

DOMAIN NAMES

Computers on the Internet, called “host computers,” are identified by both numbers and names. The number consists of four parts separated by periods, for example “36.152.66.39.” This number is commonly referred to as the “IP Address” of the computer, pinpointing the location of that computer on the Internet, so that it may be reached by other computers.

As a string of numbers is very difficult to remember, each number has a name associated with it. This is the “domain name.” Domain names have multiple levels, as shown in the corresponding diagram. All domain names contain a “top level domain,” (commonly referred to as a “TLD”). The current universally recognized top level domains are listed below. These top level domains are all approved by the Internet Corporation for Assigned Names and Numbers (“ICANN”), the administrative body governing the Internet.

- “us” - reserved for U.S. citizens, residents, businesses, or organizations and federal, state, and local governments and other country codes
- “com” - typically designating a commercial company
- “net” - typically designating a networking organization
- “org” - typically designating a non-profit organization
- “edu” - designating an educational institution
- “mil” - reserved exclusively for the United States government
- “int” - used only for registering organizations established by international treaties between governments
- “biz” - reserved for businesses
- “info” - an unrestricted top level domain for information

- “aero” - pertaining to the air transport industry
- “coop” - designating cooperatives
- “museum” - designating museums
- “name” - designating individuals
- “pro” - designating lawyers, accountants, and physicians

In addition, other top level domain registrations are available through companies like New.net, which operate outside of the regulatory scope of ICANN. These include “kids,” “law,” and “inc.” Domain name registrations with these top level domains are available for purchase by the general public, but unlike the ICANN-approved top level domains, they are not fully regulated and are not recognizable by all servers.

A domain name may also have a “country code top level domain” (ccTLD) as a component. For example, “au” signifies Australia, and “uk” signifies the United Kingdom. Although most countries maintain their own country code registries, others have entered into agreements with corporations who want to market a particular country code domain. For example, the DotTV Corporation has entered into an agreement with the small nation of Tuvalu to take over the registry services for its “tv” country code domain. As a result, many United States businesses, including Motorola and Major League Baseball, now have their trademarks or trade names registered as “tv” domain names (e.g., www.motorola.tv). There are now more than 240 country code top level domains, and each country has different procedures and requirements for registration. For a list of the current country code domains and links to their registries, visit <http://www.iana.org/cctld/cctld-whois.htm>.

The “second level” is the main part of a domain name, and is sometimes referred to as the “domain name” in common usage. Typically, it is the second level domain that corresponds to the company’s name or best-known trademark, or a description of its business. For example, second-level domains include “IBM” in the Universal Resource Locator (URL) “<http://www.ibm.com>,” and “microsoft” in the URL “<http://www.microsoft.com>.”

Internet Address Conventions

http://www

merchantgould

com

Second-level domain

Top-level domain

HOW TO ACQUIRE A DOMAIN NAME

Virtually anyone can register a domain name by selecting a domain name, contacting a “registrar,” and paying a fee, which generally ranges from \$5 to \$35. The term “registrar” is used to denote an organization that is able to register an available domain name. A registrar is distinguishable from a “registry,” which is a database of domain names that have been registered. Historically, Network Solutions, Inc. (“NSI”) was the only registrar of domain names and was responsible for maintaining the registry for all “com,” “net,” and “org” Internet registrations. Today, other companies offer registrar services as well. The addition of multiple registrars is an effort to make the domain name registration process competitive. A list of all registrars accredited to register universally recognized domain names is available within the ICANN website, at <http://www.icann.org/registrars/accredited-list.html>. This site also provides links to websites of each individual registrar. VeriSign Global Registry Services, formerly part of NSI, now maintains the registry of “com,” “net,” and “org” registrations, while the rest of the top level domain registries are maintained by other organizations. A list of registry operators for other top level domains is available at <http://www.iana.org/gtld/gtld.htm>.

Traditionally, NSI allowed registration of domain names on a “first come, first serve” basis. By registering a domain name, registrars generally do not determine the legality of the domain name registration or otherwise evaluate whether that registration or use may infringe upon the rights of any third parties, a policy that has led to problems, particularly with respect to the rights of trademark holders.

