roberts is interfering with the exclusive operation of his website, and seeking to prevent the forced surrender of the website to Julia Roberts).

50. See Borgman, *supra* note 2, at 266-67 (listing the "various forms of cybersquatting"); see also *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 197-98 (W.D. N.Y. 2000) (enjoining the defendant, domain holder, from using the plaintiff's trademark as a domain name to post disparaging remarks about the plaintiff's business).

51. 15 U.S.C.A. § 1125(d) (West Supp. 2000).

52. CAL. BUS. & PROF. CODE §§ 17000 et. seq. (West 1997).

53. 15 U.S.C.A. § 1125(d) (West Supp. 2000).

### A. California Law

California law provides that any unlawful, unfair, or fraudulent business acts or practices and unfair, deceptive, untrue or misleading advertising constitutes unfair competition.<sup>54</sup> The remedies available include civil penalties<sup>55</sup> or injunctive relief, demanding the relinquishment of the domain name.<sup>56</sup>

California's trademark dilution and infringement laws and the federal trademark laws, discussed below, are applied identically.<sup>57</sup> Due to the parallel structure of the statutes they are both susceptible to the same criticism as the pre-ACPA law, as discussed below.

### B. Federal Law (*The Lanham Act*)

Prior to the enactment of the Anti-cybersquatting Consumer Protection Act (ACPA) in 1999, a trademark holder had two methods to attack a cybersquatter.<sup>58</sup> The trademark holder could claim that the cybersquatter was infringing<sup>59</sup> or diluting<sup>60</sup> their mark.<sup>61</sup> Both of these options, however, could potentially cost a trademark holder thousands of dollars in attorney's fees.<sup>62</sup> Because of this reality, many cybersquatters used this as leverage to coax a company into buying the domain name instead of prosecuting the case.<sup>63</sup>

#### 1. Infringement

Generally, when claiming infringement of a trademark, the primary issues are whether the plaintiff's trademark is valid and whether the alleged infringer's mark is confusingly similar to a previously registered trademark.<sup>64</sup> Resolution of a case involving a cybersquatter generally does not entail the same type of analysis required in an infringement suit. Since a cybersquatter does not necessarily use the

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54. CAL. BUS. & PROF. CODE § 17200 (West 1997).

55. *Id.* § 17536 (West 1997).

56. *Id.* § 17535 (West 1997).

57. *See* *Films of Distinction, Inc. v. Allegro Film Prod., Inc.*, 12 F. Supp. 2d 1068, 1074 (C.D. Cal 1998) (stating that California state law regarding trademark dilution is subject to the same analysis as a federal dilution claim—whether the use of the mark is likely to cause confusion).

58. *See* Look, *supra* note 37, at 64 (describing various modes of dealing with a cybersquatter).

59. 15 U.S.C.A. § 1114 (West 1997 & Supp. 2000).

60. *See* Federal Trademark Dilution Act of 1995, 15 U.S.C.A. § 1125(c) (1997 & Supp. 2000) (amending the Lanham Trademark Act of 1946, 15 U.S.C.A. §§ 1051-1127 (West 1997 & Supp. 2000)).

61. Look, *supra* note 37, at 64.

62. *Id.*

63. *Id.*

64. *See* *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1179 (9th Cir. 1988) (listing six factors to be used in determining the likelihood of confusion: "1) the strength or weakness of the marks; 2) similarity in appearance, sound, and meaning; 3) the class of goods in question; 4) the marketing channels; 5) evidence of actual confusion; and 6) evidence of the intention of [the] defendant in selecting and using the alleged infringing name").

domain name in any commercial manner, proving consumer confusion is difficult, if not impossible, since no goods were actually sold or advertised on the web page.<sup>65</sup> The web page is in essence merely being held inactive.<sup>66</sup>

## 2. Dilution

Due to the difficulties associated with infringement claims, many courts have instead analyzed cybersquatter cases under a dilution theory.<sup>67</sup> Unlike infringement, where the use of the mark or name has to be in direct competition or other mode of consumer confusion occurs, a dilution theory requires the distinctive quality of the famous mark to be diluted by the presence of another mark.<sup>68</sup>

To establish dilution of a mark the plaintiff must show: 1) the mark was famous; 2) the mark was famous prior to the defendant's use; and 3) that the defendant's commercial use of a mark lessens the mark's capacity to identify and distinguish the plaintiff's goods and services.<sup>69</sup> The federal trademark dilution provisions provide that only injunctive relief is available to the victim, unless the diluter "willfully intended" to dilute the mark, at which point damages become available.<sup>70</sup>

