

## I'll Sell You Your Domain Name for the Low, Low Price of...

### How to Protect Yourself against Cybersquatters

**A**s president of "Brazil Fashions," a manufacturing company that produces the country's trendiest clothing and accessories, you just signed a distribution agreement that will, for the first time, launch your most popular brand of clothing into foreign markets, including the United States. Days after your press release, you get an e-mail from someone who offers to sell you (for an exorbitant price, of course) the .com, .net, .org, .biz and .info domain names corresponding to the brand that that you were about to launch abroad. The problem is clear -- your company will not be able to register the most important domain names corresponding to your brand, nor will it be able to develop websites to promote the brand at those domains.

Brazil Fashions had long registered the brand as a trademark with the Brazilian Patent Office. Not having dreamed of expansion beyond Brazil's borders, the company never took steps to get trademark protection elsewhere. As president of the company, you contact the Brazilian trademark council and are told about something called the "UDRP," which will allow your company to recover the domain names on the basis of the Brazilian trademark registration. You are optimistic, but you are not taking any chances. You want to know more about this thing called the UDRP and "cybersquatting." It cannot be that easy. Indeed, it is not.

#### Recovering Domain Names Under the UDRP

The Uniform Domain Name Dispute Resolution Policy ("UDRP") is a non-binding arbitration-like dispute procedure that every registrant

must accept before being allowed to register a domain name with a .com, .net, .org, .biz or .info extension. (The UDRP also applies to some, but not all, so-called "country-code" domain names like .br or .ar.) Under the UDRP, a complaining party typically files a complaint, along with all of its evidence, to demonstrate:

- 1) that a registered domain name is identical or confusingly similar to a mark in which it has trademark rights in any country in the world;
- 2) that the domain name registrant lacks rights or a legitimate interest in the domain name; and
- 3) that the domain name registrant registered and used the domain name in bad faith. (An offer to sell may be bad faith).

The UDRP requires that a complaining party specify in the complaint whether it will agree to jurisdiction in the location of either:

- 1) the registrant of the domain name being challenged, or
- 2) the registrar of the domain name (i.e., Network Solutions or Register.com). This requirement was designed to permit a registrant to "control" where it may have to challenge an unfavorable UDRP decision which orders the transfer of its domain name. Since a large majority of .com, .net, .org, .biz and .info domain names are registered with US-based registrars by registrants also located in the US, chances are that most challenges to UDRP decisions will be adjudicated in a US court.

#### Challenging the UDRP: The Anti-Cybersquatting Consumer Protection Act

The Anti-Cybersquatting Consumer Protection Act ("ACPA") was passed in 1999 in an effort to provide trademark owners who were being victimized by cybersquatters with some form of relief. However, the ACPA contains a provision that permits US domain name registrants (like the one who contacted "Brazil Fashions") to bring actions in US courts seeking a determination that

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its registration of a domain name was indeed lawful. This provision, in effect, allows a domain name registrant to challenge a UDRP decision which orders transfer of its domain name by the simple vehicle of requesting that a US court determine whether the registration was or was not unlawful.

In a case involving Brazilian and US interests, the domain name "corinthians.com" was registered by an individual in the United States who then offered to sell it to the Brazil's soccer team Corinthians. A US court explicitly ruled that registrants are entitled to such determinations even when the domain name is identical to a trademark registered outside of the US. As a result

*Continued on page 13*

## FOCUS on the INTERNET and E-COMMERCE in BRAZIL

I'LL SELL YOU YOUR DOMAIN NAME FOR THE LOW, LOW PRICE OF... *Continued from page 12*

of the seminal decision in the "corinthians.com" case, the UDRP decision is not the end of the line (at least in cases involving US domain name registrants). If the domain name registrant has the means to mount a challenge to an unfavorable UDRP decision, the court challenge may tie up the domain name for years.

### The ACPA: Ignoring Foreign Rights?

US courts have not made it easy for owners of foreign trademarks (i.e., trademarks not used or registered in the United States) to protect themselves from cybersquatters. The City Council of Barcelona learned this the hard way in a case involving the domain name "barcelona.com." After a party claiming it was based in the US offered to sell the domain name to the City Council, the City Council successfully brought a UDRP proceeding to recover the domain name based on its Spanish trademark rights in the mark BARCELONA.

The registrant then launched a challenge to the UDRP decision in the courts, which ultimately ordered that the "barcelona.com" domain name remain with the registrant. After observing that courts are not bound by UDRP decisions, the court held that US law determines whether a particular domain name was unlawfully registered under the ACPA. The issue of unlawful registration, determined under US law, ipso facto is resolved in the favor of a registrant if in fact that foreign trademark owner has no trademark rights in the US. Here, if the City Council of Barcelona has no trademark rights under US law, then the domain name registrant could not have registered the domain name unlawfully.

### It's Not Over for Foreign Trademark Owners

Recent court decisions suggest a manner in which foreign trademark owners can protect their trademarks against cybersquatters. Those decisions acknowledge that foreign trademark owners can establish rights in a mark under US law even if the mark is only used in connection with "foreign trade," since such trade can be regulated by Congress. Consequently, while the courts have explained that, in and of itself, advertising in the United States does not give rise to trademark rights under US law, such advertising, coupled with the fact that US citizens have purchased the goods or services with which the trademark is used while traveling abroad, can give rise to trademark rights under US law. Therefore, a casino in Monte Carlo could establish that it has trademark rights under US law by proving that it advertised its casino in the United States and that US citizens had gambled at the casino (albeit in Monte Carlo).

### What Hope Do You Have?

If the US-based cybersquatter challenges a favorable UDRP decision obtained by Brazil Fashions, the company may be able to successfully fend off such a challenge. In doing so, Brazil Fashions would not rely on any trademark rights it obtained in Brazil. To successfully contest any challenge to the UDRP decision before a US court, Brazil Fashions would need to establish that it has trademark rights under US law. Since

Brazil Fashions has not sold goods in the United States, it would have to establish that its rights emanate by virtue of its use of the brand in commerce with the United States. This could be done by establishing that the trademark had been advertised in the United States (either in the print media or over the internet) and that US citizens have purchased goods associated with the trademark, even if they did so outside of the United States. ■

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*If you have any questions regarding domain names, trademark infringement or intellectual property, you may contact us via e-mail at [msavio@grr.com](mailto:msavio@grr.com) or [mmisthal@grr.com](mailto:mmisthal@grr.com), or visit our website at [www.grr.com](http://www.grr.com).*

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