The advent of new top level domains and their corresponding registries has raised additional problems, including (1) how initial allocation should be accomplished, and (2) how to protect the rights of current intellectual property owners without stifling freedom of expression in the free market. In response to these issues, the new registries have taken a variety of pre-registration procedures. For example, .biz registry operator Neulevel.com used a pure lottery system, whereas Afiliias had a round robin system for early registrants. Some of the new registries have taken steps to provide limited protection for holders of trademark or trade name rights. For example, .biz registry operator Neulevel.com provided an IP claims service for trademark owners, and also requires that registrants agree to use the name only for “bona fide business or commercial use.” For more details, see <http://www.neulevel.com/> and its related links. Similarly, “info” registry operator Afiliias offered a sunrise period in which owners of registered trademarks had an opportunity to pre-register their marks as domain names. For information on Afiliias and the “info” top level domain, see <http://www.afiliias.com>. The United States country code, “.US” is available and may be purchased by private entities. To qualify for a .US domain name, the registrant must have a sufficient nexus with the United States. To show a sufficient nexus, the registrant must be a U.S. citizen or resident, a U.S. business or organization, or a U.S. federal, state, or local government. Businesses with a bona fide presence in the United States can also register a .US domain name. .US domain name registrations are available through .US Accredited Registrars which can be found at http://www.nic.us/register/dotus_registrars.html. Registries for other new top level domains, such as “aero,” can be found at their respective registry sites.

In order to determine if a domain name is available, NSI and other registrars offer access to the “WHOIS” database, which is available at each individual registrar’s website. For example, NSI’s database is accessible at <http://www.networksolutions.com/whois>. If no record is found for a domain name in this database, then it is available to be registered. Because the costs and requirements for registration of a domain name are minimal, it is recommended that

domain names be registered prior to any final decision regarding use of the domain name, as others may register the domain name if it is available. Once a domain name is registered, it is also recommended that similar domain names be registered, if available, to prevent others from registering them. For example, the law firm Merchant & Gould has a web page located at the URL <http://www.merchantgould.com>. It has also registered various additional URLs, including <http://www.merchant-gould.com>.

Domain names are generally chosen to represent either the name of the business, or the product or service sold by the business. The value of a domain name is often associated with its ability to function as a trademark identifying the goods and services with a specific source. Prior to registering a domain name, it is recommended that a search be performed to determine whether others have a trademark registration in the domain name itself, or in words contained within the domain name. A search opinion regarding a domain name may be obtained by trademark counsel, or a quick preliminary search may be performed on the United States Patent and Trademark Office's Internet search system, at <http://www.uspto.gov>. As described below, the existence of a federal trademark registration for a mark identical to that of a domain name may prevent the domain name registrant from using the domain name.

DOMAIN NAME DISPUTES

Trademarks arise from using words, logos, and the like in connection with selling goods and services. As discussed above, most registrars award domain names on a first come, first served basis and do not undertake a complete trademark search for each proposed registration. Consequently, significant legal issues involving trademark or trade name conflicts can arise from registration of a domain name.

Similar, even identical, word marks can be simultaneously registered as trademarks by unrelated businesses on unrelated goods. For example, "Delta" is a trademark for airline services, water faucets, and other businesses. The problem of overlap is

increased when non-registered marks are considered, since identical unregistered marks can be used in distinct geographical regions of the country for decades, even on the same goods and services, without any problems arising. Also, logo designs can distinguish marks whose words alone are similar or identical. Trade names, which are outside the scope of federal registration but may be registered as corporate names on a state-by-state basis, are another source of overlap.

In contrast, only one party can register a given domain name. Thus, while Delta Airlines and Delta Faucets can coexist, only one can lay claim to the desirable delta.com domain name. This problem is particularly prevalent in the “com” domain, since anyone may register an available “com” domain name, regardless of the type of goods, services or the part of the country in which any trademark or trade name is used. Indeed, a party may register an available “com” domain name even if *no* goods or services are associated with the term. Moreover, the problem of overlap is exacerbated because domain names are often shortened versions of trademarks or trade names, including abbreviations, and initials.

The following conflicts may arise:

- Two businesses have legitimately used the same name or mark on different products or services, and both want to use it as a domain name.
- Two businesses in different parts of the country or the world have similar marks or names, and want to use the same word or phrase as a domain name.
- Two businesses with different marks or names seek similar names because one (or both) seeks to shorten its mark in a way which makes the domain name similar or identical.
- An unscrupulous competitor or third party (a “pirate”) anticipates your desire for a particular domain name and obtains it first. This process of registering a domain name with the purpose of selling it to a trademark holder or simply to the highest bidder is commonly termed “cybersquatting.”

In order to sort out the difficulties that arise from the conflict between the first come, first served registration system for domain names and the multiple user structure of trademark law, ICANN has enacted a dispute resolution policy that applies to all domain names. You can review this policy at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>. These guidelines, which become part of the agreement entered into upon registration of a domain name, indicate that it is the domain name registrant (as opposed to the registrar or registry) who has legal responsibility to determine whether a given domain name infringes someone else's rights. The domain name registrant indemnifies registrars against any such liability.

