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# The name game

The Uniform Domain Name Dispute Resolution Policy (UDRP) celebrates its 10th anniversary this year at a time when the entire domain name system is on the cusp of change. Now seems the perfect moment to reflect on the achievements of the UDRP over the past 10 years and to assess the challenges that lie ahead for trademark owners as the Internet opens up to new generic top-level domains (gTLDs). In this two-part special, domain name experts from Silverberg Goldman & Bikoff first provide a detailed analysis of landmark rulings issued under the UDRP since its creation; *WTR*'s Adam Smith then examines the latest controversy surrounding the expansion of the gTLD space.

## Feature

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# The UDRP turns 10

A review of the UDRP's defining characteristics and key decisions is in order as the policy prepares to celebrate its 10th anniversary at a time of intense speculation regarding the future direction of the Internet

Since the inception of the Domain Name System in 1983, domain names have generally been granted registration on a first come, first served basis. Not surprisingly, when the Internet was opened to commercial traffic, trademark disputes over domain names proliferated. Cybersquatters or cyberpirates sought to hold well-known trademarks hostage in domain names by quickly registering the names, then extorting a significant profit from the rightful owners or using the names to misdirect internet traffic to their own sites. In the mid to late 1990s, the unbridled growth of the Internet had convinced all the major stakeholders that the existing method of administering the Domain Name System – at the time a cooperative agreement between the US National Science Foundation and a company called Network Solutions – needed to be changed. So in November 1998, the Domain Name System began a gradual transition to privatization; responsibility for its administration was handed to a new non-profit organization called the Internet Corporation for Assigned Names and Numbers (ICANN).

On October 24 1999, less than a year after its inception, ICANN approved perhaps its most notable achievement to date – the Uniform Domain Name Dispute Resolution Policy (UDRP). All ICANN-accredited domain name registrars for top-level domain names (TLDs) such as '.com', '.org' and '.net' are required to abide by the UDRP. All parties registering a domain name with these registrars must also agree to abide by the UDRP. This mandatory agreement between registrars and registrants contains the substantive and procedural rules for resolution of any trademark-based domain name dispute. In short, it provides trademark owners with a relatively inexpensive and expeditious method of cancelling or transferring domain names that are identical or confusingly similar to their own marks. With the 10th anniversary of the UDRP rapidly approaching, it is fitting that we examine its defining characteristics, as well as some notable decisions made under its auspices, to predict and prepare for future UDRP practice.

## The basics

Under the UDRP, trademark owners that believe a registered domain name infringes or dilutes their marks may file a complaint with one of four ICANN-approved dispute resolution service providers:

- the World Intellectual Property Organization (WIPO);
- the National Arbitration Forum (NAF);
- the Asia Domain Name Dispute Resolution Centre; and
- the Czech Arbitration Court.

A UDRP complaint must specify, among other things:

- the domain names in dispute;
- the registrar with whom the domain names are registered at the time the complaint is filed;
- the name of the registrant; and
- adequate grounds for the complaint.

As adequate grounds, a UDRP complainant bears the burden of establishing all the following three elements.

**The domain name is identical or confusingly similar to a trademark in which the complainant has rights** – Generally, a national trademark registration or well-established common law rights will prove that a complainant has rights to a trademark. However, the more challenging, fact-specific question is whether a domain name is identical or confusingly similar to a complainant's mark.

**The registrant has no rights or legitimate interests in the domain name** – A registrant has no rights or legitimate interests in a domain name where:

- no demonstrable preparations have been made to use the domain name in a *bona fide* offering of goods or services;
- the registrant is not commonly known by the domain name; or
- the registrant has not made a legitimate, non-commercial or fair use of the domain name.

**The registrant has both registered and used the domain name in bad faith** – Bad-faith registration contemplates, "without limitation", the following primary motivations of a registrant:

- intent to sell a domain name, at a profit, to a complainant trademark owner;
- intent to prevent a complainant from reflecting its trademark in a corresponding domain name;
- intent to disrupt the business of a competitor; and
- intent to attract and misdirect internet traffic by creating a likelihood of confusion with a complainant's trademark.

Use in bad faith exists in myriad circumstances developed over

time in UDRP jurisprudence and is generally established in connection to the registrant's lack of rights or legitimate interests in a domain name. For example, bad-faith use typically exists where a registrant is not using a domain name in a *bona fide* offering of goods or services, but is attempting to sell the domain name for a profit.

