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**Trademark Claims in Internet Domain Names:
Applicable Disputes and Enforcement of Panel
Decisions under the ICANN Uniform Domain-
Name Dispute-Resolution Policy**

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Though the Internet holds enormous promise for the conduct of business across borders, it is also bedeviled with significant threats. In the area of trademark rights, an individual or commercial entity can pass off as a notable organization by simply using an Internet domain name that matches a well-known trademark. However, can ownership of trademark rights translate into ownership of a domain name that is identical to the trademark? The fact that trademark rights are territorial in nature while the Internet defies any geographical territorial boundary presents problems of territoriality when such claims of trademark rights over domain names arise. The Internet Corporation for Assigned Names and Numbers' Uniform Domain-Name Dispute-Resolution Policy has helped in instilling a fair degree of certainty in the pursuit of trademark rights in Internet domain names.

Keywords: cybersquatting, Internet domain names, trademark rights

Introduction

The regulation of the Internet has become one of the thorny issues in international law in recent times. Issues of freedom of expression come up in the regulation of any medium that is used as a forum for expression, and the Internet is no exception.¹ The Internet, however, is not just a medium for free speech. Commerce has become one of the central activities on the Internet, giving rise to pertinent issues such as enforcement of contracts and protection of property rights. Regulation of commercial relationships on the Internet has to ensure such basic requirements of commerce are met. Within the territorial space of a state, the state is sovereign and wields coercive power to obligate compliance with its laws.² The state also has power to regulate and enforce rights and obligations of citizens.³ Enforcement of rights and obligations on the Internet presents challenges of territoriality-of-jurisdiction and choice-of-law dilemmas.⁴

The claim of trademark rights in Internet domain names is an area that has evoked a lot of contention and has put to the test the effectiveness of international regulatory interventions in the enforcement of rights and responsibilities in cyberspace. Transposing norms of trademark rights in territorial jurisdictions into rights over domain names in cyberspace has been challenging, especially with regard to the choice of regulatory intervention needed at the international level.

Initial attempts at enforcing trademark rights to Internet domain names were undertaken in national courts. The limitation that this presented is quite obvious, especially considering the fact that the Internet defies a definable territorial demarcation. The advent of the Internet Corporation for Assigned Names and Numbers (ICANN) and its Uniform Domain-Name Dispute-Resolution Policy (UDRP) has been seminal in addressing claims of trademark rights to Internet domain names. This article takes a look at the Internet domain name system (DNS), claims of trademark rights to Internet domain names, applicable disputes under the ICANN UDRP and the enforcement of decisions secured through mandatory administrative proceedings under the UDRP.

The Internet Domain Name System

A 'domain name' is a sequence of alphanumeric strings separated by dots or decimal marks, such as 'www.yahoo.com'. It is an address of a computer network connection that identifies the owner of the address. The DNS of the Internet helps users to navigate on the Internet. Computers connected to the Internet are each assigned a distinctive address referred to as an Internet protocol address (IP address).⁵ An IP

address is a string of numbers ranging from zero to 255, arranged in a set of four and separated by dots.⁶

The DNS works by attaching easy to remember domain names to IP addresses. Thus, an easy to remember domain name like 'wikipedia.org' can be used to navigate to the Wikipedia website instead of using the rather difficult to remember IP address – 207.142.131.206. It has thus been argued that “[T]he domain name system essentially grew out of the ability of humans to remember and recall words better than numbers”.⁷ Domain names are thus purely functional only for human convenience and are not necessary for the technical functioning of the Internet.⁸

Once a domain name has been registered and activated on the Internet, the same domain name cannot be concurrently registered and used by another entity. For example, there can be only one 'www.yahoo.com'.

Trademark Rights and Domain Names

The DNS holds substantial threats for owners of trademarks. Names, strings of letters, phrases and words can constitute trademarks. The same is applicable to domain names. For instance 'Microsoft' is a trademark of the Microsoft Corporation in the geographical legal space. In cyberspace, 'www.microsoft.com' is also a name that obviously, without the inflectional prefix and suffix, is a direct match with the 'Microsoft' trademark. The question then is: does ownership of a trademark in the geographical legal space confer the same rights in cyberspace? Does the Microsoft Corporation have any ownership rights over the domain name 'www.microsoft.com', and if another entity had registered this domain name before the Microsoft Corporation, would Microsoft have any legal basis for claiming proprietary rights in the said domain name? These are some of the pertinent questions that have plagued, and continue to plague, assertions of trademark rights to Internet domain names.

