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THAT WHICH WE CALL A DOMAIN BY ANY OTHER NAME WOULD SMELL AS SWEET: THE OVERBROAD PROTECTION OF TRADEMARK LAW AS IT APPLIES TO DOMAIN NAMES ON THE INTERNET

I. INTRODUCTION

In 1999, to cope with a perceived loophole in the Lanham Act, Congress passed the Anticybersquatting Consumer Protection Act (ACPA).¹ The ACPA makes it illegal for any person with a “bad faith intent to profit” to register, to traffic in, or to use a domain name that is “identical or confusingly similar” to a trademark that was distinctive or famous at the time of registration.² Trademark owners pushed heavily for changes such as the ACPA to remedy the perceived inadequacy of former trademark law in dealing with domain names on the Internet.³ Trademark owners have fought vigorously to establish rights to control the use of trademarks as domain names in cyberspace.⁴ However, this Comment argues that technology has made such changes in trademark law unnecessary and have come much too late to be beneficial for the growth of the Internet.⁵

This Comment examines the impact of domain names on trademark law. Part II offers an introductory survey of the Internet, including domain name registration procedures. Part II also discusses the development of trademark rights as they apply to the Internet. Part III analyzes how the recent changes in trademark law as applied to the Internet are unnecessary due to new technologies that negate the importance of domain names. Finally, this Comment suggests revisiting recent changes in light of current technology to prevent stifling Internet growth.

1. 15 U.S.C. § 1125(d) (2000). The Lanham Act is found at 15 U.S.C. §§ 1051-1129 (2000).

2. *Id.* § 1125(d)(1)(A)(i-ii).

3. Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 161-62 (2000).

4. *Id.* at 149.

5. See also Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 886-87 (2000) (“[T]rademark law ought to consider how to deal with the future of this rapidly changing technology, and not how to respond to an issue that is now several years old.”).

II. BACKGROUND

A. *The Internet and Domain Names*

Courts define the Internet, as a “worldwide network of computers that enables various individuals and organizations to share information.”⁶ Today’s Internet is largely an outgrowth of ARPANET and NSFNET, networks developed under agreements with the United States Department of Defense, the National Science Foundation (NSF), and other “research oriented organizations—mostly within government, business, and academia.”⁷ These networks provided a model for developing a number of global civilian networks that, when eventually linked together, formed the Internet.⁸

In a policy statement entitled “A Framework for Global Electronic Commerce,” President Bill Clinton suggested that “[t]he genius and explosive success of the Internet can be attributed in part to its decentralized nature and its tradition of bottom-up governance.”⁹ Bottom-up governance characterized the initial development of the Internet.¹⁰

In 1992, Congress gave the NSF the authority to allow commercial activity on the Internet.¹¹ As a result, today’s Internet has become an international medium for commerce, education, and communication, which tens of millions of people use to access vast amounts of information.¹²

Much of the explosive growth of the Internet can be attributed to the World Wide Web (WWW).¹³ Developed by scientists in Switzerland, the WWW is the “best-known category of Internet communication.”¹⁴ The WWW consists of computer data files written in Hypertext Markup Language (HTML) that “contain information

6. *Panavison Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1318 (9th Cir. 1998).

7. *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 393 (S.D.N.Y. 1999).

8. *Reno v. ACLU*, 521 U.S. 844, 850 (1997).

9. President William J. Clinton & Vice President Albert Gore, Jr., *A Framework for Global Electronic Commerce* (July 1, 1997), at <http://www.ecommerce.gov/framework.htm>.

10. A. Michael Froomkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 DUKE L.J. 17, 51-57 (2000). See *infra* notes 174-76 for further explanation on bottom-up governance.

11. See *Management of Internet Names and Addresses*, 63 Fed. Reg. 31,741, 31,742 (June 10, 1998).

12. *Reno*, 521 U.S. at 850.

13. See Christopher P. Rains, Comment, *A Domain by Any Other Name: Forging International Solutions for the Governance of Internet Domain Names*, 14 EMORY INT’L L. REV. 355, 359 (2000).

14. David Yan, Note, *Virtual Reality: Can We Ride Trademark Law to Surf Cyberspace?*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 773, 787 (2000).

such as text, pictures, sounds, audio and video recordings, and links to other web pages.”¹⁵ Early programs such as NCSA Mosaic and Netscape Navigator eliminated much of the technical know-how required to use the WWW.¹⁶ Prior Internet applications required the use of extensive text commands to navigate effectively and were used primarily by computer experts.¹⁷ However, large numbers of users “flocked to the Web” because of the ease of operation offered by newer browser programs.¹⁸

Each computer connected to the Internet must be assigned a unique identification number known as an Internet Protocol (IP) address.¹⁹ An IP address is separated into a series of four groups called octets, for example, 123.45.67.89.²⁰ Much like a telephone number, each IP address must be unique so that information can be routed quickly from one computer to the next.²¹ Because recalling a string of numbers is somewhat arduous and inconvenient, each IP address corresponds to an alphanumeric domain name.²² An example of a domain name is “sc.edu.” When translated into an IP address, sc.edu becomes 129.252.189.40.²³ Thus, when a computer user types a domain name into a web browser, the computer actually translates the domain name back into an IP address.²⁴

The standard domain name consists of three parts - a second-level domain (SLD), a root, and a top-level domain (TLD).²⁵ In sc.edu, “edu” is the TLD, “.” (dot) is the root, and “sc” is the SLD.²⁶ Domain names are organized in a tree-like hierarchical retrieval system known as the Domain Name Service (DNS).²⁷ The root server sits atop the DNS “tree,” which holds a directory of all computers that maintain

15. *Brookfield Communications, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1044 (9th Cir. 1999).

16. Rains, *supra* note 13, at 360.

17. *Id.*

18. *Id.*

19. Jonathan M. Ward, Comment, *The Rise and Fall of Internet Fences: The Overbroad Protection of the Anticybersquatting Consumer Protection Act*, 5 MARQ. INTELL. PROP. L. REV. 211, 213 (2001).

20. Luke A. Walker, *ICANN’s Uniform Domain Name Dispute Resolution Policy*, 15 BERKELEY TECH. L.J. 289, 291 (2000).

21. *Id.*

22. *Id.*

23. See TRACERT, RESOLVER GATEWAY-TESTING DNS RESOLVING, at <http://www.tracert.com/resolver.html> (last visited Jan. 21, 2002) (providing a means for determining an IP address from an alphanumeric domain name).

24. Froomkin, *supra* note 10, at 38.

25. DOMAIN NAMES FOR BEGINNERS, WHAT’S A DOMAIN NAME?, at http://www.domainsforbeginners.com/htmls/faqs/whats_a_domain.html (last visited Jan. 21, 2002).