Notably, the UDRP is the first trademark-based dispute policy to consider 'reverse domain name hijacking'. This refers to a complainant's bad-faith use of the UDRP and abuse of the administrative proceeding to deprive a registrant of a domain name. Such hijacking generally occurs where a 'big business bully' of a complainant files a UDRP complaint against a proverbial 'little guy' of a registrant who, for instance, has been using a domain name in good faith but who also has inferior trademark rights. A complainant must have knowledge of a registrant's legitimate interest in a domain name; without it, imposition of reverse domain name hijacking is unduly harsh (see *MAHA Maschinenbau Haldenwang GmbH & Co KG v Rajani*, WIPO Case D2000-1816).

#### Pros and cons

First and foremost, the UDRP is the most expeditious and inexpensive tool that a trademark owner can use to combat cybersquatting. By requiring registrars and registrants to consent to its jurisdiction, the UDRP eliminates jurisdictional issues and provides a ready forum to resolve domain name disputes. Arbitration fees for the various dispute resolution providers range from \$1,000 to \$7,100, depending on the number of domain names in dispute and the number of panellists – either one or three members. A UDRP panel will typically transfer a domain name to a successful complainant within 60 days of filing the complaint. This brief period of time allows for:

- the 20-day period a registrant has to respond to a complaint;
- the 14-day period a panel has to forward its decision; and
- the 10-day appeal period between an arbitration decision and implementation.

Second, UDRP arbitrations are decided entirely on the evidence included in the complaint and response – if a response is ever filed –

with limited opportunity to supplement these filings. There is no discovery in UDRP actions, so they avoid the delays and costs associated with lawsuits.

Lastly, and most importantly for trademark owners, the vast majority of domain name disputes decided under the UDRP are resolved in favour of the complainant. Since the first UDRP complaint was filed with WIPO on December 2 1999 over 15,200 additional complaints – involving over 25,000 domain names – have been filed with WIPO. Of the total UDRP complaints filed with WIPO, approximately 84% resulted in transfer of the domain name to the complainant. Since the first UDRP complaint was filed with NAF on January 10 2000, over 11,100 complaints have been filed. Of the total complaints filed with NAF, over 8,200 – or roughly 73% – resulted in transfer of the domain name to the complainant and only slightly over 1,300 – or roughly 11% – were denied (WIPO Domain Name Dispute Resolution Statistics are available at <http://www.wipo.int/amc/en/domains/statistics/> (last visited May 8 2009), while NAF Domain Name Dispute Proceedings and Decisions are available at <http://domains.adrforum.com/decision.aspx> (last visited May 8 2009)).

Because of these advantageous characteristics and statistics, the UDRP has been criticized as biased against respondents. As aptly noted by the International Trademark Association (INTA), the UDRP is specifically designed for simple, straightforward cases of egregious acts of cybersquatting. Therefore, most complainants are able to provide both compelling and substantial evidence of a registrant's bad faith and default judgments from a registrant's failure to respond are common. At least one study has estimated that registrants default over 54% of the time. Such default does not automatically result in a decision for the complainant, but does allow a panel to draw negative inferences that it deems appropriate (see INTA Internet Committee, *The UDRP by All Accounts Works Effectively; Rebuttal to Analysis and Conclusions of Professor Michael Geist in "Fair.com?" and "Fundamentally Fair.com?"* available at [http://www.inta.org/downloads/tap\\_udrp\\_2paper2002.pdf](http://www.inta.org/downloads/tap_udrp_2paper2002.pdf) (last visited May 11 2009)).

#### Contrast the ACPA

Signed into law in the United States by President Clinton on November 29 1999, the Anti-cybersquatting Consumer Protection Act (ACPA) created a new civil cause of action under Section 43(d) of the Lanham Act (15 USC § 1125(d)). Before enactment of the ACPA, many federal courts begrudgingly ignored or stretched the requirement of fame to apply trademark dilution law to egregious acts of cybersquatting.

An ACPA plaintiff bears the burden of establishing that:

- the putative domain name is "identical or confusingly similar" to a distinctive trademark, or dilutes a famous trademark, owned by the plaintiff; and
- the domain name registrant had a bad-faith intent to profit from registering, trafficking in or using a putative domain name.

The ACPA differs from the UDRP in that bad faith under the former may be established via a more extensive enumeration of considerations, such as material and misleading contact information provided in domain name registration and acquisition of multiple domain names which the registrant knows to be identical or confusingly similar to distinctive trademarks of others. Moreover, the ACPA specifically provides protection for names of

living individuals that are registered without consent and for economic gain.

