

Overview of Internet Domain Name Law

Trademark Registration and Litigation Issues

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A. Basic Terminology

1. *URL*: Uniform resource locator, which is the address of a site or document on the Internet.
2. *http://www.:* Refers to hypertext transfer protocol and World Wide Web.
3. *ftp*: File transfer protocol
4. *TLD*: Top level domain which are the letters to the right of the dot. Also known as a *gTLD*. Top level domains include:
 - a. *.com*: commercial
 - b. *.org*: organization
 - c. *.edu*: education
 - d. *.net*: network infrastructure

- e. *.gov*: government
- f. *.mil*: military
- g. *.int*: international organizations
- h. Generic TLDs include *.com*, *.net*, *.org*, and *.edu*.
- i. Proposed TLDs include:
 - i. *.arts*: cultural and entertainment activities
 - ii. *.firm*: business
 - iii. *.info*: entities providing information services
 - iv. *.nom*: individual or personal nomenclature
 - v. *.rec*: recreation or entertainment activities
 - vi. *.store*: businesses offering goods to purchase
 - vii. *.web*: entities emphasizing activities related to the web

5. Country code TLDs are used for each individual country.

- a. *.jp*: Japan
- b. *.uk*: United Kingdom
- c. *.tv*: Tuvalu. Tuvalu has recently started auctioning off various second-level domains in conjunction with the *.tv* country code. Example: GILLIGANSISLAND.TV

6. *Second-level domain name*: The second-level domain name is that part of the URL which includes the trademark, e.g., MCDONALDS.COM or IBM.COM.

7. *Cybersquatter*: One who knowingly reserves with a network information center (NIC) a domain name consisting of the mark or name of a company for the purpose of relinquishing the right to that domain name back to the legitimate owner for a price. *K.C.P.L., Inc. v. Nash*, 49 U.S.P.Q.2d 1584 (S.D.N.Y. 1988).

- a. WIPO definition: The abusive registration of a domain name.

8. *Reverse domain name hijacking*: The owner of a trademark causes the first user of a domain name (which happens to be similar or identical to the trademark) to lose its domain name. *See Giacalone v. Network Solutions, Inc.*, 1996 WL 887734 (N.D. Cal. 1996) (TY.COM versus Ty, Inc., the maker of Beanie Babies).

B. Pre-ACPA and -ICANN

1. Network Solutions, Inc. (NSI) Dispute Resolution Procedure (see Appendix materials for **DRP Nos. 1, 2, and 3**).

a. NSI's exclusive contract blissfully expired September 30, 1998. It was criticized as operating a monopoly in the reserving of the .com, .net and .org TLDs.

b. NSI DRP:

i. The trademark owner must first send a challenge notice to the domain name holder, unequivocally claiming that the use of the domain name violates the legal rights of the trademark owner.

ii. If the domain name registrant does surrender the domain name, or the parties cannot settle the dispute, the challenger can send to NSI an up-to-date certified copy of a valid Principal Register trademark or service mark registration or its counterpart registration from another nation and a copy of the challenge notice.

iii. NSI then determines if the disputed domain name is *identical* to the registered mark of the challenger. If it is, NSI determines the creation date of the disputed domain name. NSI will not proceed further to place the domain name on hold if the creation date of the domain name is *prior* to effective date of the challenger's trademark or service mark registration. If the domain name creation date is *later* than the effective date of the challenger's mark registration, then NSI will send a notice to the domain name registrant, giving it the option of either presenting evidence of its own trademark or service mark registration, or relinquishing the domain name. To prevent the domain name being placed "on hold," the domain name applicant must present to NSI evidence of a federal trademark or service mark registration or other similar non-U.S. registration with an effective date *prior* to the date of the challenger's notice which initiated the controversy in the first place. If the domain name registrant is able to do this, use of the domain name will not be disturbed by NSI. To proceed further, the challenger will have to initiate litigation. If the domain name registrant is not able to prove its own mark registration *predating* the initial notice from the challenger, then NSI will place the domain name "on hold," meaning that that domain name will not be available for use by any party. At that point, the situation is frozen and can be changed only by the institution of legal proceedings and a court order.

c. NSI policy strongly favored the owner of a trademark registration, who can suspend a junior user's identical domain name without reference to whether there is a legally actionable case of trademark infringement.

d. NSI policy was and still remains a "first come-first reserved" method of obtaining a domain name.

e. Problems with NSI dispute policy:

i. Method of registration is automated.

ii. There is no examination of domain names for trademark conflicts.

iii. The last version of the NSI DRP

permits the holder of a registered trademark, in any class, from any country, to force the owner of a duly, and legally, registered domain name to produce his, her or its own trademark registration, or else have the use of the domain name suspended by NSI. The NSI Policy provides no opportunity for a hearing, nor any other due process procedure to protect the property interest in the domain name held by the earlier domain name registrant, even when it is clear on its face that the trademark owner's claim is unfounded, made in bad faith, and for the sole purpose of forcing the domain name owner to give the name to the trademark owner.

Davis, III, G. Gervaise, *Internet Domain Names and Trademarks: Recent Development in Domestic and International Disputes*, 21 Comm/Ent No. 3, Spring 1999.

iv. The entire burden shifts to the domain name registrant, who is often unprepared to face litigation with a larger, well-funded opponent.

f. In *Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276, 45 U.S.P.Q.2d 1463 (C.D. Cal. 1997) and *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F.Supp. 949, 44 U.S.P.Q.2d 1865 (C.D. Cal. 1997) NSI was held not to infringe trademarks by its Policy.