26. *Id.*

27. *Id.*

TLD directories.²⁸ These “[TLD directories], in turn, contain a directory of computers which hold” the SLD directories.²⁹ Thus, the “system retrieves the domain name address by breaking down the domain name into its TLD and SLDs and retrieving those addresses from their respective databases.”³⁰

Initially, there were seven generic TLDs: “.com” for companies, “.edu” for educational institutions, “.gov” for government agencies, “.mil” for military agencies, “.net” for network providers, “.org” for nonprofit organizations, and “.int” for international treaties.³¹ Recently, seven new TLDs were approved for inclusion in the DNS.³² Additionally, there are approximately 356 country-code top-level domains (ccTLDs) such as “.uk” for the United Kingdom, “.ca” for Canada, and “.jp” for Japan.³³

In order to obtain a domain name, one must file an application with a licensed domain-name registrar.³⁴ Registration of a “domain name occurs on a first-come, first-serve basis.”³⁵ Actual registration

28. Walker, *supra* note 20, at 292.

29. *Id.*

30. *Id.*

31. See *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 390 (S.D.N.Y. 1999); *DOMAIN NAMES FOR BEGINNERS*, *supra* note 25.

32. See *infra* notes 154-56 and accompanying text.

33. Carolyn Duffy Marsan, *Internet Naming Group Could Shake Up Domains*, at <http://www.cnn.com/2000/TECH/computing/11/08/virtual.land.grab.idg/index.html> (Nov. 8, 2000).

34. ICANN, *DOMAINNAME REGISTRATION QUESTIONS*, at <http://www.icann.org/general/faq1.htm> (last modified June 18, 2001) [hereinafter ICANN Questions].

35. Leah Phillips Falzone, Comment, *Playing the Hollywood Name Game in Cybercourt: The Battle Over Domain Names in the Age of Celebrity-Squatting*, 21 LOY. L.A. ENT. L. REV. 289, 293 (2001). In discussing domain-name registration procedures, Falzone cites a World Intellectual Property Organization (WIPO) press release, which states as follows:

The possibility of [conflict between domain names and trademarks] arises from the lack of connection between the system for registering trademarks, on the one hand, and the system for registering domain names, on the other hand. The former system (trademarks) is administered by a public (governmental) authority on a territorial (either national or regional) basis which gives rise to rights on the part of the trademark holder that may be exercised within the territory. The latter system (domain names) is usually administered by a non-governmental organization without any functional limitation and on a first-come, first-served basis. Domain names offer a global presence on the Internet.

Cybersquatters exploit the differences in the two systems by taking advantage of the global, first-come, first-serve nature of the domain names system.

Press Release, World Intellectual Property Organization, WIPO to Probe New Issues Relating to Domain Name Abuse, at <http://www.wipo.org/eng/pressrel/2000/p235.htm> (July 10, 2000).

of a domain name is a very simple process.³⁶ Typically, the user begins by connecting to the site of a registrar.³⁷ The user can select a domain name and can determine very quickly whether the name has already been registered.³⁸ Depending on the proficiency of the user and the domain-name availability, "the entire registration process for each application requires between a few minutes and a few hours."³⁹

Prior to 1999, Network Solutions, Inc. (NSI) had a "government-bestowed monopoly" as the sole registrar for domain names.⁴⁰ In 1998, NSI entered into an agreement with the Department of Commerce "to allow competing companies to register domain names in the <.com>, <.org>, and <.net> domains."⁴¹ Currently, there are several dozen registrars.⁴² However, as part of the agreement, NSI still maintains sole control of the root server.⁴³

In order to become a registrar, one must complete the ICANN registrar accreditation process.⁴⁴ Rapidly-increasing use of the Internet has created a "fast-growing domain name registration business."⁴⁵ As of 2000, over thirty million domain names had been registered worldwide.⁴⁶ Of those names, 24.2 million were in .com, .net, or .org TLDs.⁴⁷ Another seven to eight million were registered as ccTLDs.⁴⁸

36. Falzone, *supra* note 35, at 293.

37. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 982 (9th Cir. 1999).

38. *Id.*

39. *Id.*

40. J. Thomas McCarthy, *Trademarks, Cybersquatters and Domain Names*, 10 DEPAUL-LCA J. ART & ENT. L. & POL'Y 231, 240 (2000).

41. Walker, *supra* note 20, at 293-94.

42. INTERNIC, THE ACCREDITED REGISTRAR DIRECTORY, at <http://www.internic.net/alpha.html> (last modified Aug. 17, 2001).

43. Walker, *supra* note 20, at 294.

44. ICANN, REGISTRAR ACCREDITATION: PROCESS, at <http://www.icann.org/registrars/accreditation-process.htm> (last modified July 26, 2001); see *infra* Part II.C.

45. Falzone, *supra* note 35, at 293.

46. Marsan, *supra* note 33.

47. *Id.*

48. *Id.*

B. Domain Names and Trademark Law

In 1992, when Congress gave the NSF authority to allow commercial activity on the Internet,⁴⁹ “nobody had any idea that the Internet was going to become the engine of electronic commerce within the next few years.”⁵⁰ From the start, people registered domain names for a variety of reasons.⁵¹ Some had plans to do business over the Internet, while others had non-business aspirations.⁵² Not surprisingly, some believed that the Internet would be “an important business tool” in the future and decided to take a chance by purchasing domain names.⁵³ These “domain name speculators” registered a large number of domain names with the hope of someday selling them for a profit to businesses or individuals with an interest in the registered name.⁵⁴

Some early Internet commentators were quick to recognize the potential conflict between domain-name registration and trademark law.⁵⁵ Initially, many large corporations “remained blind as to the commercial value” of a domain name and the potential growth of the Internet.⁵⁶ Joshua Quittner, a journalist for *Wired*, an online magazine, sought to determine why one of America’s quintessential symbols of capitalism had “no Golden Arches on the information highway.”⁵⁷

“Are you finding that the Internet is a big thing?” asked Jane Hulbert, a helpful McDonald’s media-relations person, with whom I spoke a short while ago.

Yes, I told her. In some quarters, the Internet is a very big thing.

I explained a little bit about what the Big Thing is, and how it works, and about the Net Name Gold Rush that’s going on. I told her how important domain names are on the Internet (“Kind of like a phone number. It’s where you get your e-mail. It’s part of your address.”), and I explained that savvy

49. See *supra* note 11 and accompanying text.

50. Litman, *supra* note 3, at 151.

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.*

55. See, e.g., Joshua Quittner, *Billions Registered*, WIREd, Oct. 1994, at http://www.wired.com/wired/archive/2.10/mcdonalds_pr.html (discussing companies’ ignorance of the potential commercial value of domain names).

56. Rains, *supra* note 13, at 363.

57. Quittner, *supra* note 55.

business folks are racing out and registering any domain name they can think of: their own company names, obviously, and generic names like *drugs.com* and *sex.com*, and silly names that might have some kind of speculative value one day, like *roadkill.com*.

"Some companies," I told Jane Hulbert, "are even registering the names of their competitors."

"You're kidding," she said.

I am not, I told her

"I could register McDonald's right now," I said, pointing out that the name is still unclaimed.

"You could?" she asked, then quickly answered my silence: "You could."