In the UK in 1998, Marks & Spencer Plc and some other companies brought legal action against One in a Million Ltd for registering domain names that bore the names of their trademarks.⁹ Some of the domain names One in a Million Ltd had registered and which it was offering to companies for sale included marksandspencer.com, ladbrokes.com, burger-king.com, waitrose.com, cadburys.com, spice-girls.net, sainsburys.com, j-sainsbury.com, macdonalds.com, buckinghampalace.org, cellnet.net, and marconi.com.¹⁰ The judge in the said case held that the activities of One in a Million Ltd amounted to passing off and infringed the Trade Marks Act 1994, s.10(3). He argued that

... it was beyond dispute that the defendant's activities were calculated to infringe the plaintiffs' rights in the future. The only possible reason why anyone, who was not connected with one of the plaintiffs, would wish to

use a domain name incorporating their trademarks or names would be to pass himself off as part of a plaintiff's group or his products off as theirs.¹¹

The Marks & Spencer case and many others are typical of the phenomenon that has become known as cybersquatting. Domain name speculators, realizing that some popular trademark owners do not have domain names that match their trademarks, register these domain names and offer them for sale at exorbitant rates.

Conflicts of Interest in Domain Names

Again, there is the issue of territoriality of trademarks. A registered mark in the UK, for example, may not be registered in the United States. The Internet, on the other hand, defies national and regional territorial boundaries. Thus a domain name registered by an undertaking in one jurisdiction may be similar to, or the same as, a trademark of another undertaking in a different territorial jurisdiction. An example is the case *Prince Plc v. Prince Sports Group Inc.*¹² In the just stated case, Prince PLC, a UK based company, first registered the domain name 'prince.com'. Prince Sports Group Inc., a U.S.-based company was also interested in having the same domain name and brought a legal action against Prince PLC. Though the legal action failed to secure a transfer of the domain name 'prince.com' to Prince Sports Group Inc., the case illustrates how problematic claims of ownership of domain names can be when based on arguments of trademark rights.

More than two entities can have legitimate interests in a domain name, because they may have the same or similar names as trademarks or as registered business names. These entities may even be in the same jurisdiction. The controversy between Roadrunner Computer Systems Inc. and Warner Brothers (both incorporated in the United States) over the domain name 'roadrunner.com' is a case in point. In December 1995, Roadrunner Computer Systems Inc. received notification from Network Solutions Inc. (NSI), a domain name registrar, that Warner Brothers had challenged the former's right to the domain name 'roadrunner.com'.¹³ 'Roadrunner' is a trademark owned by Warner Brothers. Roadrunner Computer Systems however had not registered 'Roadrunner' as a trademark, though it obviously was part of its business name.¹⁴ There were 38 other companies in the United States that had trademarks for the name 'Roadrunner'.¹⁵ Roadrunner Computer Systems was able to come to a compromise with Warner Brothers for the former to keep the domain name while Warner Brothers registered a hyphenated version of the domain name – 'roadrunner.com'.³¹ If ownership claims over domain names are based on trademark rights, then each of the other 38 companies that held trademark rights for 'Roadrunner' also could have contended for the domain name and they would have had legitimate

interests in doing so. The policy of ‘first come, first served’ would be the only reasonable way out of this controversy.

Resolving Trademark Interests in Domain Names at the Global Level: The ICANN UDRP

The issues expressed above are all pertinent ones that needed addressing at the global level due to the problem of the geographically indefinable nature of the Internet and the operation of the DNS. Claimants in the two cases discussed above resorted to national judicial systems for a redress of the threats to their trademark rights posed by domain name registrants. At the international level, the Uniform Domain-Name Dispute-Resolution Policy (UDRP), which is under the auspices of the Internet Corporation for Assigned Names and Numbers (ICANN), has become the most widely used dispute resolution mechanism for addressing, *inter alia*, claims of trademark rights to domain names. The next segment of this article looks at the ICANN UDRP, applicable disputes under the UDRP and the enforcement of arbitral/administrative decisions secured under the UDRP.