C. Commercial Use of a Domain Name as Trademark Infringement

1. Lanham Act requirements must be satisfied for federal trademark infringements.

a. The defendant must use the domain in some commercial sense. Reservation of a domain name, by itself and without use in connection with a commercial enterprise, does not constitute infringement by confusion or dilution under the Lanham Act.

i. *cf.* where a cybersquatter reserves a domain name with the intent to ransom or extort money for the domain from the owner of the trademark has been held to constitute commercial use sufficient to trigger the Lanham Act. *Intermatic, Inc. v. Toepfen*, 947 F. Supp. 1227, 40 U.S.P.Q.2d 1412, 1422(N.D. Ill. 1996) (no use of the web site in connection with the sale of goods or services).

ii. *cf.* reservation of a competitor's trademark as a domain name will eventually lead to misrepresentation or deception.

2. Infringement of registered marks:

a. Lanham Act requires that the use be "in connection with the sale, offering for sale, distribution or advertising of any goods or services" which is likely to cause confusion, mistake or deception. **Lanham Act § 32(1), 15 U.S.C. § 1114(1).**

3. Infringement of unregistered marks:

a. Lanham act requires that the use be "on or in connection with any goods or services" and be a mark that is likely to cause confusion, mistake or deception as to the affiliation, connection or association of the accused person or as to the origin of the "goods, services or commercial activities" of the accused person. **Lanham Act § 43(a)(1)(A), 15 U.S.C. § 1125(a)(1)(A).**

4. Dilution of a famous mark under Section 43(c):

a. Lanham Act requires that the defendant make a "commercial use in commerce of a mark or trade name." **Lanham Act § 43(c), 15 U.S.C. § 1115(c).**

b. *Hasbro, Inc. v. Internet Entertainment Group Ltd.*, 40 U.S.P.Q.2d 1479 (WAD. Wash. 1996) (CANDY LAND for children's game held diluted by tarnishment by "candyland.com" for web site showing sexually explicit pictures).

5. Where a domain name causes confusion with a senior user's mark, the usual rules of trademark infringement apply. For example, if an accused domain name is similar to a senior user's mark, if the goods and services represented by the domain name are different from those represented by the senior mark, there is no likelihood of confusion. *See Interstellar Starship Services, Ltd. v. EPIX, Inc.*, 983 F. Supp. 1331, 45 U.S.P.Q.2d 1304 (D. Or. 1997), rev'd, 184 F.3d 1107 (9th Cir. 1999) (after owner of the mark EPIX, registered for computer software, filed with NSI a challenge to the "epix.com" domain name, the domain name user filed suit for declaratory judgment; because it was unclear if the parties' goods and services were similar, a summary judgment of no infringement was reversed).

6. The presence of the .com TLD is of no importance when distinguishing marks and domain names. The domain name MOVIEBUFF.COM was found to infringe the mark MOVIEBUFF. *See Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1055, 50 U.S.P.Q.2d 1545, 1558 (9th Cir. 1999) (the court cited several cases finding that a domain name containing the ".com" TLD indicator infringed a mark that did not include the TLD).

7. Criticism, Commentary, Fair Use, the First Amendment and Domain Names

a. In *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 50 U.S.P.Q.2d 1840 (C.D. Cal. 1998), the court stated that the use of a trademark either as a subdomain name (www.compupix.com/ballysucks) or as the TLD (BALLYSUCKS.COM) was appropriate; trademark law could not be used a sword against a legitimate site criticizing a company. First Amendment protects this form of expression including links to other offensive web sites.

b. *Planned Parenthood Federation of America, Inc. v. Bucci*, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997), aff'd without op., 152 F.3d 920 (2d Cir. 1998) found infringement under Lanham Act §§ 32(1), 43(a)(1)(A), and 43(c).

i. Lanham Act § 32(1): The court found defendant's right to life web site was an infringement of Planned Parenthood's registered mark under Lanham Act § 32(1) because defendant used the organization's mark in his domain name. Defendant's use violated plaintiff's trademark rights because he used the mark in connection with the distribution or advertising of goods or services.

A/ The web page promoted a right to life book;

B/ Information services offered on web site.

C/ Defendant's domain name was used "in connection with" the plaintiff's goods and services because it is likely to prevent some Internet users from reaching plaintiff's own web site.

ii. Lanham Act § 43(a): Defendant used its domain name "on or in connection with any goods or services and was likely to cause confusion, mistake or deception as to the affiliation, connection or association to the origin of the goods, services or

commercial activities of the defendant.

iii. Lanham Act § 43(c): Use was "commercial" that came within anti-dilution provisions because

A/ The web page promoted a right to life book;

B/ Defendant solicited funds for his activities;

C/ Defendant's actions were designed to harm plaintiff commercially.

D. Trademark Infringement by Cybersquatters

1. History

a. Over the past three years, trademark owners have successfully used Section 43(c) of the Lanham Act (15 U.S.C. § 1127(c)) alleging that the cyberpirate has "diluted" a famous trademark.

i. *See Intermatic, Inc. v. Toeppen*, 947 F.Supp. 1227, 40 U.S.P.Q.2d 1412 (N.D. Ill. 1996) (ransom of domain name found to be commercial use).

b. Leading case is *Panavision v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998). Toeppen registered the PANAVISION.COM domain name and set up a site with an aerial photograph of Pana, Illinois. He approached Panavision to sell the site for \$13,000. Rather than pay, Panavision sued Toeppen and won an injunction on a trademark-dilution theory.

i. District Court found commercial use because Toeppen's business was to reserve trademarks as domain names and then sell to the trademark owners. *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296, 40 U.S.P.Q.2d 1908 (C.D. Cal. 1996).

ii. The case was affirmed in the Ninth Circuit but the court found that using federal anti-dilution law to cover cybersquatting was creating a new form of dilution outside of traditional tarnishment and blurring. *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316, 46 U.S.P.Q.2d 1511 (9th Cir. 1998).

iii. Criticism by J. Thomas McCarthy: McCarthy is critical of applying the federal Anti-dilution Act to cybersquatters. He writes:

The prototypical cybersquatter does not use the reserved domain name as its mark before the public, so there is no traditional dilution by blurring or tarnishment. Thus, the courts have had to create a wholly new category of "dilution" in order to find a legal weapon to combat this new and different form of reprehensible commercial activity. But this legal tool only protects "famous" marks, requiring that the courts expand and devalue the category of "famous" marks in order to combat cybersquatting. What is needed is a legal tool which is specific to the conduct of the typical cybersquatter.