Drawing the connection between the registration of a domain name and loss of a mark's ability to distinguish the mark holder's goods and services is a somewhat illogical process.<sup>71</sup> Nevertheless, in *Panavision International, L.P. v. Toeppen*,<sup>72</sup> where Mr. Toeppen registered the "panavision.com" domain name, a name identical to Panavision's registered trademark, with the intent of selling the domain name to Panavision, the court concluded that the registered domain name diluted Panavision's mark.<sup>73</sup> Toeppen's intent to sell the domain name to Panavision constituted a commercial use of Panavision's trademark.<sup>74</sup> Therefore, it did not matter that Mr. Toeppen did not attach any products or services to the domain name.<sup>75</sup> His attempt to sell the domain name in and of itself constituted a commercial use and was sufficient to find dilution of Panavision's mark.<sup>76</sup> By not

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65. See Joel Voelzke, *New Cybersquatting Law Gives Trademark Owners Powerful New Weapons Against Domain Name Pirates*, 17 COMPUTER LAW. 3 (2000) (describing the problems faced by attorneys prior to the enactment of the ACPA).

66. *Id.*

67. *E.g.*, *Panavision*, 141 F.3d at 1324-27.

68. Look, *supra* note 37, at 71.

69. 15 U.S.C.A. § 1125(c) (West 1998); *Toys "R" Us Inc.*, 45 U.S.P.Q.2d at 1949.

70. 15 U.S.C.A. § 1125(c) (West 1998).

71. See Borgman, *supra* note 2, at 267 (demonstrating the problem of trying to apply the federal laws of infringement and dilution in cases involving cybersquatters, such as *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998)).

72. 141 F.3d 1316 (9th Cir. 1998).

73. *Id.* at 1327.

74. *Id.* at 1325.

75. *Id.*

76. *Id.*



determining whether Panavision's mark was tarnished<sup>77</sup> or blurred,<sup>78</sup> which is traditionally required, the *Panavision* court in essence, created a new form of dilution.<sup>79</sup> This modification of the federal Anti-Dilution Act has been criticized by some as too much of a reach for the intended meaning of commercial use.<sup>80</sup> These problems, along with the increasing sophistication of cybersquatter tactics,<sup>81</sup> were addressed by Congress with the enactment the ACPA in 1999.<sup>82</sup>

### 3. Anti-cybersquatting Consumer Protection Act

The ACPA creates an explicit cause of action to deal with cybersquatters.<sup>83</sup> It provides protection from individuals who, with a bad faith intent, register or traffic in domain names that are confusingly similar to already existing distinctive marks, or are dilutive of pre-existing famous marks.<sup>84</sup> The ACPA also provides limited protection from cybersquatters who attempt to register a domain name using the "personal name" of an individual.<sup>85</sup> The statute provides nine non-exclusive factors to determine whether bad faith is present.<sup>86</sup> The ACPA also creates new remedies to deal with cybersquatting.<sup>87</sup> Some amendments allow a court to grant injunctive and monetary relief,<sup>88</sup> and others allow for statutory damages instead of actual damages.<sup>89</sup> In addition to these new remedies, the ACPA also provides for *in rem* jurisdiction in the judicial district where the registrar is located.<sup>90</sup>

In order to encourage growth and promote responsibility on the part of the registrars, the ACPA provides virtual immunity to registrars who cooperate with the provisions of the Act.<sup>91</sup>

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77. See Diane K. Wong, *Avery Dennison Corp. v. Sumpton*, 15 BERKELEY TECH. L.J. 245, 248 (2000) (defining tarnishment as the association of an inferior product with a famous trademark thereby injuring the reputation of the trademark holder).

78. See *id.* (defining blurring as the use of a famous mark which leads to consumer confusion as to the association of the original trademark and the goods attached thereto).

79. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25-77 (2000).

80. See *id.* (critiquing the application of traditional dilution laws to the Internet and cybersquatters); Borgman, *supra* note 2, at 267 ("It is difficult to understand how the mere registration of a domain name would constitute 'use' of a mark sufficient to create a likelihood of confusion.").

81. See *Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 495 (2d Cir. 2000) (explaining that many cybersquatters are careful not to offer the sale of domain names in a way that "might implicate liability under existing trademark dilution law.").

82. 15 U.S.C.A. § 43(d) (West 2000).

83. See *Copyright*, 15 BERKELEY TECH. L.J. 505, 512 (2000) (detailing background information on the ACPA).

84. 15 U.S.C.A. § 1125(d) (West 2000).

85. *Id.* § 1129(a) (West 2000).