ICANN Domain Name Dispute Policy

Prior to the enactment of ICANN's dispute resolution policy (commonly known as the "UDRP"), NSI had enacted a dispute resolution system that permitted a trademark owner to challenge a registration where the domain name was identical to the registered trademark, and was registered after the registration date of the trademark. If these factors were met, NSI would put the registration on hold. In part due to public dissatisfaction with the NSI policy, ICANN took over domain name dispute resolutions under a series of agreements approved by the United States government.

There is currently serious consideration regarding restructuring the ICANN domain name dispute policy. The current ICANN domain name dispute policy:

- requires that the cybersquatter registered and used the domain name in "bad faith" and lacks any "right or legitimate interest" in the name;
- is no longer limited to federal mark owners and can now be used against holders of confusingly similar names (instead of merely identical names);
- requires the domain owner to submit to a mandatory administrative proceeding once initiated by a mark owner

with remedies limited to cancellation of the domain registration or its transfer to the mark owner;

- the entire administrative proceeding is concluded based upon the complaint and the response to the complaint (and possibly a reply) and supporting documents;
- the domain name owner has twenty (20) days in which to respond with argument to a filed complaint;
- jurisdiction for appeals of the administrative proceeding is at either the domain name holder's registered address or the jurisdiction of the registrar. In this regard, business owners may want to verify that their registrar is located in a convenient jurisdiction.

The mark holder bears the burden of proving all three of the following:

- the domain name is identical to, or confusingly similar to, a trademark;
- the domain holder has no rights or legitimate interests with respect to the domain name; and
- the domain name has been registered and is being used in bad faith.

Under the ICANN dispute policy, factors for determining bad faith include:

- acquisition of the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the owner of the trademark or to a competitor, for more than the documented costs directly related to the domain name;
- a pattern of registering for the purpose of blocking the mark owners from using names;

- registration primarily for the purpose of disrupting the business of a competitor; and
- use for commercial gain, with intent to attract users to the domain site by creating a likelihood of confusion with the mark as to the source, sponsorship, affiliation or endorsement of goods/services.

The domain name holder may counter with evidence of good faith and a legitimate interest. A domain name holder has rights or legitimate interest in a domain name if:

- the domain name holder has made prior use in connection with a good faith offer of goods or services using the name;
- the domain name holder is commonly known by the name; or
- the domain name holder is making a legitimate noncommercial or fair use of the domain name (for noncommercial gain).

Domain name holders are prevented from transferring the domain registration to another while the dispute or court proceeding regarding the domain name is pending.

The domain name holder has twenty days from the date the complaint is forwarded by the domain name service provider in order to submit a response, if any, to the provider. If the mark holder has designated a single-member panel, the domain name holder may opt for a three-member panel (and pay half of the costs). Although it is advisable to file a response, a domain name holder can prevail without doing so if the panel determines, based upon the complainant's filings alone, that the complaint is without merit.

The panel has very broad powers on the manner in which the proceeding shall be handled (generally there are no in-person hearings). In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain name dispute, the panel has the discretion to decide whether to suspend

or terminate the administrative proceeding, or to proceed to a decision. A domain name holder has ten (10) days to begin a court action after an adverse decision.

More information on ICANN and the UDRP is available at the ICANN website, <http://www.icann.org>. Links to approved dispute resolution providers are available at <http://www.icann.org/udrp/approved-providers.htm>.

Anticybersquatting Consumer Protection Act

On November 2, 1999, the Anticybersquatting Consumer Protection Act became law. The Act is aimed at so-called “cybersquatters” who register trademarks or names of others as domain names in order to sell them for a profit to the rightful owner. The Act provides for civil remedies without a need to prove relatedness of the goods or services of the parties. Rightful owners of trademarks or personal names may now bring an action against one who:

- has a bad-faith intent to profit from the goodwill of the trademark or personal name of another; and
- registers or uses a domain name that was identical to, confusingly similar to, or dilutive (for famous marks only) of such a mark at the time that the domain name was registered.

The Act sets out several non-exclusive factors for determining whether a person had bad faith:

- prior, bona-fide use by the person;
- non-commercial and fair use of a mark in the site by the person;
- the person’s intent to divert consumers from the mark owner’s online location to another site;
- the person’s offer to sell the domain name to the mark owner, without having used, or having an intent to use, it in a bona fide manner;

- the person's provision of material and misleading contact information or the intentional failure to maintain accurate contact information in the registry;
- the person's registration or acquisition of multiple domain names that are identical or similar to the trademark; and
- the extent of the trademark's fame or distinctiveness.

The Act provides that a court may order the forfeiture, cancellation or transfer of the domain name. Where personal jurisdiction (as opposed to *in rem* jurisdiction, as discussed below) is established over the defendant, a plaintiff can also recover either actual damages, or statutory damages in the amount of \$1,000 to \$100,000 per domain name. Finally, the Act immunizes domain name registries from monetary relief.

