

# Recent legal developments related to the Domain Name System

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## 1 Introduction

Domain names are unlike trade marks in that they are not a form of intellectual property recognised by a local statute. The registration and administration of domain names is not directly carried out by a government agency as in the case of trade marks, but is instead primarily in the hands of non-government corporations and agencies who have various agreements and arrangements with, and are subject to varying degrees of oversight from, government.

Because the governance of the internet is now a complex and rapidly developing topic, this paper does not attempt to discuss that subject in any detail. Rather, the focus of this paper is on:

- the application of the underlying Australian law of passing off, trade mark infringement and misleading and deceptive conduct to disputes involving domain name registration; and
- the primary system of alternative dispute resolution for such disputes, ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP).

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## 2 Background to the Internet and domain names

The Internet can perhaps best be described as an international network of networks. It provides the communications architecture that forms the basis of a multitude of other services, such as the World Wide Web. Every computer directly connected to the Internet has a unique identifying number, called an Internet Protocol address (IP address). Every IP address consists of four numbers, each between 0 and 255, and each separated by a full stop. For example, 203.53.251.147 is the IP address of the computer that hosts the Mallesons Stephen Jaques home page.

Even the engineers involved in the early stages of development of the Internet recognised that the IP address system is not particularly "people-friendly". Humans are generally not very adept at remembering large numbers of IP addresses. Domain names were developed in response to this problem. A domain name is a "people-friendly" alphanumeric reference term that directly corresponds to a particular IP address. For example, the domain name for the IP address given above is "mallesons.com". Various distributed databases throughout the world contain lists of domain names and their corresponding IP addresses. When a user requests to be connected to a computer at a particular domain name, the user's Internet service provider consults one of these databases to resolve the requested domain name into an IP address. The databases are structured in a hierarchical manner that allows for the simple addition of new domain name/IP address pairs and their accurate resolution.<sup>2</sup> The overall system is known as the Domain Name System or DNS.<sup>3</sup>

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<sup>2</sup> Introductory material relating to the DNS is contained in RFC 1034 (see <http://www.ietf.cnri.reston.va.us/rfc/rfc1034.txt>)

<sup>3</sup> The principles governing the administration of the DNS for the period 1994 to 1998 are contained in RFC 1591 (see <http://www.ietf.cnri.reston.va.us/rfc/rfc1591.txt>)

The DNS allows for two categories of “Top-Level Domains”: generic Top-Level Domains (gTLDs) which have no country code suffix; and country-code Top-Level Domains (ccTLD). The following table identifies the gTLDs recognised by ICANN and provides basic information on the eligibility of persons to register a domain name within that gTLD:

<b>gTLD</b>	<b>Eligibility criteria for registrants (overview only)</b>
.com	open
.net	open
.org	open
.edu	educational institutions (universities and four year degree granting colleges)
.gov	US federal government use
.mil	US military use
.int	international organisations
.aero	main activity is related to the air transport industry
.biz	to be used primarily for bona fide business or commercial purposes
.coop	enterprises that operate according to cooperative principles
.info	open
.museum	museums recognised by International Council Of Museums (ICOM)
.name	individuals
.pro	recognised professionals

There are between 240 and 250 ccTLDs (the number changes from time to time as new countries gain independence). These each bear two letter country codes taken from an International Standard.<sup>4</sup> For example, “.au” represents Australia, “.uk” represents the United Kingdom and “.fr” represents France. Different countries have different eligibility criteria for registration of names in their ccTLD. In Australia, the ccTLD is, in turn, split into a number of Second-Level Domains (“2LDs”).<sup>5</sup> The best known of these are: .com.au; .net.au; .org.au; .edu.au; and .gov.au.

<sup>4</sup> ISO 3166-1. For the current list of codes, see [www.din.de/gremien/nas/nabd/iso3166ma/codlstp1/en\\_listp1.html](http://www.din.de/gremien/nas/nabd/iso3166ma/codlstp1/en_listp1.html).

<sup>5</sup> A full list of the Second-Level Domains within the .au ccTLD is available at [www.auda.org.au/domains.html](http://www.auda.org.au/domains.html)

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### 3 Conflicts between trade marks and domain names

The purpose of a trade mark is to indicate the origin of the goods or services to which it is applied.<sup>6</sup> The essential element of the nature of a trade mark as a badge of origin is the ability of the owner to control its use.<sup>7</sup> In *Re Bostich Trade Mark* Lloyd Jacob J said “The essential requirement for the validity of a trade mark and its registration is that it must indicate a connection in the course of trade with the owner. The connection is maintained by the capacity and entitlement to control, and the fact of control, of the use of the mark by the owner.”<sup>8</sup>

Although trade marks are registered on a territorial basis, the fundamental purpose of a trade mark as a badge of origin is reflected in the *Paris Convention*<sup>9</sup> to which 140 countries are a party. In most countries, trade marks may be registered in respect of many different classes of goods and services. The *Nice Agreement*<sup>10</sup> establishes a classification of goods and services for the purposes of registering trade marks and service marks. The classification consists of a list of classes; 34 for goods and 8 for services, and also an alphabetical list of individual goods and services.<sup>11</sup> Hence, it is recognised that two different trade mark owners may have valid registrations for the same mark in respect of different classes of goods or services. As a policy matter, such co-existing registrations are allowed where there is no likelihood of confusion. For example, in *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd*, it was noted that:

“‘Southern Cross’ trade marks are found on the register in respect of a wide variety of goods, such as sheet iron, paper, wines and spirits, preserved ginger and preserved fruits, golf balls, binder twine, pickles, tobacco, hosiery, chemicals and matches.”<sup>12</sup>

However, in that case, a further registration of the ‘Southern Cross’ mark in relation to refrigerators was ultimately refused on the basis that substantial evidence had been provided demonstrating customer confusion between the new mark and existing marks registered in respect of windmills, water-supply

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<sup>6</sup> *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407 per Kitto J at 425; *Amalgamated Television Services Pty Ltd v Foxtel Digital Cable Television Pty Ltd* (1995) 60 FCR 483 per Davies J at 497-498, and cases cited therein; *Aristoc v Rysta* [1945] AC 68 per Viscount Maugham at 89, Lord Macmillan at 97, Lord Wright at 101.

<sup>7</sup> See the authorities discussed by Wilcox J in *Montana Tyres Rims & Tubes Pty Ltd v Transport Tyre Sales Pty Ltd* (1998) 41 IPR 301 at 311ff.

<sup>8</sup> [1963] RPC 183 at 197.

<sup>9</sup> The *Paris Convention for the Protection of Industrial Property* (1883) contains a number of provisions relating to trade marks, service marks, trade names, indications of source and appellations of origin, and to the repression of unfair competition. Signatories to the treaty must recognise rights of protection for the various forms of industrial property specified by the articles. Signatories must grant to nationals of other member countries the same protection it would grant to its own nationals: D R Shanahan, *Australian Law of Trade Marks and Passing-Off*, 2 ed., Sydney: The Law Book Company Ltd, 1990 at 9. Australia and most of its trading partners have subscribed to the treaty; it is available at [www.wipo.int/eng/general/ipip/paris.htm](http://www.wipo.int/eng/general/ipip/paris.htm)

<sup>10</sup> 50 Countries, including Australia, are party to *The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks* (1957), which is available at [www.wipo.int/eng/iplcx/wo\\_nic0\\_.htm](http://www.wipo.int/eng/iplcx/wo_nic0_.htm)

<sup>11</sup> [www.wipo.int/eng/general/ipip/nice.htm](http://www.wipo.int/eng/general/ipip/nice.htm)

<sup>12</sup> (1954) 91 CLR 592 at 596 per Kitto J. The decision of Kitto J was affirmed on appeal by the Full Court.

equipment, milking machines, internal-combustion engines and electric generators and motors.

Domain names were created to serve the technical function of providing addresses for computers that were easier to remember than underlying IP addresses. However, with the dramatic increase in commercial activity on the Internet, domain names have become a standard part of the way in which many businesses communicate with their customers - they are used to identify the business and its goods and services. In this way a domain name, like a trade mark, may also serve as a badge of origin. Indeed, many second level domain names are identical to registered trade marks (eg "britannica.com" and the mark "Britannica" for encyclopaedias).

However, as noted above, multiple trade marks of the same name can legally co-exist in relation to different classes of goods or services, or alternatively in different geographical regions. By contrast, a domain name is a unique identifier due to the need for one-to-one correlation between a domain name and the address of the computer to which it relates. While two organisations may have a registered trade mark of the same name, they may not have the same domain name.

But conflicts in relation to a given domain name are not restricted to competing claims between businesses that both have existing rights to use a trade mark. In fact, most disputes have arisen because someone who has not previously used a mark has registered a domain name incorporating the established mark of another.

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## 4 Australian law and domain name registration disputes

There is no decision of an Australian court resulting from a contested trial which considers the issue of whether or not the use or registration of a domain name constitutes trade mark infringement or passing off. This means that decisions from comparative jurisdictions are likely to be persuasive if and when an Australian court is required to decide the question.

For that reason, this paper discusses comparable decisions made by the courts in England, New Zealand and the US before turning to consider the situation in Australia.

### 4.1 England

One of the few appellate decisions of relevance is the decision of the Court of Appeal in the *One In A Million*<sup>13</sup> case. The defendants admitted that their "personal collection" of domain names included "ladbrokes.com", "marksandspencer.com", "spicegirls.com", "cadburys.com" and even "buckinghampalace.org". None of these sites were in use, but the defendants admitted that all of the domain names were on the market or potentially available for sale.<sup>14</sup> Typically, the defendants wrote to the plaintiffs and offered to sell the relevant domain name for a substantial sum and threatened

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<sup>13</sup> *British Telecommunications Plc & Ors v One In A Million Ltd and Ors* (1998) 42 IPR 189. The first instance decision is reported as *Marks & Spencer Plc & Ors v One in a Million Ltd & Ors* [1998] FSR 265.

<sup>14</sup> *Marks & Spencer Plc & Ors v One in a Million Ltd & Ors* [1998] FSR 265 at 268.

to make it available for sale to any other interested party if payment was not received. A coalition of five well-known companies brought proceedings against the defendants.

At first instance, summary judgment was given in favour of the plaintiffs on the grounds that there had been threats of passing off and trade mark infringement.

For Australian purposes, the discussion of the law of passing off is particularly relevant. The trial judge, Mr Jonathon Sumption QC, held that “the mere registration of a deceptive company name or a deceptive Internet domain name is not passing off.” But, in appropriate circumstances, the courts are willing to grant *quia timet* relief to restrain threatened passing off. The defendants argued that they could use the disputed domain names in ways that would not involve passing off, namely (i) the sale of the domain name to the relevant plaintiff, and (ii) retention of the domain name with a view to blocking its use by the relevant plaintiff in order to induce them to pay. The judge held that, in the circumstances of the case, the mere existence of the domain names created a risk of deception to consumers.<sup>15</sup> He went on to observe:<sup>16</sup>

“Any person who deliberately registers a domain name on account of its similarity to the name, brand name or trade mark of an unconnected commercial organisation must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer.”

