

TO: Client
FROM: Matthew C. Berntsen
SUBJECT: What options does a company have to take a domain name containing its trademark(s) away from another party?
DATE: December 10, 2009

A. SHORT ANSWER

There are four primary means for a company to take a domain name containing its trademark(s) away from another party. They are: the Uniform Domain Name Dispute Resolution Policy, the Anticybersquatting Consumer Protection Act, trademark infringement and trademark dilution.

B. TRADEMARKS AND DOMAIN NAMES

Domain names, such as <bostonlawgroup.com>, are an integral part of the Internet as they allow Internet users to have a more intuitive browsing experience. Because domain names are composed of letter and numbers, it may be convenient for an individual to register a domain name containing a trademark.¹ If the registrant does not own the mark in question, the mark-holder may seek to take the domain name from the registrant. While there are numerous ways that a mark-holder can force a registrant to transfer a domain containing the mark, the four primary tools are the Uniform Domain Name Dispute Resolution Policy (the "URDP"), the Anticybersquatting Consumer Protection Act (the "ACPA"), trademark infringement and dilution. Depending on the specific facts and locations in question there may be other options, particularly under the laws of specific jurisdictions.² Of these options, only the URDP has a truly global scope, and as the other options all involve the courts they may present difficulties such as establishing personal jurisdiction.

¹ G. Gervaise Davis III, *Resolving Domain Name Disputes: Trademarks in an Internet World*, 947 PLI/Pat 579, 583 (September-October, 2008) [hereinafter "Davis"].

² See, e.g., *Olympic Sports Data Services, Ltd. v. Maselli*, Miscellaneous Action No. 07-117, 2009 WL 693629, at *1 (E.D. Pa. Mar. 16, 2009) ("Allowing state law claims for "conversion, tortious interference with existing and prospective economic relations, and unjust enrichment" related to misuse of a domain name.); *E. & J. Gallo Winery*

C. THE UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY

The URDP³ will often be the most attractive option for forcing a party to transfer a domain name containing a mark to a mark-holder because its scope is global and URDP procedures do not have all of the costs inherent to litigation.⁴ The International Corporation for Assigned Names and Numbers ("ICANN"), the entity that ultimately oversees registration of domain names, put the URDP in place. "All registrars in the .biz, .com, .info, .name, .net, and .org top-level domains follow the [URDP]," which creates a contractual relationship between ICANN, the domain registrar, and the registrant that binds the latter to arbitrate in the event of a URDP complaint.⁵ As a remedy, the UDRP provides at most that a mark-holder may obtain rights in the disputed domain; it is a contractual arrangement and does not provide for civil damages.⁶

Mark-holders may invoke the UDRP either by bringing suit in a court of competent jurisdiction or bringing a complaint to any ICANN Approved Arbitration Provider (a "Provider"), although the arbitration must be conducted in the language of the registrar's registration forms.⁷ The mark-holder's complaint must lay out a *prima facie* case "(1) that the domain is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; (2) [that] allege[s] facts showing that the Respondent has no rights or legitimate interests in respect of the domain name; and (3) that the domain name was both registered and is being used in bad faith."⁸

v. Spider Webs Ltd., 286 F.3d 270, 272 (5th Cir. 2002) (Affirming Plaintiff's victory under state anti-dilution statute against Defendant who registered domain name containing Plaintiff's marks in bad faith.).

³ Full text of the URDP is available at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>.

⁴ Davis at 583-84, 587.

⁵ Davis at 587-88 (internal citation omitted).

⁶ Jeffrey D. Neuburger, *New Media, Technology and the Law: A Summary of Key Legal Developments Affecting Technology and Emerging Business Models*, 978 PLI/Pat 249, 269 (September, 2009) ("The remedies available in a UDRP proceeding are either the cancellation of the domain name or the transfer of the domain name to the prevailing complainant.") [Hereinafter "Neuburger"].

⁷ *Id.* at 588-91. A full list of providers is available at <http://www.icann.org/dndr/udrp/approved-providers.htm>.

⁸ Davis at 594.

Once the mark-holder has established a *prima facie* case, the registrant bears the burden of disproving at least one of the elements listed above.⁹

Registrants have historically failed to respond to a complaint in 60-70% of cases, which usually means the mark-holder wins.¹⁰ Further, one recent survey of URDP cases found that approximately 83% of UDRP complaints resulting in decision ultimately transferred the domain to the mark-holder.¹¹ Accordingly, a mark-holder who can establish the *prima facie* case for a UDRP complaint has a high likelihood of ultimately obtaining the disputed domain.

1. The Domain is Identical or Confusingly Similar to the Mark

UDRP arbitrators tend to be extremely generous to complainants, and have generally found that domains including a complainant's mark are confusing.¹² Further, some arbitrators have found that "sucks" domains (e.g. <http://wal-martsucks.com>) are confusing.¹³

2. The Complainant has Rights in the Mark

The surest way for a Complainant to establish rights in a mark is by registering it on the Principal Register. A pending application for registration may also be sufficient. Note, however, that registration on the Supplemental Register is likely to be insufficient to demonstrate a Complainant's rights in the mark. Lastly, common law trademark rights will usually be recognized in UDRP proceedings so long as the Complainant can provide sufficient evidence of the mark's use.¹⁴

⁹ *Id.*

¹⁰ *Id.* at 590.