J. Thomas McCarthy, *McCarthy on Trademarks*, § 25:77, Supp. 12/99.

c. Outside the narrow field of cyberpiracy, courts generally have been protective of

trademark rights in disputes over domain names, metatags and site content. For example, the 9th U.S. Circuit Court of Appeals has led the way in developing and applying the so-called "initial interest confusion" theory. This extension of traditional notions of trademark doctrine is especially helpful in protecting Internet commerce by trademark owners and established businesses with trade names that have attained secondary meaning among consumers. See *Brookfield Communications Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999).

d. Not all pre-ACPA cases went against the cybersquatters. This was particularly so when the trademark owner could not satisfy Section 43(c)'s relatively stringent "famousness" threshold. See, e.g., *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999). Also, fictitious and foreign ownership of abusive sites often created insuperable jurisdictional difficulties. See, e.g., *Porsche Cars North America Inc. v. porsch.com*, 51 F.Supp.2d 707 (E.D. Va. 1999) (Porsche filed a lawsuit under an in rem jurisdictional theory, the res consisting of 128 domain names; district court dismissed for lack of jurisdiction).

E. Anticybersquatting Consumer Protection Act

1. Introduction

a. **Anticybersquatting Consumer Protection Act**, SB1948, Pub. L. No. 106-113, 113 Stat. 1501, 1537 et seq. (1999), signed into law November 30, 1999. (hereinafter "ACPA").

b. ACPA significantly strengthens rights and remedies against cybersquatters.

2. Initial Decisions:

a. *Quokka Sports Inc. v. Cup International Ltd.*, C-99-5076 (N.D. Cal., order filed Dec. 8, 1999).

i. New Zealand Yachting Federation convinced a federal district court in San Francisco to enjoin the AMERICASCUP.COM domain name and site.

b. *Morgan Stanley Dean Witter & Co. v. Smart Ideas*, 99CV08921 (S.D.N.Y., order filed Jan. 7, 2000).

i. Morgan Stanley won back rights to ONLINE.MSDW.COM.

c. *Petersen Publishing Co. v. Blue Gravity Communications Inc.*, 00CV0078 (D.N.J., order filed Jan. 6, 2000).

i. Teen magazine was able to close down TEENMAG.COM, pornography site.

d. *Major League Baseball Properties Inc. v. McKiernan*, 99CV08449 (E.D.N.Y., filed Dec. 23, 1999).

i. Major League Baseball sued to recover NEWYORKYANKESS.COM.

3. The Problem:

a. A cybersquatter registers a domain name identical or very similar to a commercially well known trademark or celebrity's name and then offers to sell the domain name to the mark owner or famous person for an extravagant fee. A common variant uses a domain name mimicking a trademark or celebrity name to divert traffic to a commercial competitor's site or to a pornography provider.

4. Anticybersquatting Consumer Protection Act (ACPA)

a. ACPA comes down firmly on the side of strengthening the rights of trademark owners and famous celebrities.

b. Section 3002(a) of SB1948 creates a new Section 43(d) to the Lanham Act, codified at 15 U.S.C. § 1127(d).

c. Section 43(d)(1)(A), the owner of a registered or common law trademark may bring an action against anyone who, with "a bad-faith intent to profit from" the trademark, "registers, traffics in, or uses a domain name" that is "identical or confusingly similar" to or dilutive of, the trademark.

d. Section 43(d)(1)(B) lists nine specific factors indicative of "bad-faith intent." The nine "bad-faith intent factors are largely self-evident:

- i. Whether the domain-name holder has any trademark rights in the domain name.
- ii. Whether the domain name is the person's own name.
- iii. Whether the domain-name holder has previously used the name to sell goods.
- iv. Whether the domain name is a good faith noncommercial or fair use of the mark.
- v. Whether the domain name was selected to divert traffic to the domain name site in a manner disparaging or tarnishing to the mark.
- vi. Whether the domain name owner has offered to sell the name without using the site commercially.
- vii. Whether misleading personal information was given when registering the domain name.
- viii. Whether the domain name owner has registered multiple confusing domain names.
- ix. Whether the domain name is the same as a distinctive or famous trademark.

e. Legislative history emphasizes that a plaintiff need not show all nine bad faith factors to prevail on a Section 43(d) action. Nor is the court precluded from considering any other non-enumerated relevant factors. The court must measure the proven facts against the nine factors, apply a balancing test and craft appropriate equitable and monetary remedies.

f. Fair use and lawful use of the trademark in the domain name is an absolute defense.

- i. Online consumer commentary sites would remain immune from attack by

trademark owners. See *Bally Total Fitness Holding Corp. v. Aber*, 29 F.Supp.2d 1161 (C.D. Cal. 1998) (First Amendment protects domain name and site BALLYSUCKS.COM).

g. Effect on fan sites:

i. These domains are held by fans or devotees.

ii. Not a cybersquatter in the traditional sense.

iii. But if the site is used for reverential publicity or to sell memorabilia, arguably the registrant fits Section 43(d)'s definition of a cybersquatter.

h. Section 3003 extends to the prevailing Section 43(d) plaintiff all the injunctive and damages remedies now available for trademark infringement and dilution. It also adds that the court may order the domain name's forfeiture or cancellation or direct it to be transferred to the trademark holder. Statutory damages for cyberpiracy are set at \$1,000 to \$100,000 per abusive domain name.

i. In rem provisions:

i. If the domain name owner is unknown or not amendable to personal jurisdiction, the trademark owner may maintain an in rem action in the district where the domain name is registered.

i. Network Solutions, Inc.—Eastern District of Virginia.

ii. Register.com—Southern District of New York.

ii. An in rem action can lead to forfeiture, cancellation, and/or transfer of the domain name.