The order that was made was that the defendants take certain steps to have the disputed names assigned to the plaintiffs.

The Court of Appeal unanimously rejected the defendants’ appeal against the trial judge’s orders. The Court discussed many passing off cases, concentrating on those involving the registration of trading names that encroach on the goodwill of the plaintiff.<sup>17</sup> One in a Million argued that the mere registration of the disputed domain names did not amount to passing off. However, the Court of Appeal held that:

“The placing on the register of a distinctive name such as *marksandspencer* makes a representation to persons who consult the register that the registrant is connected or associated with the name registered and thus the owner of the goodwill in the name. Such persons would not know of One in a Million Limited and would believe that they were connected or associated with the owner of the goodwill in a domain name they had registered.” (per Aldous LJ)

The Court of Appeal continued by finding that “[a]ny realistic use of [the disputed names] as domain names would result in passing-off and there was ample evidence to justify the injunctive relief granted by the judge to prevent

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<sup>15</sup> [1998] FSR 265 at 271.

<sup>16</sup> [1998] FSR 265 at 272.

<sup>17</sup> Included in cases of this kind were: *Fletcher Challenge Ltd v Fletcher Challenge Pty Ltd* [1981] 1 NSWLR 196; *Glaxo Plc v Glaxowellcome Ltd* [1996] FSR 388; and *Direct Line Group Ltd v Direct Line Real Estate Ltd* [1997] FSR 374.

them from being used for a fraudulent purpose and to prevent them being transferred to others.”

The plaintiffs also claimed the defendants had infringed various registered trade marks. Because English trade mark law is based upon a European Directive, the provisions of the English *Trade Mark Act* 1994 are different in some important respects from Australian trade mark law. For this reason the trade mark aspect of the decision is not as important for Australian law as the passing off reasoning. However, the trial judge found that there was trade mark infringement and this decision was also upheld on appeal.

The English courts appear to have accepted the authority of *One in a Million*, although the facts of that case are clearly at the extreme end of the spectrum. Nevertheless, similar results have been achieved by plaintiffs in other cases. One such case is *easyJet Airline Co Ltd v Dainty t/as easyRealestate*.<sup>18</sup> In that case the plaintiff had a strong reputation in ‘easyJet’, and had engaged in various brand extensions, such as ‘easyRentacar’ and ‘easyEverything’. The defendant registered “easyRealestate.co.uk” and established a website at that domain which adopted the plaintiff’s distinctive get-up. The court found that the defendant had no interest in estate agency, and that his first effort to commercialise the domain name was by way of a letter to the plaintiff. By reason of the defendant’s behaviour to date, the court was satisfied that there was a probability of passing-off if the domain name was used in any of the manners indicated as likely by the defendant. Hence, an order for the transfer of the domain name registration was made.

This may be contrasted with other decisions in which the actions of the defendants were not so egregious.

For example, in *Avnet Inc v Isoact Ltd*<sup>19</sup> the plaintiff was the registered proprietor of the mark AVNET in relation to advertising and promotional services. The plaintiff’s business was the sale of goods by catalogue. The defendant was an Internet Service Provider with an emphasis on the aviation industry. Web hosting services were amongst the services offered by the defendant. Some of the defendant’s customers published brochure style (ie. promotional) web pages that were hosted by the defendant. The defendant used the names “Aviation Network” and “Avnet”, and were the registrants of the domain name “avnet.co.uk”. The plaintiff pressed for summary judgment on a claim of trade mark infringement. The application for summary judgment was dismissed. Laddie J concluded “I do not think that in substance what these defendants are doing is providing ‘advertising and promotional services’.”<sup>20</sup> Because the AVNET mark was not well known, the plaintiff could not argue that the mark was infringed because there was a likelihood of confusion even though the defendants’ services were not of the kind in respect of which the mark was registered.

More recently, in *Radio Taxicabs (London) Limited v Owner Drivers Radio Taxi Services Limited*<sup>21</sup> the English High Court held that the registration of

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<sup>18</sup> [2002] FSR 6.

<sup>19</sup> [1998] FSR 16.

<sup>20</sup> [1998] FSR 16 at 19.

<sup>21</sup> unreported, 12 October 2001, Chancery Division Case No HC3228, Randall QC sitting as a Deputy High Court Judge.

the “radiotaxis.com” domain name and the automatic redirection of all visitors to that website to the defendant’s site located at “dialacab.co.uk” did not amount to passing off. Whilst the Court applied the principles of *One in a Million*, the plaintiff was not able to make out its case, principally because:

- the business name in question, RADIO TAXIS, consisted of generic terms, and the defendant had, for many years, operated a taxi business which used radios as a method of communicating with taxi drivers, and continued to do so; and
- the Court was not willing to find that the defendant had registered the “radiotaxis.com” domain name with the intent to pass itself off as the plaintiff, or as being connected or associated with the plaintiff. (In this respect the Court accepted the defendant’s evidence that the domain name was registered so as to promote the profile of the defendant’s business, particularly internationally, and gave particular credence to the fact that the defendant did not register “radiotaxis.co.uk” at the same time as registering “radiotaxis.com”, although it was available and subsequently registered by the plaintiff).

#### 4.2 **New Zealand**

There are a number of interlocutory decisions of the New Zealand courts which indicate that they are willing to apply the reasoning of the English *One in a Million* case.

The first of these occurred in June 1998: *Oggi Advertising Ltd v McKenzie & Ors*.<sup>22</sup> In about July 1997 a firm known as Combined Concepts registered the domain name “oggi.co.nz”. The contact name recorded in respect of the domain name was “Ron Towitt”, which was found to be a fictional name, and a pun on the phrase “We’re on to it”. The plaintiffs, Oggi Advertising (a large outdoor advertising company), were in the midst of developing a web site at that time and promptly discovered that their desired domain name had been registered. Proceedings were commenced alleging passing off. Four days after service of the proceeding the contact name was changed to “Elliott Oggi”. The defendant’s evidence was that he had registered the name on behalf of Elliott Oggi, a resident of Canada that he claimed to have met through the Internet. However, investigations by the plaintiff revealed that probably there was no such person.<sup>23</sup> As to the content of the offending web site, the plaintiff was able to prove that, at least for a short time, the following statement appeared:

OPEN YOUR EYES

\$80 million people can drive past

EVERY DAY

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<sup>22</sup> (1998) 44 IPR 661

<sup>23</sup> It has been suggested that it was more than a mere coincidence that Elliott Oggi was chosen as the contact name (given the plaintiff’s name and the fact that the plaintiff’s counsel was a Mr Clive Elliott): C Elliott and B Gravatt, “The Oggi Case: New Zealand Domain Name Grabber Dealt To”, *Trademark World*, August 1998, 19 at 21.

## THE CHANGING FACE OF ADVERTISING

Clearly, this was intended as a reference to the potential of the world wide web as an advertising medium.

In considering the passing off claim, Baragwanath J applied the well known dictum of Lord Diplock from the *Advocaat* case.<sup>24</sup> In short, his Honour held that by having material referable to the plaintiff's advertising business available via the "oggi.co.nz" domain name, the defendants falsely represented an association with the plaintiff, and that this would probably cause actual damage to the plaintiff. As in the *One in a Million* case, the Court granted a mandatory injunction directing the defendant immediately to take affirmative steps to assign the domain name to the plaintiff.

Baragwanath J considered that the more conventional relief (an order to withdraw the registration) did not sufficiently protect the plaintiff because of the possibility that a third party might apply for the domain name after the defendant's deregistration but before the plaintiff was registered. No doubt his Honour was influenced by the number of fictional characters in whose name the domain name had previously been registered. However, in case "Elliott Oggi" existed, the plaintiff was ordered to maintain the domain name registration in its name pending further order.

Similarly, in *DB Breweries Ltd v Domain Name Company Ltd*<sup>25</sup>, the New Zealand High Court granted interlocutory injunctions requiring the transfer of the "db.co.nz" domain name to the plaintiff pending the outcome of the trial (on an undertaking from the plaintiff to transfer the domain name in accordance with any order the court may make).

In *New Zealand Post Ltd v Leng* (1998) 45 IPR 263 the court issued an interlocutory injunction restraining the defendant from using the "nzpost.com" domain name. The defendant offered various material to visitors to the "nzpost.com" website, including information about phone cards and pornographic material. The court accepted the force of submissions of counsel for New Zealand Post that the defendant was unable to use the domain name lawfully in New Zealand.

### 4.3 USA - case law

There are numerous decisions of the US courts involving domain name disputes. The plaintiffs generally rely on trade mark infringement. In particular, if a "famous" mark is involved, the plaintiff will claim trade mark dilution.<sup>26</sup> In order to succeed in such an action, the trade mark holder must establish that: (1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.

<sup>24</sup> *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] AC 731

<sup>25</sup> (2001) 52 IPR 280

<sup>26</sup> *Federal Trademark Dilution Act of 1995*, 15 USC §1125(c), which provides: "[t]he owner of a famous mark shall be entitled ... to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark ..."

Since November 1999 plaintiffs in US cases have also been able to rely upon the *Anti-Cybersquatting Consumer Protection Act*, which introduced provisions into the *Trade Mark Act* dealing specifically with domain name registration. Those amendments are discussed below.

Speaking generally, defendants have sought to argue that domain name registration is not “commercial use” (just as One in a Million argued that mere registration did not constitute passing off) and that if there was any use, that use did not dilute the quality of the mark.

Two notable dilution cases involved the same defendant, Dennis Toeppen. Both *Intermatic Inc v Toeppen*<sup>27</sup> and *Panavision International LP v Toeppen*<sup>28</sup> involved similar facts. Toeppen registered the domain names “intermatic.com” and “panavision.com” and subsequently offered to sell them back to the respective trade mark owners. The trade mark owners refused to deal, and commenced litigation alleging trade mark infringement and trade mark dilution. In both cases, Toeppen’s arguments regarding lack of “commercial use” were rejected. For example, in the Panavision case, the 9th Circuit Court of Appeals held that “Toeppen traded on the value of Panavision’s marks. So long as he held the Internet registrations, he curtailed Panavision’s exploitation of the value of its trademarks on the Internet, a value which Toeppen then used when he attempted to sell the <panavision.com> domain name to Panavision.”

In an argument that is of relevance to Australian trade mark law (because an infringing use must be use “as a trade mark” - ie. as a badge of origin), Toeppen argued that a domain name was simply an address or like a telephone number.<sup>29</sup> In rejecting this contention, the Court’s discussion of the role of a domain name is of interest:

“A telephone number ... is distinguishable from a domain name because a domain name is associated with a word or phrase. A domain name is similar to a ‘vanity number’ that identifies its source. Using Holiday Inns as an example, when a customer dials the vanity number ‘1-800-Holiday,’ she expects to contact Holiday Inns because the number is associated with that company’s trademark. A user would have the same expectation typing the domain name <HolidayInns.com>. The user would expect to retrieve Holiday Inns’ web page.”<sup>30</sup>

It appears likely that similar reasoning could be adopted in Australia to find that a defendant has used a trade mark “as a trade mark” and not simply as an address.

