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Domain Name Dispute Resolution

Posted on **September 1, 2005** by **Editor**



By **Leonard D. DuBoff** <lduboff@dubofflaw.com>
and **Christy O. King** about

If a website is the storefront of 21st-century business, then a domain name is like a street address – that crucial piece of information that brings customers to the door. But domain names are even more than that – federal courts have recognized that domain names identify the entity that owns the website. [1] In that way, domain names function as trademarks by identifying the source of the goods or services being offered for sale on the Internet. Domain names, like trademarks, are valuable business assets.

Domain names also present an avenue by which a business's name can be misused or its trademark rights infringed. Because registering a domain name is a quick and inexpensive process, it is easy for anyone to register a domain name that incorporates a trademark, whether that trademark belongs to that person or not. This may very well confuse potential customers who think they are accessing your client's site. A cyberpirate can hijack a name or term and divert a potential customer seeking information about your client's business to its own website or that of another. Thus, every business attorney should be aware of the importance of domain names and know how to protect a client's valuable intellectual property assets, its good name and its potential customer base.

Resolving disputes over domain names requires an understanding of the nuances of trademark law. Attorneys should be aware of the means of protection from infringement and the unique ways in which a business's or firm's name or trademark can be misused in cyberspace, such as cybersquatting and typosquatting. This applies not only to clients, but also to the law firm itself, as the Internet provides an important venue for the marketing of both products and services, including professional services.

What is Cybersquatting?

Cybersquatting occurs when a party registers as a domain name another's name or trademark for the purpose of selling the domain name to the rightful owner at an inflated price. Joe

Toeppen was one of the first notorious cybersquatters. In the mid-1990s, when the system of domain name registration was still in its infancy, Toeppen registered hundreds of words as domain names. Some of the registrations he acquired were for generic words, like <water.com>, and some were trademarks, like <deltaairlines.com>, <eddiebauer.com> and <neimanmarcus.com>. Toeppen offered to sell his registrations to the trademark owners for thousands of dollars. One of the trademark owners filed suit in federal court in California. [2] The district court addressed the then-novel question of whether Toeppen's Internet activities were sufficient to subject the Illinois man to personal jurisdiction in California and ultimately ruled in favor of the California plaintiff. Although courts do exercise jurisdiction over foreign defendants engaging in cyber-misconduct, cybersquatting still occurs, as do other methods of misusing domain names.

Typosquatting is another type of domain name misuse. Typosquatting occurs when a party registers a domain name that is very close to another's trademark or name for the purpose of capitalizing on an Internet user's typographical errors when entering a web address. For example, the domain name <http://www.microsoft.com> would catch a number of Internet users searching for Microsoft, and <ggogle.com> would divert users seeking to reach Google. [3] Typosquatters position themselves to take advantage of a potential customer's mistake and either cause them to think they have reached the intended site or lure them away from that business. Even if the visitor quickly realizes that the site is not the one desired, the typosquatter will already have diverted the visitor to its own activities. [4]

Dealing with URL Misuse

What can you do if someone is using <businessname.com> or <trademark.com> as a domain name without permission of the rightful owner? Or what if someone is using a domain name that is intended to divert customers away from your client's or your firm's website?

One option is to sue in federal court. In 1999, Congress passed the Anti-Cybersquatting Consumer Protection Act, which has been codified as part of the Lanham Act, the law that governs unfair competition and trademark law. [5] A federal lawsuit can, however, be very expensive and take years to reach a resolution. Also, the international nature of the Internet means that the entity misusing another's name in cyberspace may be located in a foreign jurisdiction. Filing a lawsuit in U.S. courts is possible, but the complication and expense of the litigation increase when there are foreign parties.

Domain name registrations are easier and cheaper to obtain than are federal trademark registrations. Domain name registration, unlike federal trademark registration, is not regulated by an agency that works to weed out duplication or attempts to avoid the likelihood of confusion. If the rightful owner of the mark is forced to litigate domain name disputes, then the cost of owning and protecting one's trademark or business name becomes even greater.

While domain names, like trademarks, are often business assets valuable enough to justify the

time and expense of a federal lawsuit, there is an alternative means for resolving domain name disputes that is faster and less expensive.

Mandatory Online Arbitration System

As an alternative to federal court, there is an international arbitration system, which provides a quick and inexpensive forum to resolve domain name disputes.

