Do You Know Where Your Trademark Is? How the Fourth Circuit's Interpretation of the Anticybersquatting Consumer Protection Act Correctly Protects Trademark Owners Online

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Introduction

The world was revolutionized thirty years ago. On April 30, 1993, the World Wide Web ("WWW") was launched for public use.[1] It was a "great online awakening" that connected individuals to concepts that are now integral to our daily lives.[2] And as individuals migrated onto the WWW, so did businesses. Consumers warmed to the idea of ordering something from the comfort of their home and having it arrive at their doorstep within days. Businesses took note of this consumer behavior and jumpstarted their online locations, using domain names to identify themselves on this newfound forum.

A domain name is how websites portray their identity to individuals and are critical to the online presence of a company.[3] For example, an individual who wants to visit the domain name registrar company, GoDaddy, must type in godaddy.com in their browser (the company's domain name) to reach the website. Otherwise, only typing in "godaddy" would reach hundreds of websites that could be unaffiliated with the actual GoDaddy company.[4]

However, as businesses moved onto the digital space, some found that their trademarked name was already used in a domain name. And this was by no accident–cybersquatters intentionally registered domain names that contained trademarks in hopes of reselling it to the trademark owner at a profit.[5] This practice became known as cybersquatting, and it forced out

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[1] Julian Ring, *30 years ago, one decision altered the course of our connected world*, NPR, https://www.npr.org/2023/04/30/1172276538/world-wide-web-internet-anniversary#:~:text=Fresh%20Air-,The%20World%20Wide%20Web%20became%20available%20to%20the%20broader%20public,with%20graphics%2C%20audio%20and%20hyperlinks.

[2] *Id.*

[3] *Domain Name Basics*, GOOGLE WORKSPACE ADMIN. HELP, https://support.google.com/a/answer/2573637?hl=en#B (last visited Dec. 18, 2023). An example of a domain name is google.com– the domain name is "google." *Id.*

[4] Derek Miller, *What is a domain name? The best beginner's guide (2024)*, GoDaddy, (Mar. 6, 2023), https://www.godaddy.com/resources/skills/what-is-a-domain-name.

[5] Tamara Michelle Kurtzman, *Cyber Center: The Continued Hijacking and Ransoming of the Domain Name System by Modern-Day Corporate Privateers*, ABA, https://www.americanbar.org/groups/business_law/resources/business-law-today/2016-june/cyber-center-the-continued-hijacking-and-

businesses from owning a domain name that would be ideal for their business, unless they paid the ransom money to the cybersquatters.[6] In October 1999, the Uniform Domain Name Dispute Resolution Policy ("UDRP") emerged as an arbitrational mechanism for wronged trademark holders to seize a domain name that contained their mark.[7] And a month later, Congress passed the Anticybersquatting Consumer Protection Act ("ACPA") that established a cause of action for a trademark owner to hold liable one who, with "bad faith intent to profit from" a trademark, "registers, traffics in, or uses" a domain name that is "identical or confusingly similar" to the trademark that is distinctive at the time of registration.[8]

However, courts are divided over what type of activity is included within the statutory term "registration." When registrants (domain name owners) register their domain name, it is in their possession for a limited time, generally from one to ten years.[9] Once the term expires, registrants must re-register (renew) the domain name with the registrar, or risk losing the name.[10] In addition, domain name registrants have the right to transfer their domain to another registrant or registrar.[11] The Fourth Circuit broadly held that re-registrations of domain names are included in the meaning of the statute.[12] Conversely, the Ninth Circuit narrowly held that re-registrations of domain names are not within the definition of "registration," and thus not within the purview of the ACPA.[13]

This Note argues that the Fourth Circuit correctly held that "registration" encompasses both the initial and subsequent registration of a domain name under the ACPA. The Ninth Circuit's narrow interpretation oversimplified the complexity of domain name ownership and thereby created a narrow loophole for cybersquatters to evade liability. Part I provides an overview of cybersquatting. Part II compares the ACPA and the UDRP, and why a trademark owner would choose one avenue for relief as opposed to the other. Part III explains the circuit split, including the facts, holding, and rationale of each case. Part IV argues that the Fourth Circuit correctly held that subsequent registrations are within the purview of the ACPA from multiple perspectives of statutory interpretation. Lastly, Part V provides a solution to enforce stronger protections for trademark owners on the Internet.