<sup>27</sup> 947 F Supp 1227 (N.D. Ill 1996)

<sup>28</sup> 141 F 3d 1316 (9th CCA, 1998). The first instance summary judgment decision is reported as *Panavision International LP v Toeppen* 945 F Supp 1296 (C. D. Cal. 1996)

<sup>29</sup> A similar argument was used in the “Chifley Tower” case (which did not involve domain names): *Australian Tourism Co Ltd v Mid Sydney Pty Ltd* (1999) AIPC 91-452

<sup>30</sup> To like effect, the *Panavision* court relied on the following statements from previous cases: “A customer who is unsure about a company’s domain name will often guess that the domain name is also the company’s name.” *Cardservice Int’l v McGee* 950 F Supp 737, 741 (E.D. Va. 1997); “[A] domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base.” *MTV Networks Inc v Curry* 867 F Supp 202, 203-204 (S.D.N.Y. 1994).

Dilution was found because, amongst other things, customers of the trade mark holder “will be discouraged if they cannot find its web page by typing in <[trademark].com> but instead are forced to wade through hundreds of web sites.”

#### **4.4 USA - Anti-cybersquatting Consumer Protection Act**

In late November 1999 the US Congress passed, as part of its budget package, the *Anti-cybersquatting Consumer Protection Act* (“ACPA”).

The ACPA introduced a new basis on which trade mark infringement may be found by adding a new §43(d) to the *Trade Mark Act* of 1946 (15 USC §1125(d)). Infringement takes place where a person:

- has a bad faith intention to profit from a registered trade mark; and
- registers, traffics in, or uses a domain name that:
  - in the case of a famous mark, is identical or confusingly similar to, or dilutive of, that mark; or
  - in the case of a mark that is distinctive at the time of registration of the domain name is identical or confusingly similar to that mark.

Like the UDRP (discussed below), the ACPA provides a non-exhaustive list of factors to be considered when determining whether a person has acted in “bad faith”. These are:

- “(I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
- (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or

services, or the person's prior conduct indicating a pattern of such conduct;

- (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;
- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
- (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous.”

The ACPA also addresses the difficulties faced by some trade mark owners who cannot identify or locate the persons who register domain names based on their trade marks. The legislation provides for an “in rem” action against the domain name which may be taken in the judicial district in which the domain name registrar or registry is located.<sup>31</sup> The trade mark owner must satisfy the court that it is not possible for the court to obtain “in personam” jurisdiction over a defendant or through due diligence it was not possible to find a person who would have been a defendant by sending notices to the contact email and postal address set out in the record of registration and taking such further steps that the court directs. The remedies available to the court in the case of an “in rem” action are restricted to cancellation of the domain name or ordering its transfer to the plaintiff. In other words, damages are not available.

In *Sporty's Farm, LLC v Sportman's Market, Inc*<sup>32</sup>, the first appellate case decided under the ACPA, the US Court of Appeals indicated a willingness to infer bad faith from circumstances other than those non-exhaustive evidentiary factors listed in the ACPA. Although the case was originally filed under the Federal Trade Marks Dilution Act, the ACPA was passed before the Court of Appeal rendered its decision, and the Court held that the ACPA applied on appeal.

Sportman's Market was a catalogue company targeted at aviation enthusiasts, which used the trade mark SPORTY'S in relation to its catalogues. The domain name “sportys.com” was registered by Omega Engineering, a catalogue company which sold mainly scientific instruments. The principal

<sup>31</sup> This action must, by implication, be limited to those domain names in respect of which the registrar or registry is located in the United States. The “in rem” action was inspired by *Porsche Cars North America Inc v Porsch.com* Civil Action No. 99-0006-A, 1999 U.S. Dist Lexis 8750 (D. Va., June 8, 1999). However, in that case the Court held that the “in rem” procedure was not authorised by the *Trade Mark Act*. The Court also expressed some doubts as to the constitutionality of such a procedure. However, in *Caesars World, Inc v Caesars-Palace.Com* 2000 US Dist LEXIS 2671 (ED Va, March 3, 2000, Bryan J) it was held that the “in rem” procedure introduced by the ACPA is permitted by the US Constitution.

<sup>32</sup> 2000 US App LEXIS 1246 (2d Cir, 2 February 2000)

of Omega was a pilot who was familiar with Sportsman's catalogues and the SPORTY'S trademark. Nine months after registering sportys.com, Omega transferred the domain name to its subsidiary Sporty's Farm, which was set up to grow and sell Christmas trees.

The Court found that neither Sporty's Farm nor Omega had any intellectual property rights in 'sportys.com' and Sporty's Farm did not begin use of the name in a bona fide offering of goods or services until after proceedings were commenced. The Court further found that Omega planned to enter into direct competition with Sportsman's in the pilot and aviation consumer market, and the primary intent in registering 'sportys.com' was to prevent Sportsman's from using it as a domain name. Moreover, the court found that Omega created the Sporty's Farm Christmas tree business solely to find a use for the sportys.com name in some commercial fashion and thus hopefully protect it against a claim of infringement.

As with "traditional" forms of trade mark infringement under US law, "statutory damages" are available in lieu of proving actual damages or loss of profit. The statutory damages available for breach of §43(d) are US\$1,000 to US\$100,000, as the court considers just. In *Sporty's Farm*, the Court ordered that the domain name "sportys.com" be transferred to Sportsman's Market, but it declined to award damages on the basis that the domain name was registered prior to the passage of the ACPA.

#### 4.5 **Australia**

Australia's law of passing off is based on English law. There is every reason to believe that the *One in a Million* case will be applied here. Indeed it has been applied by Burchett J in the "asxinvestor.com.au" case: *Australian Stock Exchange Limited & Anor v ASX Investor Services Pty Ltd*<sup>33</sup> (in which judgment in default was awarded following an *ex parte* hearing).<sup>34</sup> Passing off is virtually indistinguishable from an action for breach of sections 52, 53(c) and (d) of the *Trade Practices Act 1974*, so *One in a Million* will also be persuasive in any such action. Because of the egregious behaviour of the defendants in *One in a Million*, it is not likely that the facts of many Australian cases will be so stark. However, where the defendant has no independent reputation in the name and has offered to effect a transfer in return for money, a finding of passing off is likely to follow.

*Capital Webworks Pty Ltd v Adultshop.com Ltd* [2000] FCA 492 was a Federal Court case which involved an application for the transfer of the "adultshop.com.au" domain name. The applicant had been the registrant of the "adultshop.com.au" domain name but failed to renew the registration when it expired on 31 March 2000. The respondent, who had previously held unsuccessful negotiations with the applicant to 'purchase' the domain name, registered the domain name when it became available. The applicant's claim for interlocutory relief was for 2 orders: (i) an injunction to restrain the respondent from trading in adult leisure products by or through use of the

<sup>33</sup> Federal Court of Australia proceedings NG1390 of 1998.

<sup>34</sup> Burchett J held: "So far as the case is concerned with the effect of use of a domain name and an allegation of infringement of the applicant's trade mark rights, the applicant has the support of a decision of the English Court of Appeal in *British Telecommunications PLC v One in a Million Limited* [1998] 4 All ER 476, a decision which I follow.": Transcript of proceedings of 3 June 1999, p19.

domain name; and (ii) requiring the respondent to direct Melbourne IT to have the domain name re-delegated to the applicant's server. The court refused to make these orders. The court held that there was nothing misleading or deceptive in the respondent's operation of the website located at "adultshop.com.au" because visitors to that website were directed to the respondent's business (presumably located at "adultshop.com").

*Sydney Markets Limited v Sydney Flower Market Pty Ltd* [2002] FCA 124 involved claims of passing off and misleading and deceptive conduct in relation to the use of the name "Sydney Flower Market". The court found that:

- "Sydney Flower Market" had not acquired a secondary meaning signifying the applicant's flower market at the time that the respondent commenced to trade under the "Sydney Flower Market" name;
- the applicant and the respondent carried on different businesses (the applicant was a landowner who rented space to persons selling flowers by wholesale or retail, whereas the respondent was a flower retailer);
- the respondent did not intend to deceive consumers into believing that there was an association between its business and that of the applicant; and
- over a course of several years when both parties used the name, there was evidence of only 1 instance of confusion.

In these circumstances the court held that neither party had established that the conduct of the other party's business under the "Sydney Flower Market" name involved a contravention of section 52 or passing off.

However, the parties agreed that their conduct in relation to their respective websites should be considered separately. The respondent was the first to register a domain name, "sydneyflowermarket.com.au", on 30 July 1998. In June 1999 the respondent established a transactional website at that domain which accepted orders for flowers. The applicant registered "sydneyflower.com.au" in November 1998, and during 2000 registered "sydneyflowermarket.com", "sydneyflowermarket.net" and "sydneyflowermarket.net.au". None of the sites located at these domains was transactional - rather they provided information about flowers and some information about the applicant's market. Hely J distinguished the "adultshop.com.au" decision on the basis that in that case the court was concerned with a single domain name which was registered in the name of different businesses at different times. His Honour stated (at paragraphs 148 to 152) that:

"where two domain names are sufficiently similar so as to make it difficult for a member of the public to know in advance exactly which site they will be taken to (as, for example, where the only difference between them is the presence or absence of '.au'), there is considerable scope for the public to be misled. ...

The similarity between the website addresses is such that those members of the public who wish to order flowers from the respondent by means of the Internet, might by mistake access one of the applicant's sites, and persons seeking the applicant's site may arrive at that of the respondent. ...

[t]here is a discrete pocket of commercial activity in which the public may be misled by concurrent use of the names, at least without explanation. This problem has arisen comparatively recently, by reason of the domain names which the applicant registered in 2000.

If the applicant wishes to persist in the use of websites which include "sydneyflowermarket", particularly the site [www.sydneyflowermarket.com](http://www.sydneyflowermarket.com), having regard to the use by the respondent of [www.sydneyflowermarket.com.au](http://www.sydneyflowermarket.com.au) since June 1999, then in order to avoid the public being thereby misled, there should be some appropriate disclosure or disclaimer on the applicant's website so that members of the public who seek to buy flowers from the respondent are directed to the respondent's website. The respondent acknowledges that it would be appropriate to put an equivalent disclosure or disclaimer on its website so that members of the public who are (for whatever reason) seeking to access the applicant's website are directed there. Whilst disclaimers (particularly on the labels for products) are often regarded as insufficient to avoid the public being misled, the same considerations are not applicable in the case of a website."

This decision indicates that an alternative to an order requiring the transfer of a domain name registration is an order that a party display a particular disclaimer on its website. However, such a remedy is unlikely to be appropriate in a case where passing off was made out and there is a threat that the domain name might be transferred to a third party.

As to trade mark infringement, if the registered mark is not "well-known in Australia", it is necessary to establish that the defendant has used "as a trade mark" a sign that is substantially identical with, or deceptively similar to the registered trade mark in relation to goods or services in respect of which the mark is registered.<sup>35</sup> A decision such as that in *Avnet v Isoact* is quite possible in Australia - the defendant's use may not be in the same field of commerce, meaning that infringement cannot be made out.