A/ A foreign resident, with no personal contacts to the United States, who registers electronically a cybersquatting .com domain name and who then makes a demand on a foreign-based multinational whose trademarked goods are sold here, could lose ownership of the domain name through an in rem Section 43(d) action in a U.S. court.

j. The ACPA is not the exclusive remedy. The trademark owner could still sue for trademark dilution and infringement, and perhaps under state common law torts.

k. Section 3002(b) creates a new right of action against anyone who registers a domain name the "same as, or confusingly similar to," a person's name and who does so "with the intent to sell" the domain name to the named person or to any third party. The court may order the domain name forfeited, canceled or transferred and may award attorney fees to the prevailing plaintiff.

i. Exception: "A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, United States Code, including a work made for hire as defined in section 101 of title 17, United States

Code, and if the person registering the domain name is the copyright owner or licensee of the work, the person intends to sell the domain name in conjunction with the lawful exploitation of the work, and such registration is not prohibited by a contract between the registrant and the named person. The exception under this subparagraph shall apply only to a civil action brought under paragraph (1) and shall in no manner limit the protections afforded under the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) or other provision of Federal or State law."

l. Section 3006 mandates future consideration of how to protect personal names, including political candidates' names, from use in domain names for "financial gain or malice" or to confuse consumers or voters about product or site sponsorship. Congress did not prohibit the common abusive practice of registering a celebrity's personal name as a domain name to divert fans' traffic to a pornographic or otherwise undesirable site.

m. Section 3004 grants all but total immunity from damages to domain name registrars in any Lanham Act action involving a domain name. This codifies existing case law. *See Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980 (9th Cir. 1999). But, a domain name registrar may be subject to injunctive relief only if such registrar has,

i. Not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;

ii. Transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

iii. Willfully failed to comply with any such court order.

iv. Declaratory relief for domain name holder: "A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant."

n. *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 53 U.S.P.Q.2d 1570 (2d Cir. 2000). First interpretation of ACPA at the appellate level.

i. Facts: Sportsman's mark SPORTY'S represents aviation catalogs and products. Omega registered the domain name SPORTYS.COM with NSI for the sale of aviation products through its wholly-owned subsidiary Pilot's Depot, LLC. Omega formed a wholly-owned subsidiary, Sporty's Farm, selling the rights to SPORTYS.COM where it sold Christmas trees.

A/ Court states factual situation is unique: "A Competitor X of Company Y has registered Y's trademark as a domain name and then transferred that name to Subsidiary Z, which operates a business wholly unrelated to Y."

ii. Decision: Court found the SPORTY'S mark distinctive. Distinctiveness refers to

the "inherent qualities of a mark and is a completely different concept from fame." Court found that SPORTYS.COM is confusingly similar to the mark SPORTY'S. The court cited the nine factors in determining whether there was a bad faith intent to profit:

First, it is clear that neither Sporty's Farm nor Omega had any intellectual property rights in sportys.com at the time Omega registered the domain name. *See id.* § 1125(d)(1)(B)(i)(I). Sporty's Farm was not formed until nine months after the domain name was registered, and it did not begin operations or obtain the domain name from Omega until after this lawsuit was filed. Second, the domain name does [*499] not consist of the legal name of the party that registered it, Omega. *See id.* § 1125(d)(1)(B)(i)(II). Moreover, although the domain name does include part of the name of Sporty's Farm, that entity did not exist at the time the domain name was registered.

The third factor, the prior use of the domain name in connection with the bona fide offering of any goods or services, also cuts against Sporty's Farm since it did not use the site until after [**24] this litigation began, undermining its claim that the offering of Christmas trees on the site was in good faith. *See id.* § 1125(d)(1)(B)(i)(III). Further weighing in favor of a conclusion that Sporty's Farm had the requisite statutory bad faith intent, as a matter of law, are the following: (1) Sporty's Farm does not claim that its use of the domain name was "noncommercial" or a "fair use of the mark," *see id.* § 1125(d)(1)(B)(i)(IV), (2) Omega sold the mark to Sporty's Farm under suspicious circumstances, *see Sporty's Farm v. Sportsman's Market*, No. 96CV0756 (D. Conn. Mar. 13, 1998), *reprinted in* Joint Appendix at A277 (describing the circumstances of the transfer of sportys.com); 15 U.S.C. § 1125(d)(1)(B)(i)(VI), and, (3) as we discussed above, the *sporty's* mark is undoubtedly distinctive, *see id.* § 1125(d)(1)(B)(i)(IX).