I. **Cybersquatting and its Evolution**

A. **The Distinctions of Domain Names and Trademarks**

In order to understand the ACPA, it is important to note that trademarks and domain names are not the same.[14] A trademark is a word, phrase, symbol, or device, or a combination thereof, that identifies goods or services.[15] Although trademarks need not be registered on the principal register to be protected, those that are enjoy significant advantages, such as constructive notice to third parties of the registrant's claim of trademark's ownership [16]

Conversely, a domain name is the Internet address of a website.[17] It is comprised of two components: top level domain ("TLD")–the information after the final period, such as ".com"— and an identifying second level domain ("SLD") –the information left of the period, such as a

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[14] *How trademarks and domain names differ*, U.S. PATENT AND TRADEMARK OFFICE, https://www.uspto.gov/sites/default/files/documents/TM-Trademark-or-Domain-Name-flyer.pdf.
[15] 15 U.S.C. § 1127; *see* Qualitex Co. v. Jacobson Prod. Co., 514 U.S. 159, 162 (1995).
[16] 15 U.S.C. §§ 1057(c), 1072
[17] Derek Miller, *What is a domain name? The best beginner's guide (2024)*, GODADDY, (Mar. 6, 2023), https://www.godaddy.com/resources/skills/what-is-a-domain-name

brand name.[18] Since 1998, the Internet Corporation for Assigned Names and Numbers

("ICANN") has regulated TLD registrars, such as GoDaddy, who have the authority to assign

domain names and who assign those domain names to individuals or firms in exchange for a

registration fee.[19] ICANN is a non-profit organization that oversees the entire domain system,

coordinates domain names, and accredits domain registrars.[20]

However, domain name registration does not secure trademark rights.[21] Generally,

domain names are acquired by whoever registers them first, and that entity holds the right to the

domain until it expires or is sold.[22] When a person or company seeks to purchase a domain, the

registrars do not verify that it does not contain a trademark.[23] Therefore, cybersquatters are able

to obtain domain names that contain trademarks in an inexpensive and simple manner, but they

can generate a remarkable profit by holding the name ransom from trademark holders.[24]

B. A New Domain: The Origins of Cybersquatting

Cybersquatting is the bad faith registration, use, or sale of a domain name that contains a

trademark.[25] Courts characterize cybersquatting as the Internet's "land grab," where

cybersquatters force trademark owners to pay a price to use their own name online.[26] This

practice began at the emergence of the WWW when companies had not yet moved to the digital

space.[27] Companies' absence on the WWW enabled cybersquatters to register domain names

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[18] *Id.*
[19] *Id.*
[20] *What Does ICANN Do?* ICANN, https://www.icann.org/resources/pages/what-2012-02-25-en (last visited Oct. 3, 2023).
[21] *See How trademarks and domain names differ*, *supra* note 14.
[22] Miller, *supra* note 17.
[23] *See* Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 493 (2d Cir. 2000) ("[s]ince domain name registrars do not check to see whether a domain name request is related to existing trademarks, it has been simple and inexpensive for any person to register as domain names the marks of established companies.").
[24] *Id.*
[25] Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785, 791 (4th Cir. 2023).
[26] Interstellar Starship Servs., Ltd. v. Epix, Inc., 304 F.3d 936, 946 (9th Cir. 2002).
[27] Sporty's Farm L.L.C., 202 F.3d at 493.

before the companies.[28] Once businesses transitioned to online platforms, they were left

bargaining with cybersquatters for a domain that contained their own trademark.[29] Separate from

earning a profit, cybersquatters may also aim to divert consumers away from the trademark

owner's website for commercial gain or to disparage the trademark itself.[30]

II.   Avenues of Action for Trademark Holders

A. The ACPA

In November 1999, Congress passed the ACPA, which was an amendment to the Lanham

Act.[31] The legislative intent behind the ACPA was to protect consumers and American

businesses, promote e-commerce growth, and clarify cybersquatting law for trademark owners.[32]

The ACPA created a new civil cause of action for trademark owners to hold liable cybersquatters

who registered domain names that are identical to or confusingly similar to the respective

mark.[33] An ACPA claim must establish:

> (1) bad faith intent to profit from that trademark, including a personal name which
> is protected as a mark; (2) registered, trafficked in, or used a domain name; (3) that
> in the case of a trademark that is distinctive at the time of registration of the domain
> name, is identical or confusingly similar to that mark, or (4) in the case of a famous
> mark that is famous at the time of the registration of the domain, is identical or
> confusingly similar to that mark.[34]

Courts have defined the phrase "confusingly similar" to mean where the domain name

and trademark are "so similar in sight, sound, or meaning that confusion is likely."[35] In addition,

bad faith encompasses the intention to divert consumers to the defendant's website, rather than

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[28] Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1319 (9th Cir. 1998).
[29] S. REP. NO. 106–140, at 4–5 (1999).
[30] *Id*. at 14.
[31] S. REP. NO. 106–140, at 1 (1999).
[32] *Id.* at 4.
[33] *Id.* at 8.
[34] 15 U.S.C. § 1125(d)(1)(A)(i)–(ii).
[35] Heron Dev. Corp. v. Vacation Tours, Inc., No. 16-20683-CIV, 2018 WL 2943217, at *7 (S.D. Fla. June 12, 2018).

the trademark owner's, to defraud and mislead the general public.[36] Courts are instructed to

weigh nine factors to decide whether the defendant acted in bad faith:[37]

1. The trademark or other intellectual property rights of the person . . . in the domain name;
2. the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
3. the person's prior use . . . of the domain name in connection with the bona fide offering of any goods or services;
4. the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
5. the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
6. the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services . . ;
7. the person's provision of material and misleading false contact information when applying for the registration of the domain name . . . or intentional failure to maintain accurate contact information . . ;
8. the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
9. the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection(c)(1) of section 43.

