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## A Second Bite at the Apple: Domain Name Registrants Can Use Anticybersquatting Statute to Reverse UDRP Proceeding

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In a case of first impression, a panel of the U.S. Court of Appeals for the First Circuit has ruled that the [Anticybersquatting Consumer Protection Act](#) (the "ACPA") gives a domain name registrant the right to seek injunctive relief to regain a domain name which was lost to a trademark owner in a proceeding under the [Uniform Domain Name Dispute Resolution Policy](#) (the "UDRP"). As a result of the court's decision in *Sallen v. Corinthians Licenciamentos LTDA*, some of the issues surrounding the interplay between the ACPA and the UDRP, anticipated by our [June 2, 2000 Internet Alert](#), have now been resolved by at least one court.

We have previously discussed the ACPA and the UDRP in our [December 7, 1999](#) and [February 15, 2000](#) Internet Alerts, respectively.

### **The Facts:**

In August 1998, the domain name "corinthians.com" was registered by Jay David Sallen.

In May 2000, Corinthians Licenciamentos LTDA, the exclusive licensee of the intellectual property owned by the Brazilian soccer club commonly known as the Corinthians, filed a complaint under the UDRP against Sallen with the World Intellectual Property Organization ("WIPO"). The terms of the UDRP were applicable because they were incorporated into Sallen's domain name registration agreement.

The WIPO arbitrators decided in July 2000 that the domain name as used by Sallen was confusingly similar to the soccer club's trademark, that Sallen has no rights in the domain name and the domain name is registered and used in bad faith. The arbitrators ruled that the domain name should be transferred from Sallen to the trademark holder.

Sallen brought a declaratory judgment action in the US District Court for the District of Massachusetts in August 2000, thereby staying the domain name transfer in accordance with the UDRP. The district court dismissed the case for lack of subject matter jurisdiction. Relying on Corinthians' assertion that it was not planning to sue Sallen under the ACPA, the district court found that no controversy existed between the parties, thereby precluding the district court from having jurisdiction. As a result of the district court's decision, the domain name was transferred from Sallen.

On December 5, 2001, the First Circuit reversed the district court's decision. Corinthians' claim that it did not intend to sue Sallen under the ACPA was irrelevant to the appellate court's finding that a controversy does exist: the fundamental controversy is that each party asserts rights to the same domain name.

### **Appellate Court's Analysis:**

The appellate court held that a domain name registrant which loses in a UDRP proceeding may bring a declaratory judgment action under the ACPA "seeking to override the result of the UDRP proceeding by having his status as a non-violator of ACPA declared." According to the appellate court, given the similarity of the analysis required under the ACPA and UDRP provisions, when an arbitrator makes a ruling under the UDRP, it is actually resolving issues under US federal law, as defined in the ACPA. The federal courts reserve the final resolution of such issues to themselves. The appellate court held that its analysis under the ACPA regarding whether a registrant is cybersquatting is not necessarily bound by the analysis used by the UDRP

arbitrators.

In essence, a court ruling under the ACPA seemingly trumps a UDRP arbitrator's decision. The Sallen court cited several cases supporting this finding, including *Parisi v. Netlearning, Inc.*, decided in the Eastern District of Virginia in 2001 (139 F. Supp. 2d 745), which distinguished UDRP proceedings from arbitrations subject to the Federal Arbitration Act.

The fact that the domain name registration agreement required the use of the UDRP procedures does not, in the appellate court's analysis, preclude Sallen's rights to contest the results of those procedures under the ACPA. The First Circuit rejected Corinthians' argument that the ACPA did not apply to it since the trademarks at issue were not US registered trademarks. The appellate court ruled that the ACPA applies to any trademark owner, whether or not that owner is a US person and whether or not the mark is registered in the United States. As the appellate court said, "It would be very odd if Congress ... protected Americans against reverse domain name hijacking only when a registered American mark owner was doing the hijacking."

### **Lessons:**

The *Sallen* decision demonstrates the important role the ACPA can play in resolving domain name disputes. The decision also suggests strategic decisions which both domain name registrants and trademark holders will need to consider regarding the interplay between the UDRP and the ACPA. In order to preserve their rights under the ACPA and prevent the transfer of the domain name, domain name registrants who lose in a UDRP proceeding should be prepared to bring suit in the appropriate federal court under the ACPA within 10 business days of the UDRP arbitrators' decision. However, bringing a suit under the ACPA is not without risk to the domain name holder. The ACPA provides statutory damages of up to \$100,000 for a bad faith registration, while the remedy specified under UDRP is limited to cancellation or transfer of the domain name. The monetary damages under

the ACPA are only available for domain names registered after the ACPA was enacted on November 29, 1999.

For trademark owners, winning a UDRP proceeding may not be enough, by itself, to wrestle control of a domain name from the registrant. The trademark owner may still face a law suit under the ACPA which is initiated by the domain name registrant seeking to reverse that result.

## *Authors*



**Mark G.  
Matuschak**  
PARTNER

✉ [mark.matuschak@wilmerhale.com](mailto:mark.matuschak@wilmerhale.com)

☎ +1 617 526 6559



**Belinda M. Juran**  
RETIRED PARTNER

☎ +1 617 526 6000