"So could Burger King," I said, and Jane Hulbert rang off, looking for some MIS person with the answers."⁵⁸

Shortly after Quittner's prediction of "stormy waters," domain-name conflicts began to blow into federal courts.⁵⁹ Registrations for domain names continued on a first-come, first-served basis, and many users registered corporate names and trademarks with the hope of later selling them at a higher price.⁶⁰ The individuals who registered domain names for the "express purpose of later selling" them became known as "cybersquatters."⁶¹ These cybersquatters registered trademarks, useful generic words, and even celebrity names as domain names.⁶² However, even individuals who registered domain names without any intent to profit from their sale found themselves under pressure.⁶³ Once it became clear that the Internet was important to business and companies decided to acquire particular domain names, they discovered that the names they desired had already been registered.⁶⁴

58. *Id.*

59. Rains, *supra* note 13, at 364.

60. *Id.*

61. Melinda S. Giftos, *Reinventing a Sensible View of Trademark Law in the Information Age*, 2 CHI.-KENT J. INTELL. PROP. (2000), at http://www.kentlaw.edu/student_orgs/jip/Vol2No1/trademark.htm.

62. *Id.*

63. Walker, *supra* note 20, at 301 & n.127 (describing "reverse domain name hijacking" as a bad-faith attempt to deprive a legitimate domain name holder of their domain name; "The domain name <pokey.org> generated possibly the most attention of any domain name dispute in history when the trademark owner of the toys characters Gumby and Pokey initiated NSI's dispute resolution policy against a twelve-year-old domain name holder, who posted boredom-fighting tips and pictures of his puppy on his website.").

64. Litman, *supra* note 3, at 152-53.

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA).⁶⁵ The FTDA compliments the ACPA by providing protection to “famous” marks against uses that diluted their distinctiveness.⁶⁶ Senator Patrick Leahy, speaking in favor of the legislation, expressed his “hope that this antidilution statute [could] help stem the use of deceptive Internet addresses taken by those who [were] choosing marks that [were] associated with the products and reputations of others.”⁶⁷ The FTDA entitles the “owner of a famous mark . . . an injunction against another person’s commercial use . . . 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.”⁶⁸

One of the most notorious cybersquatters was Dennis Toeppen.⁶⁹ Toeppen registered a number of well-known companies’ names “with the intention of reselling or licensing them to the owners.”⁷⁰ Examples of some of the 240 domain names Toeppen registered include “deltaairlines.com,” “neiman-marcus.com,” “ramadainn.com,” and “ussteel.com.”⁷¹

*Intermatic Inc. v. Toeppen*⁷² was one of the first cases to apply the FTDA’s protection of trademarks to domain names. Intermatic was a large corporation that owned several federally-registered trademarks, including the name “INTERMATIC,” a name that Toeppen had registered.⁷³ Unwilling to pay Toeppen for release of the domain name “intermatic.com,” Intermatic filed suit.⁷⁴ The court rejected Toeppen’s arguments that merely registering and holding the Intermatic domain name did not in itself constitute use “in commerce” as defined by the FTDA.⁷⁵ The court found that “Toeppen’s intention to arbitrage the ‘intermatic.com’ domain name constitute[d] a commercial use.”⁷⁶

However, commercial use as contemplated by the statute “implies a setting where some goods or services are bought, sold or advertised for sale.”⁷⁷ Toeppen’s registering and warehousing domain names,

65. 15 U.S.C. § 1125(c) (2000); *see also* Lisa Katz Jones, *Trademark.com: Trademark Law in Cyberspace*, 37 ALBERTA L. REV. 991, 1006 (1999) (explaining that “[t]he new anti-dilution provision . . . became the chief instrument to be used in the fight against cyber-squatters”).

66. 15 U.S.C. § 1125(c)(1).

67. 141 CONG. REC. S19312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy).

68. 15 U.S.C. § 1125(c)(1).

69. Rains, *supra* note 13, at 364.

70. Ward, *supra* note 19, at 220.

71. *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996).

72. 947 F. Supp. 1227 (N.D. Ill. 1996).

73. *Id.* at 1229-30.

74. *Id.* at 1232-33.

75. *Id.* at 1239.

76. *Id.*

77. McCarthy, *supra* note 40, at 246.

without more, does not seem to constitute such commercial use. Some commentators believe that this case provided an overly-broad characterization of Congress's intent regarding "use in commerce" under the FTDA.⁷⁸

Almost two years later, Toeppen again found himself involved in litigation. Panavision, a movie camera equipment manufacturer, brought an action against Toeppen for registering the domain name "panavision.com."⁷⁹ This name was derived from the registered trademark "Panavision."⁸⁰ In granting summary judgment to Panavision, the court accepted the argument that Toeppen used the designation Panavision in a commercial manner.⁸¹ The court reasoned as follows:

Toeppen's "business" is to register trademarks as domain names and then to sell the domain names to the trademarks' owners. . . . His "business" is premised on the desire of the companies to use their trademarks as domain names and the calculation that it will be cheaper to pay him than to sue him. Panavision, however, chose to litigate rather than accede to Toeppen's \$13,000 "fee."⁸²

Again, the court indicated that Toeppen's attempting to sell panavision.com rose to commercial use of the PANAVISION trademark.⁸³ Thus, the court was willing to stretch the FTDA's concept of commercial use "like a rubber band to reach cybersquatters" such as Toeppen.⁸⁴

In December 1999, less than four years after enactment of the FTDA, Congress again increased trademark holders' rights with passage of the Anticybersquatting Consumer Protection Act.⁸⁵ Congress essentially codified the courts' rulings against cybersquatting while simultaneously attempting to "fill in the gaps"⁸⁶ left open by the case law.⁸⁷ The legislative history of the ACPA noted

78. See Ward, *supra* note 19, at 221.

79. Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 1296, 1300 (C.D. Cal. 1996).

80. *Id.* at 1298.

81. *Id.* at 1306.

82. *Id.* at 1303.

83. *Id.*

84. McCarthy, *supra* note 40, at 247.

85. See *supra* note 1 and accompanying text.

86. Falzone, *supra* note 35, at 299 (quoting Neil L. Martin, Note, *The Anticybersquatting Consumer Protection Act: Empowering Trademark Owners, but Not the Last Word on Domain Name Disputes*, 25 IOWA J. CORP. L. 591, 592 (2000)).

87. See S. REP. NO. 106-140, at 7 (1999).

that as the courts extended infringement and dilution actions to include domain-name violations:

[C]ybersquatters [became] increasingly sophisticated . . . and [began to] take the necessary precautions to insulate themselves from liability. For example, many cybersquatters [were] careful to no longer offer the domain name for sale in any manner that could implicate liability under existing trademark dilution case law. And, in cases of warehousing and trafficking in domain names, courts . . . sometimes declined to provide assistance to trademark holders, leaving them without adequate and effective judicial remedies. This uncertainty as to the trademark law's application to the Internet has produced inconsistent judicial decisions and created extensive monitoring obligations, unnecessary legal costs, and uncertainty for consumers and trademark owners alike.⁸⁸

The ACPA amended the Lanham Act by adding a new cause of action and providing a specific federal remedy against cybersquatting on trademarks.⁸⁹ In order to succeed under the ACPA, the plaintiff must prove two elements.⁹⁰ First, the ACPA changes the test for domain-name infringement from the commercial use and likelihood-of-confusion standards discussed above to one of "bad faith intent to profit from [the] mark."⁹¹ Second, "in keeping with the existing standards of trademark infringement, and perhaps giving a tacit nod to the direction that courts were traveling, the statute further requires that the domain name be either 'identical or confusingly' similar [to the mark] or, if the mark is famous, 'dilutive of [the] mark.'⁹²

The "amorphous term 'bad faith' demonstrates Congress's realization that domain name disputes" arise in a variety of circumstances.⁹³ Accordingly, the ACPA suggests nine factors for courts to consider when determining if bad faith exists.⁹⁴ The factors are as follows:

88. *Id.*

89. *See* 15 U.S.C. § 1125(d).