Perhaps most importantly, remedies available under the ACPA include not only cancellation or transfer of a domain name, but also damages and injunctive relief such as a temporary restraining order. Actual damages may be sought to recover a registrant's profits from use of a trademark, any harm to the value of a trademark and filing costs. Alternatively, an ACPA plaintiff may seek statutory damages – without proof of the amount of injury – between \$10,000 and \$100,000 per domain name. In exceptional circumstances of wilful or malicious cybersquatting, a federal court may choose to award treble damages and attorneys' fees.

Another significant advantage under the ACPA is the availability of *in rem* actions against a domain name itself. Such actions may be filed only in the jurisdiction where the domain name registrar or registry is located, and claims for damages and attorneys' fees may not be asserted. Perfectly suited for instances of offshore cybersquatting, federal courts hearing ACPA actions generally allow service of process via email. Default judgments abound because cybersquatters frequently fail to respond. Litigation under the ACPA is generally expensive and extended – the opposite of the UDRP.

On the downside, the UDRP does not provide for damages or other injunctive relief. Remedies available to complainants under the UDRP are strictly limited to cancellation or transfer of a domain name. Cancellation, however, is not a prudent option, as most cybersquatters use computer programs to re-register domain names immediately after their cancellation. Thus, successful UDRP complainants often find themselves the not-so-proud owners of numerous disparaging or defensive domain names that they never intended to own or maintain.

In addition, all fees charged by a dispute resolution service provider are almost invariably borne by the complainant. Although these fees may appear relatively *de minimis* in isolation, frequent use of the UDRP can become quite expensive in amassing significant filing and attorneys' fees.

Further, the UDRP contemplates court intervention during and after arbitration proceedings are initiated. Thus, UDRP arbitrations may be stayed pending a court proceeding or reversed by later court rulings. Indeed, in the United States, federal district courts are not required to accord UDRP decisions the slightest precedential weight and may decide the dispute between a trademark owner and registrant *de novo*, as if no UDRP decision had been rendered (eg, *Sallen v Corinthians Licenciamentos LTDA*, 273 F3d 14, 60 USPQ2d 1941 (1st Cir 2001)).

Additionally, the UDRP is not an efficient means of dispute resolution where large numbers of infringing domain names are owned by multiple, unrelated registrants; where there are multiple infringers, a separate complaint must be filed against each registrant.

Lastly, some legal disputes, such as licensing of trademarks between parties, simply fall outside the scope of the policy.

### Noteworthy decisions

The first decade of the UDRP has been marked with cases exemplifying the growth and development of a burgeoning international regime. These necessarily innovative decisions primarily affect the *prima facie* elements of a UDRP claim. Unlike courts of common law nations, which are governed by prior judicial decisions, UDRP panellists are not constrained by *stare decisis*, and can cite and adopt precedents to the extent that they are persuasive.

### Trademark ownership and confusing similarity

Over the past decade, the ownership requirement has evolved predictably, mirroring fundamental trademark principles (eg, *Telcel CA v Ramirez*, WIPO Case D2002-0309, holding that assignees and exclusive licensees may assert acquired rights in a mark). However, UDRP decisions regarding the confusing similarity requirement have ventured into uncharted territory as the law of the Internet has evolved.

**Personal names** – *Roberts v Boyd* sparked the debate regarding domain names that substantially consist of personal names (WIPO Case D2000-0210). And that dispute has not abated over the last decade. WIPO panel decisions fall on each side of the personal name debate. The modern consensus of UDRP decisions protects personal names that have acquired statutory or common law trademark rights and denies protection to names that are merely famous, without more (eg, *Ciccone v Parisi*, WIPO Case D2000-0847, granting singer Madonna's petition to transfer 'madonna.com'; *Owens v Smith*, WIPO Case D2003-0463, granting a professional football player's petition to transfer 'terrellowens.com'; *Kennedy Townsend v Birt*, WIPO Case D2002-0030, denying a politician's petition to transfer 'kennedytownsend.com' and 'kathleenkennedytownsend.com').

**Typosquatting** – In *Ganz v Texas International Property Associates*, a panel first addressed the issue of typosquatting – the

registration of a domain name consisting of an incorrectly spelled trademark (NAF Claim FA0705000991778). The central issue – whether the misspelled registration constituted a violation – oscillated as the Internet developed until 2007, when *Ganz* unambiguously vilified typosquatting. The panel held that domain names consisting of deliberately misspelled words – through the addition, inversion and replacement of letters – were confusingly similar to the correctly spelled mark.

