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DOMAIN NEWS

On May 15, 2001, both .info and .biz were formally approved as alternatives to the familiar .com and .org. Addresses for .biz will go online in October. Further information, including important information for current trademark owners, can be found at www.afilias.com for .info and at www.neulevel.com for .biz. See the Internet Corporation for Assigned Names and Numbers (ICANN) website at www.icann.org for additional information on these new domains, other anticipated future domains, and related topical information.



Call Their Own

securing, and protecting a client's desired domain
an essential piece of the intellectual property puzzle.

By Alan N. Harris

Despite the technological development and explosive growth of the Internet since the advent of the World Wide Web, one critical limitation remains—only one individual/company can register and use any particular domain name. As a result, identifying the trademarks and trade names that are or may be the lifeblood of a client's business—and taking the available steps to secure desired domain names and to reclaim misappropriated domain names—is and will remain an essential piece of the intellectual property puzzle.

The explosive growth and mass appeal of the Internet has been fueled in large part by the introduction of domain names, easily recognizable alphanumeric strings that correspond to unique numeric Internet Protocol addresses assigned to an individual computer. For example, the State Bar of Michigan's domain name, www.michbar.org, corresponds

to a unique numerical sequence that identifies the computer server hosting the website. In this example, “.org” is the top level domain. “Michbar” is the second level domain. Additional levels under a second level domain name allow a domain name owner to further expand the address hierarchy among individuals or subentities within an organization. For example, www.harris.michbar.org, would be a third-level domain name associated with the surname of the author of this article. Unfortunately, the fundamental appeal of domain names also is their achilles heal—the inability to assign the identical domain name to multiple users. This critical limitation has led to the intersection of Internet law and classic trademark principles with, at times, challenging results.

At its essence, trademark law protects a word, symbol, or slogan used by a person or entity in connection with specific services or goods. Through actual use of a mark, whether it be a servicemark or a trademark, and through federal registration, one can acquire nationwide exclusivity of use of the mark in connection with the goods and/or services for which it is used. (Under the Lanham Act, 15 USC 1051, et seq., nationwide exclusivity can be obtained without actual nationwide use. In contrast, in the absence of a federal trademark registration, the scope of federal common law trademark rights is tied directly to the geographic area of use and extent of use of the mark. Similarly, a Michigan trademark registration alone only provides exclusivity of use within Michigan.) Because trademark rights do not equate to ownership of a word, different entities can use and have rights in the same exact mark provided the goods and/or services are sufficiently dissimilar and there is no likelihood of confusion between the two uses.

This dichotomy has led to the enactment of new laws to try to alleviate egregious domain name takings, called cybersquatting, and to the development and planned implementation of additional top level domains to allow owners of similar marks to stake out their respective territory on the Internet.

Current and Future Domains

Today, as the Internet community considers and begins implementing new top level domains, foreign language domain names, and continues to see an expansion in the availability of alternative domains, the most basic question of “what domain name should my company register?” can cause the most sophisticated marketing department to flinch.

There is no question that the .com top level domain remains the most sought after, universally recognized domain. It also is far and

away the most used and, as a result, the least available. This has led, during the past year, to a variety of developments designed to broaden the availability of top level domains. Perhaps the most creative development is the recent partnering between certain countries and entrepreneurs to market country code top level domains as an alternative to the available top level domains. As a result, domain

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names can now be registered under the country code top level domains .tv, .ws, and .md, representing Tuvalu, Western Samoa, and the Republic of Moldova, respectively. There are presently more than 250 country code top level domains. The regulation of country code top level domains varies from country to country. Because of this disparity, the United Nations and its World Intellectual Property Organization (WIPO) have called for an international set of rules to govern country code top level domains.

The Internet community also has pushed for the adoption of additional top level domains to supplement .com, .org, and .net. In November 2000, the Internet Corporation for Assigned Names and Numbers (ICANN) announced the approval of seven new top level domains: .biz, .info, .name, .pro, .aero, .coop, and .museum, which are for businesses; unrestricted use; individuals; accountants, lawyers, and physicians; the air transport industry; cooperatives; and museums; respectively. ICANN, a non-profit corporation among others with responsibility for top level domain system management, has not yet reached agreement with all of the proposed new domain name administrators, and the new top level domains are not all expected to be available to the public until sometime in the second half of 2001.