The situation will be different if the mark is "well known in Australia". In compliance with Australia's obligations under the *TRIPs Agreement*, the *Trade Marks Act 1995* includes additional measures of protection for well known marks.<sup>36</sup> In such cases it does not matter that the defendant's use of

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<sup>35</sup> *Trade Marks Act 1995*, s120(1).

<sup>36</sup> Articles 16(2) and (3) of the *TRIPs Agreement* relate to the criteria for determining well known marks and the protection to be afforded to them. Prior to *TRIPs*, under Article 6bis of the *Paris Convention* member states undertook to refuse or to cancel the registration, and to prohibit the use, of a mark which is liable to create confusion with a well known mark already registered for identical or similar goods. Article 16(3) of *TRIPs* extends the operation of Article 6bis of the *Paris Convention* to marks used in relation to goods or services that are not similar to those in respect of which the well known mark is registered ("unrelated goods or services"), provided that (a) the use is such as to indicate a connection between the owner of the well known mark

the mark is not in respect of the goods and services for which it is registered. Rather, the trade mark owner need only establish that:<sup>37</sup>

- because the trade mark is well known, the defendant's use would be likely to be taken as indicating a connection between the sign used by the defendant and the registered owner of the trade mark; and
- for that reason, the interests of the registered owner are likely to be adversely affected.

In *Campomar v Nike International* (2000) 202 CLR 45 the High Court referred to the well-known marks provision in the following terms:

“In this decade, legislation in the United States<sup>38</sup>, the United Kingdom<sup>39</sup>, and now in Australia<sup>40</sup> to varying degrees has extended the infringement action to restrain activities which are likely adversely to affect the interests of the owner of a ‘famous’ or ‘well-known’ trade mark by the ‘dilution’ of its distinctive qualities or of its value to the owner.

Such provisions represent legislative responses to the claims of trade mark owners to protection where, particularly by successful advertising, the fame of a mark carries its function beyond the traditional role as an identifier of origin. The ‘dilution’ theory of liability ‘does not require proof of a likelihood of confusion’; rather, what is protected is ‘the commercial value or ‘selling power’ of a mark by prohibiting uses that dilute the distinctiveness of the mark or tarnish the associations evoked by the mark’<sup>41</sup>. The term ‘dilution’ has an uncertain scope of application. It also is used to describe the processes by which a mark, such as ‘Linoleum’<sup>42</sup> or ‘Pyrex’<sup>43</sup>, becomes generic and the effects of the use of a mark in parody<sup>44</sup>.”

Although this comment was strictly *obiter*, it appears that the High Court has proceeded on the basis that the “likely connection” which s120(3) refers to is a lesser standard than “likely to deceive or cause confusion” (which is required by s120(2)). The court’s willingness to refer to US dilution law in this context means that the US domain name cases involving dilution claims

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and the unrelated goods or services, and (b) the interests of the owner of the well known mark are likely to be damaged by such use.

<sup>37</sup> *Trade Marks Act* 1995, s120(3).

<sup>38</sup> *Federal Trademark Dilution Act of 1995*, 15 USC §1125. See Alexander and Heilbronner, “Dilution Under Section 43(c) of the Lanham Act”, (1996) 59 *Law and Contemporary Problems* (No 2) 93; Lemley, “The Modern Lanham Act and the Death of Common Sense”, (1999) 108 *Yale Law Journal* 1687 at 1698-1699

<sup>39</sup> *Trade Marks Act* 1994 (UK), s10. See Martino, *Trademark Dilution*, (1996), Ch 12; Carty, “Dilution and Passing Off: Cause for Concern”, (1996) 112 *Law Quarterly Review* 632 at 638-665

<sup>40</sup> *Trade Marks Act* 1995, s120(3) and (4).

<sup>41</sup> *Restatement Third, Unfair Competition*, §25, Comment (a).

<sup>42</sup> *Linoleum Manufacturing Co v Nairn* (1878) 7 Ch D 834

<sup>43</sup> *James A Jobling & Co Ltd v James McEwan & Co Pty Ltd. In re James A Jobling & Co Ltd's Trade Marks* [1933] VLR 168

<sup>44</sup> Welkowitz, “Reexamining Trademark Dilution”, (1991) 44 *Vanderbilt Law Review* 531 at 550-560; Carty, “Dilution and Passing Off: Cause for Concern”, (1996) 112 *Law Quarterly Review* 632 at 643-646

may be persuasive in Australia. For example, the *Panavision* court's reasoning that an important purpose of a domain name (particularly one based on a well known mark) is to identify a source will be of assistance to a plaintiff in arguing that a domain name is being used "as a trade mark" and that the use would be likely to be taken as indicating a connection with the trade mark owner. Similarly, many of the explanations of how a trade mark is diluted if it corresponds to a domain name not under the trade mark owner's control will go towards establishing that the interests of the owner are likely to be adversely affected.

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## 5 ICANN's Uniform Domain Name Dispute Resolution Policy

### 5.1 *Genesis*

The first significant attempt at international reform of domain name registration systems and dispute resolution processes was the drafting of the Generic Top-Level Domain Memorandum of Understanding ("gTLD-MOU") by the now defunct International Ad Hoc Committee.<sup>45</sup> The gTLD-MOU proposed numerous changes to the domain name landscape, including the introduction of seven new gTLDs for different types of entities. However, the United States Government subsequently proposed an alternative framework to that suggested by the gTLD-MOU.<sup>46</sup> The US Government's White Paper contained the following passage:

"The U.S. Government will ... call upon the World Intellectual Property Organisation (WIPO) to initiate a balanced and transparent process to ... (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy ... (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3) evaluate the effects ... of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders".<sup>47</sup>

That passage formed the mandate of the WIPO Internet Domain Name Process (the "WIPO Process").<sup>48</sup> The WIPO process commenced in late 1998 and was finalised with the release of a final report on 30 April 1999. That report was referred by ICANN to one of its supporting organisations, the Domain Name Supporting Organisation ("DNSO") for comment. The DNSO recommended a number of changes to WIPO's recommendations, and a policy was adopted by ICANN in August 1999. Various "implementation documents" were released for public comment in September 1999, and, after certain amendments were made, the documents were finalised in October 1999.

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<sup>45</sup> See P Hourigan, 'Domain Names and Trade Marks' in *Going Digital*, Prospect Publishing (1998) at 83-84; D Kelliher 'Generic Domain Names on the Internet' [1998] EIPR 62.

<sup>46</sup> United States Government, Department of Commerce White Paper, "Management of Internet Names and Addresses", 5 June 1998. The Paper is available at [www.ntia.doc.gov/ntiahome/domainname/6\\_5\\_98dns.htm](http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm)

<sup>47</sup> United States Government, Department of Commerce White Paper, "Management of Internet Names and Addresses", 5 June 1998. The Paper is available at [www.ntia.doc.gov/ntiahome/domainname/6\\_5\\_98dns.htm](http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm)

<sup>48</sup> WIPO established a site dedicated to the Process: [wipo2.wipo.int](http://wipo2.wipo.int)

## 5.2 *The UDRP and rules*

There are two key documents setting out the grounds on which complaints may be made and the procedures that will be followed in order to resolve disputes over gTLD names. They are the Uniform Domain Name Dispute Resolution Policy<sup>49</sup> (the UDRP, or simply the “Policy”, which sets out grounds on which complaints may be initiated and the relief available) and the Rules for the Uniform Dispute Resolution Policy<sup>50</sup> (the “Rules”, which describes the procedures the parties are to follow).

As noted above, all ICANN-accredited registrars are required to ensure that their customers, ie persons seeking to register domain names, agree to the UDRP. The UDRP provides for a mandatory “administrative proceeding” conducted before an approved dispute resolution service provider (known as an “administrative panel”) if a complaint is received which alleges:<sup>51</sup>

- the domain name is identical or confusingly similar to a trade or service mark in which the complainant has rights;
- the registrant has no rights or legitimate interests in that domain name; and
- the domain name has been registered and used in bad faith.

If these matters are proved, then the administrative panel may order that the domain name registration be cancelled or transferred to the complainant.<sup>52</sup>

The availability of the mandatory administrative proceeding is not intended to prevent either party from commencing proceedings in an appropriate court in order to resolve a dispute.<sup>53</sup>

The UDRP prescribes a non-exhaustive list of the matters to be considered in determining whether or not the registrant has a legitimate right to the domain name and whether or not the registration was made in bad faith. A legitimate right to the domain name will, most likely, be established if the registrant can prove:<sup>54</sup>

- (i) before any notice of the dispute, the registrant’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) the registrant (as an individual, business, or other organisation) has been commonly known by the domain name, even if the registrant has acquired no trademark or service mark rights; or

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<sup>49</sup> The policy can be found at: [www.icann.org/udrp/udrp-policy-24oct99.htm](http://www.icann.org/udrp/udrp-policy-24oct99.htm)

<sup>50</sup> The rules can be found at: [www.icann.org/udrp/udrp-rules-24oct99.htm](http://www.icann.org/udrp/udrp-rules-24oct99.htm)

<sup>51</sup> UDRP Cl. 4(a)(i)-(iii)

<sup>52</sup> UDRP Cl 4(i)

<sup>53</sup> UDRP Cl. 4(k)

<sup>54</sup> UDRP Cl 4(c)

- (iii) the registrant 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.

The complainant, on the other hand, must establish that the registration was made in bad faith. The following factors are taken to be evidence of bad faith:<sup>55</sup>

- (i) circumstances indicating that the registrant has registered or 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 the registrant's documented out-of-pocket costs directly related to the domain name; or
- (ii) the registrant 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 the registrant has engaged in a pattern of such conduct; or
- (iii) the registrant has registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, the registrant has intentionally attempted to attract, for commercial gain, Internet users to the registrant'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 the registrant's web site or location or of a product or service on the registrant's web site or location.

The procedural rules provide a framework for a comparatively fast and cost-effective decision making process. The dispute resolution provider must forward the complaint to the respondent within 3 days of receipt<sup>56</sup>, and the respondent then has 20 days in which to prepare its response.<sup>57</sup> This 20 day period may be extended in exceptional cases. After the period has elapsed, the dispute resolution provider must appoint the administrative panel. The panel may consist of one or three members (at the request of either party), with the default position being a single member panel.<sup>58</sup> Unless the panel is satisfied there are exceptional circumstances, the final decision must be made within 14 days of the appointment of the panel.<sup>59</sup> Accordingly the entire process, from submission of the complaint to decision, is intended to take about 5 weeks.

The decision is to be made on the basis of the complaint and the response and any rules and principles of law that the panel deems applicable, and only in exceptional circumstances will there be any hearing at which representations

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<sup>55</sup> UDRP CI 4(b)

<sup>56</sup> UDRP Rules CI 4(a)

<sup>57</sup> UDRP Rules CI 5

<sup>58</sup> UDRP Rules CI 6

<sup>59</sup> UDRP Rules CI 15

are made in person to the panel.<sup>60</sup> Written reasons for the decision must be prepared and communicated to the parties and also posted on a web site operated by the dispute resolution service provider.<sup>61</sup>

During the life to date of the UDRP there have been 3 primary approved dispute resolution service providers:

- WIPO's Mediation and Arbitration Centre;
- the National Arbitration Forum; and
- eResolution. eResolution went into voluntary bankruptcy in late 2001.