The Internet Corporation for Assigned Names and Numbers (“ICANN”) is a private, nonprofit technical coordination body for the Internet’s name and numbering system. [6] ICANN coordinates the domain name system to ensure that every address is unique and that all users of the Internet can locate valid addresses. [7] ICANN also sets minimum standards for domain name registrars. In that capacity, ICANN adopted a Uniform Domain Name Dispute Resolution Policy (the “Policy”). The Policy has been adopted by all ICANN-accredited domain name registrars, which includes all registrars for names ending in .com, .net and .org. [8] Anyone registering a domain name through an accredited registrar agrees to be bound by the Policy, which sets out guidelines for the dispute resolution procedure. Thus, the arbitration system is mandatory for respondents.

ICANN does not itself resolve disputes between parties. Instead, disputes are arbitrated by one of several approved domain name resolution service providers that must follow ICANN’s Policy. The World Intellectual Property Organization (“WIPO”) is one such approved service. WIPO is an international intellectual property organization associated with the United Nations. It has been providing domain name mediation services since 1994. While WIPO is not the only approved domain name resolution service provider, it is the oldest and one of the most respected. [9]

WIPO Arbitration Procedure

To attempt to stop interference with a business or diversion of potential clients away from a website through cybersquatting or other improper domain name use, a complaint can be filed with the WIPO domain name dispute arbitration panel. The dispute can be resolved by a three-member panel or by one arbitrator. The cost for filing a complaint and electing one arbitrator is \$1,500. [10] Once the complaint is filed and the dispute resolution provider formally commences the administrative proceeding, the respondent has 20 days to submit a response. If the case is to be decided by a single arbitrator, the administrator will appoint an arbitrator within five days of the receipt of the respondent’s reply. The complainant then has an opportunity to submit an additional filing, but whether the arbitrator reads the additional filing is discretionary. After appointment, the arbitrator will decide the issue and notify the relevant parties within 17 days.

The substantive law applied by the arbitrator is determined by the contract between the registrar and the respondent. The domain name registration agreement, which binds the registrant to the mandatory system, also sets forth the governing law. Thus, in arbitrating a claim based on a domain name registered through a registrar in the United States, the panel will use U.S. law,

including relevant principals of U.S. trademark law.

The arbitrator will resolve the complaint in one of three ways: (1) The arbitrator will order the domain name registrar to cancel the domain name; (2) the arbitrator will order the domain name registrar to transfer the registration to the complainant; or, (3) if the complainant fails to carry the substantive burden, the arbitrator will deny the complaint.

Substantive Burden

To prevail in the dispute and have the respondent's domain name cancelled, the complainant must establish that its domain name is identical or confusingly similar to the respondent's domain name or trademark, that the other party has no legitimate interest with respect to the name, and that the other party has registered or is using the domain name in bad faith.

The first element, showing that the domain name is identical or confusingly similar, involves analysis of the same factors that govern a trademark infringement lawsuit's finding of a likelihood of confusion. A WIPO arbitration panel that determined <walsucks.com> was likely to be confused with <walmart.com> relied on the same eight-factor test developed for the resolution of trademark infringement suits. [11] The test for likelihood of confusion weighs the following factors: strength of the mark; proximity of the goods; similarity of the marks; evidence of actual confusion; marketing channels used; type of goods and the degree of care likely to be exercised by a purchaser; defendant's intent in selecting the mark; and the likelihood of the expansion of product lines. [12]

A domain name can be deemed identical to a word mark, notwithstanding the domain name format. All domain names contain the .com or .net or another generic Top Level Domain ("gTLD") identifier. A party that places a .com at the end of a trademark cannot claim that the domain name is no longer identical to the trademark. Arbitration panels have held that the form a domain name is required to take in order to function as a web address does not automatically make it distinct from a trademark which it wholly incorporates. That is, the addition of .com or .net to a trademark does not diminish the fact that the mark is identical. [13]

The legitimate interest factor involves the determination of whether the respondent is making a noncommercial, fair use of the petitioner's trademark. It can be difficult to predict how a court or arbitrator might rule on the complicated issue of fair use, but, as with the confusingly similar factor, arbitrators are guided by trademark analysis in their determination of commercial use and fair use. Complaint or protest sites, which may invoke free speech issues, have been found not to be fair use if there is a commercial aspect to the website. Diverting customers away from the target website has been held to be a commercial use, even if the protesting site is not attempting to make a profit. [14]

Prior federal registration of a trademark by the petitioner will help show that the respondent has no legitimate interest in the infringing domain name. A federal registration imparts a presumption

of validity to a trademark. [15] WIPO panel decisions have also incorporated the concept of constructive knowledge that exists in U.S. trademark law. [16] Thus, a federal registration provides constructive knowledge of the existence of the trademark to third parties in the United States, and a respondent will, therefore, have a more difficult time asserting that it has any legitimate rights in the use of the infringing domain name.