86. See *id.* § 1125(d)(1)(B) (West 2000) (listing nine factors that are nearly identical to the factors used in the Chapter 218 described below).

87. 15 U.S.C.A. § 1116(a) (West Supp. 2000); *id.* § 1117 (West Supp. 2000).

88. *Id.*

89. *Id.* § 1117(d) (West Supp. 2000).

90. *Id.* § 1125(d)(2)(A) (West Supp. 2000).

91. *Id.* § 1114(2)(D)(iii) (West 1997 & Supp. 2000).

When the domain name is registered in an individual's name, a different set of standards apply.<sup>92</sup> The cybersquatter must have registered a domain name that is identical or confusingly similar to the name of another living person with the "specific intent" of selling the domain name to the rightful owner, or to a third party for profit.<sup>93</sup> An exception applies for copyright holders and licensees who use the name in relation to works of authorship, and where a copyright holder intends to sell the domain name "in conjunction with the lawful exploitation of the work," providing that there is no contractual prohibition between the parties.<sup>94</sup> Therefore, as long as the cybersquatter includes a photograph, drawing, sound recording, or other copyrightable work on the website, they have not violated the ACPA.<sup>95</sup>

### C. *The Problem: Determining Subjective Intent*

Intent requirements differ significantly when a court is dealing with a trademark as compared to a personal name.<sup>96</sup> To find a person liable under the ACPA, the subjective intent of the cybersquatter must be proven.<sup>97</sup> Therefore, unless the cybersquatter makes an overt act demonstrating a motive for commercial profit, they cannot be found liable.<sup>98</sup> This enables a cybersquatter to register hundreds of domain names of famous people or of people with a strong chance of becoming famous, such as amateur athletes, and wait for the individual(s) to make an offer after they learn that their names are already registered. Also, no protection is given to the heirs of deceased celebrities from the effects of a cybersquatter.<sup>99</sup> Therefore, a cybersquatter can either wait patiently for a celebrity to come to them, or in the case of a deceased celebrity, she can be more aggressive and solicit payment from the estate of the celebrity.

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92. MCCARTHY, *supra* note 79, at § 25-80.

93. 15 U.S.C.A. § 1129(1)(A) (West Supp. 2000).

94. *Id.* § 1129(1)(B) (West Supp. 2000).

95. See Borgman, *supra* note 2, at 267 (describing the exceptions to the protection of personal names under the ACPA).

96. See MCCARTHY, *supra* note 79, at § 25-80 (comparing the laws protecting trademarks and personal names from cybersquatters).

97. See Voelzke, *supra* note 65, at 3 (discussing how a person with an identical name could still be found liable as long as it could be proven that she had the specific intent to sell the domain name to another person for profit).

98. See ASSEMBLY COMMITTEE ON JUDICIARY, COMMITTEE ANALYSIS OF SB 1319, at 4 (June 20, 2000) (revealing the practical difficulties in utilizing the federal ACPA).

99. See Borgman, *supra* note 2, at 274-75 (concluding that the specific intent requirement, exclusions, and lack of protection for deceased celebrities, render the law "toothless").

## IV. CHAPTER 218

To protect personal names from cybersquatters, California has added Chapter 218 to the Business and Professions Code.<sup>100</sup> Chapter 218 enhances the federal ACPA by: 1) no longer requiring proof of specific intent to profit in order to find liability; and 2) extending protection to the names of living persons and deceased personalities, not just to persons who were alive and famous at the time the domain name was registered.<sup>101</sup> Chapter 218 provides that a violation of the Unfair Competition Act<sup>102</sup> occurs when any person, who, without consent, and with a bad faith intent, registers, traffics in, or uses a domain name, that is identical or confusingly similar to the personal name of a living person or a deceased personality.<sup>103</sup> A violation of the Unfair Competition Act provides that a violator may be enjoined from using the domain name and ordered to transfer ownership to the rightful owner,<sup>104</sup> and civil penalties, including lawyers fees may be levied against the violating party.<sup>105</sup>

The determination of “bad faith” is made by applying nine non-exclusive factors, which include: (1) the alleged cybersquatter’s intellectual property rights in the domain name, if any; (2) the extent the person or deceased celebrity name is used in the domain name; (3) the bona fide prior use of the domain; (4) the existence of a legitimate noncommercial or fair use of the name on the website located at the alleged cybersquatters domain name; (5) the intent of the alleged cybersquatter to divert consumers from finding the appropriate web page or the intent to tarnish the person’s or deceased celebrity’s name by creating confusion as to who is the true source of the web page; (6) the existence of any offer made by the alleged cybersquatter to sell or transfer the domain to the rightful owner or third party and the lack of intent to use the domain name in any bona fide manner; (7) the extent to which false or misleading contact information was given when applying for the registration of the domain name; (8) the possession of multiple domain names that are identical or confusingly similar to other persons or deceased celebrity’s names; and (9) the existence of consent from the rightful owner.<sup>106</sup> Similar to the federal ACPA, immunity is provided for domain name registrars who cooperate with the provisions of this law.<sup>107</sup>