Each service provider charges fees for determining complaints. At the time of writing these fees are in the order of US\$750 to US\$1,000 for a decision by a single member panel in a dispute concerning 1 or 2 domain names. The complainant must bear these costs, except where the respondent elects to have a three-member panel in which case the respondent will pay half.<sup>62</sup>

### **5.3 Decisions under the UDRP: statistical information and analysis**

The first decision under the UDRP was made in January 2000. As at 14 March 2002 a total of 4,427 decisions had been rendered, relating to 7,671 separate domain names.<sup>63</sup> Of these, a total of 6,019 domain names (slightly more than 75%) have been ordered to be transferred.

A number of studies have analysed the decisions. The approaches taken in the studies vary. This paper does not seek to summarise comprehensively the results of those surveys, but will describe some of the findings.

A prominent early study (November 2000) was Dr Milton Mueller's *Rough Justice*.<sup>64</sup> Among his findings were that:

- Up to 1 November 2000 the number of UDRP cases filed per month peaked at 343.
- There were significant variations in the outcomes and procedural behaviour of the 3 dispute resolution providers whose decisions were studied. In particular, the Canadian based eResolutions was significantly less likely to find for the complainant (approx 44%) than WIPO (approx 67%) or NAF (approx 71%). eResolutions decided many fewer cases than the other 2 dispute resolution providers in the period (eResolutions: 86 cases; WIPO 493 cases; NAF: 355 cases). Dr Mueller believed that this demonstrated forum shopping by complainants (who choose which dispute resolution provider to submit their complaint to).

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<sup>60</sup> UDRP Rules Cl 13

<sup>61</sup> UDRP Rules Cl 16

<sup>62</sup> UDRP Rules Cl 19

<sup>63</sup> Statistics from <http://www.icann.org/udrp/proceedings-stat.htm>

<sup>64</sup> Mueller, M, *Rough Justice: An Analysis of ICANN's Uniform Dispute Resolution Policy*, available at <http://dcc.syr.edu/roughjustice.pdf>.

- About one third of all cases were default decisions (ie the respondent did not contest the complainant's claims). Complainants won about 98% of those cases.
- For every domain name registration dispute, approximately 3,500 new names are registered.

Dr Meuller suggested that, to avoid complainant forum shopping, the UDRP should be modified to allow domain name registrars to select the dispute resolution provider(s) who will handle disputes over names they register. Whilst Dr Meuller was able to point to "a significant number of bad decisions" which violated or ignored one or more of the UDRP's decision criteria, he concluded that the language of the Policy is sound.

Another study which involved detailed statistical analysis was Professor Michael Geist's *Fair.com?*<sup>65</sup> which was first published in August 2001 and was updated in February 2002.<sup>66</sup> His first study considered all decisions released by 7 July 2001. Professor Geist's study addressed forum shopping by complainants, finding that:<sup>67</sup>

"Simply put, complainants win more frequently with WIPO and the NAF than with eResolution. The statistical data, which has remained consistent since the introduction of the UDRP, shows that complainants win 82.2% of the time with the WIPO, 82.9% of the time with the NAF, but only 63.4% of the time with eResolution. Since outcome is what matters to most complainants, they have rewarded WIPO and the NAF with an overwhelming share of the UDRP caseload. Despite the highest fees, neutral rules, and low-key marketing, WIPO commands 58% of the UDRP caseload, compared with 34% for the NAF and a paltry 7% for eResolution."

Professor Geist found a significant difference in outcomes when comparing complainant win percentages in single panel versus three-member panel cases.<sup>68</sup>

"The study finds that influence over panel composition is likely the most important controlling factor in determining case outcomes. The data shows that when providers control who decides a case - which they do for all single panel cases - complainants win just over 83% of the time. When provider influence over panellists diminishes - which occurs in three-member panel cases since in these cases both the complainant and the respondent choose one of the panellists as well as exercise some influence over the choice of the third member of the panel - the complainant winning percentage drops to 60%."

<sup>65</sup> Geist, M *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP*, August 2001. Available at <http://www.udrpinfo.com/resc/fair.pdf>. I will refer to this study as "Fair.com?".

<sup>66</sup> Geist, M *Fundamentally Fair.com? An Update on Bias Allegations and the ICANN UDRP, February 2002*. Available at <http://www.udrpinfo.com/resc/fairupdt.pdf>. I will refer to this study as "Fundamentally Fair.com?".

<sup>67</sup> *Fair.com?*, at 6.

<sup>68</sup> *Fair.com?* at 8.

Professor Geist called for the introduction of mandatory three member panels in order to “remove most provider influence over panellist selection and ensure better quality decisions by forcing panellists to justify their reasoning to their colleagues on the panel.”<sup>69</sup> The reform that Professor Geist envisages would involve complainants paying for the full cost of the three member panel, and for the current system of selection to apply (namely, both parties play a role in selecting one panellist and the provider selects a third panellist from a list that both parties have reviewed and accepted). To reduce costs in default cases (which are frequent), Professor Geist proposes that a procedural rule based on NAF’s supplemental rules be adopted. That rule allows a complainant to move from a three member panel to a single panellist where the respondent fails to provide a response.

Responding to the study, M Scott Donahey, a prominent panellist, believed that the difference in outcomes between providers could be explained by examining the differences in the number of default cases decided by each provider.<sup>70</sup> According to Mr Donahey the historical default rate across all providers is in the order of 50-60%.<sup>71</sup> However, as at August 21, 2001 the default rate for all eResolution decisions was only 39.2% of the case load. Mr Donahey argued that this difference accounted for the different outcomes of the overall caseloads of the providers, and urged for attention to be paid to the underlying factors which led to eResolution having fewer default cases. In Mr Donahey’s opinion the UDRP is fundamentally fair, but far from perfect. He acknowledged that party participation in all panel selection would be an improvement and suggested an alternative, less costly, procedure which might be adopted with this goal in mind instead of a mandatory three member panel. He also repeated his earlier call for the establishment of an appellate panel to which decisions made under the UDRP can be referred.<sup>72</sup>

Professor Geist updated his study (to February 18, 2002) and specifically excluded all default cases in order to compare the outcomes achieved through the different providers. His findings were as follows:<sup>73</sup>

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<sup>69</sup> *Fair.com?* at 28

<sup>70</sup> Donahey, M S, *The UDRP - Fundamentally Fair, But Far From Perfect* published in Vol 6, No 34 *Electronic Commerce & Law Reports* 937 (Aug 29, 2001), available online at <http://www.dnso.org/clubpublic/nc-udrp/Arc00/doc00002.doc>.

<sup>71</sup> Donahey, Watson & Wei *The ICANN Cybersquatting Decisions, February 16, 2001 through March 15, 2001* available at [www.adrworld.com](http://www.adrworld.com) to subscribers, through the library link on that page, contains statistical data identifying, amongst other things, default decisions up to March 15, 2001.

<sup>72</sup> Donahey, M S *A Proposal for an Appellate Panel for the Uniform Domain Name Dispute Resolution Policy* published in *Electronic Commerce & Law Report* (2001), available online at <http://www.dnso.org/clubpublic/nc-udrp/Arc00/doc00004.doc>.

<sup>73</sup> *Fundamentally Fair.com?* at 8.

Complainant win percentage - non-default case outcome only

	<b>Single Panel</b>	<b>Three Member Panel</b>
<b>Overall</b>	68% (1109 of 1639)	46% (145 of 314)
<b>WIPO</b>	70% (636 of 914)	48% (98 of 203)
<b>NAF</b>	69% (4000 of 579)	42% (39 of 93)
<b>eResolution</b>	50% (65 of 131)	47% (7 of 15)

If these figures are correct, the differences between eResolution on the one hand and NAF and WIPO on the other were substantial (in the order of 20%) in single panel cases, but this difference did not exist in three member panel cases.

#### **5.4 UDRP decisions: jurisprudential analysis**

Other studies have concentrated on the jurisprudence of the body of UDRP decisions, rather than statistical analysis.

One such study is *The Emerging Jurisprudence of Domain Name Dispute Resolution*.<sup>74</sup> That study identified and discussed the 25 UDRP decisions that were cited most often by the panellists in the written decisions up to January 15, 2001.

The Max Planck Institute for Foreign and International Patent, Copyright and Competition Law in Munich published a paper in February 2002 by Dr Annette Kur, simply entitled *UDRP*.<sup>75</sup> It evaluates 700 cases decided up to April 2001 (approximately 25% of the decisions handed down by that date).

Another paper to analyse the jurisprudence of the UDRP decisions, in particular the differences of interpretation of the UDRP is M Scott Donahey's most recent publication, *Divergence in the UDRP and the Need for Appellate Review*.<sup>76</sup>

What follows is a discussion of the observations of these papers in relation to the three elements which a complainant must establish to succeed in a claim under the UDRP, namely:

- the domain name is identical or confusingly similar to a trade or service mark in which the complainant has rights;

<sup>74</sup> The 3 authors are attorneys in the San Francisco office of McCutchen Doyle Brown & Enersen. See Norris, T H, Friedman, B L, Hooley, R *The Emerging Jurisprudence of Domain Name Dispute Resolution* available online at <http://www.mccutchen.com/are/ip/21307309.pdf> (referred to as "Emerging Jurisprudence").

<sup>75</sup> Available online at <http://www.intellecprop.mpg.de/Online-Publikationen/2002/UDRP-study-final-02.pdf> (referred to as Kun, A *UDRP*)

<sup>76</sup> Available online at <http://www.udrplaw.net/DonaheyPaper.DOC> (referred to as Donahey M S *Divergence in the UDRP*).

- the registrant has no rights or legitimate interests in that domain name; and
- the domain name has been registered and used in bad faith.

(a) *Identical or confusingly similar*

It appears that in the majority of cases analysed in the studies the domain name and the allegedly infringed mark were identical.<sup>77</sup> The question is most starkly raised in the many “sucks” cases, involving registrations of domain names that generally take the form “trademarksucks.com”.

Many decisions have held that a domain name containing Xsucks is confusingly similar to the trade mark X<sup>78</sup> for the purpose of the UDRP.

However, in early 2001 in the case of *Lockheed Martin Company v Dan Parisi*<sup>79</sup>, the Panel referred to these previous decisions and stated:

Only one ICANN decision to date has reached a contrary result, declining to find a ‘sucks’ domain name confusingly similar to a trademark. *Wal-Mart Stores, Inc. v. walmartcanadasucks.com*, WIPO Case No. 2000-1104, Nov. 23, 2000 (*walmartcanadasucks.com*). The panelist in that case expressed skepticism whether a ‘sucks’ domain name could ever be confusingly similar to a trademark, but stopped just short of advocating a per se privilege exempting all ‘sucks’ domain names from transfer under the Policy.