However, these factors are not an exhaustive list of what constitutes bad faith. The

factors are intended to balance property interests of trademark owners with the interests of

Internet users who intend to use trademarks in compliance with the law, such as for comparative

advertising and criticism.[38] Therefore, courts balance a case-specific approach with the statutory

factors to determine the presence of bad faith.[39] In addition, the ACPA includes a safe harbor

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[36] S. REP. No. 106–140, at 14–15 (1999).
[37] 15 U.S.C. § 1125(d)(1)(B)(i)(I)–(IX).
[38] *See* Gioconda L. Grp. PLLC v. Kenzie, 941 F. Supp. 2d 424, 433 (S.D.N.Y. 2013).
[39] *Id.*

provision that protects defendants who believe that their actions were lawful and had "reasonable grounds" to use the disputed name.[40]

B. The Uniform Domain Name Dispute Resolution Policy ("UDRP")

The ACPA is not the exclusive avenue for complainants to hold cybersquatters liable. The UDRP is an arbitrational mechanism used to resolve domain disputes between the registrant and a trademark owner.[41] In 1999, the UDRP was approved by ICANN to provide an efficient and affordable means to resolve domain name disputes, rather than a costly and lengthy litigation under the ACPA.[42] When someone registers a domain name, they contractually agree with the registrar to follow UDRP provisions.[43] A claim under the UDRP must establish: (1) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the domain name holder possesses no rights or legitimate interests in respect of the domain name; and (3) the domain name has been registered and is being used in bad faith.[44] Unlike judges, the decisionmakers are experts in international trademark law and domain name issues.[45]

C. When the UDRP Is Not the Appropriate Course of Action

There are several differences between the UDRP and the ACPA that reflect varied needs of wronged trademark holders. First, the ACPA and the UDRP provide different remedies.[46]

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[40] 15 U.S.C. § 1125(d)(1)(B)(ii); *see also* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 270 (4th Cir. 2001) (holding that the court will not construe the safe harbor provision "so broadly as to undermine the rest of the statute").

[41] *Scope of the Uniform Domain Name Dispute Resolution Policy*, ICANN (last visited Dec. 21, 2023), https://www.wipo.int/amc/en/domains/guide/#a1

[42] *Id.*

[43] ICANN, Uniform Domain Name Dispute Resolution Policy, ¶ 2, https://www.icann.org/resources/pages/policy-2012-02-25-en (last visited Dec. 18, 2023).

[44] *Id.*, ¶ 4(a)(i)–(iii), https://www.icann.org/resources/pages/policy-2012-02-25-en (last visited Dec. 18, 2023).

[45] *WIPO Domain Name Panelists*, WIPO, https://www.wipo.int/amc/en/domains/panel.html (last visited Dec. 18, 2023).

[46] 15 U.S.C. § 1125(d)(2); ICANN, Uniform Domain Name Dispute Resolution Policy, ¶4(i), https://www.icann.org/resources/pages/policy-2012-02-25-en.

The UDRP is limited to cancelling or transferring the domain name registration to the complainant.[47] Conversely, like the UDRP, courts under the ACPA may order the cancellation or transfer of the domain name to the trademark owner.[48] However, unlike the UDRP, plaintiffs under the ACPA are entitled to recover damages from: (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.[49]

Second, UDRP decisions are not binding on courts, and courts have declined to decide what the standard for review would be for a UDRP decision.[50] Conversely, judicial decisions under the ACPA expand the interpretations of the statute and are binding on the court's jurisdiction.[51] Hence, while the ACPA is expounded through judicial interpretation and precedent, the UDRP functions to consider and decide a mark owner's complaint at hand.[52] The decisions of the UDRP do not usurp judgments issued by courts.[53] Consequently, since the ACPA is subject to judicial interpretation and application, it is the proper forum to handle complex legal issues. If a complainant has several causes of action, such as trademark infringement or unfair competition in addition to the domain name dispute, the UDRP is ill-suited to handle such claims.[54]

Third, the UDRP streamlines domain name disputes in an efficient and cost-effective manner, whereas litigation under the ACPA is a costly, exhaustive process.[55] Unlike litigation