90. *Id.* § 1125(d)(1)(A).

91. *Id.* § 1125(d)(1)(A)(i); *see supra* notes 65-83 and accompanying text.

92. Ward, *supra* note 19, at 223-24 (quoting 15 U.S.C. § 1125(d)(1)(A)(ii)).

93. *Id.* at 224.

94. 15 U.S.C. § 1125(d)(1)(B)(i).

- (I) the [accused person's] trademark or other intellectual property rights . . . in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person . . . ;
- (III) the person's prior use, if any, of the domain name . . . ;
- (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 . . . 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 . . . ;
- (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 distinctive⁹⁵

95. *Id.*

In general, “the greater the [alleged cybersquatter’s] preexistent interest in the domain name, such as prior use or some intellectual property interest in the mark (which may stem from the prior use), the more likely a bad faith motive will be lacking.”⁹⁶ On the other hand, registration with an intent to profit by selling the domain name back to the trademark owner will imply the presence of a bad-faith motive.⁹⁷ Thus, individuals such as Dennis Toeppen, who lacked any preexistent interest in the domain names they stockpiled but who intended to profit from the sale of the domain names back to the trademark owners, would likely be found to have bad-faith motive.⁹⁸

*Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*⁹⁹ was the first case to apply the newly-enacted ACPA. The defendant, Sportsman’s, was a well-known catalogue company and the registered owner of the trademark “Sporty’s.”¹⁰⁰ The plaintiff, Sporty’s Farm, grew and sold Christmas trees and owned the domain name “sportys.com.”¹⁰¹ However, Sporty’s Farm was a subsidiary of one of Sportsman’s competitors and had received the domain name from its parent company.¹⁰² Sporty’s Farm brought a declaratory action “seeking the right to continue its use of sportys.com.”¹⁰³ The district court ruled in favor of Sportsman’s on a trademark-dilution theory.¹⁰⁴

On appeal, the Second Circuit upheld the district court’s analysis but affirmed on the basis of the newly-enacted ACPA.¹⁰⁵ The court determined that the defendant’s mark was distinctive, that the domain name sportys.com was identical to the defendant’s mark, and that “there [was] more than enough evidence . . . of ‘bad faith intent to profit.’”¹⁰⁶ However, the court failed to analyze bad faith under the nine statutory factors listed previously,¹⁰⁷ “instead favoring what amounted to an ad hoc weighing of the facts of the case.”¹⁰⁸ The court held that “[t]he most important grounds for our holding that Sporty’s Farm acted with a bad faith intent . . . are the unique circumstances of this case.”¹⁰⁹ In its analysis, the court found that the plaintiff was

96. Ward, *supra* note 19, at 224.

97. *Id.*

98. *See supra* notes 68-83 and accompanying text.

99. 202 F.3d 489 (2d Cir. 2000).

100. *Id.* at 493-94.

101. *Id.* at 494.

102. *Id.* Sporty’s Farm received the domain name from its parent company after Sportsman filed suit. *Id.* at 498.

103. *Id.* at 494.

104. *Id.*

105. *Sporty’s Farm*, 202 F.3d at 498-99.

106. *Id.* at 498 (quoting 15 U.S.C. § 1125(d)(1)(A)(i)).

107. *See supra* note 95 and accompanying text.

108. Ward, *supra* note 19, at 227.

109. *Sporty’s Farm*, 202 F.3d at 499.

clearly aware that Sportsman's used its Sporty's mark in connection with its mail-order catalogues; further, the court felt that the plaintiff's primary purpose in acquiring the domain name was to prevent Sportsman's from using the name.¹¹⁰ The court found that these circumstances were important to the case but that they did not "fit neatly" into Congress's enumerated statutory elements.¹¹¹ Thus, although Sporty's Farm claimed to have a preexisting interest in the domain name, the court determined that bad faith existed.¹¹²

The Fourth Circuit took a similar approach to the bad-faith analysis in *Virtual Works, Inc. v. Volkswagen of America, Inc.*¹¹³ Defendant Virtual Works had registered the domain name "vw.net" but planned to sell the name back to Volkswagen if the opportunity arose.¹¹⁴ After several Volkswagen dealerships made inquiries about purchasing the name, Virtual Works offered to sell the domain to Volkswagen.¹¹⁵ Volkswagen subsequently filed suit under the ACPA.¹¹⁶ In deciding the case, the court adopted an approach similar to the *Sporty's Farm* court's analysis of bad-faith intent.¹¹⁷ The court stated that it "need[ed] not . . . march through the nine factors [of the ACPA] seriatim because the ACPA itself note[d] that use of the listed criteria [was] permissive."¹¹⁸ Thus, both courts chose to alter the definition of bad faith provided by the ACPA.

C. ICANN

At about the same time the ACPA was enacted, the Internet Corporation for Assigned Names and Numbers (ICANN) adopted its own mandatory Uniform Domain Name Dispute Resolution Policy (UDRP).¹¹⁹ As stated by its CEO, Michael Roberts, ICANN is:

[A] non-profit, private sector corporation formed by a broad coalition of the Internet's business, technical, and academic communities in October 1998 in response to the invitation of the U.S. Government in its Statement of Policy on

110. *Id.* at 499.

111. *Id.*

112. *Id.*

113. 238 F.3d 264 (4th Cir. 2001).

114. *Id.* at 266.

115. *Id.* at 267.

116. *Id.*

117. *Id.* at 268.

118. *Id.* at 269.

119. ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY, at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (Oct. 24, 1999) [hereinafter UDRP].

Management of Internet Names and Addresses, usually known as the "White Paper." ICANN has been designated by the Government to serve as the global consensus entity to which it is transferring responsibility for coordinating the assignment of Internet protocol parameters, the management of the domain-name system, the allocation of the IP address space, and the management of the Internet root server system."¹²⁰

After more than a year of debate, ICANN proposed its UDRP, adopted from a World Intellectual Property Organization proposal, to resolve domain-name disputes.¹²¹ The proposal was accepted on October 24, 1999, and required all ICANN certified registrars to adopt the policy for use with their registrants.¹²² A panel of one or three members oversees the administrative proceeding.¹²³ The UDRP proceedings are governed by a published set of procedures that establishes the rules and timeline for pleadings, the powers and duties of the arbitrating panel, fees, and the effects of simultaneous court proceedings.¹²⁴ The UDRP limits remedies to either cancellation of the registrant's domain name or transfer of the domain name to the complainant.¹²⁵

The UDRP can be initiated by submission of a formal complaint to an ICANN-approved dispute resolution provider.¹²⁶ Once the complaint is filed, the dispute resolution provider reviews it for administrative compliance.¹²⁷ If the complaint complies with the applicable rules, the provider forwards it to the domain-name holder who, in turn, has twenty days after receipt to respond.¹²⁸ If the domain-name holder does not respond within twenty days, the arbitration panel will decide the dispute based on the complainant's testimony.¹²⁹ Once the arbitration panel has received the complaint and response, a

120. *Prepared Testimony of Michael M. Roberts Before Subcomm. on Courts and Intellectual Property, House Comm. on the Judiciary, available at* <http://www.house.gov/judiciary/robe0728.htm> (July 28, 1999) (citation omitted).

