Domain Names and E-Commerce

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CHAPTER: DOMAIN NAMES & E-COMMERCE

1.0 Introduction

A domain name is the letter-based user-friendly address linking computers or networks to the Internet. A domain name reads from right to left, in terms of increasing specificity. The "top level domain" (“TLD”) is intended to correspond with either the category of entity that registered the domain name (or the purpose for which it will be used), or the geographical region of the organization.

As will be described further in the section below, there are a number of systems available for the registration of domain names, including the generic top level domains (gTLDs), established and administered by the Internet Corporation of Assigned Names and Numbers ("ICANN"), .com (originally intended for business and commerce), .net (originally intended for networking providers) and .org (for miscellaneous and non-profit organizations), and the newly launched .info (suggesting "information"), all of which are effectively "open" for anyone to register. Also administered by ICANN are certain restricted gTLDs, which are only available to specific entities, such as .gov (U.S. government sites), .mil (U.S. military organizations), .int (international treaty organizations and internet databases), .edu (U.S. educational institutions), and the newly approved .biz (businesses), .name (individuals by name), .pro (professionals such as accountants, lawyers, physicians), .coop (non-profit cooperatives), .museum (museums), .aero (air-transport industry),[1]

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[1] Consult the Internet Assigned Numbers Authority (“IANA”) website at <http://www.iana.org/gtld/gtld.htm> for current listings.

There are also country code top level domains (ccTLDs), such as .ca, for Canada, .us for the United States, .de for Germany, .jp for Japan, which are established by ICANN and administered by the national governments, public authorities or corporations delegated by ICANN to operate each respective country code domain system, and establish its rules and policies.[2]

Domain names facilitate e-commerce by providing customers with an easy-to-remember, alphanumeric website address, and may also be used in business names or as trade marks to suggest online services. Historically, of the choices available in gTLDs, .com names have been considered more valuable and desirable than others (especially in North America) because of the immediate connection in the minds of the public between the term .com and Internet commercial activity.

The domain name system, particularly for the open gTLDs, has operated with few rules and restrictions, presenting clear advantages to those seeking a presence on the Internet, but also providing opportunities for both the unscrupulous and also those seeking capitalize on Internet business trends. Others have profited by registering descriptive or generic terms as domain names, such as <business.com>, <beer.com>, <income.com> and <rugby.com>, and selling or auctioning them for thousands to millions of dollars. The misappropriation of other's trade marks, business names and personal names by those with no clear right to such names

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2 For more information on the establishment and administration of ccTLDs generally, see IANA: Country-Code Top-Level-Domains, online: *Internet Assigned Names and Numbers* ("IANA") <http://www.iana.org/cctld/cctld.htm> (last modified: 20 February 2002).

(often for the purpose of persuading the owner of the trade mark, business or personal name to pay sums much higher than the registration fees), called "cybersquatting", has given rise to hundreds of lawsuits, and to the development of dispute resolution systems or specific legislation to protect trade mark owners and others from exploitation of this kind. This chapter will cover two of the most common questions raised in domain name disputes: how does the domain name registration system work, and what can be done if the domain name you want has already been registered by someone else?

2.0 Domain Name Registration

2.1 "First Come, First Served"

Domain names are registered on a first come, first served basis. Domain name registrars of gTLDs generally take that position that they act as a neutral party and neither evaluate whether the registration or the use of that name violates or infringes any third party's rights, nor arbitrate such disputes.[3]

2.2 Registrars & Registries

Initially, the company Network Solutions, Inc. ("NSI") had been granted a monopoly over the registration and administration of gTLDs. At that time, NSI acted as both the sole registrar (i.e. providing registration services to consumers) and sole registry operator (i.e. maintaining the database records of gTLD domain registrations). NSI's

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3 See for example Network Solutions, Inc.'s *Service Agreement Version Number 5.8*, online: I <http://www.netsol.com/en_US/legal/service-agreement.jhtml> (date accessed: 28 February 2002), clauses 10 (domain name disputes), 14 (indemnity) and 17 (representation and warranties).

registrar monopoly for gTLDs was dismantled in 1998, and ICANN has since been charged with approving accredited registrars for the .com, .org and .net gTLDs. NSI's registry division, however, (now named VeriSign Global Registry Services) currently acts as the sole gTLD registry operator for the .com, .org and .net registries.