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[47] ICANN, Uniform Domain Name Dispute Resolution Policy, ¶4(i), at https://www.icann.org/resources/pages/policy-2012-02-25-en#4.
[48] 15 U.S.C. §§ 1125(d)(1)(C).
[49] 15 U.S.C. § 1117(a).
[50] Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 625 (4th Cir. 2003) (holding that the UDRP is designed to enforce domain name disputes, not solve disputes rooted in trademark law).
[51] *Id.*
[52] *Id.*
[53] *Id.* at 625.
[54] *Id.* at 624–25.
[55] ICANN, Rules for Uniform Domain Name Dispute Resolution Policy, ¶ 5, at https://www.icann.org/resources/pages/udrp-rules-2015-03-11-en (Oct. 24, 1999); *see also* Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona, 330 F.3d 617, 623 (4th Cir. 2003) ("The UDRP is intended to provide a

which may span for years, an Administrative Procedure filed under a UDRP tribunal is generally

completed within 60 days of the date of the Complaint.[56]

The UDRP is an effective tool for individuals or businesses who are only looking for the

transfer or cancellation of their domain name, and who do not want to endure an expensive and

time-consuming litigation. However, the ACPA remains an important mechanism for trademark

owners to enforce their rights online in issues rooted in trademark law, and who are seeking a

remedy beyond a transfer or cancellation of their domain name.

III. The Circuit Split

A. What is the Split About?

The ACPA imposes liability on a person who "has a bad faith intent to profit from the

mark . . . and registers, traffics in, or uses a domain name that . . . is distinctive at the time of

registration [and] identical or confusingly similar to that mark."[57] A plaintiff who brings an

ACPA claim must show that their trademark was distinctive at the time the defendant registered

the domain name.[58] However, the statute is silent as to whether renewals, transfers, and other

forms of domain name re-registrations within the statute's use of "registration."

For example, A registers a domain name. Then, B acquires rights in a trademark that is

confusingly similar or identical to the domain name A registered. Next, A renews the domain

name, or transfers it to a new registrant, C. Whether B can prove that the mark was "distinctive

at the time of registration" is a debate amongst courts: if "registration" is limited to only the

initial registration, A's renewal or transfer will not be subject to ACPA liability because at the

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quick process for resolving domain name disputes by submitting them to authorized panels or panel members
operating under rules of procedure established by ICANN . . . .").
[56] *Overview of the UDRP Administrative Procedure,* WIPO, https://www.wipo.int/amc/en/domains/guide/#b2 (last
visited Dec. 21, 2023).
[57] 15 U.S.C. § 1125(d)(1)(A)(ii)(I).
[58] *Id.*

time of the *initial* registration, the mark was not distinctive.[59] However, if the renewal of the registration or the transfer of the registration to C *is* within the definition of "registration," then B may establish that the mark was distinctive at the time of registration.[60]

In January 2023, the Fourth Circuit held in *Prudential Insurance Company of America v. Shenzhen Stone Network Information* that the ACPA is not limited to the initial registration of a domain name, but also includes subsequent registrations, renewals, and transfers.[61] Therefore, where a "successive registration of a disputed domain postdates the trademark registration of the corresponding mark, the mark owner may show that the successive registration was done in bad faith."[62] Under this interpretation, any and all registrations of a domain, including the initial registration and those that follow (such as renewals and transfers), are actionable under the ACPA.[63] The Fourth Circuit joins the Third and Eleventh Circuits in holding that "registers" is not exclusively applicable to only the initial registration.[64] However, in *GoPets Ltd. v. Hise*, the Ninth Circuit departed from this view and held that "registration" does not extend to each registration of a domain name, thereby allowing a domain name holder (who registered the domain name before the trademark was distinctive) to freely transfer and renew the disputed domain when it postdates the registration of the corresponding trademark.[65]

B. The Fourth Circuit

In April 2020, Prudential Insurance Company ("Prudential") sued Shenzhen Stone Network Information Ltd. ("SSN") for cybersquatting under the ACPA and trademark

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[59] GoPets Ltd. v. Hise, 657 F.3d 1024, 1032 (9th Cir. 2011).
[60] Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785, 797 (4th Cir. 2023).
[61] *Id*. at 789.
[62] *Id*. at 797.
[63] *Id.*
[64] *Id.*
[65] 657 F.3d 1024, 1031 (9th Cir. 2011).

infringement under the Lanham Act.[66] Prudential Insurance is a worldwide, United States-based

insurance and financial service company.[67] SSN is a Chinse Internet company that distributes

economic and financial information to Chinese consumers, with a concentration in the foreign

exchange industry.[68] The CEO of SSN is Frank Zhang.[69] Since November 2002, Prudential has

owned the United States trademarks "PRUDENTIAL," "PRU" and other PRU-related marks.[70]

On October 17, 2017, Mr. Zhang, acting on behalf of SSN, purchased the domain name