121. WORLD INTELLECTUAL PROP. ORG., *THE MANAGEMENT OF INTERNET NAMES AND ADDRESSES: INTELLECTUAL PROPERTY ISSUES*, at <http://wipo2.wipo.int/process1/report/finalreport.html> (Apr. 30, 1999).

122. UDRP, *supra* note 119.

123. ICANN, *RULES FOR UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY* § 6(c), at <http://www.icann.org/udrp/wdrp-rules-24oct99.htm> (Oct. 24, 1999).

124. *Id.* §§ 1-21.

125. UDRP, *supra* note 119, § 4(i).

126. ICANN, *supra* note 123, § 3(a).

127. *Id.* § 4(a).

128. *Id.* § 5(a).

129. *Id.* § 14(a).

decision must be forwarded to the dispute resolution provider within fourteen days.¹³⁰ In the case of a three-member panel, a majority decision is sufficient.¹³¹ Within three days of receiving the decision from the arbitration panel, the dispute resolution provider must communicate the full text of the decision to each party.¹³²

In order to prevail under the UDRP, a complainant must prove elements similar to those required under the ACPA.¹³³ The complainant must show that (1) the domain name at issue is “‘identical or confusingly similar to a trademark or service mark in which the complainant has rights;’ (2) . . . the accused domain name [appropriator] has ‘no rights or legitimate interests in respect of the domain name; and’ (3) . . . [the disputed] ‘domain name has been registered *and* is being used in bad faith.’”¹³⁴ To date, the UDRP has decided the fate of 7310 domain names in 4191 proceedings.¹³⁵ An amazing 5703 domain names were transferred to the complainant pursuant to these proceedings.¹³⁶ Of the remaining proceedings, 41 domain names were cancelled, 522 proceedings resulted in a split decision, and only 1044 domain names stayed with the respondent.¹³⁷ Such statistics have prompted consumer advocates to argue that the UDRP rulings lack balance and serve only to protect commercial interests.¹³⁸ Additionally, some critics believe that the UDRP not only encourages forum-shopping with dispute resolution providers, but is also “systematically biased in favor of trademark holders.”¹³⁹

Still, ICANN’s policy is “essentially a non-binding arbitration agreement.”¹⁴⁰ While disputes over domain-name ownership are subject to mandatory arbitration, the UDRP does not preclude parallel

130. *Id.* § 15(b).

131. *Id.* § 15(c).

132. ICANN, *supra* note 123, § 16(a).

133. Ward, *supra* note 19, at 230.

134. *Id.* at 230-31 (quoting UDRP, *supra* note 119, § 4(a)(i-iii).

135. ICANN, STATISTICAL SUMMARY OF PROCEEDINGS UNDER UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY, at <http://www.icann.org/udrp/proceedings-stat.htm> (last visited Jan. 21, 2002).

136. *Id.*

137. *Id.*

138. Laurie J. Flynn, *Whose Name is it Anyway? Arbitration Panels Favoring Trademark Holders in Disputes Over Web Names*, N.Y. TIMES, Sept. 4, 2000, at C3.

139. See Michael Geist, *Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, available at <http://aix1.uottawa.ca/~geist/geistudrp.pdf> (last visited Jan. 21, 2002) (citing statistical evidence that the ICANN-accredited dispute resolution providers with the most favorable outcomes for complainants had “an overwhelming share of the UDRP caseload” at the expense of the least complainant friendly providers; study also found that dispute resolution provider influence over UDRP panel composition was most likely “the most important controlling factor in determining case outcomes”).

140. Ward, *supra* note 19, at 229.

or subsequent proceedings in a “court of competent jurisdiction for independent resolution.”¹⁴¹ Although the mandatory arbitration language suggests that disputes must be submitted for resolution under the UDRP regardless of any ancillary court proceedings, the allowance of submission to a court for parallel proceedings, together with the non-binding nature of the dispute process, “indicates that UDRP arbitrations are mandatory only in the sense that if a complaint is filed with ICANN, it must be resolved under the UDRP.”¹⁴² Further support for this proposition is found in the UDRP rules, which grant arbitration panels discretion in suspending proceedings upon notification of the initiation of a related legal action.¹⁴³

Thus, between legal action and the UDRP, trademark holders have many powerful options with which to oust an alleged cybersquatter.

III. ANALYSIS

A. Problem Solved?

While broadening trademark law has helped to frustrate cybersquatters, several significant problems have been created. Trademark law provides the exclusive right for use of a word on products sold in those markets in which business has actually been conducted by the trademark-seeking business.¹⁴⁴ Therefore, “Dell Computers has an exclusive right to use the mark Dell . . . for computer hardware in connection with the sale of Dell-brand . . . hardware.”¹⁴⁵ However, Dell Computers cannot stop Dell Publishing from using the mark Dell on books, nor can it stop Dell Grocery from using the Dell mark in relation to food sales.¹⁴⁶ Currently, there are over 100 federally-registered trademarks that incorporate the term Dell.¹⁴⁷ However, on the Internet, there can only be one domain name “dell.com.” Presumably, many of the businesses or individuals with a trademark interest in DELL would find “dell.com” to be the most appealing domain name. However, only Dell Computer currently enjoys the use of “dell.com.”¹⁴⁸

Similarly, the “Budweiser beer mark belongs to Anheuser-Busch in the United States and to the Budvar Brewery in the Czech

141. UDRP, *supra* note 119, § 4(k).

142. Ward, *supra* note 19, at 230.

143. UDRP, *supra* note 119, § 4(k).

144. Litman, *supra* note 3, at 153.

145. *Id.*

146. *Id.*

147. U.S. TRADEMARK ELECTRONIC SEARCH SYSTEM (TESS), at <http://tess.uspto.gov/bin/gate.exe?f=tess&state=qd1eh2.1.1> (last visited Nov. 19, 2001).