**Criticism websites** – Since 2000, three notable cases have emanated from WIPO discussing the issues of confusing similarity and disparagement. A trilogy of Wal-mart decisions (involving the domain names 'wal-martsucks.com', 'walmartblows.com' and 'boycottwalmart.com') provides guidance to UDRP panels, but falls short of a precise rule (*Wal-mart Stores Inc v MacLeod*, WIPO Case D2000-0662; *Wal-mart Stores Inc v xc2*, WIPO Case D2006-0811; *Wal-mart Stores Inc v Traffic Yoon*, WIPO Case D2006-0812). Panels are to consider factors such as:

- the language of the mark;
- the language of the user;
- the sophistication of the user;
- the position of the disparaging term or phrase in relation to the mark;
- whether the disparaging term or phrase is colloquial or a proper word or phrase; and
- the strength of the mark.

In sum, disparagement remains uncertain in UDRP proceedings.

### Legitimate interest in the domain name

As with trademark ownership, this element mainly follows generally accepted principles of trademark law. However, the UDRP has diverged in several areas to address the unique challenges of IP rights on the Internet (*Croatia Airlines dd v Modern Empire Internet Ltd*, WIPO Case D2003-0455, satisfying the minimal *prima facie* case that showing lack of a legitimate interest shifts the burden to the registrant; *Classmates Online Inc v Zuccarini*, WIPO Case D2002-0635, holding that generic terms are registrable as domain names upon demonstrating a legitimate interest in the terms). The greatest clashes concerning legitimate interests in domain names involve fair use and free-speech concerns.

**After-market parts** – *Caterpillar Inc v Feimer* revolved around the challenged use of a mark in the domain name of a website selling spare parts (NAF Claim FA07060001008998). As in trademark law, such use was permissible under the UDRP so long as it did not create a likelihood of confusion. The panel set forth a four-part test encapsulating past decisions whereby a registrant:

- offers the mark owner's goods for sale;
- exclusively sells the mark owner's goods;
- expressly discloses any relationship between the registrant and the mark owner; and
- does not attempt, through registration of similar domain names, to exclude the mark owner from the marketplace.

**Parody and free speech** – In *Falwell v Lamparello Int'l*, a NAF panel ordered the transfer of 'fallwell.com' to Reverend Falwell on the grounds that registration and use of the domain name to publish criticisms of the reverend's views violated trademark rights to FALWELL (NAF Claim FA0310000198936). *Falwell*, however, did not resolve the issue of whether use of a domain name similar to a valid trademark for parody or free speech is permissible. Despite the uncertainty under the UDRP, US precedent clearly favours free speech and fair use in the absence of a likelihood of confusion (see

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*Lamparello v Falwell*, 420 F3d 309 (4th Cir 2005)).

**Fan websites** – 2001 *White Castle Way Inc v Jacobs* addresses the issue of cyber fanclubs (WIPO Case D2004-0001). As the Internet grew in prominence, fans expanded their idol worship to cyberspace. In adoration, fans register domain names incorporating the name of their favourite star. The UDRP permits such registration so long as the domain name is actively used for a non-commercial purpose associated with the name or mark. Use of the domain name to cause confusion as to sponsorship or inhibit the use of the name or mark by the owner is not a legitimate use.

#### **Bad-faith registration and use**

The requirement for bad-faith purchase and use is perhaps the most prominent issue in UDRP proceedings. In dispute after dispute, allegations of bad faith lead to examples of impermissible conduct; however, as a matter of judgment, bad faith has evaded the constraints of black-letter law (eg, *World Wrestling Federation Entertainment Inc v Bosman*, WIPO Case D99-0001, holding that overt intention to sell a domain name for profit substantiates a finding of bad faith). Beyond the parabolic lessons of the UDRP tribunals, several common law concepts evade confirmation.

**Passive holding** – *Telstra Corp Ltd v Nuclear Marshmallows* was the first WIPO panel to address the issue of whether passively holding a domain name constitutes bad-faith use (WIPO Case D2000-0003). The panel concluded that passive holding might evidence bad-faith intent. However, such evidence must be evaluated in light of the surrounding circumstances to reach a conclusion as to intent.

**Registration v use** – *Global Media Resources SA v Sexplanets* explicitly established the evidentiary relationship between bad-faith use and purchase (WIPO Case D2001-1391). The WIPO panel held that evidence of bad-faith use is persuasive evidence of bad-faith registration or acquisition. Thereafter, the two sub-elements of bad faith have begun to blend.