PRU.com (the subsequent registration) from an unidentified Texas company that had previously

registered it (the initial registration).[71] In March 2020, Prudential attempted to register PRU.com

but learned SSN owned the domain.[72] In mid-March 2020, a GoDaddy broker informed SSN

that an anonymous buyer, later discovered to be Prudential, made an offer to buy the name.[73]

SSN rejected the offer and noted that only offers in the six-figures would be considered.[74] On

March 25, 2020, Prudential filed an action with the World Intellectual Property Organization

("WIPO") pursuant to the UDRP regarding PRU.com.[75] On April 22, 2020, Prudential filed an

action against SSN and Zhang, alleging: (1) cybersquatting in violation of the ACPA; and (2)

trademark infringement under the Lanham Act.[76] On May 7, 2020, Prudential moved to

terminate the UDRP proceedings.[77] On March 26, 2021, Prudential filed a Motion for Summary

Judgment on both claims, seeking an order transferring PRU.com to Prudential.[78] The district

[66] *Prudential Ins. Co. of Am*., 58 F.4th at 790.
[67] *Id.* at 789.
[68] Prudential Ins. Co. of Am. v. PRU.COM, 546 F. Supp. 3d 476, 480 (E.D. Va. 2021).
[69] *Id.*
[70] *Prudential Ins. Co. of Am*., 58 F.4th at 789.
[71] *Prudential Ins. Co. of Am.*, 546 F. Supp. 3d at 480.
[72] *Prudential Ins. Co. of Am*., 58 F.4th at 789.
[73] *Prudential Ins. Co. of Am.*, 546 F. Supp. 3d at 482–83.
[74] *Prudential Ins. Co. of Am*., 58 F.4th at 789.
[75] *Id.* at 790.
[76] *Id.* at 790–91.
[77] *Id.* at 790.
[78] Prudential Ins. Co. of Am. v. PRU.COM, 546 F. Supp. 3d 476, 480 (E.D. Va. 2021).

court granted summary judgment to Prudential on the ACPA claim, and ordered the requested transfer of the PRU.com domain.[79]

The Fourth Circuit affirmed the judgment of the district court, and held that registration renewals are encompassed under the broad definition of "registration."[80] Therefore, even though the initial registration of PRU.com was done *before* Prudential trademarked PRU in the United States, SSN was liable under the ACPA because they purchased in bad faith the domain *after* Prudential acquired trademark rights to PRU.[81] The court relied on precedents from the Third and Eleventh Circuits, noting that both courts held that the ACPA was not limited only to the initial registration but encompassed subsequent re-registrations.[82]

C. The Ninth Circuit

In March 1999, defendant Edward Hise registered the domain name gopets.com.[83] The disputed domain was neither the first nor the only name that Edward had registered; he and his brother, Joseph Hise, owned the corporation Digital Overture that had registered more than 1,300 domains as of 2011.[84] In 2004, plaintiff Erik Bethke founded company GoPets Ltd. in South Korea.[85] In September 2004, Mr. Bethke filed an application to register the service mark "GoPets" in the United States.[86] In November 2006, the service mark was duly registered.[87]

In the beginning of 2004, Mr. Bethke offered to purchase the domain gopets.com from the Hises.[88] On September 1, 2004, Edward responded to Mr. Bethke and disclosed that he was

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[79] *Id.* at 494.
[80] *Prudential Ins. Co. of Am*., 58 F.4th at 797 (holding that all registrations after the initial registration of the domain name are included under the ACPA).
[81] *Id.* SSN was also liable because they could not invoke the safe harbor defense. *Id*. at 807.
[82] *Id.* at 794.
[83] GoPets Ltd. v. Hise, 657 F.3d 1024, 1026 (9th Cir. 2011).
[84] *Id.* at 1027.
[85] *Id.* GoPets is a video game featuring virtual pets. *Id.*
[86] *Id.*
[87] *Id.*
[88] *Id.*

interested in selling the domain to a serious buyer, inviting Mr. Bethke to place a bid on the name by September 15, 2004.[89] On October 11, Mr. Bethke wrote to Edward Hise and offered to pay $750 for the name.[90] Edward responded that he would not sell the name "for little or nothing," and that he had a stronger offer.[91] On May 16, Mr. Bethke notified Joseph Hise that he was going to pursue UDRP proceedings.[92]