¹¹ *Id.* at 593.

¹² Anne Gilson LaLonde, *Litigation Alternatives: UDRP and Trademark Office Proceedings*, 904 PLI/Pat 561, 571 (June-July 2007) [hereinafter "Gilson"].

¹³ WIPO Case No. D2000-0662 (2000) (where registrant admitted registering domain in bad faith), *available at* <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0662.html>. *But cf.* WIPO Case No. D2004-0978 (2004), *available at* www.wipo.int/amc/en/domains/decisions/word/2004/d2004-0978.doc.

¹⁴ Gilson at 572 (internal citations omitted).

3. Respondent Has No Rights or Legitimate Interests in the Domain Name

The Complainant's assertion that the Respondent has no legitimate interest in the domain name can be rebutted by the Respondent (referred to as "you" by the URDP) by showing that:

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name was in connection with a bona fide offering of goods or services; or
- (ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark . . . rights; or
- (iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.¹⁵

4. The Domain Name was both Registered and is Being Used In Bad Faith

Bad faith of the registrant (referred to as "you" by the URDP) is presumed if the arbitrator finds:

- (i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration . . . ; or
- (ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or
- (iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.¹⁶

The registrant can rebut the resulting presumption of bad faith by showing a legitimate interest in the domain as discussed above.

Accordingly, a registrant may have a difficult time rebutting the presumption of bad faith.

As such, a mark-holder may wish to pursue assignment of a domain name containing its mark

¹⁵ URDP Policy 4b, available at <http://www.icann.org/en/udrp/udrp-policy-24oct99.htm>.

¹⁶ *Id.*

under the UDRP due to the UDRP's global reach, comparatively low cost, and high likelihood of success for the mark-holder.¹⁷

D. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

The ACPA was passed in 1999 to address the issue of cybersquatting, or registering a domain containing a mark for the purpose of extracting a higher price, usually from the mark-holder.¹⁸ The ACPA protects mark owners from others that:

- (i) [have] a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and
- (ii) register[], traffic[] in, or use[] a domain name that--
 - (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;
 - (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark¹⁹

While dilutive effect is determined under the likelihood of dilution standard of the TDRA discussed in Part F, whether a domain name is "confusingly similar" to a mark is determined solely by the "facial similarity of the two marks."²⁰ Further, "[r]emedies under the ACPA include forfeiture, cancellation or transfer of the disputed domain name, as well as either actual damages, or statutory damages of not less than \$1,000 and not greater than \$100,000 per domain name."²¹

1. Bad Faith Intent to Profit

The statute offers a number of suggested factors to aid courts in determining the existence of bad faith. These factors are:

- (I) the trademark or other . . . rights of the person, if any, in the domain name;

¹⁷ For a more detailed discussion of the UDRP complaint process and strategy therein, *see generally* Davis; Gilson.

¹⁸ S. Rep. 106-140

¹⁹ 15 U.S.C. § 1125(d).

²⁰ *Visa International Service Association v. JSL Corp.*, 590 F. Supp. 2d 1306, 1314-20 (D. Nev. 2008) (citing *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 634 (9th Cir.2008)); *N. Light Tech., Inc. v. N. Lights Club*, 236 F.3d 57, 66 n. 14 (1st Cir.2001) ("[T]he likelihood of confusion test of trademark infringement is more comprehensive than the identical or confusingly similar requirement of ACPA, as it requires considering factors beyond the facial similarity of the two marks." (internal quotation marks omitted))

²¹ Neuburger at 271.

- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the [mark's] goodwill . . .;
- (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 . . . or the person's prior conduct indicating a pattern of such conduct;
- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others . . . ; and
- (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous²²

While none of these is facially determinative, courts have uniformly found against registrants that attempt to sell the domain to the mark-owner at a premium.²³

Nonetheless, the statute forbids courts from finding against a registrant who "believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."²⁴ The ACPA is relatively new, and courts struggle to apply it. Accordingly, while the First Amendment rights embodied in the protection of fair uses are arguably rather broad, some courts have construed them very narrowly.²⁵

²² 15 U.S.C. § 1125(d)(B)(i).

²³ *E.g.*, *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1058 (10th Cir. 2008) ("The quintessential example of a bad faith intent to profit is when a defendant purchases a domain name very similar to the trademark and then offers to sell the name to the trademark owner at an extortionate price.")

²⁴ 15 U.S.C. § 1125(d)(B)(ii).