The Intellectual Property Constituency, an ICANN subgroup, has proposed a reserved “sunrise” period, during which trademark owners would have a first opportunity to register marks under the new domains. Other groups have made similar proposals. ICANN has not yet announced how the allocation of new domains will be managed. Notably, the Federal Trade Commission has issued warnings cautioning the public to refrain from purchasing “preregistration” for one of the new top level domains, since no entity can promise availability of the names at this point.¹

Most recently, ICANN requested public comment on the introduction of internationalized domain names (IDNs). The IDNs would

consist of nonRoman characters, such as Chinese, Arabic, and other East Asian characters. Some entities, such as VeriSign, already have begun test beds of internationalized domain names using nonRoman characters. Third parties unaffiliated with ICANN, such as New.Net, also have begun offering systems of alternative top level domains, which operate under third level domains through special software patches and arrangements with specific Internet Service Providers.

Choosing Which Names and Marks to Register as Domain Names

In light of the above, the decision as to which of a company's names/marks to register as a domain name is becoming increasingly confounded. There is no easy answer. Instead, the decision must flow from a combination of legal and business needs tied to the specific needs and aspirations of the company. This article focuses on domain name issues for existing trademarks, however, it is important to not equate a domain name alone with trademark rights. The registration of a domain name alone does not give the registrant rights in a trademark that is the same as the domain name.

For a company with few marks, the decision is decidedly easier. Given the relative inexperience in registering and renewing a domain name, a company with limited marks should attempt to register each of its marks, with suitable variations, in at least the .com top level domain (if available), and perhaps others depending on its channels of trade, marketing plans, and risk aversion. A company with a famous mark or any mark that it decidedly does not want to appear as a domain name in any top level domain—permutations such as *ihate[mark].com*—should take broad steps to widely register the name. Registration by others of this latter type of domain names, without other indicia of bad faith, may be protected by the First Amendment. Thus, while the permutations are many, a company wanting to preclude these now common sites, may want to consider registering some of these variations.

For companies with a large number of marks, the decision becomes a balancing act, but similar principles generally should apply. A company with several marks may choose to widely register each of them or may more selectively choose the combination of marks and available top level domains to adequately protect its interests. While a domain name portfolio may not require the level of administration of a trademark or patent portfolio, proper procedures should be implemented to ensure that a company's registrations are maintained.

The following steps may be a useful guide:

- Identify the company's marks (current and planned) and assess the possible business need for a corresponding domain name or other business justification for acquiring the domain name.
- Are the company's marks federally registered? If not, should they be?
- Are the marks available as domain names and, if so, under which top level domain?
- If not available as a .com domain name, are there other top level domains available that serve the business need? If the .com domain name is taken, by whom and under what justification?

- Are there variations, permutations, or other derivations of the mark that the company should register for business or other defensive purposes?
- Does the company have a mechanism in place for monitoring use of its marks, including their use as domain names?
- Has the company implemented a system for maintaining its domain name registrations?

Reclaiming a Domain Name

The Lanham Act's trademark and antidilution provisions, along with state law principles of unfair competition and other common law avenues, provide legal bases to attack cybersquatting, otherwise known as domain name hijacking. However, these laws were not designed for the rapid paced world of the Internet and did not provide courts with a comfort level needed to fully address the domain name issue.

As a result, today there are two principal legal vehicles to combat cybersquatting: The 1999 Anticybersquatting Consumer Protection Act, 15 USC 1125(d) and the ICANN Uniform Domain Name Dispute Resolution Policy (UDRP). In the past year, the federal courts have rendered more than 700 decisions in domain name disputes under the act. In that same period of time, there have been hundreds of decisions issued by arbitral panels under the UDRP. While the procedures and available remedies vary, both the federal act and the UDRP can provide an efficient and powerful tool for reclaiming a valuable piece of a client's intellectual property. The decisions, particularly under the UDRP, have decidedly favored trademark owners. Nonetheless, in the absence of a showing of bad faith, WIPO panels have found complainants to be engaging in an attempt to reverse domain name hijacking where, for example, the mark was merely suggestive and the parties were not competitors. See *Goldline International, Inc v Gold Line*, WIPO Case No. D2000-1151, 1/4/01.

The 1999 Anticybersquatting Consumer Protection Act²

The act, which became law in November 1999, put the needed teeth into the Lanham Act to deal effectively with the growing cybersquatting dilemma. It provides for civil liability where, without regard to the goods or services of the parties, a person, with bad faith intent: (i) registers, (ii) traffics in, or (iii) uses a domain name that (a) is identical or confusingly similar to a *distinctive* mark at the time of registration of the domain name, or (b) is identical, confusingly similar, dilutive, or a *famous* mark at the time of registration of the domain.