In July 2006, Edward Hise prevailed in the UDRP Proceeding.[93] After the decision, the Hises registered domain names similar to gopets.com.[94] On October 30, following the UDRP Proceeding, Mr. Bethke offered the Hises $5,000 to purchase the domain name—and after a telephone call, his offer increased to $40,000.[95] On November 20, Mr. Bethke reached out to the brothers again, indicating that his company was about to embark on a marketing campaign with gopetslive.com but preferred gopets.com, for which the $40,000 offer still stood.[96] On December 12, Edward responded to Mr. Bethke with a letter that warned that if Mr. Bethke used "gopetslive.com," it would confuse consumers.[97] The letter also threatened to add metatags to the computer code of gopets.com, where users who visited the game at gopetslive.com would be redirected to gopets.com instead.[98] Edward concluded the letter by offering to sell gopets.com to GoPets Ltd. for $5 million.[99] After sending the letter, Edward transferred the registration of the domain from himself to the Hises' corporation, Digital Overture (the subsequent registration).[100]

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[89] *Id.*
[90] *Id.*
[91] *Id.*
[92] *Id.*
[93] *Id.*
[94] *Id.* at 1029. These websites include gopets.mobi, gopets.name, goingpets.com, gopetssite.com. *Id.*
[95] *Id.* at 1028.
[96] *Id.*
[97] *Id.*
[98] *Id.*
[99] *Id.*
[100] *Id.*

In March 2007, GoPets Ltd. filed a complaint against the Hises, alleging cybersquatting under the ACPA, service mark infringement and unfair competition under the Lanham Act.[101] On May 27, 2008, the district court found for GoPets Ltd. on its ACPA and Lanham Act claims.[102]

The Ninth Circuit reversed on the ACPA claim and held that the re-registration of gopets.com was not within the ACPA's purview.[103] The court deferred to traditional property law and reasoned that a property owner may "sell all of the rights he holds in property."[104] Thus, Edward Hise had the right to transfer the domain to Digital Overture in December 2006 after the registration of GoPets because he was the initial owner of the domain since 1999.[105] The court explained that domain names would be "effectively inalienable" if registration renewals or transfers would be subject to ACPA liability.[106] This is because domain owners' ability to alienate the domain would be restricted if any future trademark that was filed after the initial registration of the domain exposed the subsequent registrant to liability under the ACPA.[107]

IV.   Why the Fourth Circuit Got It Right

A. Textual Analysis

The Fourth and the Ninth Circuit both agreed that the text of the statute was ambiguous as to whether "registration" was limited to the initial registration but also includes subsequent registrations.[108] For textualists, the primary inquiry in statutory interpretation is to determine the ordinary meaning of the text, often its most natural reading.[109] Textualists believe the plain

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[101] *Id.* at 1029.
[102] *Id.*
[103] *Id.* at 1035.
[104] *Id.* at 1032.
[105] *Id.*
[106] *Id.* at 1032.
[107] *Id.* at 1031.
[108] *See id.* at 1031; *see also Prudential* Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785, 794 (4th Cir. 2023).
[109] Republic of Sudan v. Harrison, 139 S. Ct. 1048, 1055 (2019).

meaning of the text cannot be superseded by legislative history, legislative intent, or other moral arguments and policy rationale.[110]

The Fourth Circuit began with a textual analysis. There, the court defined "registration" by its plain and ordinary meaning, "the act of registering."[111] Under this definition, when one re-registers a domain, they are merely registering again, and the natural definition and understanding of the word includes any registrations, not only one subset of registration.[112] The court emphasized that there is no language in the statute that conditions "registration" to limit the statute to the initial registration, such as "initial."[113]

The Fourth Circuit's textual analysis mirrored that of the Third and Eleventh Circuits. The Third Circuit held that "registration" was not limited to the initial registration because the language of the statute does not limit the word "registration" to include only the creation registration.[114] This is evidenced by the absence of words such as "initial" and "creation."[115] Similarly, the Eleventh Circuit held that the plain meaning of "register" includes a re-registration because there are no qualifiers to condition the act of registering to mean only the initial registration.[116] And, like the Fourth Circuit, the Eleventh Circuit relied on the dictionary definition of "re-register," which is to "'register again.'"[117] Consequently, these courts agreed

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[110] ANTONIN SCALIA, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 3 (2012) ("the notion that judges may . . . improvise on constitutional and statutory text enfeebles the democratic polity.").
[111] *Prudential Ins. Co. of Am*., 58 F.4th at 796.
[112] *See id.* (explaining that the "Merriam-Webster Dictionary defines 'registration' as 'the act of registering'"); *see also* Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767, 777 (11th Cir. 2015) (explaining that the Oxford Dictionary defines "register" is to "'[t]o register again'").
[113] *Prudential Inc. Co. of Am.,* 58 F.4th at 796.
[114] Schmidheiny v. Weber, 319 F.3d 581, 582–83 (3d Cir. 2003).
[115] *Id.*
[116] Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767, 777–78 (11th Cir. 2015).
[117] *Id.* at 777 (quoting *re-register*, OXFORD ENGLISH DICTIONARY (2015)); *see also Prudential Ins. Co. of Am.*, 58 F.4th at 796 (holding that the ordinary meaning of "registers" includes both the first registration and subsequent registrations because the dictionary definition of "re-register" is to "register again").