The ICANN UDRP

The UDRP was adopted by ICANN on 24th October 1999 and is incorporated by reference into the registration agreement of all generic top-level domains (gTLDs) such as ‘.com’, ‘.org’, ‘.net’, ‘.biz’, ‘.info’, and ‘.coop’.¹⁶ Most managers of country-code top-level domains (ccTLDs) such as ‘.co.uk’, ‘.it’, ‘.de’ and ‘.za’ also make it mandatory for all registrants of ccTLDs to submit to ICANN’s UDRP in the event of a dispute over the domain name. Thus, for domain name registrars who incorporate the UDRP as part of the registration agreement with a registrant, the agreement contains a clause that makes submission to dispute resolution proceedings under the UDRP mandatory. Without consent to this clause, registration of a domain name cannot be effected.

A registrant of a domain name is also required to make an undertaking, *inter alia*, that he/she is not knowingly infringing the rights of a third party and that the domain name is not being registered for an unlawful purpose or in violation of any applicable laws or regulations. The onus is thus on the registrant to ensure that the domain name does not violate the rights of another or breach any laws or regulations.

It is worth noting that, though ICANN is a private corporation incorporated under the laws of California, it serves as the administrator of the technical aspects of the Internet due to contracts between itself and the U.S. Department of Commerce.¹⁷ ICANN’s central role as the administrator of the technical aspects of the Internet thus makes it possible for the UDRP to be made mandatory for all gTLD registrars in their

domain name registration agreements with registrants. The acceptance of ICANN's UDRP is a precondition for being accredited as a domain name registrar.¹⁸

Under the UDRP, dispute resolution service providers are approved by ICANN to settle disputes on complaints concerning domain name registrations. Some of the ICANN-approved dispute resolution service providers are the National Arbitration Forum (NAF), World Intellectual Property Organization (WIPO), CPR Institute for Dispute Resolution (CPR) and the Asian Domain Name Dispute Resolution Centre (ADNDRC). In a dispute over a domain name, it is the right of the claimant to choose an ICANN-approved dispute settlement service provider to arbitrate in the administrative proceedings. Panels are in turn assembled by dispute resolution service providers to arbitrate on complaints concerning domain name registrations.

Applicable Disputes

A dispute under the UDRP must satisfy three main preconditions in order to be the subject of a mandatory administrative proceeding. An applicable dispute under the UDRP pertains where, firstly, a registered domain name is identical or confusingly similar to a trademark or service mark and the claimant has rights to the trademark or service mark; secondly, the registrant of the domain name has no rights to or legitimate interests in the domain name; and thirdly, where the domain name has been registered and is being used in bad faith.¹⁹ The claimant in an administrative proceeding is expected to discharge the burden of proof in relation to the three conditions stated above. Proof of registration and use of a domain name in bad faith is central to disputes brought under the UDRP. This is because it equates to cybersquatting, and one of the main rationales behind the UDRP is the prevention of cybersquatting activities on the Internet.²⁰

A finding of registration and use of a domain in bad faith is contingent on a number of circumstances. Registration of a domain name for the purpose of selling, renting or transferring to a trademark owner or a competitor of a trademark owner at a fee above the out-of-pocket costs of acquiring the domain name constitutes bad faith. Another case of bad faith is where a registered domain name is a trademark of a third party, and the domain name is being used for the purpose of disrupting a competitor's business or for the purpose of attracting commercial gain. Such bad faith must have resulted in creating a likelihood of confusion with regard to the "complainant's mark as to the source, sponsorship, affiliation, or endorsement of *the*²¹ web site or location or of a product or service on *the*²² web site or location."²³

Though the claimant, as stated above, is required to discharge the burden of proof in the three grounds of dispute, the respondent is also expected to prove that he/she

has rights to, and legitimate interest in, the domain name under dispute. Particularly, a respondent's defence must prove any one (or more) of the following defences.

Firstly, a respondent is supposed to show that prior to the lodging of the complaint against him/her, he/she was using or was demonstrably preparing to use the domain name or a name that corresponds to the domain name. Proof of use of the domain name or demonstrable preparation to use the domain name must show a connection to the respondent's offering of goods or services. In other words, the respondent must have been using the domain name to offer goods and services or must have been expressly preparing to use the domain name to offer goods or services.

