

NAVIGATING A NEW DOMAIN

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At least as early as July of 1995 when Network Solutions, Inc. (NSI) issued its first domain name resolution policy,¹ it was clear that a dispute policy was necessary to protect trademark interests in the domain name registration process. Since that time, the search for a system that balanced the interests of both trademark owners and entities with legitimate non-infringing uses for domain names has been ongoing.

Under the initial NSI dispute resolution policy, a trademark owner could challenge the rights of a domain name registrant by submitting evidence of its own trademark registration from any country in the world that was identical to the domain name.² The domain name registrant could defend their rights in the domain name if they were able to produce their own trademark registration for their domain name.³ If they were unable to provide evidence in support of their domain name registration, NSI would allow the registrant to retain the domain name for a 90 day transitory period.⁴ NSI would also offer an alternative domain name to the domain name registrant, but if the registrant refused to accept the alternative, NSI would place the domain name in dispute on "hold" so that no one could use the domain.⁵

This policy was subsequently amended numerous times to include provisions addressing situations where the issuance of a trademark registration followed the registration of the domain name, to provide notice to the registrant of potential legal claims prior to the commencement of the resolution process, and to allow a

trademark owner to immediately place disputed domain names on "hold."⁶ The policy garnered criticism from both trademark owners and domain name registrants for its perceived inadequacies in resolving disputes.⁷ Subsequently, the United States approved creation of the Internet Corporation for Assigned Names and Numbers (ICANN) who in connection with the World Intellectual Property Organization (WIPO) began creating a new dispute resolution policy that would attempt to address the limitations of the NSI policy. At its October 24, 1999 meeting, the ICANN Board adopted a Uniform Domain Name Dispute Resolution policy (UDRP) for the .com, .net, and .org top level domains (gTLDs).

Under the UDRP, a registrant is required to submit to a mandatory administrative proceeding by an ICANN approved dispute-resolution service provider. Proceedings instituted under the UDRP must be submitted to one of the four approved dispute-resolution service providers listed below:

- 1) CPR Institute for Dispute Resolution
- 2) eResolution
- 3) National Arbitration Foundation (NAF)
- 4) WIPO

Each provider follows the Rules for UDRP as approved by ICANN on October 24, 1999 as well as its own supplemental rules. The Complainant is allowed to choose the provider and specify whether the proceeding will be decided by a one-member panel or a three-

FEATURE: The Current Environment Surrounding the Internet Law (2)

member panel. However if the Complainant chooses a one-member panel, if a Respondent so desires, the Respondent may elect to have the matter decided by a three-member panel.

Many in the trademark community agree that the UDRP is a significant advance over the NSI dispute policy because it allows actions based on confusingly similar and not just identical domains and protects legitimate domain name registrations made in good faith. The UDRP has, however, come under recent criticism for favoring the rights of trademark holders. Of the 4,595 total proceedings filed under the UDRP through October 18, 2001, 2,961 have resulted in a decision in favor of the Complainant.⁸ Additionally, recent studies indicate that WIPO and NAF, the most commonly used dispute resolution providers, are more often likely to rule in favor of trademark holders than are the other two fora.⁹ As such, forum shopping is common among individuals instituting UDRP proceedings with most trademark holders instituting proceedings through WIPO or NAF.¹⁰

To initiate a domain name dispute resolution proceeding, a third party must file a complaint which makes the following allegations:

- (i) the Respondent's domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) the Respondent has no rights or legitimate interests in respect of the domain name; and
- (iii) the Respondent's domain name has been registered and is being used in bad faith.¹¹

In the administrative proceeding, the Complainant must prove that each of these three elements are present.¹²

The UDRP also provides some guidelines for determining what constitutes a Respondent's bad faith under UDRP § 4(a)(iii):

- (i) circumstances indicating that Respondent has registered or has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of Respondent's documented out-of-pocket costs directly related to the domain name; or
- (ii) Respondent has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that Respondent has engaged in a pattern of such conduct; or