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that the ordinary meaning of "registers" and "registration," by their very definition, must include

the initial registrations and any subsequent re-registrations thereafter.[118]

The Ninth Circuit also conducted a textual analysis of "registration" and "register."[119]

The court explained that under any reasonable definition, an initial contract with the registrar

was a "registration."[120] However, like the Fourth Circuit noted, there was ambiguity as to

whether subsequent registrations, such as transfers and renewals, were included under

"registrations."[121] The Ninth Circuit ultimately rejected that interpretation because it deemed the

transfer of the domain name from Edward Hise to Digital Overture as a continuance of

ownership in light of property law.[122] Unlike the Fourth Circuit, the Ninth Circuit interpreted the

absence of words such as "initial" to suggest that the rights of an initial registrant are not

relinquished when the domain name is transferred to another owner because the general rule in

property allows a "property owner to sell of the rights he holds in property."[123]

B. Legislative History

The legislative history of the ACPA suggests that the behavior of Edward Hise is

particularly what the statute was intended to address and prevent.[124] Under an approach that

looks to legislative history, such evidence may illuminate statutory text when its meaning is

ambiguous.[125] In fact, the Ninth Circuit often considers legislative history when interpreting

statutes.[126] Legislative history, for those who value it, provides additional evidence that the

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[118] *Jysk Bed'N Linen*, 810 F.3d at 777; *Prudential Ins. Co. of Am.*, 58 F.4th at 796; *Schmidheiny*, 319 F.3d at 582–83.
[119] GoPets Ltd. v. Hise, 657 F.3d 1024, 1031 (9th Cir. 2011).
[120] *Id.* at 1030.
[121] *Id.*
[122] *Id.* at 1032.
[123] *See id.* at 1031; *see also Prudential Ins. Co. of Am.*, 58 F.4th at 796.
[124] H.R. REP. No.106-412, 6.
[125] *See* Heppner v. Alyeska Pipeline Serv. Co., 665 F.2d 868, 871 (9th Cir. 1981).
[126] *See id.*; *see also* United States v. Olander, 572 F.3d 764, 768 (9th Cir. 2009); *see also* Polk v. Yee, 36 F.4th 939, 948 (9th Cir. 2022).

Fourth Circuit correctly interpreted the ACPA to include re-registrations within the meaning of the statute.[127]

When Congress passed the ACPA in 1999, there was a need for legislation that banned the "deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners."[128] This was a real issue that damaged the reputation and sales of companies, where consumers who wanted to access the company's website were instead diverted to an unaffiliated website of the company.[129] Consequently, the ACPA aimed to curtail "the act of registering someone else's name as a domain name for the purpose of demanding remuneration from the person in exchange for the domain name."[130]

The Fourth Circuit cited several Congressional reports to support its holding that "registration" includes both the initial and subsequent registrations based on the purpose and intent of the ACPA.[131] The express intent of the ACPA was to restrict bad faith registrations that harmed consumers, businesses, and commerce.[132] Similarly, the Eleventh Circuit believed it to be "nonsensical to exempt the bad-faith re-registration of a domain name simply because the bad-faith behavior occurred during a noninitial registration . . . ."[133] This would permit behavior that Congress sought to prevent, namely those who have the "intent to profit from the goodwill associated" with the respective trademark.[134]

Conversely, the Ninth Circuit's holding enables cybersquatters to escape liability even though they re-registered the domain name with a bad faith intent, running counter to the purpose

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[127] ROBERT A. KATZMANN, JUDGING STATUTES 35 (2014).
[128] S. REP. No. 106–140, at 4 (1999).
[129] H.R. REP. No. 106–412, at 6 (1999).
[130] H.R. REP. No. 106–464, at 116 (1999) (Conf. Rep.).
[131] Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785, 796 (4th Cir. 2023).
[132] Id. (citing S. REP. NO. 106–140, at 4–6).
[133] Id. at 795 (quoting Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767, 778 (11th Cir. 2015)).
[134] See Jysk Bed'N Linen, 810 F.3d at 778; see also S. REP. NO. 106-140, at 4.

set out by Congress.[135] The court held that re-registrations do not fall within the meaning of the

statute because under traditional property law, a domain name owner may sell or transfer all

rights they own in property.[136] However, limiting the ACPA to extend only to initial

registrations could absolve a narrow class of cybersquatters from liability. The ACPA's

legislative history suggests that Edward Hise acted in the same manner and motives that

Congress intended to address.[137] Specifically, when Edward Hise offered the domain name to

Mr. Bethke at the exorbitant price of $5 million, and subsequently re-registered the domain to his

company Digital Overture.[138] This behavior aligns squarely with Congress' purpose to prevent

cybersquatters from "extortionat[ing] profits" from mark owners like Mr. Bethke.[139] In addition,

Edward Hise would have redirected consumers of gopetslive.com (GoPets Ltd) to gopets.com if

Mr. Bethke did not pay $5 million for gopets.com.[140] Thus, not only did Edward Hise have "bad

faith intent to profit from the mark," but also intended to divert consumers away from Mr.