The most important grounds for our holding that Sporty's Farm acted with a bad faith intent, however, are the unique circumstances of this case, which do not fit neatly into the specific factors enumerated by Congress but may nevertheless be considered under the statute. We know from the record and from the district [**25] court's findings that Omega planned to enter into direct competition with Sportsman's in the pilot and aviation consumer market. As recipients of Sportsman's catalogs, Omega's owners, the Hollanders, were fully aware that *sporty's* was a very strong mark for consumers of those products. It cannot be doubted, as the court found below, that Omega registered sportys.com for the primary purpose of keeping Sportsman's from using that domain name. Several months later, and after this lawsuit was filed, Omega created another company in an unrelated business that received the name Sporty's Farm so that it could (1) use the sportys.com domain name in some commercial fashion, (2) keep the name away from Sportsman's, and (3) protect itself in the event that Sportsman's brought an infringement claim alleging that a "likelihood of confusion" had been created by Omega's version of cybersquatting. Finally, the explanation given for Sporty's Farm's desire to use the domain name, based on the existence of the dog Spotty, is more amusing than credible. Given these facts and the district court's grant of an equitable injunction under the FTDA, there is ample and overwhelming evidence that, as a matter [**26] of law, Sporty's Farm's acted with a "bad faith intent to profit" from the domain name sportys.com as those terms are used in the ACPA. n13 *See Luciano v. Olsten Corp.*, 110 F.3d 210, 214 (2d Cir. 1997) (stating that, as a matter of law, judgment may be granted where "the evidence in favor of the movant is so overwhelming that 'reasonable and fair minded [persons] could not arrive at a verdict against [it].'" (quoting *Cruz v. Local Union No. 3*, 34 F.3d 1148, 1154 (2d Cir. 1994) (alteration in original)).

Id. at 498-99.

iii. Remedy: Transferred domain name to Sportsman's.

F. Parallel Administrative Remedies

1. Internet Corporation for Assigned Names and Numbers (ICANN)

- a. Acquiescence in ICANN's mandatory arbitration system for cybersquatters now is a non-waivable condition of every domain name registration with any registrar worldwide. The ICANN procedure takes up to 45 days and provides equitable relief only.
- b. ICANN accredited organizations:
 - i. Disputes.org/eResolution Consortium (approved effective 1 January 2000).
 - ii. The National Arbitration Forum (approved effective 23 December 1999).
 - iii. World Intellectual Property Organization (approved effective 1 December 1999).

2. Who is ICANN?

- a. ICANN is the Internet Corporation for Assigned Names and Numbers at www.icann.org.
- b. A California nonprofit corporation formed to develop and manage Internet policy and logistics related to:
 - i. Internet protocols.
 - ii. IP addresses.
 - iii. Domain names.

3. What is the UDRP?

- a. The UDRP is the **Uniform Domain Name Dispute Resolution Policy**.
- b. Resolving domain name disputes.
- c. Adopted by ICANN Board in August 1999; implemented December 1999.
- d. Limited to abusive domain name registrations, *i.e.*, cybersquatting.

4. ICANN's UDRP v. NSI's Domain Name Dispute Policy

- a. UDRP remedies are transfer or cancellation of domains; NSI's remedy was placing domains on hold.
- b. UDRP applies to common law trademarks NSI's policy applied to registered trademarks only.
- c. UDRP applies to identical or confusingly similar domains; NSI's policy applied only to domains identical to registered trademarks.

5. To whom is the UDRP available?

- a. Any trademark owner can file a UDRP complaint.
- b. Covers virtually all .com, .org, and .net domain names.
- c. International in scope. Complainant and domain holder can be anywhere.

6. UDRP Procedure

- a. Trademark owner files complaint (*See **WIPO Complaint***) with ICANN-accredited provider.
- b. Domain holder files response within twenty (20) days.
- c. Provider appoints a panel of one to three members (5 days).
- d. Panel issues a decision within fourteen (14) days.
- e. Registrar implements decision ten (10) days later.

7. Who's on the Panel?

- a. Depends on ICANN dispute resolution service provider. Experts in Internet and trademark law.

8. Three required showings:

- a. Domain name identical or confusingly similar to complainant's mark.
 - i. Unlike the former NSI policy,
 - A/ No trademark registration required; and
 - B/ Domain name need not be identical to trademark.
- b. Registrant has no legitimate right or interest to domain name.
 - i. Legitimate rights could include:
 - A/ Prior use of domain with a bona fide business;
 - B/ Registration of domain that corresponds to a trade name or personal name.
 - C/ Legitimate non-commercial or fair use of domain.
- c. Domain name was registered and is being used in bad faith.
 - i. Focuses on true cyberpirates.
 - ii. Bad faith includes:

A/ Registration for purpose of selling at a profit;

B/ Modus operandi of "stealing" domains from trademark holders;

C/ Registration for purpose of disrupting competitor's business;

D/ Registration to create confusion.

iii. *World Wrestling Federation Entertainment, Inc. v. Michael Bosman*, Case No. D99-0001, decided January 14, 2000.

A/ "Because respondent offered to sell the domain name to complainant "for valuable consideration in excess of" any out-of-pocket costs directly related to the domain name, respondent has "used" the domain name in bad faith as defined in the Policy."

9. Three possible outcomes:

- a. Complainant wins, the domain name is transferred to complainant.
- b. Complainant wins, the domain name is canceled.
- c. Respondent wins and keeps the domain name.

10. Implementation of Panel Decision

- a. Provider notifies registrar of panel decision.
- b. Registrar implements the decision within ten business days unless domain registrant provides notice of a lawsuit.

11. Judicial Appeal of Panel Decision

- a. Complainant submits to mutual jurisdiction.
- b. If lawsuit commenced within ten business days of panel decision, Registrar takes no action until:
 - i. The parties settle;
 - ii. Lawsuit is dismissed or withdrawn;
 - iii. Court issues order regarding domain name.

12. Cost

- a. WIPO fees (*See WIPO Schedule of Fees*)
 - i. 1—5 domain names

A/ \$1,000 for a single panelist

B/ \$2,500 for three panelists

ii. 6—10 domain names

A/ \$2,500 for a single panelist

B/ \$3,500 for three panelists

13. Decision Statistics

a. Published decisions from December 1999 through February 2000:

i. 85 decisions for Complainant/trademark owner (the domain name is transferred);

ii. 17 decisions for Respondent/Domain holder (the domain name is maintained);

iii. 4 decisions to cancel domain name registration.