The Secondly, a respondent must show that even where he/she has not acquired a trademark or service mark, he/she has been commonly known by the domain name under dispute in the capacity of an individual, business or other organization. Consequently, in the 'roadrunner' saga related above, Roadrunner Computer Systems could have used this provision as defence to demonstrate rights to and legitimate interest in 'roadrunner.com' in spite of the fact that Warner Brothers had 'Roadrunner' as a registered trademark. Evidently, at the time of the said dispute in 1995, the UDRP was not yet in force. Thus, not having a trademark right to a name like 'Nike' does not necessarily prevent one from having 'Nike' as a domain name as long as the just stated provisions can be satisfied.

Thirdly, demonstration of rights to and legitimate interests in a domain name can be proven if the respondent shows that he/she was making a legitimate noncommercial or fair use of the domain name. The noncommercial or fair use defence must further show that there is no intention to secure commercial gain, to misleadingly divert consumers or to tarnish the trademark or service mark under dispute.²⁴

It is worthy of note that in some limited cases, common law passing off can still be charged where a claimant did not have trademark rights to a name prior to the acquisition of a domain name by a respondent. In *Wayne Mark Rooney v. Huw Marshall*, the famous England and Manchester United football player did not have trademark rights to the name 'Wayne Rooney' at the time the respondent, Huw Marshall, registered the domain name waynerooney.co.uk. The panel, quoting paragraph 3.1 of the 'WIPO Overview of WIPO Panel Views on Selected Questions' held that

Normally speaking, when a domain name is registered before a trademark right is established, the registration of the domain name was not in bad faith because the registrant could not have contemplated the complainant's non-existent right. However: In certain situations, when the respondent is clearly aware of the complainant, and it is clear that the aim of the

registration was to take advantage of the confusion between the domain name and any potential complainant rights, bad faith can be found. This often occurs after a merger between two companies, before the new trademark rights can arise, or when the respondent is aware of the complainant's potential rights, and registers the domain name to take advantage of any rights that may arise from the complainant's enterprises.²⁵

The 'dodgeviper.com' case²⁶ is another example of a mandatory administrative proceeding carried out under the UDRP provisions, and it offers a useful illustration of the operation of the applicable dispute requirements in the UDRP. Relevant portions of the case are discussed below.

The Dodgeviper.com Case

The respondent in this case, Brad Bargman, registered the domain name 'dodgeviper.com' and operated a website using the said domain name, claiming that his website was the official home page of 'Viper'. 'Viper' is an automobile brand and a trademark of the then DaimlerChrysler Corporation.²⁷ 'Dodge' is also a trademark owned by the claimant – DaimlerChrysler. The respondent had pictures of the Viper automobile on his website, had listed Viper automobiles for sale and provided a link to the claimant's website. He also made attempts to sell the domain name to the DaimlerChrysler Corporation in excess of the actual cost of the domain name and had at one time auctioned the domain name on eBay.

The respondent asserted, *inter alia*, that his intentions for having the domain name and web site were to offer advice and to build a forum for Viper owners and enthusiasts. He thus claimed the defence of non-commercial and fair use motives as provided under paragraph 4 of the UDRP.

The panel found in favour of the claimant and held that all the three elements required as applicable disputes under the UDRP existed in the respondent's use of the disputed domain name. The domain name was subsequently transferred from Mr. Bargman to the ownership of DaimlerChrysler.

All the three elements of the applicable disputes requirement under the UDRP were proved by the claimant in the above case. In the first place, the domain name 'dodgeviper.com' contained two trademarks owned by DaimlerChrysler – 'Dodge' and 'Viper'. Further, the respondent used his web site to sell Viper automobiles, hence a domain name similar to the claimant's trademarks was being used for commercial purposes and specifically for the sale of brands of the claimant's automobiles that were the subject of the trademark dispute. The crucial element of use of a domain name in bad faith was also present in the respondent's activities in relation to the

domain name: he had made an attempt to sell the domain name to the claimant at an exorbitant fee which was above the out-of-pocket cost of acquiring it. Furthermore, the respondent flouted the bad faith prohibition by auctioning the domain name on eBay. Evidently, a competitor of DaimlerChrysler could have bought the domain name and in turn used it for anti-competitive purposes.