**Serial cybersquatters** – The panel in *National Collegiate Athletic Association v Halpern* determined that a pattern of registering multiple domain names containing well-known trademarks of others is evidence of both bad-faith registration and use (WIPO Case D2000-0700). Even where some of a registrant's domain names have not been found to be registration in bad faith, such a pattern of registration may more than establish bad faith (*Google Inc v Texas International Property Associates*, NAF Claim FA0806001212995, involving over 100 prior adverse UDRP decisions).

**Consent to transfer** – Some panels have felt that it is “expedient and judicial to forego the traditional UDRP analysis” where a registrant has agreed to comply with a complainant's request to transfer (*Disney Enters Inc v Morales*, NAF Claim FA475191). In contrast, the panel in *Graebel Van Lines Inc v Texas Int'l Prop Assocs* held that in special cases of abusive registration, an analysis of the disputed domain names under the UDRP is justified (NAF Claim FA1195954).

#### **Considerations for the future**

In the next 10 years, the UDRP will face significant challenges as the Internet continues to expand and evolve. WIPO has recommended adopting a ‘green UDRP’ for paperless online filing, which will “remove the need for voluminous quantities of paper from an expedited mechanism for the resolution of disputes concerning domain names, which by their very nature exist online”.

The UDRP has expanded its reach with each new TLD that ICANN has added. Most recently, for example, ICANN has proposed creating new gTLDs, which would allow for the registration of almost anything under the sun as new TLDs (eg, ‘Coca-Cola’ or ‘WorldTrademarkReview’).

While it is too early to predict the precise remedies that will be included in the new gTLD programme, they are likely to affect the substance and practice of the UDRP. Currently, the proposed rules for the new gTLD application process permit trademark owners to make an “existing legal rights objection” pursuant to “generally accepted and internationally recognized principles of law” such as the UDRP. However, the draft rules differ from UDRP practice by allocating costs to both the complainant and applicant. Additionally, the proposed rules expand a type of indirect UDRP liability to any registry that uses or operates a TLD in a manner that “causes or materially contributes” to the registration of domain names that, among other things, create impermissible confusion with a complainant's mark.

Last, the proposed rules currently contemplate a Globally Protected Marks List, as well as a Uniform Rapid Suspension System, which could reduce the need for UDRP complaints and defensive domain name maintenance.

Unsatisfied with the UDRP, the drafters of the proposed Uniform Rapid Suspension System have noted that “times and circumstances have changed since the UDRP was implemented and brand owners and internet users find themselves facing unprecedented levels of abuse and infringement...” As proposed, the Uniform Rapid Suspension System is essentially a streamlined UDRP that is meant to address only clear-cut cases of cybersquatting in all new gTLDs. The Uniform Rapid Suspension System reduces the time a cybersquatter has to answer a complaint – among other allotted time periods – from 20 days to 14 days. It also drastically reduces the costs of filing a complaint from approximately \$1,300 to \$100 for a single domain name, with a ceiling of \$300 for multiple domain names. Moreover, it places an economic onus on cybersquatters electing to file an answer or appeal. The Uniform Rapid Suspension System also freezes or locks a domain name rather than cancelling or transferring it. Thus, trademark owners will not have to maintain vast portfolios of defensive domain names in the new gTLD system.

However, the drafters of the Uniform Rapid Suspension System have failed to address concerns that trademark owners will now be forced to challenge continually the same domain names as they become unlocked upon expiration. Additionally, the Uniform Rapid Suspension System imposes a higher evidentiary burden on trademark owners – raising the UDRP standard of “preponderance of the evidence” to “clear and convincing evidence”. Lastly, the Uniform Rapid Suspension System adopts a draconian ‘three-strikes’ model of reverse domain name hijacking whereby a trademark owner who files three unsuccessful complaints is denied access to the system for one year.

NAF, has argued that “panellists have taken the opportunity, over time, to broaden the scope of the UDRP, but it started out as a mechanism only for clear cut cases of cybersquatting ... If the UDRP has strayed so far from its roots that the [drafters are] proposing it be scrapped in favour of a more streamlined model, perhaps its [sic] time to take another look at the UDRP, rather than providing a new process that has not been vetted and discussed by the internet community as a whole”. It remains uncertain whether the Uniform Rapid Suspension System will ultimately be adopted by ICANN and whether it can be seamlessly integrated with the UDRP. What is certain is that the UDRP, in its 10 years of existence, has proven itself a remarkably useful, accessible and effective means of trademark protection in the burgeoning medium known as the Internet.

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