A majority of this Panel agrees with the result reached by the panelist in the *Walmartcanadasucks.com* case, and disagrees with the opposite view in the previously cited cases. Both common sense and a reading of the plain language of the Policy support the view that a domain name combining a trademark with the word ‘sucks’ or other language clearly indicating that the domain name is not affiliated with the trademark owner cannot be considered confusingly similar to the trademark.

Although the Panel’s conclusion comports with the plain language of the Policy, it is worth noting that United States federal courts have reached analogous conclusions in similar cases. Thus, in *Bally Total Fitness v. Faber*, 29 F. Supp.2d 1161 (C.D. Cal. 1998), the disputed domain name was <Ballysucks.com>. The well-known health club

<sup>77</sup> Kun, A UDRP at 25; *Emerging Jurisprudence* at 11.

<sup>78</sup> *Diageo PLC v. Zuccarini*, WIPO Case No. D2000-0996, Oct. 22, 2000 (*guinness-sucks.com*, *guinness-really-sucks.com*, and others); *Wal-Mart Stores, Inc. v. MacLeod*, WIPO Case No. D2000-0662, Sept. 19, 2000 (*wal-martsucks.com*); *Cabela’s Inc. v. Cupcake Patrol*, NAF Case No. FA95080, Aug. 29, 2000 (*cabelassucks.com*); *Direct Line Group Ltd. v. Purge I.T.*, WIPO Case No. D2000-0583, Aug. 13, 2000 (*directlinesucks.com*); *Dixons Group PLC v. Purge I.T.*, WIPO Case No. D2000-0584, Aug. 13, 2000 (*dixonssucks.com*); *Freeserve PLC v. Purge I.T.*, WIPO Case No. D2000-0585, Aug. 13, 2000 (*freeservesucks.com*); *National Westminster Bank PLC v. Purge I.T.*, WIPO Case No. D2000-0636, Aug. 13, 2000 (*natwestsucks.com*); *Standard Chartered PLC v. Purge I.T.*, WIPO Case No. D2000-0681, Aug. 13, 2000 (*standardcharteredredsucks.com*); *Wal-Mart Stores, Inc. v. Walsucks*, WIPO Case No. D2000-0477, July 20, 2000 (*wal-martcanadasucks.com* & others).

<sup>79</sup> Decision published at [www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html](http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html)

operator Bally's, owner of the service mark of the same name, sued the defendant for service mark infringement based on defendant's registration of the domain name <Ballysucks.com>, which defendant used to voice complaints about Bally's health club business. The court granted defendant's motion for summary judgment and dismissed the complaint because it found that Bally could not prove a likelihood of confusion with its trademark.

In reaching this conclusion, the court found, inter alia, there could be no confusion because the parties did not offer 'related goods'. This case fits our Case at hand in all essential respects. And it certainly is true that here, as in Bally's, Complainant's products from aerospace to t-shirts are very different from Respondent's service of providing a forum for voicing criticism of Complainant and other prominent corporations.

Furthermore, there is at least one other federal case similar to *Ballys* and our Case that follow this same reasoning, viz., 'sucks' appended to a famous trademark used as a domain name for websites used to discuss or criticize the business of the trademark owner results in a non-infringing and not confusingly similar use of the trademark. (re the domain name <Luentsucks.com>, *Lucent Technologies, Inc. v. Luentsucks.com*, 95 F. Supp. 2d 528, 535, E.D. Va. 2000).

In reaching this Decision, the Panel is mindful that the current nature of the internet is such that search engines may well pull in the disputed domain names when the searcher intends to find only Complainant's well-known company. However, the Panel believes that once the searcher sees <lockheedsucks.com> and <lockheedmartinsucks.com> listed among the websites for further search, she will be able readily to distinguish the Respondent's site for criticism from Complainant's sites for goods from aerospace to t-shirts.

Therefore, the Panel finds the Complainant has not shown that the disputed domain names <lockheedsucks.com> and <lockheedmartinsucks.com> are confusingly similar to Complainant's trademarks under the Policy."

The issue was revisited by the three member panel in *Vivendi Universal v Sallen*.<sup>80</sup> In that case the panel split 2-1 in favour of the complainant on the issue of confusing similarity:

"This Panel, by a majority, is of the view that the addition of the word 'sucks' to a well-known trademark is not always likely to be taken as '*language clearly indicating that the domain name is not affiliated with the trademark owner*'. Two examples of the use of the word 'sucks' which do not so indicate, even to English speakers, are:

- (1) the use of the words 'sucks' purely descriptively, as in the advertising slogan 'Nothing sucks like Electrolux' (If there

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<sup>80</sup> WIPO Case No D2001-1121 published online at <http://www.arbiter.wipo.int/domains/decisions/html/2001/d2001-1121.html>.

were a website at <electroluxsucks.com>, it would be unlikely to be taken as unaffiliated with the company Electrolux); and

- (2) the website of the band Primus, < primussucks.com>, so named after the album Suck on This (1990). (The website of the band's lead singer, Les Claypool, at <lesclaypool.com>, has a link to the <primussucks.com> website)."

In dissent, the third panellist responded:

“As the majority suggests, there may well be some narrow categories of trademarks for which the word ‘sucks’ does not clearly disassociate a domain name from the trademark, and therefore it may be unwise to adopt a *per se* rule holding that ‘sucks’ domain names can never be found confusingly similar to the trademarks they contain. But the Complainant in this proceeding does not claim to be known as a manufacturer of vacuum cleaners or suction pumps, or as a self-deprecating alternative rock band, or a test laboratory for beverage straws, or a porn star, a black hole, or any other sort of entity that people are likely to associate with sucking. And even if the Complainant did fall within one of these categories, it would still bear the burden of proving a likelihood of confusion.

It is true that persons who are not fluent in English (and those who are unfamiliar with colloquial English) may not recognize the word ‘sucks’ or the pejorative sense in which it is used here. The Complainant is a large multinational corporation, and its marks certainly must be known to some such persons. On the other hand, the word ‘sucks’ is used quite frequently within domain names (and elsewhere) to criticize, disparage, and ridicule -- probably more frequently than any other single word in any language. The mere fact that some people may not fully comprehend the colloquial meaning of ‘sucks’ is thus immaterial, at least absent evidence that many people understand the word to mean something that, when combined with the Complainant's trademark, is confusingly similar to the trademark.”

In my view the reasoning in *Lockheed v Parisi* and by the dissent in *Vivendi* must be correct if the concept of “confusing similarity” under the UDRP is not to diverge totally from its accepted meaning in trade mark law. The concept of “dilution” or tarnishment of a well-known or famous trade mark, exists under US law (and, as a result of Article 16(3) of the *TRIPs Agreement*, many other countries have similar concepts as part of their trade mark law) and is the correct way of analysing behaviour which does not confuse consumers into believing there is a connection between the trade mark owner and the registrant, but which nevertheless damages the value of the trade mark.

(b) *Registrant has no rights or legitimate interests*

The UDRP was designed to provide a prompt and relatively cost-effective remedy in cases of “abusive” registrations. The UDRP Rules do not allow for the testing of contested evidence or the level of forensic examination that is

associated with legal proceedings. For this reason panels have, from time to time, pointed out that the UDRP procedure is not an appropriate forum in which to resolve complex disputes.<sup>81</sup>

One area in which panels have diverged is in relation to the issue of whether or not distributors, licensees or resellers have rights or legitimate interests in a domain name so as to defeat the complaint of the trade mark owner. Some panels have decided that authorised resellers have no legitimate right to use the complainant's mark in a domain name.<sup>82</sup> Whereas others have been willing to find that the reseller's interest is bona fide. For example in *Oki Data Americas Inc v ASD Inc*, the panel stated that:<sup>83</sup>

“To be ‘bona fide,’ the offering must meet several requirements. Those include, at the minimum, the following:

- Respondent must actually be offering the goods or services at issue. *E.g.*, *World Wrestling Federation Entertainment, Inc. v. Ringside Collectibles*, [Case No. D2000-1306](#) (WIPO Jan. 24, 2001) (respondent failed to show demonstrable preparations to use the domain name in connection with a bona fide offering).
- Respondent must use the site to sell only the trademarked goods; otherwise, it could be using the trademark to bait Internet users and then switch them to other goods. *Nikon, Inc. v. Technilab*, [Case No. D2000-1774](#) (WIPO Feb. 26, 2001) (use of Nikon-related domain names to sell Nikon and competitive cameras not a legitimate use); *Kanao v. J.W. Roberts Co.*, Case No. 0109 (CPR July 25, 2001) (bait and switch is not legitimate).
- The site must accurately disclose the registrant's relationship with the trademark owner; it may not, for example, falsely suggest that it is the trademark owner, or that the website is the official site, if, in fact, it is only one of many sales agents. *E.g.*, *Houghton Mifflin Co. v. Weatherman, Inc.*, [Case No. D2001-0211](#) (WIPO April 25, 2001) (no bona fide offering where website's use of Complainant's logo, and lack of any disclaimer, suggested that website was the official Curious George website); *R.T. Quaife Engineering v. Luton*, [Case No. D2000-1201](#) (WIPO Nov. 14, 2000) (no bona fide offering because domain name <quaifeusa.com> improperly suggested that the reflected site was the official U.S. website for Quaife, an English company; moreover, respondent's deceptive communications with inquiring consumers supported a finding of no legitimate interest); *Easy Heat, Inc. v. Shelter Prods.*, [Case No. D2001-0344](#) (WIPO June 14,

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<sup>81</sup> Kun, A, *UDRP* at 34.

<sup>82</sup> *Motorola Inc v NewGate Internet Inc* WIPO Case No D2000-0079 published at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0079.html>; *The Stanley Works and Stanley Logistics Inc v Camp Creek Inc* WIPO Case No D2000-0113 published at <http://www.arbiter.wipo.int/domains/decisions/html/2000/d2000-0113.html>.

<sup>83</sup> WIPO Case No D2001-0903 published at <http://www.arbiter.wipo.int/domains/decisions/html/2001/d2001-0903.html>.

2001) (no bona fide use when respondent suggested that it was the manufacturer of complainant's products).

- The Respondent must not try to corner the market in all domain names, thus depriving the trademark owner of reflecting its own mark in a domain name. *Magnum Piering, Inc. v. Mudjacks*, [Case No. D2000-1525](#) (WIPO Jan. 29, 2001) ('a single distributor is extremely unlikely to have a legitimate interest in precluding others from using numerous variants on a mark')."

(c) *Evidence of bad faith*

As of January 15, 2001 the decision that stood out as the most cited was *Telstra v Nuclear Marshmallows*, which concerned the domain name "telstra.org".<sup>84</sup> In that case the domain name was registered in the name of "Nuclear Marshmallows". The administrative contact details submitted with the domain name registration were for a "Michael Jenkins" with a post office box in Gosford, NSW. The panel found that:

"There is no evidence that a web site or other on-line presence is in the process of being established which will use the domain name. There is no evidence of advertising, promotion or display to the public of the domain name. Finally, there is no evidence that the Respondent has offered to sell, rent or otherwise transfer the domain name to the Complainant, a competitor of the Complainant, or any other person. In short, there is no positive action being undertaken by the Respondent in relation to the domain name."