Bethke's online location that would harm the goodwill of GoPets and create "a likelihood of

confusion as to the source . . . of the site" in consumers.[141]

It is important to note that the holding of the Ninth Circuit does not allow cybersquatters

to register a domain name that is identical or confusingly similar to a mark that exists *at the time*

of registration. The distinction between the Fourth and Ninth Circuit is reflected in the narrow

circumstance where the initial domain name registration was *before* the mark existed. Under this

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[135] S. REP. NO. 106-140, at 4 ("[t]he purpose of this bill is to protect commerce and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners by prohibiting the bad faith and abusive registration" of distinctive trademarks).
[136] GoPets Ltd. v. Hise, 657 F.3d 1024, 1031 (9th Cir. 2011).
[137] S. REP. NO. 106-140, at 4, 8 (explaining that there are a variety of reasons that cybersquatters target distinctive marks, such as to make a profit or cause consumer confusion).
[138] *GoPets Ltd.*, 657 F.3d at 1028.
[139] H.R. REP. NO. 106-412, at 6.
[140] *GoPets Ltd.*, 657 F.3d at 1028.
[141] S. REP. NO. 106-140, at 4; *see also* 15 U.S.C. § 1125(d)(1)(B)(i)(V), (VI).

scenario, the Fourth Circuit will subject re-registrations of the domain name to ACPA liability after the mark exists.[142] However, under the Ninth Circuit, a cybersquatter can freely re-register the domain name after the mark exists even if there is a showing of bad faith without generating ACPA liability.[143]

C. Public Policy Concerns

The Ninth Circuit also made implicit policy considerations that the Fourth Circuit addressed and dismissed.[144] The Ninth Circuit was concerned by a broader interpretation of registration to apply to subsequent registrations or transfers of ownership.[145] The court claimed that a broad interpretation of "registration" would restrict the original domain holder's ability to alienate their property.[146] However, this concern is alleviated through the bad faith element set forth by statute.[147]

As the Fourth Circuit highlighted in *Prudential*, the Ninth Circuit's concerns about alienability are offset by the bad faith safeguard set forth in the statute.[148] In other words, liability only attaches when registration is completed in bad faith.[149] Thus, even a broad interpretation of "registration" would not prevent a domain holder from transferring their property if they were acting in good faith.[150] The Fourth Circuit's interpretation of "registrations" includes initial and subsequent registrations, but only if the bad faith element is

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[142] *Prudential Ins. Co. of Am*., 58 F.4th at 797.
[143] *GoPets Ltd*., 657 F.3d at 1032.
[144] *Prudential Ins. Co. of Am*., 58 F.4th at 797.
[145] *GoPets Ltd*., 657 F.3d at 1031–32.
[146] *See id.* at 1032 ("[w]e see no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain name is lost when that name is transferred to another owner.").
[147] *Prudential Ins. Co. of Am*., 58 F.4th at 797.
[148] *Id.*
[149] 15 U.S.C. § 1125(d)(1)(A)(i).
[150] S. Rep. No. 106-140, at 4 ("[t]hus, the bill does not exten[d] to innocent domain name registrations by those who are unaware of another's use of the name . . . .").

satisfied.[151] If the transfer in ownership of the domain name does not constitute bad faith, then the transferee will not be found liable under the ACPA.[152] Hence, the Ninth Circuit's concern that holding subsequent registrations would render the domains inalienable is alleviated through the bad faith element under the ACPA.

V. Conclusion

The Fourth Circuit in *Prudential* was correct in rejecting the Ninth Circuit's holding in *GoPets*, and for joining the Third and Eleventh Circuits to include initial and subsequent registrations to be within the ACPA. Under the Fourth Circuit, re-registrations, like renewals and transfers, are included within the meaning of the statute and can be subject to liability if the re-registration happens when the respective mark is distinctive.

The Ninth Circuit's decision, under a narrow set of circumstances, can allow cybersquatters to avoid liability if and only if the domain name was registered *before* the mark owner obtained their rights. The Ninth Circuit should reconsider the holding in *GoPets* to reflect a uniform set of laws that domain name and trademark owners can look towards, and for attorneys to best advise their clients.

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[151] *Prudential Ins. Co. of Am.*, 58 F.4th at 797 ("where there is no bad faith, there is no liability for cybersquatting.").

[152] *See id.* ("[t]he ACPA does not take away the initial registrant's right to sell or transfer all of her rights in a domain name to any other party . . . .").