Enforcement of Panel Decisions in Administrative Proceedings

In enforcement of a panel decision found against a respondent in administrative proceedings under the UDRP results in cancellation or transfer of, or changes to, the domain name deemed to have violated another's rights. Obviously, in situations where a claimant is unsuccessful in securing such cancellation, transfer or changes, the decision of a panel would not affect the ownership rights of the respondent to the domain name.²⁸ The actual enforcement of panel decisions is effected by domain name registrars. Upon receiving notification of the decision of a panel, the domain name registrar is bound by its accreditation agreement with ICANN to enforce the decisions of panels constituted by ICANN-accredited dispute resolution service providers.²⁹

In almost all situations where a claimant is successful in a dispute, the remedy sought by the claimant is a transfer of the disputed domain name to the ownership of the claimant.³⁰ This is because the option of cancellation of the domain name results in a termination of ownership and not a transfer of ownership. In effect cancellation of the domain name makes the domain name available again for re-registration by anyone on a first-come, first-served basis. Another cybersquatter can thus register the domain name first and the claimant would have to go through another process of administrative proceedings to enforce his/her rights to the domain name. Worse still, a person or business with a legitimate interest in the domain name can register the domain name ahead of a successful claimant and in such a situation, the claimant may not be successful in securing a cancellation or transfer of the domain name. Thus, for practical purposes of enforcement of trademark rights to a domain name, the remedy that is mostly sought is the transfer of the domain name to the claimant. This negates the possibility of making the domain name available for registration by any registrant.

A distinctive feature of panel decisions under the UDRP is the fact that panels cannot make monetary awards to either the claimant or respondent. The inability to award monetary cost includes costs for legal fees incurred during the administrative proceedings.

Also, panel decisions are not subject to appeal under the UDRP provisions. However, the UDRP incorporates possibilities for national judicial systems to also

adjudicate on issues of domain name claims. A losing party, or a party not satisfied with the decision of an administrative panel, can pursue the case in a court of competent jurisdiction. Domain name registrars can only enforce decisions of administrative panels after ten business days upon receipt of notification by a dispute resolution service provider of the decision of a panel. If a losing or aggrieved party does not institute legal action within ten business days after the panel decision, then the registrar must enforce the panel decision. Thus, adjudications of national courts of competent jurisdictions can assume global effects on domain name claims because their decisions are recognized by ICANN under its UDRP as competent and efficacious.³¹

Due to the possibility of resort to national courts for resolution of disputes, the argument has thus been made that the ICANN UDRP is a form of alternative dispute resolution (ADR) and not arbitration.³² This is because submission to the UDRP does not take away from any of the parties to the dispute the right to seek redress in a court of competent jurisdiction. Decisions made by panels in administrative proceedings under the UDRP do not result in a final, binding decision on all parties to the dispute. Thus the finality of decisions that is a central feature of arbitration does not pertain under the UDRP. The Austrian Supreme Court thus held that

The WIPO Uniform Domain Name Dispute Resolution Policy Article 4 provides that the institution of procedures under the policy does not preclude a party from submitting the dispute to a court of competent jurisdiction for resolution. Since the Domain Name Dispute Resolution Procedure does not lead to a final and binding decision, it is not an arbitral proceeding and the costs involved could not be recovered from the losing party as “procedural costs”, as could the costs of arbitration.³³

Though the possibility of resorting to a national court for the resolution of a dispute could be said to be a major weakness of the UDRP, Torsten Bettinger observes that only in a very few cases do losing parties resort to national courts for resolution of disputes.³⁴

Conclusion

Prior to the advent of the ICANN UDRP, resort to national courts was the main available means for resolving disputes over trademark rights to domain names. The global nature of the Internet, however, posed hurdles of territoriality-of-jurisdiction and choice of-law-problems. The coming into being of ICANN as the central administrator of the Internet DNS and the sole accreditor of domain name registrars put it in an authoritative position to implement its rules, hence making the UDRP a very successful means of resolving disputes over domain names. Despite the fact that

under the UDRP, decisions of administrative panels are not final and parties that are not satisfied with panel decisions can resort to national courts, the UDRP has proven to be very successful in resolving domain name disputes and enforcing trademark rights in cyberspace.

Endnotes

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- ²¹ Italics mine.
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- ²⁴ UDRP Para. 4(c)(iii).
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- ²⁷ Daimler-Benz merged with Chrysler to become DaimlerChrysler in 1998. The merger ended in 2007 when Daimler-Benz sold the Chrysler unit to Cerberus Capital Management.
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