14. *Nabisco Brands Co. v. The Patron Group, Inc.*, Case No. D2000-0032, decided February 23, 2000): Decision: Domain names transferred

a. Factor 1, Domains similar to trademark:

i. Nabisco proved trademark rights in WHEAT THINS, WHEATSWORTH, BETTER CHEDDARS, HARVEST CRISPS, and MILK-BONE;

ii. Patron's domains were "virtually identical" to Nabisco's trademarks (WHEATTHINS.COM, WHEATSWORTH.COM, BETTERCHEDDARS.COM, HARVESTCRISPS.COM, and MILK-BONE.COM).

b. Factor 2, No legitimate rights:

i. No domains used for active website;

ii. Panel rejected argument that "most of the domains names have meaning outside their trademarks";

iii. Patron's previous offer to sell domains to Nabisco for \$2,300 each undercut argument that domains were for legitimate use.

c. Factor 3, Bad faith registration and use:

i. Patron had registered 40 domains corresponding to well-known marks;

ii. Showing that Patron was solely in the business of buying and selling domains.

15. *Adaptive Molecular Technologies v. Woodward*, Case No. D2000-0006, February 28, 2000): Decision: Domain name not transferred

a. Factor 1, Domain similar to trademark:

i. Adaptive owned MILITEC (and design) registration representing chemical based metal conditioning fluid;

ii. Woodward registered MILITEC.COM.

b. Factor 2, No legitimate rights:

i. Respondent alleged it was an authorized distributor of Complainant and that Complainant knew about domain registration and initially did not complain;

ii. Complainant silent about parties' relationship.

c. Factor 3, Bad faith registration and use:

i. Website used for sales of Complainant's product;

ii. Respondent claimed to be authorized distributor.

16. Filing a Complaint

a. Read UDRP and Rules at *www.icann.org*.

b. Read any supplemental rules by the relevant domain registrar;

c. See model complaint attached hereto and available at *www.wipo.int*.

17. Advantages of UDRP Procedure

a. Decision usually implemented within several weeks.

b. Administration fees of \$1,000 to \$2,500.

c. Domain may be canceled or transferred, not just put on hold.

d. No national jurisdiction issues.

e. Complaint and response are the only filings; no strict evidentiary requirements

18. Limitations of UDRP Procedure

a. Limited to cybersquatting situations.

b. Remedy limited to domain name cancellation or transfer; no monetary awards or injunctions.

G. Foreign Jurisdictions

1. France (presented by Bénédicte Ghanassia)

a. UDRP cases involving French complainants.

b. Cybersquatting litigation

i. TGI July 22nd 1996 : first decision against cybersquatting

A/ Facts

B/ Principals

1/ Transfer of the domain name back to the trademark owner on the grounds of fraud; legitimate interest necessary to register an identical name as a domain name (see Alice case where there was neither fraud nor likelihood of confusion and thus application of the principle of first come, first served); French courts have jurisdiction over a person registering a French trademark as a domain name in the .com level.

ii. TGI Nanterre January 18th 1999

A/ Facts

B/ Principals

1/ mere registration of the mark as a domain name is an infringement; commercial exploitation relevant for assessment of damages

c. Prevention of cybersquatting (report of the Conseil d'Etat, July 2nd 1998)

i. Domain names must be regulated in accordance with the public interest.

ii. The bodies in charge of the domain name system (DNS) must be international bodies

iii. The DNS must not be contrary to basic principles of trademark law.

A/ Limited geographic scope of marks.

B/ Marks limited to one or several classes of products.

2. Italy (presented by Bénédicte Ghanassia)

a. Application of TM principles.

i. Unfair competition.

ii. If domain name merely an address, no TM dilution and so no remedy

3. Japan (presented by Bénédicte Ghanassia)

a. No litigation.

b. Report on domain names July 1998.

- i. *Ex ante* measures.
- ii. *Ex post* measures.

4. Canada (presented by Bob Pimm)

- a. Cybersquatting Canada's great passions: hockey, beer and politics.
- b. Jurisdictional and procedural hurdles when domain names are managed outside Canada.
- c. Following the US lead—as usual.

5. United Kingdom (presented by Bob Pimm)

- a. All property is theft: squatter's rights are still big news in the UK—where left is "left" and right is "right."
- b. And now for something not completely different. It's really trademark law—"passing-off."

6. Switzerland (presented by Martin Spirig)

- a. Switzerland so far only had few domain name disputes that were solved at trial and none of them was a classical cybersquatter case.
- b. The company that registered the domain HOTMAIL.CH and afterwards offered free web based email had to stop its business using this domain, ordered by a preliminary injunction. Oberger. Basel-Landschaft, June 21, 1999; sic! 2000 26 (hotmail.ch). Seeing that the "hotmail"- domain in Switzerland was already registered, plaintiff Microsoft registered a Trademark on the term "hotmail" in Switzerland before the defendant started his business. This move gave Microsoft a good position in this legal issue. The case is still pending and it has to be seen, whether the transfer of the domain will be ordered.
- c. In another case, that may have some elements of cybersquatting, a webdesign company was reluctant to give the domain to a former client, for which it once registered the domain and maintained a website. Gerichtskreis VIII Bern-Laupen, March 15, 1999; sic! 2000 24 (artprotect.ch). The former client has a trademark in the term represented in the domain. The court ruled that the webdesign company, by keeping the domain inactive, didn't use the domain in way that the Swiss trademark act would be triggered. Bundesgesetz über den Schutz von Marken und Herkunftsangaben (MSchG) of 1992. The question whether a threat of a future use exists, was explicitly left unanswered by the court. But the court decided in favor of the former client based on the Act against Unfair Competition. Bundesgesetz gegen den unlauteren Wettbewerb (UWG) of 1986. The behavior of the webdesign company was unfair, because it hindered the former client in doing his business without any legitimate interest. The domain was transferred to the former client.
- d. To weigh the interests of the parties in the domain seems to become the main rule in Switzerland, as a Swiss Supreme Court-decision not particularly dealing with cybersquatting shows. BGE 125 III 91. But to say now, how Swiss courts are going to decide cases of cybersquatting would be pure speculation.