Nonetheless, the panel found that:

"the concept of a domain name 'being used in bad faith' is not limited to positive action; inaction is within the concept. That is to say, it is possible, in certain circumstances, for inactivity by the Respondent to amount to the domain name being used in bad faith."

This conclusion was justified by reference to clause 4(b) of the UDRP (the non-exhaustive list of factors to be considered in determining whether a domain name was registered and used in bad faith). The panel observed that:

"[T]he circumstances identified in paragraphs 4(b)(i), (ii) and (iii) can be found in a situation involving a passive holding of the domain name registration. Of course, these three paragraphs require additional facts (an intention to sell, rent or transfer the registration, for paragraph 4(b)(i); a pattern of conduct preventing a trade mark owner's use of the registration, for paragraph 4(b)(ii); the primary purpose of disrupting the business of a competitor, for paragraph 4(b)(iii)). Nevertheless, the point is that paragraph 4(b) recognises that inaction (eg. passive holding) in relation to a domain name registration can, in certain circumstances, constitute a domain name being used in bad faith."

<sup>84</sup> The decision is published at <http://arbiter.wipo.int/domains/decisions/html/d2000-0003.html>. It was cited 184 times in decisions made up to January 15, 2001 (and the next most cited case was only cited 60 times): *Emerging Jurisprudence* at 18.

In this case, the panel found that there was use in bad faith, notwithstanding the fact that no positive action had been taken by the Respondent in relation to the domain name. The factors which led the panel to this conclusion were:

- “(i) the Complainant’s trademark has a strong reputation and is widely known, as evidenced by its substantial use in Australia and in other countries,
- (ii) the Respondent has provided no evidence whatsoever of any actual or contemplated good faith use by it of the domain name,
- (iii) the Respondent has taken active steps to conceal its true identity, by operating under a name that is not a registered business name,
- (iv) the Respondent has actively provided, and failed to correct, false contact details, in breach of its registration agreement, and
- (v) taking into account all of the above, it is not possible to conceive of any plausible actual or contemplated active use of the domain name by the Respondent that would not be illegitimate, such as by being a passing off, an infringement of consumer protection legislation, or an infringement of the Complainant’s rights under trademark law.”

Although the *Telstra* decision has been cited (with approval) more often than most, if not all, other UDRP decisions, some panellists believe strongly that some active use of the domain name must be made in order to demonstrate bad faith.<sup>85</sup> The decision in *Telstra* was of tremendous practical importance. According to the February 2002 Max-Planck-Institute study, nearly half (47%) of the decisions reviewed did not involve any active use of the domain name other than the effort to commercialise the domain name itself.

The Max-Planck-Institute study also concluded that:

“[t]he actual conduct of persons engaging in cybersquatting has moved away to some extent from the classical pattern which is reflected in the wording of Art. 4 (b) [of the UDRP]. Only in a minority of cases does the alleged pirate approach the trademark holder with an offer to sell the name back. Rather, the domain name is stored and offers are only made when negotiations are initiated by the rightholder, or the registrant uses the name for its own purposes, eg in order to attract traffic to a website resolving to another site with a less attractive name.”

## 5.5 UDRP in the courts

It is surprising that amongst the many studies of the UDRP and its operation there is no study devoted to the outcome of challenges made in the courts to UDRP decisions. This may be explained by the fact that very few of the

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<sup>85</sup> Donahey M S *Divergence in the UDRP* at 19; Kun, A *UDRP* at 54.

thousands of UDRP decisions appear to have been challenged in the courts. However, this must be the true test of whether or not the UDRP decisions and processes are fair and consistent with recognised legal principles.

WIPO has recently established a website that lists UDRP decisions which have been challenged.<sup>86</sup> As at 18 March 2002 13 decisions are listed. Of these only 4 address the merits of the dispute - the remainder are concerned with procedural and jurisdictional issues or were resolved by consent. In 3 of the 4 cases the courts have reached the same result as the UDRP panel. What follows is an account of the decisions in chronological order.

*Strick Corporation v James B Strickland*<sup>87</sup> concerned the domain name “strick.com”. Mr Strickland was an independent computer consultant and software developer. In July 1995, after discovering that “strickland.com” was already registered, he registered “strick.com”. He claimed that he has been known by the nickname “strick” from childhood. Commencing in 1951 Strick Corporation held a trade mark registration for “Strick” in respect of freight and heavy duty trailers and truck bodies. In March 1996 Strick Corporation contacted Mr Strickland regarding the domain name, but they were not able to come to terms on a transfer. In August 1996 Strick Corporation relied on the dispute resolution policy then in place with NSI and requested that the domain name be placed on hold.<sup>88</sup> This continued for 3 years, until NSI announced that it would restore all domain names on hold unless the original complainant commenced legal proceedings or filed a complaint under the UDRP. Strick Corporation filed a UDRP complaint with NAF. A three member panel found that the complaint had not been made out and ordered that the domain name be released from being on hold and restored to Mr Strickland.<sup>89</sup> In particular, the panel found that Mr Strickland had rights or legitimate interests in the domain name because he was commonly known by the name and was making a fair and legitimate use of the domain name at the time of the original complaint. The panel also found that the domain name was not registered in bad faith, quoting from Strick Corporation’s original complaint to NSI in August 1996:

“It appears to us that (Mr. Strickland) has unknowingly usurped something that is of value to us and not to him...”

Undaunted, Strick Corporation filed proceedings in the US District Court for the Eastern District of Pennsylvania. The Court, in its decision of August 27, 2001 gave summary judgment in favour of Mr Strickland. The Court held that Strick Corporation could not establish a cause of action for ‘unfair competition’ (similar to Australia’s law of misleading and deceptive conduct) nor for trade mark dilution. The Court’s treatment of the dilution claim are of some interest:

“Plaintiff argues that without the strick.com domain name, he is ‘completely blocked’ from the Internet. Plaintiff asserts that

<sup>86</sup> <http://arbiter.wipo.int/domains/challenged/index.html>.

<sup>87</sup> US District Court for Eastern District of Pennsylvania, Case No 00-CV-3343, Aug 27, 2001. Available online at <http://www.strick.com/aug27.pdf>.

<sup>88</sup> At the time NSI placed registrations on hold if requested to do so by a person with a registered trade mark identical to the domain name.

<sup>89</sup> NAF Case No FA94801, published at <http://www.arbforum.com/domains/decisions/94801.htm>

consumers searching the Internet for its products are likely to begin by typing ‘www.strick.com’ and that when they reach Defendant’s web page they are likely to mistakenly believe that Plaintiff does not have a web site. Plaintiff theorizes that dilution occurs when customers fail to continue to search for its web site, diminishing the capacity of its mark ‘to identify and distinguish the mark holder’s goods and services on the Internet.’ *Panavision* 141 F.3d at 1327.

Courts have rejected this theory, noting that trademark law requires reasonableness on the part of consumers. *HOM Ltd v Hatfield*, 71 F.Supp 2d 500, 508-09 (D. Md. 1999); *Hasbro Inc* 66 F.Supp 2d at 124-25. Although the need to search for a mark holder’s site ‘may rise to the level of inconvenience, this inconvenience [is] not cognisable.’ *HOM Ltd* 71 F.Supp 2d at 508; *Chatam*, 2001 WL 894085, at \*6-\*7.

An Internet user who intends to access either party’s products or services, but who has not done so before, may go to a search engine, or on America Online, to Keyword. Any inconvenience to an Internet user searching for Plaintiff’s web site is trivial. Searches for Plaintiff’s web page on popular internet search engines, including google.com, goto.com and lycos.com list Plaintiff’s web site as their first or second ‘hits’. It is clear that the mere lack of ownership of the domain name strick.com does not foreclose Plaintiff’s presence or use of the Internet. To the contrary, the record shows that Plaintiff, who maintains, inter alia, web sites at stricktrlr.com, strck.com, stricktrailer.com, strickcorp.com and strickparts.com has a readily visible presence on the Internet.”

*Victoria’s Cyber Secret Limited Partnership v V Secret Catalogue Inc* 161 F.Supp 2d 1339 (S.D. Fla., Sept 10, 2001) concerned the domain names “victoriasexsecret.com”, “victoriasssexsecret.com”, “victoriasexysecret.com” and “victoriassxysecret.com”. These domain names had been registered by the plaintiff in May 1998. The defendant was the proprietor of the registered trade mark VICTORIA’S SECRET for a variety of goods and services, centring around lingerie. The plaintiff did not launch any websites for some time. In May 2000 the defendant sent a cease and desist letter, the response to which was that the domain names were available if an ‘amicable transfer agreement’ could be reached. In January 2001 the defendant lodged a complaint under the UDRP with NAF, who ordered in March 2001 that the domain names be transferred.<sup>90</sup> Ten days after the decision by the NAF panellist, the plaintiff commenced proceedings seeking declarations under the ACPA that it was entitled to use the domain names free of any interference from the defendants. In September 2001 the Court granted summary judgment in favour of the defendants (confirming that they were entitled to the domain names). In addition, the court awarded statutory damages against the plaintiff of US\$10,000 per domain name in issue.

*Storey v Cello Holdings LLC*<sup>91</sup> is a decision of the US District Court for the Southern District of New York. It is the only case to date that I am aware of

<sup>90</sup> NAF Case No FA96536, published at <http://www.arb-forum.com/domains/decisions/96536.htm>. Note that the respondent to the complaint failed to file any response.

<sup>91</sup> US District Court, Southern District of New York, Case No 01-Civ-208, Jan 24, 2002 available online at [www.johnberryhill.com/cello/](http://www.johnberryhill.com/cello/)

in which the decision of a panellist under the UDRP has been overturned by a court. The facts were extraordinary. In 1997 Mr Storey registered “cello.com”. Shortly afterwards Cello Holdings LLC sued Mr Storey in the US District Court for the Southern District of New York seeking an order that the domain name be transferred. On the eve of the trial Cello advised the court that the case had been settled, and the court issued an order dismissing the case ‘with prejudice’. Days later Cello lodged a complaint under the UDRP with eResolution. Surprisingly the panel dismissed Storey’s arguments that the UDRP arbitration was precluded as a result of the dismissal of the 1997 proceedings. The panellist stated that:

“The Respondent’s assertions are at variance with this Tribunal’s reading of the evidence he submitted and are expressly rejected. Furthermore, as Respondent has made no attempt to enjoin the actions of eResolution or this Tribunal, a claim that jurisdiction is absent or that Respondent has not consented to participate in these proceedings is likewise unpersuasive.”