Chapter 218 also provides an exception to protect innocent parties from being sued for merely expressing themselves on domain names that are identical or confusingly similar to a celebrity’s name. If the name registered as a domain name

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100. CAL BUS. & PROF. CODE §§ 17525, 17526, 17527, 17528 (enacted by Chapter 218).

101. *Id.* § 17525(a) (enacted by Chapter 218).

102. *Id.* § 17200 (West 1997).

103. *Id.* § 17525(a) (enacted by Chapter 218).

104. *Id.* §§ 17535, 17203, 17070 (West 1997).

105. *Id.*

106. *Id.* § 17526 (enacted by Chapter 218).

107. *Id.* § 17525(c) (enacted by Chapter 218).

is connected to a creative piece of work, "including but not limited to, fictional or non-fictional entertainment, and dramatic, literary, audiovisual, or musical works" the registering party will not be liable.<sup>108</sup>

## V. ANALYSIS

With the enactment of Chapter 218, the California Legislature is seeking to protect one of California's greatest "natural" assets, Hollywood. By extending protection from cybersquatters to celebrities and their benefactors, the Legislature is protecting the economic future of many young, yet to be famous individuals, and an ever growing population of deceased personalities, whose heirs are dependent on the value of the personality's name.<sup>109</sup>

Chapter 218 may inadvertently limit the expression of some good faith fans though. By relaxing the intent requirement from a specific intent to profit to merely using it as one of the nine non-exclusive factors in determining bad faith intent, there is a possibility that some fan's websites will be either bullied, or forced by the courts to relinquish their domain name.<sup>110</sup> This seems to contradict the popular belief that the Internet is an open media for freedom of expression. However, this freedom of expression must be balanced with the ever increasing financial power that the Internet holds.<sup>111</sup> By allowing Internet users to register and use domain names predatorily, many people whose livelihood are dependant on the marketability of their name will be adversely affected.<sup>112</sup> Also, exclusions set out in Chapter 218 which provide immunity for web pages used for works of creative authorship help to ensure that freedom of expression will be protected.<sup>113</sup> With the application of the nine factors discussed above, and the exclusion of works of authorship, true good faith fans will be free to share their opinions on certain famous personalities, and celebrities will be able to utilize the Internet as a financial tool.

## VI. CONCLUSION

The enactment of Chapter 218 provides a remedy to citizens who are the victims of the predatory actions of cybersquatters, hoping to gain wealth by simply

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108. *Id.* § 17525(b) (enacted by Chapter 218).

109. Letter from Catherine York, Director of Government Relations of the Screen Actors Guild, to Senator John Burton (Mar. 1, 2000) (copy on file with the *McGeorge Law Review*).

110. Mayhew, *supra* note 6, at E1.

111. See John Dorschner, *www.cashingin.com*, MIAMI HERALD, Apr. 12, 2000 (discussing the auctioning of domain names).

112. Eric J. Sinrod, Jeffery W. Reyna and Barak D. Jolish, *Evicting Cybersquatters*, UPSIDE TODAY, June 19, 2000 available at <http://upsidetoday.com/texis/mvm/story?id=387243db0> (last visited June 19, 2000) (on file with the *McGeorge Law Review*) (evaluating the implementation of the ACPA and its effects on the Internet).

113. CAL BUS. & PROF. CODE § 17525(b) (enacted by Chapter 218).

registering another person's name.<sup>114</sup> By enabling the court to determine if a bad faith intent is present, instead of having to prove that the cybersquatter had a specific intent to profit, the victims of cybersquatters now have a much greater chance at receiving a favorable decision in California courts.

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114. See Letter from Kim Allman, Director, State Government Affairs, Recording Industry Association of America, to Senator John Burton (Apr. 20, 2000) (on file with the *McGeorge Law Review*) (supporting SB 1319's protective powers); Letter from Vans Stevenson, Senior Vice President, State Legislative Affairs, Motion Picture Association of America, Inc., to Senator Adam Schiff (Apr. 17, 2000) (on file with the *McGeorge Law Review*) (commending the appropriateness of SB 1319, and its ability to protect celebrities from cybersquatters).