7. Germany (presented by Martin Spirig)

a. In Germany, a special Act like the Anticyberquatting Consumer Protection Act in the U.S. is neither on the horizon nor even considered. But in the past few years, a large body of cases has developed, which contains some cybersquatting issues as well.

b. Courts have faced the problem of Cybersquatting on three different legal basis' so far:

i. The Trademark Act. Markengesetz (MarkenG) of 1994. It protects holders of trademarks for goods and services as well as for trade names.

ii. Article 12 of the German Civil Code. Buergerliches Gesetzbuch (BGB) of 1896. This article protects one's right in his own name as a right of personality. Not only human beings are given this right of personality, but also judicial persons such as incorporated companies or cities.

iii. Act Against Unfair Competition. Gesetz gegen den unlauteren Wettbewerb of 1909. It protects people doing business from unfaithful business practices.

c. Within my further examination, I assume that the defendant, which means the cybersquatter, himself, enjoys no protection based on these legal rules.

d. The Trademark Act and right in one's name at the same time:

i. Both rules require the defendant to use the domain name that relates to the mark or the name of the plaintiff. But there is one important difference between the two rules: The Trademark law, which is regulating exchange of goods and services, requires a commercial use of the domain name. Article 12 of the German Civil Code on the other hand seeks to protect one's personality by enabling everybody to be recognized by his or her own name. Although economic activity is one part of somebody's personality, there are other, non economic areas of life protected, too. Therefore, to claim protection based on Article 12 of the German Civil Code, the use of the domain name by the Cybersquatter does not necessarily have to be a commercial one.

ii. It follows that in a domain name dispute, it's easier to reach protection through Article 12 of the German Civil Code than through the Trademark Act. But as already mentioned, Article 12 can only be applied in conjunction with names of natural or judicial persons, but not with Trademarks. Anyway, especially the public sector, such as cities and counties take advantage of this high protection of names, when they try to get back the domains that relate to their names. *E.g.* LG Braunschweig, January 28, 1997; CR 1997 414 (braunschweig.de); LG Mannheim, March 8, 1996; CR 1996 353 (heidelberg.de); LG Lüneburg, January 29, 1997; CR 1997 288 (celle.de).

iii. Use of a mark or name in the domain name-context is usually the publication of a website. A website is commercial, if there are goods or services offered on the site, if there is advertisement, or if there is a link to some commercial site. Landgericht Mannheim, 7 O 529/97 (p. 6 f.); http://www.netlaw.de/urteile/lgma_4.htm (Brockhaus.de); OLG Karlsruhe, June 24, 1998; ZUM 1998 944, 944 (zwilling.de). Use may also be commercial if the domain name itself shall be auctioned off. LG Hamburg, March 25, 1998; CR 1999 47, 47

(eltern.de).

e. Typically, in cases of Cybersquatting, a website is not published. While U.S. courts tried to find a way of arguing, why a Cybersquatter is using the domain anyway, without having published a site, German courts go into a different direction. They examine whether there is a threat of a future use of the domain name in an unlawful manner by the Cybersquatter. If there is, they preliminary forbid this future use.

i. Threat of future use may be apparent, if the holder of the domain name offers the domain to a commercial third party that is most likely going to offer goods or services on the Internet. LG Düsseldorf, April 4, 1997; CR 1998 165, 167 (epson.de).

ii. It has also been argued by a court, that sole registration of a domain name represents a threat of use. They consider that if someone pays for the registration of the domain, the registrant also plans to do something with the domain. LG Braunschweig, August 5, 1997; CR 1998 364, 365 (deta.com). In order to trigger the protection of the Trademark Act, the threatened use must be a commercial one. To apply Art. 12 of the Civil Code, any kind of threatened use is sufficient.

e. While the Trademark Act and article 12 of the German Civil Code differ in the kind of use that is required to trigger the application of each rule, further legal examination are basically the same. Plus, these further legal examination are very similar to the ones made in the U.S.

f. Courts examine whether there is a risk of confusion or of dilution. Art. 12 BGB and Art. 14 MarkenG, respectively.

i. By examining the risk of confusion, German Courts compare the likely threatened future use of the cybersquatter with the way the trademark or name holder uses the term at stake. As in the U.S., criteria such as similarity of marks as well as of products and services are checked. Further, consumer sophistication and strength of the mark are examined. Unlike in the U.S. neither intent nor actual confusion play a role.

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iii. If prerequisites for present or future dilution or confusion are given, the plaintiff is granted an injunction against the defendant. Plaintiff shall be relieved from the threat of a future website that infringes or dilutes his trademark or his name. German courts argue that this aim is achieved at best, if the domain name holder is to relinquish the domain. Landgericht Mannheim, 7 O 529/97 (p. 9); http://www.netlaw.de/urteile/lgma_4.htm (Brockhaus.de); LG Düsseldorf, April 4, 1997; CR 1998 165, 169 (epson.de). This way he lacks the means to impose threat on the plaintiff again. Most often, plaintiff is registered as the second claimant with the German Registrar. As a result, plaintiff then can step in and get the domain at stake, after the defendant relinquished.

g. Additionally to the means of the Trademark Act and article 12 of the German Civil Code, the Act against Unfair Competition may also be applied.

i. So far, I haven't seen a decision though, where the Unfair Competition Act was the sole legal basis in a domain name case.