Finally, the bad faith element incorporates trademark issues to determine whether the user of the mark is attempting to attract, for commercial gain, users to its website or to create confusion as to whether the petitioner's business sponsors or is affiliated with the respondent's website. Bad faith is shown if the respondent offers to sell the petitioner the domain name registration at an inflated price. The communications between the parties to discuss the use of the domain name can also contain evidence of bad faith. In addition to requesting an inflated amount of money for the registration, failing to respond to the petitioner's requests at all or providing an inappropriate response may be evidence of bad faith.

Thus, the issues raised in a domain name dispute involve fact-specific arguments, as well as complex legal analysis of intellectual property law.

Arbitration versus Litigation

The arbitration system does not provide for the recovery of damages or attorney fees, both of which may be available in a federal lawsuit. [17] A plaintiff in a federal trademark infringement suit may recover damages that can include the defendant's profits, the plaintiff's actual damages, which may be trebled in an appropriate case, plus the costs of the action and, at the court's discretion, attorney fees. [18] Damages may be difficult to prove, however, and attorney fees are awarded only in "exceptional cases." Thus, the efficiency and economy of the arbitration procedure and the limited remedies it provides must be weighed against the expense and uncertainty of federal litigation and the possibility of recovering damages, as well as attorney fees.

Conclusion

Lawyers and their clients must evaluate the merits of filing a federal lawsuit and the potential recovery available in litigation against the more expeditious and less costly arbitration procedure when domain name disputes are involved. Since complex intellectual property law pervades both proceedings, it is important to work with an experienced intellectual property attorney if you are not familiar with the principles of trademark law.

[1] *Panavision International v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998).

[2] *Id.*

[3] *Go Daddy Software, Inc. v. Daniel Hadani*, WIPO Case No. D2002-0568.

[4] *V&S Vin & Spirit AhB v. Giovanni Pastore*, WIPO Case No. D2002-0926.

[5] 15 U.S.C. § 1125.

[6] ICANN Frequently Asked Questions, available at, <http://www.icann.org/faq/>.

[7] *Id.*

[8] The Policy, available at <http://www.icann.org/dndr/udrp/policy.htm>.

[9] Other domain name resolution centers include Asian Domain Name Dispute Resolution Centre (ADNDRC); CPR Institute for Dispute Resolution; eResolution; and the National Arbitration Forum (NAF). See Approved Providers for Uniform Domain Name Resolution, available at <http://www.icann.org/dndr/udrp/approved-providers.htm>.

[10] The cost of a three-member panel is \$4,000. These prices are dependent upon the number of domain names included in the complaint. The price for both single arbitrator and the three-member panel increases if the number of domain names in the complaint is greater than five. Schedule of Fees under the ICANN UDRP Policy, available at <http://arbiter.wipo.int/domains/fees/index.html>.

[11] *Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico*, WIPO Case No. D2000-0477. (citing *AMF v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

[12] *Sleekcraft Boats*, 599 F.2d at 348-349.

[13] *Bruce Springsteen v. Jeff Burger and Bruce Springsteen Club*, WIPO Case No. D2000-1532.

[14] *E&J Gallo Winery v. Hanna Law Firm*, WIPO Case No. D2000-0615.

[15] 15 U.S.C. § 1115(a).

[16] *The Sportsman's Guide, Inc. v. Modern Limited, Cayman Islands*, WIPO Case No. D2003-0305.

[17] 15 U.S.C. § 1117.

[18] *Id.*

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2 THOUGHTS ON "DOMAIN NAME DISPUTE RESOLUTION"

Edith Kasky

on **January 30, 2014 at 6:16 PM** said:

My brother recommended I may like this blog. He was once totally right. This post actually made my day. You can not consider just how much time I had spent for this info! Thank you!

Leo Tonschock

on **February 3, 2014 at 4:02 AM** said:

Most definetely time (if not a little late) to rock and roll this years resolution plans!!