In a representative case, *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264 (4th Cir. 2001), the court found dilution, trademark infringement and cyberpiracy based upon Virtual Works' use of the domain name *vw.net* despite the fact that this domain name represented the initials of the company. The court did note that the company did not use the VW initials as a mark.

The Act also allows for *in rem* actions against the domain names themselves rather than the domain name holder. *In rem* jurisdiction means jurisdiction over the property as opposed to jurisdiction over the person (or personal jurisdiction). Generally, one needs to have sufficient contacts with a forum state to justify personal jurisdiction. However, when *in rem* jurisdiction is available, sufficient contacts exist if the property is located within the forum state. The court in *Caesars World v. Caesars Palace.Com*, 112 F. Supp. 2d 502 (E.D. Va. 2000), held that *in rem* jurisdiction over the domain name itself does not violate due process. More recently, another district court has clarified that where the defendant has no other ties to the United States, *in rem* jurisdiction is only appropriate in the judicial district in which the name was registered, *FleetBoston Fin. Corp. v. www.fleetbostonfinancial.com*, 138 F. Supp. 2d 121 (D. Mass 2001). Because the most popular registrar is Network Solutions, Inc. (NSI), these holdings mean that if personal jurisdiction cannot be

established, many domain name suits will be subject to *in rem* jurisdiction in the District Court for the Eastern District of Virginia, since NSI is located in that judicial district.

Domain Name Use Not Necessarily Trademark Infringement

In *Nissan Motor Company v. Nissan Computer Corp.* No. 04-869 Petition for Cert. filed (U.S. Dec. 22, 2004) Nissan requested a review of a 9th Circuit ruling that allowed a computer business to continue using the domain name Nissan.com. An individual, Mr. Uzi Nissan had used his last name for business ventures including Nissan Computer Corp. Nissan, the automobile company, sued Mr. Nissan for trademark infringement and dilution based on the use of Nissan.com. The District Court found infringement only to the extent that the website included ads for automobile related products and prohibited Nissan Computer Corp. from linking to sites that contained negative comments about the Nissan automobile company. On appeal the Court affirmed the trademark infringement claims but reversed Plaintiff's claims of dilution. In its Petition for Certiorari., Nissan Motor Company argues that the 9th Circuit ruling was wrong in its holding that use of the domain name that was a famous mark was not subject to dilution because it was a non-commercial use, and that links were somehow protected by the First Amendment, and that no infringement took place when Nissan.com diverts consumers away from the automotive company and those looking for information on Nissan automobiles. The Supreme Court, however, refused to review the appellate court decision; and Mr. Nissan can continue to use Nissan.com.

.US Domain Dispute Resolution Policy

The .US domain name has a dispute resolution policy that is similar to the United States Anticybersquatting Consumer Protection Act and the ICANN Uniform Domain Name Resolution Policy (UDRP) and can be found at <http://www.nic.us/policies/docs/usdrp.pdf>. To bring an administrative action, the complainant must assert that: (i) the domain name is identical or confusingly similar to a

trademark or servicemark in which the complainant has rights; (ii) the domain name holder has no rights or legitimate interests in respect of the domain name; and (iii) the domain name has been registered in bad faith or is being used in bad faith.

Bad faith can be shown if: (i) circumstances indicating that the domain name was registered or acquired 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 documented out-of-pocket costs directly related to the domain name; (ii) the domain name was registered in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name; (iii) the domain name was registered primarily for the purpose of disrupting the business of a competitor; or (iv) the domain name was registered to intentionally attract, for commercial gain, Internet users to a web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to source, sponsorship, affiliation, or endorsement.

There is also a procedure for disputing a sufficient nexus with the United States of another domain name holder. Current dispute resolution providers include the National Arbitration Forum and the American Arbitration Association.

REFERRING TO OTHER WEB SITES AND TRADEMARKS

When litigation or arbitration under the domain name dispute policy is impossible or impractical, other solutions exist to resolve disputes. Where both parties desire to use the identical domain name, cross-links may be used whereby each page provides links to the other party's page. For example, the respective owners of the "Scrabble" mark in North America and the rest of the world have found a way to share "scrabble.com" by providing a map of the world at "scrabble.com" with a link to the appropriate site associated with a geographic location. Similarly, providing links to related sites may be an acceptable resolution. Disclaimers may also be used to eliminate any possible confusion.

Where two users cannot peacefully coexist, a transfer of the domain name may be the only solution. Domain names may be bought and sold like any other property. Of course, the price of a particular domain name is what someone is willing to pay for it. For example, the record price for a domain name sale appears to be business.com, which was recently purchased for \$7.5 million.