148. See DELL COMPUTERS, at <http://www.dell.com> (last visited Jan. 21, 2002).

Republic.”¹⁴⁹ While “Anheuser-Busch’s Budweiser beer is [the] more famous[,] Budvar’s Budweiser was first.”¹⁵⁰ However, “[o]nly one of them . . . can own the domain name budweiser.com, and that [name] will be accessible from computers in the United States, . . . the Czech Republic,” and anywhere else in the world where the WWW is available.¹⁵¹

B. Expanding Generic Top-Level Domains

In an attempt to solve the problem caused by a shortage of domain names, an ad hoc international group of Internet organizations and trademark owners suggested increasing the number of generic top-level domains.¹⁵² Expanding the number of TLDs would give multiple claimants access to domains containing the same second-level domain.¹⁵³ Therefore, Dell Computer could use the domain name “dell.computer,” and Dell Books could use “dell.books.”¹⁵⁴ However, the trademark bar fought strongly against this proposal.¹⁵⁵ Trademark attorneys argued that increasing the number of TLDs would “multiply the potential for confusion.”¹⁵⁶

In November 2000, ICANN cautiously decided to add seven new TLDs to the Internet.¹⁵⁷ The extensions selected were: “.aero” for the air-transport industry, “.biz” for businesses, “.coop” for cooperatives, “.info” for unrestricted use, “.museum” for museums, “.name” for registration by individuals, and “.pro” for accountants, lawyers, and physicians.¹⁵⁸ These TLDs were the first new TLDs added since 1988.¹⁵⁹ ICANN stated that it wished to introduce these new domains in a “measured and responsible manner.”¹⁶⁰ Therefore, ICANN focused on “orderly registration of [the] names during the initial phases[,]” the need to avoid “infringements of intellectual property rights[,]” and the assurance of “user confidence in the technical operation of the new TLD.”¹⁶¹

149. Litman, *supra* note 3, at 159.

150. *Id.*

151. *Id.*

152. *Id.* at 157.

153. *Id.*

154. *Id.*

155. Litman, *supra* note 3, at 157.

156. *Id.*

157. ICANN, NEW TLD PROGRAM, at <http://www.icann.org/tlds/> (last modified Jan. 21, 2002).

158. *Id.*

159. *Id.*

160. ICANN, REPORT ON TLD APPLICATIONS: BACKGROUND, at <http://www.icann.org/tlds/report/report-i-09nov00.htm> (Nov. 9, 2000).

161. *Id.*

However, some argued that “while ICANN [was] well positioned to make technical decisions about the [Internet],” choosing new TLDs was a political and economic question in which ICANN should not have been involved.¹⁶² In fact, ICANN came under fire in a House subcommittee meeting as members of Congress questioned whether the process for selection of the seven new TLDs was fair.¹⁶³ Representative Edward Markey, a Democrat from Massachusetts, voiced concerns about the procedure, “saying it was more shrouded in mystery than events at the Vatican.”¹⁶⁴ Though the ICANN process allowed for any interested person or organization to submit proposals to sponsor or operate a new TLD,¹⁶⁵ a non-refundable \$50,000 application fee effectively barred access to many nonprofit organizations and smaller companies and groups.¹⁶⁶ Some argued that the process was arbitrary and that it stifled competition because it was not based on technical merit or any other neutral and objective data.¹⁶⁷

Such criticism was not a new phenomenon for ICANN. Beginning with the selection of its board of directors, the organization was assailed for a lack of public disclosure in major decisions.¹⁶⁸ In response to ICANN’s slow pace in adding new names, Internet entrepreneurs created their own new TLDs.¹⁶⁹

C. *Alternative Registry System*

Years before ICANN had even considered adding new TLDs, several Internet companies experimented with technologies to bypass the current DNS system.¹⁷⁰ Such companies sought to provide Internet users and publishers with a new system of domain-name registration

162. James Ledbetter, *New New.net Domain Names to Hit Europe*, at <http://www.cnn.com/2001/TECH/internet/06/20/domain.names.europe.idg/index.html> (Jun. 20, 2001).

163. Margret Johnston, *ICANN Domain Name Process Under Fire*, at <http://www.cnn.com/2001/TECH/internet/02/08/icann.under.fire.idg/index.html> (Feb. 8, 2001).

164. *Id.*

165. ICANN, *supra* note 160.

166. Oscar S. Cisneros, *Is .biz the .com of the Future?*, WIRED, Aug. 2, 2000, <http://www.wired.com/news/print/0,1294,37927,00.html>.

167. Declan McCullagh & Ryan Sager, *Getting to Domain Argument*, WIRED, Feb. 8, 2001, <http://www.wired.com/news/print/0,1294,41683,00.html>.

168. Jay P. Kesan & Rajiv C. Shah, *Fool Us Once Shame On You—Fool Us Twice Shame On Us: What We Can Learn From the Privatizations of the Internet Backbone Network and the Domain Name System*, 79 WASH. U.L.Q. 89, 176 (2001).

169. *See infra* Part III.C.

170. *See* NAMESLINGER, ABOUT NAMESLINGER, at http://www.nameslinger.com/about_ns.html (last visited Jan. 21, 2002).

and management that allowed for a virtually unlimited number of TLDs.¹⁷¹

One of the early companies to provide such a service was Name.Space (domain name "name-space.com").¹⁷² In 1996, Name.Space developed and deployed a system to provide global domain-name registration in an effort to compete with Network Solutions, which at that time was the sole registrar of domain names on the Internet.¹⁷³ As previously stated, the initial development of the Internet was characterized by bottom-up governance.¹⁷⁴ Bottom-up governance "represents an 'electronic federalism' where individual network access providers become the units of governance."¹⁷⁵ Some "believe that the 'bottom-up' approach will result in an Internet with contending and diverse rule sets, where citizens can choose the rules and regulations they wish to follow."¹⁷⁶ By using the Name.Space service, a user could register the aforementioned "dell.computer" or "dell.book."¹⁷⁷

Unfortunately, the new Name.Space domain names were not accessible to most Internet users. As previously described, domain names are organized in a tree-like hierarchical retrieval system known as the Domain Name Service.¹⁷⁸ At the top of the DNS "tree" is the root server, which holds a directory of all computers that maintain TLD directories.¹⁷⁹ The Internet community was not able to resolve problems dealing with governance of the DNS and lack of competition of the DNS through a bottom-up process.¹⁸⁰ Thus, centralized control and top-down rulemaking was required.¹⁸¹ As the sole registrar, Network Solutions had no intention of opening up the root server to Name.Space for inclusion of the new TLDs.¹⁸² As a result, the Name.Space system required users to download a software program from the Name.Space web site so that the new TLDs could be resolved without the Network Solutions root server.¹⁸³

171. *Id.*

172. See NAME.SPACE, NAME.SPACE, at <http://name.space.xs2.net> (last visited Jan. 21, 2002).

173. *Id.*; see *supra* note 40 and accompanying text.

174. See *supra* notes 9-10 and accompanying text.

175. Kesan & Shah, *supra* note 168, at 213.

176. *Id.* (citing David R. Johnson & David G. Post, *The New "Civic Virtue" of the Internet*, in *THE EMERGING INTERNET* 23 (Inst. for Info. Studies ed., 1998).

177. See NAME.SPACE, *supra* note 172.

178. See *supra* note 27 and accompanying text.

179. See *supra* note 28 and accompanying text.

180. Kesan & Shah, *supra* note 168, at 214.

181. *Id.*

182. *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389, 395 (S.D.N.Y. 1999).