(iii) Respondent has registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, Respondent has intentionally attempted to attract, for commercial gain, Internet users to Respondent's web site or other on-line location, by creating a likelihood of confusion with the Complainant's mark as to the source, sponsorship, affiliation, or endorsement of Respondent's web site or location or of a product or service on that web site or location.¹³

Additionally, the policy provides guidance to a Respondent who wishes to demonstrate its rights and legitimate interests in a domain name under UDRP § 4(c)(i-iii):

(i) before any notice to Respondent of the dispute, Respondent's use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) Respondent (as an individual, business, or other organization) has been commonly known by the domain name, even if Respondent has acquired no trademark or service mark rights; or

(iii) Respondent is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.¹⁴

One of the challenges for trademark owners seeking to enforce their domain name rights is determining how to navigate through these rules and how to initiate these proceedings in the appropriate forum.¹⁵ Reviewing decisions made under the UDRP provides guidance (although no precedential value) in determining the likelihood of success for proceedings instituted under the UDRP, particularly with respect to what type of domain name usages constitute a legitimate right or interest and what actions constitute bad faith under UDRP § 4(a)(i-iii).

As discussed above, the UDRP requires that a Complainant make an evidentiary showing of bad faith in order to succeed in the proceeding. The bad faith must be exhibited in both the registration and actual use of the domain name by the Respondent.¹⁶ Thus, it is possible that a Respondent who merely registers a domain name but does not actually use the domain name would not be required to transfer the domain. For example in *Sporoptic Pouilloux S.A. v. William H. Wilson*, the Complainant who was the owner of the VUARNET trademark in connection with sunglasses was unable to

have the domain name "buyvuarnetsunglasses.com" transferred despite a finding of bad faith in the registration of the domain name.¹⁷ In the text of the decision, the panel noted that because the respondent registered the domain name with knowledge of the fact that VUARNET was a trademark associated with the sale of the Complainant's sunglasses and because the domain name itself made reference to the sale of the sunglasses, the registration of the domain name was made in bad faith. However, in light of the fact that the Respondent was not using the domain name, the panel was unable to render a decision in favor of the Complainant and transfer the domain name:

Registration alone, without use, is not enough. "Use" is not necessarily use on the Internet Under Paragraph 4(b) there are a number of other relevant "patterns of conduct" by a respondent that may be relevant (this may include, for example, announcing or preparing a future Internet activity, or threatening the Complainant to do it).¹⁸

The decision is instructive to the extent that it highlights what evidence is needed to support the required showing. Specifically, the decision clearly indicates that Internet usage is not the only use contemplated by UDRP § 4(a)(iii). Using the ownership of the domain name to solicit offers of payment from a trademark owner or using the domain name in a threatening manner without use on the Internet are sufficient to establish evidence of bad faith in use of the domain name. In the event a domain name registrant had registered a domain name containing an identical or confusingly similar trademark but is not using the domain name on the Internet, potential Complainants should be mindful of other ways of showing bad faith.¹⁹

Perhaps the most commonly accepted evidence of bad faith is an offer to sell the domain name by the Respondent. In *World Wrestling Foundation Entertainment Inc. v. Bosman*,²⁰ an arbitration panelist held that the Respondent's registration of the domain name "worldwrestlingfederation.com" and subsequent offer to sell the domain name to the Claimant just three days after registering the domain name was evidence of not only registration in bad faith but also use in bad faith. In coming to the conclusion that the Respondent's offer to sell the domain name to the 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."²¹ It is also interesting to note that in the discussion of what constitutes "use," the panelists engaged in a lengthy discussion of a U.S. court decision although panelists are not bound by those decisions (*Panavision International, L.P. v. Dennis Toeppen*).²²

Further, an offer to sell the domain name does not

have to be made directly to the trademark owner to constitute "use" in bad faith. 23/ In *Ty Inc. v. Joseph Parvin d/b/a Domains For Sale*, the panelist held that a general offer to sell a domain name would constitute a bad faith use under the UDRP:

The Panel finds that Respondent registered the domain names <ebanies.com> and <ebanies.com> under the name "Domains For Sale." The Panel also finds that the same domain names were offered for sale on the <domains.com> web site. This constitutes an offer for sale. A majority of the Panel concludes that such an offer for sale constitutes bad faith registration and use.²⁴

The UDRP also requires that the Complainant show that the Respondent has no legitimate rights or interests in respect of the domain name.²⁵ The legislative history of the UDRP clearly indicates that the Policy was not intended for use by trademark owners against domain name registrants engaged in "legitimate" use of domain names identical or confusingly similar to their trademarks and that objections to "legitimate" uses should be pursued through the courts:

These comments also suggested narrowing revisions to paragraph 4(c) of the policy, which describes circumstances that, if found by the panel to be present in a particular case, will demonstrate that the domain-name holder has a legitimate right to the domain name. It should be emphasized that a finding of legitimate right under paragraph 4(c) means only that the streamlined dispute-resolution procedure is not available and that the dispute is a "legitimate" one that should be decided by the courts. Even though the dispute is legitimate, the domain-name holder's right may not ultimately prevail over a trademark in court. In any event, staff believes that these comments, while in many respects deserving of further study by the DNSO, call for changes in the policy adopted by the Board and do not indicate that the implementation documents fail to faithfully implement the adopted policy.²⁶

However, numerous decisions have centered around what constitutes a "legitimate right." Where a Respondent's use of a domain name is a non-infringing, non-commercial use, panelists have frequently held that the domain name was registered and used for a legitimate purpose. For example, in *Mayo Foundation for Education and Research v. Pat Briese*,²⁷ the panel held that the Respondent who registered the domain name mayoinfo.com and used the domain name as a "complaint site that provides critical comment on the quality of personal and other experiences" with the Mayo Foundation," had legitimate interest in the domain

FEATURE: The Current Environment Surrounding the Internet Law (2)

name.²⁸ Specifically, the panel held that the Respondent was "using the domain name for non-commercial, critical commentary, which is protected by the First Amendment."²⁹ The WIPO panel came to a similar decision in *Bridgestone Firestone, Inc. v. Myers*,³⁰ finding that the Respondent had a legitimate fair use and free speech rights and interests in respect of the Domain Name "bridgestone-firestone.net" where the domain name was linked to a website containing a complaint relating to the Complainant's products.³¹ However, as contemplated by UDRP § 4(c)(ii), commercial uses are also within the scope of "legitimate" use.

The recent introduction of domain names in the .biz and .info gTLDs through Neulevel Inc. and Afilias, Ltd. have further complicated the landscape with respect to potential trademark issues relating to the registration of domain names.³² The .info gTLD offered trademark registrants a thirty day "sunrise" period in which to register domain names prior to opening registration up to the general public. If more than one trademark holder registered for the same domain name during the sunrise period, the domain name registration was granted to the trademark holder who first registered the domain name during the sunrise period.³³ Disputes arising between two trademark owners concerning the same domain are being exclusively arbitrated by WIPO and decided under the "Sunrise Challenge Policy."³⁴ Under the Sunrise Challenge Policy, a Complainant must submit a complaint alleging the following information regarding the Respondent:

(i) at the time of Respondent's registration of the Domain Name, no current (non-expired) trademark or service mark registration was issued in Respondent's name [a registration in the supplemental register of the United States Patent and Trademark Office does not qualify as such registration]; or

(ii) the Domain Name is not identical to the textual or word elements of the trademark or service mark registration on which the registration of Respondent's Domain Name is based [identity will be deemed to exist also where there is a space between the textual or word elements of the mark (e.g., service mark) and a hyphen is used or the elements are

combined in the Domain Name (e.g., service-mark.info or servicemark.info). In all other respects, the Domain Name must be identical to the textual or word elements of the mark]; or

(iii) the trademark or service mark registration on which the registration of Respondent's Domain Name is based is not of national effect [for instance, European Community Trademarks meet the condition of national effect, but United States state trademarks or service marks do not]; or