ii. Courts argue that a defendant acts unfair, if he reserves a domain name for the only reason to block somebody else in doing business with his logic domain name. An important indices for an unfair behavior is the attempt of the defendant to sell the domain to the plaintiff. Unfairness is shown even more clearly, if the defendant asks for a price that is slightly under the possible litigation costs of the plaintiff. LG Düsseldorf, April 4, 1997; CR 1998 165, 170 f. (epson.de).

h. Summary: The way domain name disputes are treated in Germany leads to the following results: holders of well known trademarks or trade names usually successfully claim their right in the related domain name in court, if the holder of the domain doesn't seem to have a fair interest in the domain himself. This is always the case with cybersquatters. In extraordinary cases, holders of very famous marks or trade names even successfully claimed the domain, when the initial holder had a legitimate, but much lower interest himself. OLG München, March 25, 1999; http://www.netlaw.de/urteile/olgm_4.htm (shell.de); OLG Hamm, January 13, 1998; CR 1998 241 (krupp.de). Defendant with the surname "shell" e.g. was to relinquish the related domain name. In cases in which marks or names are involved, that are not well known, cybersquatters nevertheless are defeated sometimes. This is the case, if the former behavior of the cybersquatter raises a threat of the use of the domain name in connection with the same goods or services as the plaintiff is using his mark or name. In order to eliminate this threat, courts order the cybersquatter to relinquish the domain name.

H. Trademark Registration Issues

1. United States Patent and Trademark Office *Examination Guide No. 2-99*, issued September 29, 1999.
2. When a trademark, service mark, collective mark or certification mark is composed, in whole or in part, of a domain name, neither the beginning of the URL (<http://www.>) nor the TLD have any source indicating significance.
3. A mark composed of a domain name is registrable as a trademark or service mark only if it functions as a source identifier. The mark as depicted on the specimens must be presented in a manner that will be perceived by potential purchasers as indicating source and not as merely an informational indication of the domain name address used to access a web site.
 - a. The examining attorney must review the specimens in order to determine how the proposed mark is actually used. It is the perception of the ordinary customer that determines whether the asserted mark functions as a mark, not the applicant's intent, hope or expectation that it do so.
 - b. If the proposed mark is used in a way that would be perceived as nothing more than an address at which the applicant can be contacted, registration must be refused.
4. Advertising one's own products or services on the Internet is not a service.

5. Agreement of Mark on Drawing with Mark on Specimens of Use

- a. In a domain name mark (e.g., XYZ.COM or HTTP://WWW.XYZ.COM), consumers look to the second level domain name for source identification, not to the TLD or the terms "http://www." or "www." Therefore, it is usually acceptable to depict only the second level domain name on the drawing page, even if the specimens of use show a mark that includes the TLD or the terms "http://www." or "www."
- b. It's the drawing that determines the actual mark to be registered; the specimens must be congruent with the drawing.
 - i. The specimens of use show the mark HTTP://WWW.XYZ.COM. The applicant may elect to depict only the term "XYZ" on the drawing page.
 - ii. Sometimes the specimens of use fail to show the entire mark sought to be registered (e.g., the drawing of the mark is HTTP://WWW.XYZ.COM, but the specimens only show XYZ). If the drawing of the mark includes a TLD, or the terms "http://www.," or "www.," the specimens of use must also show the mark used with those terms.

6. Surnames

- a. If a mark is composed of a surname and a TLD, the examining attorney will refuse registration because the mark is primarily merely a surname under Trademark Act § 2(e)(4), 15 U.S.C. § 1052(e)(4). A TLD has no trademark significance. If the primary significance of a term is that of a surname, adding a TLD to the surname does not alter the primary significance of the mark as a surname.

7. Descriptiveness

- a. If a proposed mark is composed of a merely descriptive term(s) combined with a TLD, the examining attorney will refuse registration under Trademark Act § 2(e)(1), 15 U.S.C. § 1052(e)(1), on the ground that the mark is merely descriptive.

8. Marks Containing Geographical Matter

- a. When a geographic term is used as a mark for services that are provided on the Internet, sometimes the geographic term describes the subject of the service rather than the geographic origin of the service. Usually this occurs when the mark is composed of a geographic term that describes the subject matter of information services (e.g., NEW ORLEANS.COM for "providing vacation planning information about New Orleans, Louisiana by means of the global computer network"). In these cases, the examining attorney will refuse registration under Trademark Act § 2 (e)(1) because the mark is merely descriptive of the services.

9. Material Alteration

- a. Amendments may not be made to the drawing of the mark if the character of the mark is materially altered.
- b. The modified mark must contain what is the essence of the original mark, and the new form must create the impression of being essentially the same mark. The general test of

whether an alteration is material is whether the mark would have to be republished after the alteration in order to fairly present the mark for purposes of opposition.

c. Generally, for domain name marks (e.g., COPPER.COM), the applicant may add or delete a TLD to the drawing of the mark without materially altering the mark.

d. Substituting one TLD for another in a domain name mark, or adding or deleting a "dot" or "http://www." or "www." to a domain name mark is generally permitted.

i. Compare, if a TLD is not used as part of a domain name, adding or deleting a TLD may be a material alteration. When used without a second level domain name, a TLD may have trademark significance.

10. Likelihood of Confusion

a. In analyzing whether a domain name mark is likely to cause confusion with another pending or registered mark, the Examining Attorney will consider the marks as a whole, but generally will accord little weight to the TLD portion of the mark.

11. Marks Containing the Phonetic Equivalent of a Top Level Domain

a. Marks containing the phonetic equivalent of a TLD (e.g., XYZ DOTCOM) are treated in the same manner as marks composed of a regular TLD. If a disclaimer is necessary, the disclaimer must be in the form of the regular TLD and not the phonetic equivalent.



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