183. NAME.SPACE, *supra* note 172.

A Name.Space domain name is actually nothing more than a third-level domain name attached to a “.xs2.net” SLD and TLD.¹⁸⁴ For example, the University of South Carolina has the domain name “sc.edu,” and the Law School simply adds a third-level domain—“law.sc.edu.” In much the same way, if one registered “dell.computer” or “dell.book” with Name.space, the name would actually be mirrored in the domain “dell.computer.xs2.net” or “dell.book.xs2.net.”¹⁸⁵ Absent inclusion in the root server, users would either need software to resolve the Name.Space domain, or they would be forced to type the full domain name; this process would defeat the purpose of the new TLDs.¹⁸⁶ Name.Space fought unsuccessfully in court to force Network Solutions and the NSF to include the new TLDs in the root server.¹⁸⁷ Without this inclusion, Name.Space has had a very difficult time gaining widespread acceptance.

More recently, a company named New.net (domain “new.net”) has begun selling new TLDs in much the same way as Name.Space did.¹⁸⁸ Started in May 2000, New.net has formed partnerships with Internet Service Providers.¹⁸⁹ These partnerships allow users who connect to the Internet through a New.net partner to access the domains that New.net sells.¹⁹⁰ However, New.net is not without controversy.¹⁹¹ Initially, New.net released a paper addressing competition in the domain-name industry.¹⁹² The paper was very critical of ICANN’s role in domain-name selection and distribution:

ICANN’s current insistence on a constrained set of TLDs is analogous to a user being locked into a single cable operator that decides that it alone—absent any pressures from economic forces or consumer demand—should choose what channels the user can view, claiming that too many choices would be confusing to consumers or [would] break the delivery system. It’s clear that the facts don’t

184. *Id.*

185. *Id.*

186. *PGMedia, Inc.*, 51 F. Supp.2d at 394.

187. *Id.* at 408.

188. *See* NEW.NET, NEW.NET, at <http://www.new.net> (last visited Jan. 21, 2002).

189. *See* NEW.NET, MISSION, at http://www.new.net/about_us_mission.tp (last visited Jan. 21, 2002).

190. *Id.*

191. *See* Jim Welte, *Five Questions with David Hernand: New.net CEO Weighs in on the Tussle Between His Company and ICANN Over Who Controls the Expansion of the Internet*, at http://www.new.net/news_release_14.tp (June 29, 2001).

192. NEW.NET, A PROPOSAL TO INTRODUCE MARKET-BASED PRINCIPLES INTO DOMAINNAME GOVERNANCE, at <http://www.icann.org/icp/icp-3-background/new.net-paper-31may01.pdf> (last visited Jan. 21, 2002).

support the latter claim, and we believe that the former is overly paternalistic at the least.¹⁹³

ICANN followed with a response to the New.net paper.¹⁹⁴ In its response, ICANN alleged that “there [were] serious questions about the maintainability of New.net’s complex panorama of technologies” and that New.net’s “unilateral approach . . . facilitate[d] domain name conflicts across the Internet and [undermined] the notion of universal resolvability.”¹⁹⁵

ICANN addressed a very important point when discussing universal resolvability. New.net’s CEO readily admits that the TLDs being released by his company may one day be released by ICANN as well.¹⁹⁶ If this were to happen, thousands of individuals’ New.net domains would become “official” ICANN-sanctioned TLDs, but the New.net domains could not be universally resolved on the Internet.¹⁹⁷

For example, imagine the domain “dell.xxx” is registered through New.net. If ICANN decides that the TLD “.xxx” will be included in the root server, another individual could register the domain dell.xxx, and this time the name would be universally accessible.¹⁹⁸ In fact, four of the TLDs New.net currently registers (“.law,” “.travel,” “.xxx,” and “.kids”) already overlap with applications for new TLDs through ICANN.¹⁹⁹ Irrespective of any conflicts with ICANN-sanctioned TLDs, over eighty percent of the TLDs that New.net is offering already conflict with TLDs being offered by two of the other alternative root operators - PacificRoot and Name.Space.²⁰⁰ New.net concedes that this problem exists but “argues that ‘the market’ should determine the composition and structure of the DNS” and that “universal resolvability is merely a feature, not a requirement, of [a stable] DNS.”²⁰¹

This argument is severely flawed. Though universal resolvability may not be a requirement for a stable DNS, it most certainly is a requirement for a stable Internet.²⁰² If users of the Internet perceived that the DNS would produce different results in response to the same domain name, their confidence in the reliability of the Internet would

193. *Id.* at 5.

194. See ICANN, KEEPING THE INTERNET A RELIABLE GLOBAL PUBLIC RESOURCE: RESPONSE TO NEW.NET “POLICY PAPER”, at <http://www.icann.org/icp/icp-3-background/response-to-new.net-09jul01.htm> (July 9, 2001) [hereinafter ICANN Response].

195. *Id.*

196. Welte, *supra* note 191.

197. ICANN Response, *supra* notes 194-95.

198. *Id.*

199. *Id.*

200. *Id.*

201. *Id.*

202. *Id.*

be severely undermined.²⁰³ Without “near-perfect reliability,” many people would be unwilling to use the Internet for e-commerce or communications, because they would not be certain that their personal information or e-mails would reach the intended destinations.²⁰⁴ Therefore, “an authoritative DNS coordinated through a single root system is critical to maintaining user confidence.”²⁰⁵ Consequently, alternative root directories such as New.net make an unconvincing argument in their quest to add new TLDs.

ICANN’s argument that it must move slowly in adding new TLDs to avoid “breaking” the DNS is equally unconvincing.²⁰⁶ ICANN should release a much greater number of TLDs to registrars. While ICANN may be wise in moving slowly with the first round of new TLDs, trademark holders’ complaints should not cause ICANN to drag its feet with regard to future TLD releases. Trademark holders’ concerns about their own intellectual property rights should be resolved with the initial release of the new TLDs. If multiple TLDs were released, trademark holders as well as non-trademark holders would have ample domain names from which to choose.²⁰⁷

However, some fear that trademark holders would feel compelled to purchase all domain names that were even remotely close to their trademark.²⁰⁸ Such a situation would negate the value of any new TLDs.²⁰⁹ Even now, corporate information technology managers are often responsible for hundreds, if not thousands, of domain names registered in numerous TLDs:

“The more domains there are, the more headaches I have,” says Steven Hartman, chief trademark counsel with Nabisco, which owns 150 domain names, including oreo.com and candystand.com. Hartman spends more than \$100,000 per year on an outside service to patrol the Web for misuse of Nabisco’s trademarks and [to] provide regular reports.

“With more domains, our costs are going to increase,” Hartman says. “It just means greater costs to gather the reports, more time reading the reports and more litigation. It fills my day with aggravation.

203. ICANN Response, *supra* note 197.

204. *Id.*

205. *Id.*

206. *Id.*

207. *See Welte, supra* note 191.

208. *See, e.g., Marsan, supra* note 33 (arguing that companies “may need to register many of the same business and brand names in the new top-level domains”).