(iv) the trademark or service mark registration on which the registration of Respondent's Domain Name was based did not issue prior to October 2, 2000.³⁵

However, the .biz gTLD is providing an alternative mechanism to protect trademark owners' rights. Trademark owners were given an opportunity prior to the registration period to file IP claims to domain names for which they have a trademark interest. When an applicant attempts to register a domain name which becomes the subject of an IP claim, that applicant will be notified of the IP claim and will have to elect to either abandon their application or continue in the application process. If the applicant elects to continue with the application, the IP Claimant will be notified and given an opportunity to initiate a Start-up Trademark Opposition Policy (STOP) proceeding. The STOP is very similar to the UDRP.³⁶ However, unlike the UDRP, the burden of proof is lower for the IP Claimant because a Claimant does not have to show that the Respondent registered and used the domain name in bad faith. Rather, a Claimant is only required to show that the domain name was registered or used in bad faith.³⁷

In light of the criticism from both trademark owners and domain name registrants and current perceived shortcomings and in view of the pending introduction of domain names in new gTLDs, it is likely that revisions to the UDRP and other related policies are inevitable.³⁸ However until then, both trademark owners and domain name registrants engaging in "legitimate" use made in "good faith" should be aware of the pitfalls and perils that are sure to arise when finding a home on the Internet.

1. NSI Domain Dispute Resolution Policy Statement, July 23, 1995.

2. Michael Geist, *Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, 10 (August 2001) [hereinafter Geist].

3. The ability to quickly obtain registrations from countries like Tunisia further interfered with the effectiveness of the dispute resolution policy. Geist at p.11.

4. Geist at p. 10.

5. Geist at p. 11.

6. Geist at p. 11.

7. Kevin Eng, *Breaking Through the Looking Glass: An Analysis of Trademark Right in Domain Names Across Top Level Domains*, 6 B.U.J.Sci. & Tech. L. 7, (June 1, 2000) (available online at <http://www.bu.edu/law/scitech/volume6/Eng.htm>).

8. ICANN Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy (October 15, 2001) (available online at <http://www.icann.org/udrp/proceedings-stat.htm>) (373 proceedings are pending and 716 proceedings have resulted in a decision in favor of the Respondent).