Personal names protected as marks under Section 1125 are specifically included in the prohibitions of the act. In a later, separate enactment, Congress added 15 USC 1129, which provides individuals more specific protection for domain names registered after November 29, 1999. This section provides for civil liability where, without consent, a person registers a domain name "that consists or the name of another living person, or a name confusingly similar thereto, *with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party.*" (Emphasis added.) The remedies under this section include injunctive relief, forfeiture, or cancellation of the domain name, and costs and attorneys' fees.

The act sets forth a list of factors a court may consider in determining whether the requisite bad faith intent exists, including: (i) the trademark, or other intellectual property rights of the defendant; (ii) whether or not the domain name consists of the legal name of the defendant; (iii) the defendant's prior use of the domain in connection with a bona fide offering of goods or services; (iv) the defendant's bona fide noncommercial or otherwise fair use of the mark in connection with an accessible website; (v) the defendant's intent to divert traffic from the mark owner's website; (vi) the defendant's offer to transfer, sell, or otherwise dispose of the domain name for financial gain; and (vii) the defendant's registration or acquisition of multiple domain names the defendant knows are identical or confusingly similar to the distinctive or famous marks of others at the time of registration. Notably, the act provides that bad faith intent shall not be found where the court finds that the defendant had reasonable grounds to believe that the use of the domain name was a fair or otherwise lawful use. The remedies under this provision include damages, injunctive relief, cancellation, forfeiture, or transfer of the domain name.

To help combat the transparent nature of many cybersquatters, the act specifically provides a vehicle for bringing an in rem action against the domain name if the domain name violates the rights of an owner of a registered mark or a mark protected under § 1125(a) (unfair competition) or 1125(c) (dilution) and if the court is unable to obtain in personam jurisdiction over a person who could otherwise be a defendant. As to this last factor, the inability to find a person who would have been a defendant can be established though providing notice of intent to proceed though the act's in rem provision and publishing notice of the action as set by the court. Remedies under the act's in rem provisions are limited to a court ordered forfeiture or cancellation, or transfer of the domain name and do not include monetary damages. The act's in personam and in rem provisions are mutually exclusive and cannot be pursued simultaneously.

The ICANN Domain Name Dispute Policy

The UDRP is a mechanism for resolving domain name disputes that has been adopted by all accredited registrars of .com, .net, and .org top level domains, as well as some managers of country code top level domains.

Under the UDRP, all domain name registrants who register domain names through a registrar who has adopted the UDRP are required to submit to a mandatory administrative proceeding if a third party alleges that the domain name is identical or confusingly similar to the complainant's trademark or servicemark; the registrant has no rights or legitimate interests in the domain name; and the domain name was registered and is being used by the registrant in bad faith. A successful complainant must establish each of these three elements. Like the act, the UDRP sets forth nonlimiting factors that may be indicative of bad faith.

Importantly, the filing of a UDRP proceeding does not prevent either the registrant or a complainant from submitting the dispute to a court of competent jurisdiction for independent resolution, and courts are not bound by UDRP decisions.

Complaints under the UDRP are submitted to any one of four approved dispute resolution providers, each of whom is required to follow the ICANN Rules of Uniform Domain Name Dispute Resolution. A dispute is begun by submitting a complaint requesting that the complaint be determined in accordance with the UDRP and the ICANN rules, identifying the complainant and the registrant, identifying domain name and the registrar, specifying the trademark or servicemark on which the complaint is based, and describing the grounds on which the complaint is made. At the request of the parties, complaints may be resolved by a single-member panel or by a three-member panel. Without a respondent's request for a three-member panel, all administrative fees must be paid by the complainant. These fees vary depending on the service provider chosen, the number of domain names at issue, and the panel size. An action can be initiated for as little as \$750.

Unlike court proceedings, and without a request by the panel for further statements or documents, disputes under the UDRP are resolved on the pleadings alone, without an in-person hearing or argument. A hearing will be held, at the panel's sole discretion, only in an exceptional matter. Like the act's in rem provisions, the sole remedy under the UDRP is transfer or cancellation of the disputed domain name.

Importantly, the filing of a UDRP proceeding does not prevent either the registrant or a complainant from submitting the dispute to a court of competent jurisdiction for independent resolution, and courts are not bound by UDRP decisions. ♦

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Footnotes

1. See www.ftc.gov/bcp/online/pubs/alerts/domainlrt.htm.
2. 15 USC 1125(d).