The panel went on to find for Cello and ordered a transfer of the domain name. That led to Storey filing proceedings in same US District Court which had earlier dismissed Cello’s claims. The court stated:

“Here, because the dismissal in the first action was ‘with prejudice’, Cello was precluded from initiating new proceedings to seek relief based on the same causes of action that were or could have been asserted in the first action. The claims asserted by Cello in the arbitration proceedings were identical to the claims that were discontinued ‘with prejudice’ in the first action. The relief Cello sought in the arbitration proceeding was precisely the same relief Cello had sought in the first action - transfer of the registration to the domain name ‘cello.com’ from Storey to Cello - for precisely the same reasons - the alleged confusion between Cello’s mark ‘Cello’ and ‘cello.com’. As a consequence, Cello was barred from reasserting its claims in the arbitration proceedings.”

The most recently decided case in this series is *Barcelona.com Inc v Excelentísimo Ayuntamiento de Barcelona*.<sup>92</sup> It concerned “barcelona.com”. In February 1996 Joan Nogueras Cobo (“Nogueras”) registered the domain name in the name of his wife, Concepcio Riera Llena (“Riera”), and he launched the website in February 1997. The website contained information about the city of Barcelona. Two years later, in February 1999, Nogueras offered the defendant, the City of Barcelona, a chance to negotiate for the domain name. Discussions did not take place for some time, and Nogueras incorporated the plaintiff, Barcelona.com Inc, under the laws of Delaware. In March and April 2000 Nogueras met with representatives of the City Council during which he presented a business plan which included “glaringly inflated figures and overstated the overall worth of the domain name”. The City Council subsequently demanded the transfer of the domain name. Following receipt of the demand, Riera transferred the domain name registration to the plaintiff. In May 2000 the City Council filed a complaint under the UDRP. The panellist ruled in favour of the City Council and ordered that the domain

<sup>92</sup> US District Court, Eastern District of Virginia, Case No 00-1412-A, Feb 22, 2002 available online at <http://www.udrplaw.net/Barcelona.pdf>.

name be transferred.<sup>93</sup> The plaintiff then commenced proceedings under the ACPA seeking a declaration that its registration of the domain name was not unlawful. In its reasons, the court held that “the panel ruling should be given no weight and this case must be decided based on the evidence presented before the Court.” The court declined to make the declaration sought by the plaintiff, as follows:

“The Court first notes the confusing similarity between the barcelona.com domain name and the marks held by the Council. In addition, an Internet user would reasonably expect the services and information provided by the barcelona.com website to be offered by the City of Barcelona, Spain. Both the City’s official website and the Plaintiff’s website provide tourist information and tourism-related services associated with the City of Barcelona. Thus, this Court finds that the WIPO decision was correct in its determination that Barcelona.com Inc took ‘advantage of the normal confusion’ of an Internet user by using the ‘Barcelona route’ because an Internet user would ‘normally expect to reach some official body ... for ... the information’.

The Court further finds that the circumstances surrounding the incorporation of Barcelona.com Inc and the actions taken by Nogueras in attempting to sell the domain name evidence a bad faith intent to profit from the registration of a domain name containing the Council’s mark. The Plaintiff corporation was formed in October 1999, several months after Nogueras first offered the Defendant a chance to negotiate for the domain name barcelona.com. In April 2000, Nogueras presented the Defendant with a business plan detailing his proposed development of the barcelona.com website. This business plan contained a grossly exaggerated appraisal of the worth of barcelona.com. Only after the Defendant sent Nogueras a letter in May 2000 demanding the return of the barcelona.com domain name did Riera transfer the name to the Plaintiff corporation. The Plaintiff corporation has no employees, pays no salaries, has no separate bank accounts, has only Riera and Nogueras as shareholders and does not own, lease or rent any office space in the state of its mailing address. Immediately following the domain name transfer, the Plaintiff corporation changed its address in the domain name record from a Spanish location to one in the United States. These factors clearly demonstrate a bad faith intent on the part of the Plaintiff and its sole shareholders to improperly profit from their registration of the domain name barcelona.com. The Court, therefore, does not find that the Plaintiff’s use of the Defendant’s mark was ‘not unlawful’.”

The court went on to find in favour of the City Council’s cross-claim and ordered the transfer of the domain name to the City.

Of the other court decisions involving an examination of the same issues as decided under the UDRP, the most notable is the decision of the First Circuit of the United States Court of Appeals in *Jay D Sallen v Corinthians*

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<sup>93</sup> WIPO Case No D2000-0505 published at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0505.html>.

*Licenciamentos Ltda* 273 F3d 14 (2001). In that dispute, Mr Sallen registered the domain name “corinthians.com”. Corinthians Licenciamentos Ltda was a Brazilian corporation with rights to the name “Corinthiao”, the Portuguese equivalent of “Corinthians”, which is the name of a soccer team popular in Brazil. The Brazilian company successfully took action against Mr Sallen under the UDRP. Mr Sallen then filed proceedings in the US District Court seeking a declaration under the ACPA that his registration and use of “corinthians.com” was not unlawful under ACPA. At first instance Mr Sallen’s application was dismissed on the grounds that no actual controversy existed between the parties since the Brazilian corporation had never claimed that Mr Sallen had violated the ACPA. This decision was reversed on appeal, and the case was remanded to the District Court so that the evidence can be prepared. The Court of Appeals examined the relationship between the ACPA and the UDRP and concluded that a decision under the ACPA that was inconsistent with a UDRP decision would prevail over the UDRP decision.

## 5.6 Other gTLD policies

With the introduction of numerous additional gTLDs, dispute resolution policies have been adopted that for the most part track UDRP, although there are differences that are by no means immaterial. The next version of this paper will examine these policy differences in more detail.

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## 6 .au dispute resolution policy

### 6.1 Existing .com.au dispute resolution policy

In stark contrast to ICANN’s UDRP (and the proposed auDRP), Melbourne IT’s existing dispute resolution policy for .com.au domain name disputes is woefully inadequate. That policy, set out in full, is as follows:

Stage	Description
Notice	The originator of the dispute sends notice of the dispute in writing to the administrator
Negotiation and conciliation	The originator, the administrator and any third parties must attempt to settle the dispute by negotiations and conciliation
Arbitration	If the above attempts fail to settle the dispute, the parties agree to refer the dispute to a commercial disputes centre. All parties must agree to be bound by the ruling of the arbiter. The costs of the dispute are borne by the originator

It is abundantly clear that these provisions are unenforceable because they are so uncertain: *Elizabeth Bay Developments v Boral Building Services* (1995) 36 NSWLR 709. They say nothing about the principles to be applied or the procedures to be followed in resolving the dispute. They leave trade mark owners with no choice but to send “cease and desist” letters to cybersquatters and, if those letters are unsuccessful, to commence court proceedings.

### 6.2 Proposed auDRP

In June 2001 the .au Dispute Resolution Working Group (DRWG), chaired by Philip Argy, presented a report to the board of auDA recommending that the board adopt a modified form of the UDRP as the basis for a dispute resolution

policy to apply to disputes between domain name registrants and parties with competing legal rights in the domain name. This report has been accepted by the board, and the policy proposed by the working group will be implemented through terms in the contractual relationships that govern registration of .au domain names in conjunction with other policy reforms when competition in the market to register domain names in the .au domain is introduced by auDA.

Many of the modifications to the UDRP reflect the fact that there will be eligibility criteria before a person may register a domain name in a particular .au 2LD, whereas no such restriction exists for .com, .net and .org domain names. However, there are a number of substantive amendments which deserve comment.

The major differences between the UDRP and the auDRP are:

- (a) Paragraph 4(a)(i) of the auDRP provides that the domain name must be identical or confusingly similar to a name, trademark or service mark in which the complainant has rights. The addition of the words “a name” is intended to provide for the situation where a respondent has registered, or is using, the name of another person in bad faith.
- (b) Paragraph 4(a)(iii) of the auDRP provides that the domain name must have been registered **or subsequently** used in bad faith. This change is intended to expressly include the situation where a registrant registers a domain name in bad faith, but does not actually use the domain name. This change will avoid any debate surrounding the issue of whether inactivity can amount to use of a domain name in bad faith.<sup>94</sup>
- (c) Paragraph 4(b)(i) of the auDRP states that circumstances indicating that the registrant registered or acquired the domain name primarily for the purpose of transferring the registration to another person (rather than to the complainant itself, or a competitor of the complainant) is evidence of registration and use of a domain name in bad faith. The DRWG stated that it considered this section of the UDRP to be unnecessarily restrictive.
- (d) In order to satisfy paragraph 4(b)(ii) of the auDRP, the complainant does not need to show that the respondent “engaged in a pattern of conduct” of registering domain names in order to prevent the owner of a name, trademark or service mark from reflecting that name or mark in a corresponding domain name. It is sufficient for the complainant to show that the registrant registered the domain name in order to prevent the complainant from registering the domain name.
- (e) The DRWG found that cybersquatting activity is not necessarily confined to activity that disrupts the business of the complainant. As a result, paragraph 4(b)(iii) of the auDRP provides that evidence that the registrant registered the domain name primarily for the purpose of disrupting the business or activities of another person is evidence of registration and use of a domain name in bad faith.

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<sup>94</sup> See 4.4(c) above.

- (f) The DRWG clarified paragraph 4(b)(iv) of the policy to ensure that intentional attempts to attract Internet users to another website not operated by the respondent, by automatically redirecting users to that site when users attempt to access the respondent's website, can also be evidence of registration and use of the domain name in bad faith.
- (g) The DRWG clarified paragraph 4(c)(i) of the policy to include notice of the subject matter of the dispute. As a result, the respondent is taken to have notice of the dispute from the time that it receives a letter of demand or similar communication from the complainant, rather than from the time that it receives the formal complaint.
- (h) The UDRP requires the respondent to demonstrate that the domain name has been used in connection with a bona fide offering of goods and services. The DRWG stated that it is possible that a respondent may be offering goods and services in good faith, but nevertheless be using the domain name in bad faith. Paragraph 4(c)(i) of the auDRP makes it clear that it is the use of the domain name that must be bona fide, rather than the offering of goods or services.

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## 7 Conclusion

There is no doubt that the UDRP was an experiment when it was introduced in 1999. After more than 2 full years of experience with the policy it is apparent that it could be improved in a number of respects. In particular, something needs to be done to address the claims of bias and partiality on the part of the approved dispute resolution providers. Professor Geist's findings of February 2002 are troubling and difficult to explain. Some method that would allow both complainants and respondents a measure of input into the selection of panellists in contested cases is desirable. The apparent inconsistency of the UDRP decisions is another major issue which ought to be addressed. Presently, dissatisfied parties must challenge the outcome of a UDRP decision by commencing proceedings in an appropriate court. It is difficult to say whether or not the very small number of cases in which this has happened reflects an acceptance of the UDRP process, or is testimony to the expense involved with conducting such litigation and the straightened economic conditions applying to all things ".com". In the handful of cases that have progressed to judgment in the courts, the UDRP appears on the whole to be standing up to judicial scrutiny. But the number of court decisions is so small that it is premature to claim any judicial endorsement of the UDRP.

Turning to Australia, 2002 should (finally) see the introduction of competition in the market for registration of .au domain names, and with competition will come a new dispute resolution policy. It will be very interesting to see how many disputes arise - it will be a measure of the effectiveness of the eligibility criteria for registration in the various Australian 2LDs.