9. Geist at 2-6.
10. Id.
11. ICANN Policy § 4(a)(i-iii).
12. Id.
13. See Id. § 4(b)(i-iv).
14. See Id. § 4(c)(i-iii).
15. By virtue of the elements of proof required in the UDRP, it would appear that the UDRP is not suited for situations in which the a trademark owner is attempting to enforce its rights against a domain name registrant who may have a "legitimate" (as defined by the UDRP) use of the trademark owner's trademark or who otherwise has traditional defenses to trademark infringement (such as allegations that Complainant's mark is descriptive). As such, situations which give rise to complex issues of trademark law may be better handled in a judicial proceeding instituted in a court of proper jurisdiction.
16. "These comments suggested that the definition should be expanded to include cases of either registration or use in bad faith, rather than both registration and use in bad faith. These comments point out that cybersquatters often register names in bulk, but do not use them, yet without use the streamlined dispute-resolution procedure is not available. While that argument appears to have merit on initial impression, it would involve a change in the policy adopted by the Board. The WIPO report, the DNSO recommendation, and the registrars-group recommendation all required both registration and use in bad faith before the streamlined procedure would be invoked. Staff recommends that this requirement not be changed without study and recommendation by the DNSO." Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy, submitted for Board meeting of October 24, 1999, para. 4.5(a).
17. Sporoptic Pouilloux S.A. v. William H. Wilson, WIPO, Case No. D2000-0265 (June 16, 2000) (available online at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0265.html>).
18. Id.
19. The Panel in the Vuarnet dispute indicated that if the respondent were at any time to begin use of the domain name any such use would necessarily be in bad faith and the domain name would be transferred to the Complainant upon re-filing of a complaint.
20. World Wrestling Foundation Entertainment Inc. v. Bosman, WIPO, No. D99-0001 (January 14, 2001) (available online at <http://arbiter.wipo.int/domains/decisions/html/1999/d1999-0001.html>).
21. Id.
22. "Although it is therefore unnecessary to consult decisions of United States' courts, the panel notes that decisions of those courts in cases which determine what constitutes "use" where the right to a domain name is contested by a mark owner support the panel's conclusion. For example, in the case of Panavision International, L.P. v. Dennis Toeppen, et al., 141 F. 3d 1316 (9th Cir. 1998), the Court of Appeals held that the defendant's intention to sell the domain name to the plaintiff constituted "use" of the plaintiff's mark "See World Wrestling Foundation Entertainment Inc. v. Bosman at 6. The discussion of the Panavision case is relevant not only because it is consistent with the finding of "use" under the UDRP, but also because it suggests that panelists may give some degree of deference to decisions of U.S. courts in related matters, even in light of the disclaimer that panelists are not required to consult with or defer to such holdings.
23. Ty Inc. v. Joseph Parvin d/b/a Domains For Sale, WIPO, Case No. D2000-0688 (no date available) (available online at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0688.html>).
24. Id.
25. An evidentiary showing based "on information and belief" is insufficient to demonstrate that the Respondent's registration of the domain name in dispute was not used for a legitimate business purpose. Cottonsmith, LLC v. Resource Services, Ltd., NAF, Claim No. FA01040000097096 (June 7, 2001) (available online at <http://www.arbforum.com/domain/decision/97096.htm>) (An affidavit submitted by the Complainant based "on information and belief" that the Respondent is not engaged in a legitimate business is not a sufficient evidentiary showing to refute the Respondents assertion that they are engaged in a legitimate business).
26. Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy, submitted for Board meeting of October 24, 1999, para. 4.5(c).
27. Mayo Foundation for Education and Research v. Pat Briese, NAF, Claim Number: FA0102000096765 (May 4, 2001) (available online at <http://www.arbforum.com/domains/decisions/96765.htm>).
28. Id.
29. Id.
30. Bridgestone Firestone, Inc. v. Myers, WIPO, Case No. D2000-0190 (July 6, 2000) (available online at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0190.html>).
31. Id.
32. Policies relating to registration of domain names in the .biz and .info gTLDs can be located at www.neulevel.com and www.afilias.com, respectively.
33. New .info gTLD Will Give Trademark Holders 30 Days to Register Identical Domain Names, BNA Electronic Commerce & Law, Volume 6, Number 21 (May 23, 2001).
34. Available online at http://www.afilias.com/register/dispute_resolution/sunrise_challenge_policy.
35. Sunrise Challenge Policy § 4(a)(i-iv).
36. Only WIPO, NAF and eResolution are approved service providers under STOP.
37. "You are required to submit to a mandatory administrative proceeding in the event that a Complainant asserts to the applicable Provider, in compliance with the Rules, that:
 - i. Your domain name is identical to a trademark or service mark in which the Complainant has rights; and
 - ii. You have no rights or legitimate interests in respect of the domain name; and
 - iii. Your domain name has been registered or is being used in bad faith."
 In the administrative proceeding, the Complainant must prove that each of these three elements is present." STOP § 4(a)(i-iii).
38. A task force, created under the authority of the Domain Name Supporting Organization Names Council, consisting of some 20 members including: a representative from each of the seven DNSO constituencies (businesses, ccTLDs, gTLDs, intellectual property interests, Internet service providers, registrars, and non-commercial domain name holders), two representatives each from the four dispute resolution providers (the CPR Institute for Dispute Resolution, eResolution, the National Arbitration Forum, and the World Intellectual Property Organization), a Complainant representative, a Respondent representative, a representative from the DNSO General Assembly, an independent alternative dispute resolution expert, and an independent academic expert has been created to review the Uniform Domain Name Dispute Resolution Policy. ICANN Forms UDRP Review Task Force; Group Will Handle Wide Range of Concerns, BNA Electronic Commerce & Law, Volume 6, Number 36 (September 19, 2001).