²⁵ *E.g.*, *Toronto-Dominion Bank v. Karpachev*, 188 F. Supp. 2d 110, 114 (D. Mass. 2002) (gripe site with no apparent intent to profit does not receive fair use protection). *But cf.* *Lamparello v. Falwell*, 420 F.3d 309, 76 U.S.P.Q.2d 1024 (4th Cir. 2005) (no ACPA violation of gripe site whose nature was immediately obvious upon opening it as no likelihood of confusion).

E. TRADEMARK INFRINGEMENT

“The touchstone of liability [for trademark infringement] is whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties.”²⁶ While the circuits apply different multi-factor tests to determine likelihood of confusion, the test share numerous elements. A typical set of factors are: (1) strength of the senior mark; (2) relatedness of the goods or services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) the intent of defendant in selecting the mark; and (8) likelihood of expansion of the product lines.²⁷ While a thorough summary of how courts apply these factors is outside the scope of this memorandum, *AMF Inc. v. Sleekcraft Boats* walks through each factor in detail.²⁸

In the domain name context, the clearest case of trademark infringement is when a competitor registers a domain that is virtually identical to the mark-holder's mark.²⁹ Some circuits have extended a registrant's liability to situations of “initial interest confusion,” where a domain infringes if it “misdirect[s] consumers as they search for web sites associated with the owner of a trademark.”³⁰ However, some circuits reject the initial interest confusion doctrine altogether, reserving a finding of infringement for cases where the website at the disputed domain is likely to be confused for a website of the mark-holder.³¹

Accordingly, a mark-holder should carefully consider the scope of trademark infringement when selecting what jurisdiction in which to sue. Due to the complexity of the likelihood of confusion analysis, the legal costs and delays involved may be substantial. As such, a mark-holder

²⁶ *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir.1997).

²⁷ *Id.*; *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979).

²⁸ *Sleekcraft*, 599 F.2d.

²⁹ *See, e.g., Internet Specialties West, Inc. v. Milon-DiGiorgio Enterprises, Inc.*, 559 F.3d 985 (9th Cir. 2009); *St. Luke's Cataract and Laser Inst., P.A. v. Sanderson*, 573 F.3d 1186 (11th Cir. 2009).

³⁰ *Audi AG v. D'Amato*, 469 F.3d 534, 546 (6th Cir. 2006).

³¹ *Compare Id.* (“initial interest confusion” is recognized as an infringement under the Lanham Act”) *with Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005) (“we have never adopted the initial interest confusion theory”; holding the website content made for no likelihood of confusion with the mark-holder despite domain identical to the mark).

should consider whether to sue a registrant of a domain containing the mark-holder's mark under a trademark infringement theory.

F. TRADEMARK DILUTION

Dilution protects famous marks from blurring and tarnishment, which, respectively, are the reduction of the mark's association with a single source through use on unrelated goods and the association of the mark with unsavory things.³² Before the ACPA and the URDP came into effect, dilution was the best way for mark-holders to handle cybersquatters in the absence of a likelihood of confusion. The circuits agree that dilution had to be stretched in order to encompass cybersquatting, and thus federal courts have been reluctant to apply dilution to cases of pure cybersquatting since the passage of the ACPA.³³

The Trademark Dilution Revision Act (TDRA) was passed in 2006, and dramatically changed the preceding law.³⁴ The TDRA provides for an injunction against the offending activity unless the defendant intentionally sought to dilute the mark, at which point damages may be awarded.³⁵ To succeed on a dilution claim, a plaintiff must show that (1) it is the owner of a famous mark, and (2) the defendant begins a use in commerce (3) after the mark became famous that is (4) likely to dilute the mark.³⁶ Because the previous statute allowed remedies only upon the finding of actual dilution, the TDRA dramatically expands the applicability of the dilution doctrine.

³² *Id.* at §1125(c)(2)

³³ *E.g.* Sporty's Farm L.L.C. v. Sportsman's Market, Inc., 202 F.3d 489, 497 (2d Cir. 2000) (the ACPA "was adopted specifically to provide courts with a preferable alternative to stretching federal dilution law when dealing with cybersquatting cases").

³⁴ See Pub.L. No. 109-312, 120 Stat. 1730 (2006)

³⁵ 15 U.S.C. § 1125(c).

³⁶ *Id.*

1. Famous Marks

A mark is famous for purposes of the TDRA if “it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner.”³⁷

2. Tarnishment and Blurring

While the statute leaves the definition of dilution by tarnishment rather open-ended, it lays out a number of factors for determining dilution by blurring, which are currently being interpreted by the circuits:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.³⁸

Except in situations where the mark is used in a manner protected by the First Amendment, courts have been fairly liberal in granting relief to owners of famous marks under the FTDA, and so it should be strongly considered in situations where the elements of the statute are satisfied.

G. CONCLUSION

There are four primary means by which a mark-holder can take a domain containing its mark away from another party. They vary widely in their geographical scope, cost, and availability of remedies (e.g. damages v. injunction). Accordingly, a party should carefully consider its options in light of the facts of each individual case before choose which combination of methods to pursue.

³⁷ *Id.*

³⁸ *Id.*

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