209. *Id.*

That's why I'd rather not see too many new domains."²¹⁰

Companies should not expend such an enormous amount of resources to purchase every possible domain name related to or critical of its products. However, almost all major corporations engage in this process.²¹¹ The Internet is large enough for trademark holders and non-trademark holders both to have a right in some form of TLD. In fact, the new ".biz" domain will give notification to trademark holders of domain-name purchases that conflict with their marks.²¹²

However, once a company has its trademark in a ".biz," domain, there is no reason why it should have the same domain name in every other TLD available. As previously stated, trademark law provides only the exclusive right to trademark use in those markets in which business has actually been conducted.²¹³ Not only is blanket domain-name registration cost-prohibitive for many smaller companies, but it creates a mistaken notion that a trademark is an entitlement to occupy every domain name that contains the mark.²¹⁴ Unfortunately, new legislation such as the ACPA encourages this practice by allowing trademark owners to "oust alleged infringers or dilutors more quickly and efficiently, but not necessarily more fairly."²¹⁵ Such legislation "bring[s] us perilously close to conceding that ownership of a trademark gives one the exclusive right to use the word on the Internet."²¹⁶

D. Keywords

For many companies, fear of consumer confusion underlies the drive to acquire every variant of a domain name representing that

210. *Id.*

211. *Id.*

212. .BIZ, START-UP TRADEMARK OPPOSITION POLICY AND RULES FOR .BIZ, at <http://www.nic.biz/countdown/stop.html> (last visited Jan. 21, 2002). The IP Claim Service helps intellectual property holders protect their trademarks and service marks during the launch of the new ".biz" top-level domain. *Id.* § 1. During the first phase of activities leading up to the launch of the Registry, ICANN-accredited ".biz" registrars will offer the IP Claim Service to existing holders of trademark rights. *Id.* Users of this service will be notified of ".biz" domain-name applications that may be in conflict with their existing, pending, or common law trademarks or service marks. *Id.* Once notified, IP holders have the option to seek resolution of the conflict. *Id.*

213. See *supra* note 144 and accompanying text.

214. See Marsan, *supra* note 33.

215. Litman, *supra* note 3, at 167.

216. *Id.*

company's trademarks.²¹⁷ Therefore, in addition to "dell.com," Dell Computer may feel obligated to purchase "dell.net," "dell.org," "dell.uk," and any other variations of a Dell domain name. As previously stated, there is no reason to doubt that this trend might continue as new TLDs are released.²¹⁸ Currently, many companies pay to have links to their domains listed near the top of search results produced by popular web search engines.²¹⁹ However, new technology such as Internet Keywords (Keywords) could be another solution to the domain-name problem.

RealNames Corporation, founded in 1996, provides Keywords technology.²²⁰ Keywords "provide a global addressing system that allows people to navigate the Web using common names in their own language and character sets."²²¹ Keywords enable users to locate a website without knowing the actual domain name of the site.²²² Marketed as a complement to domain names, Keywords "consist of names and brands without the [WWWs], dashes, symbols and dot-whatever extensions of URLs."²²³ Therefore, instead of typing "http://www.dell.com," a user could simply type "dell" in a compatible browser, and he would be directed to the Dell Computer website.²²⁴ Part of the reason for the potential success of Keywords is their compatibility with the Microsoft Internet Explorer (IE) browser.²²⁵ Almost 90% of Internet users world-wide have access to Keywords through IE.²²⁶ IE users need not download or install anything to use Keywords.²²⁷

In addition, RealNames recently partnered with VeriSign (formerly Network Solutions), one of the world's largest domain-name registrars, to allow customers to purchase Keywords from one of

217. Patrick Thibodeau, *Analysis: Will New Domains Be Helpful or Confusing?*, at <http://www.cnn.com/2000/TECH/computing/11/29/new.domain.analysis.idg/index.html> (Nov. 29, 2000).

218. See *supra* notes 200-02 and accompanying text.

219. Dennis O'Reilly, *Do Search Engines Tell the Truth?*, (August 2001), available at <http://www.cnn.com/2001/TECH/internet/08/27/search.engines.idg/index.html>.

220. REALNAMES, ABOUT KEYWORDS, at http://www.realnames.com/virtual.asp?page=Eng_Corporate_How_Work (last visited Jan. 21, 2002).

221. REALNAMES, KEYWORD FAQ, at http://www.realnames.com/virtual.asp?page=Eng_Corporate_Product_FAQ#keywords (last visited Jan. 21, 2002).

222. REALNAMES, *supra* note 219.

223. REALNAMES, *supra* note 220.

224. *Id.*

225. *Id.*

226. Web Side Story, MICROSOFT'S SHARE OF BROWSER MARKET CONTINUES TO RISE: NOW MORE THAN 87 PERCENT, WebSideStory Press Releases, at http://www.websidestory.com/cgi-bin/wss.cgi?corporate&news&press_1_104 (Feb. 22, 2001).

227. REALNAMES, *supra* note 220.

VeriSign's ninety registrar companies.²²⁸ By partnering with a well-known company such as VeriSign, RealNames has greatly broadened its reach.²²⁹ Also, Keywords are designed to protect intellectual property from cybersquatting by requiring that higher-traffic Keywords go through a "Keyword Review" prior to sale.²³⁰ In the event that there are disputes over intellectual property rights, the Keyword Dispute Resolution Policy provides rules that allow registrars to revoke Keywords due to cybersquatting.²³¹

Because of their simplicity, Keywords eliminate much of the confusion inherent in locating a website.²³² Therefore, a company with an unrecognizable domain name could market its Keyword to allow users to locate its website.²³³ For example, if Dell Computer were concerned that users might not locate its website at "dell.com," it could purchase the Keyword "Dell Computers" and market it to the public. By advertising a Keyword, Dell Computer could avoid the need to own every TLD variant with "Dell" in it. Many groups have seen the value of marketing Keywords as opposed to expending large amounts of resources to procure domain names.²³⁴

Though the proprietary nature of devices such as paid placement search engines and Keywords may be considered suspect to some, such devices may help allay companies' fears of consumer confusion. So far, about 1.5 million web site owners have registered with RealNames to use Keywords to market their sites.²³⁵ This number is far lower than the tens of millions of domain names that may exist on the web.²³⁶ Many Internet users are still unaware of Keywords and their usefulness.²³⁷ Therefore, RealNames and the companies that already have Keywords must ensure that consumers are educated for Keywords to succeed in the market.²³⁸

228. Todd R. Weiss, *RealNames Expands Web 'Keywords'*, at <http://www.cnn.com/2001/TECH/industry/10/14/realnames.keywords.idg/index.html> (Oct. 14, 2001).

229. *Id.*

230. REALNAMES, POLICY, at http://www.realnames.com/virtual.asp?page=Eng_Policy_Landing (last visited Jan. 21, 2002).

231. *Id.*

232. *Id.*

233. *Id.*

234. REALNAMES, KEYWORD CUSTOMER SPOTLIGHTS, at http://www.realnames.com/virtual.asp?page=Eng_Corporate_Spotlight_Landing (last visited Jan. 21, 2002).

235. Weiss, *supra* note 228.

236. *Id.*

237. *Id.*

238. *Id.*

IV. CONCLUSION

As trademark law tries to play catch-up with the Internet, changes in technology negate the intended purpose of many laws and instead serve simply to increase rights for trademark holders. With these new technologies, trademark holders and non-trademark holders alike can share in the capabilities of the Internet. However, with favorable laws on their side, trademark holders have an unfair advantage. This situation must be corrected, or trademark holders will be the only ones to benefit from the Internet.

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