VeriSign's operation of the .org registry is due to expire on December 31, 2002, and a non-profit organization (not yet determined as of February 2002) will then take over the .org registry. VeriSign's agreement with ICANN to operate the .net registry will expire on January 1, 2006, and will be subject to a competitive renewal process in which VeriSign and other interested parties may participate. VeriSign's agreement to operate the .com registry will expire on November 10, 2007, and VeriSign will have a right of renewal for a 4 year term subject to criteria specified by ICANN.[4]

For gTLDs alone, as of February 2002, there are at least 150 accredited domain name registrars throughout the world.[5] These registrars include companies in many countries, such as Canada, the United States, Switzerland, the United Kingdom,

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4 Network Solutions, Inc., News Release, "Network Solutions Registry Division Renamed VeriSign Global Registry Services" (14 September 2000), online: <http://corporate.verisign.com/news/2000/pr_20000914.html> (date accessed: 28 February 2002) for background on the VeriSign/NSI division of services. See The Internet Corporation for Assigned Names and Numbers ("ICANN"), "Announcement 2 April 2001: ICANN Announces Decision on Registry Agreement for .com/.net/.org Domains", online: ICANN <http://www.icann.org/announcements/icann-pr02apr01.htm> (date accessed: 28 February 2002). and ICANN, "ICANN Accra Meeting Topic: Reassignment of the .org TLD", online: <http://www.icann.org/accra/org-topic.htm> (last modified: 26 February 2002).

Germany, France, Norway, Spain, Italy, Sweden, Monaco, Kuwait, the Republic of Korea, China, Taiwan, Japan, Singapore and Australia. The number of countries represented will grow as more accredited registrars become operational. In addition to the geographical and linguistic convenience of choosing a registrar located in the registrant's home country, the cost of registration may be another factor in choosing which registrar to use, since domain name registration fees vary by registrar. An additional factor to consider is that if a domain name is registered using a registrar located in the United States, the domain name may be subject to the jurisdiction of the U.S. *Anticybersquatting Consumer Protection Act*, which will be discussed in greater detail below.

The above numbers do not include registrars for the 243 country code top level domains ("ccTLDs") available as of November 26, 2001.[6]

2.3 "Unrestricted" Registration Versus "Restricted" Registration

The gTLDs .com, .org, .net, .info, and some of the ccTLDs, are administered under "open" or "unrestricted" registration criteria. This means that domain names can be registered, on a first come, first served basis to any company or individual who provides their personal or company contact information, and who pays the prescribed registration fee. The registrant need not prove or declare that it falls

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5 See "List of Accredited and Accreditation-Qualified Registrars" on the website of the Internet Corporation for Assigned Names and Numbers, online: <http://www.icann.org/registrars/accredited-list.html> (last modified: 25 February 2002).

6 Consult Internet Names and Numbers Authority, "Root-Zone Whois Information" online: <http://www.iana.org/cctld/cctld-whois.htm> (last modified: 26 November 2001), for a full listing of country code domains.

under any particular eligibility criteria, or can be characterized as a particular type of entity. Therefore, in these "unrestricted" domains, registrants from any part of the world may register as many names as they like, without the need to prove what rights, if any, they may have in the name.

Many of the ccTLDs, however, are administered with limits on who is eligible to register domain names, although there is a current trend to implement registration rules for some ccTLDs which are less restrictive than they have been in the past. For example, in order to register domain names in the .ca (Canada), .fr (France) and .us (United States) domains, a registrant is required to show that it has a substantive national presence in that country. The criteria for national presence that a registrant must meet may vary from country to country. For example, under the current .ca registration rules, the owner of a .ca domain must demonstrate it has a “Canadian presence”, such as being a Canadian individual, Canadian corporation, or come under the special exception of being a foreign owner of a registered Canadian trade mark.[7] Registrants of .fr (France) domain names must show that they are companies who are effectively registered in France, or are individuals who reside in France or are of French nationality ("tout organisme demandeur officiellement déclaré en France et pour les personnes physiques résidant en France ou de nationalité

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7 The current rules for the .ca (Canada) domain name system became effective November 8, 2000. Among other things, these new rules allow .ca registrants to own an unlimited number of domain names, while the previous rules allowed a registrant to own only one .ca domain name. The new .ca rules also implemented new, specific categories for "Canadian Presence Requirements", including those mentioned in above, which emphasize a registrant's substantial connection to Canada, and modified the previous rules which placed greater focus on a registrant's interprovincial, "national" scope. Consult the Canadian Internet Registration Authority's website, online at <http://www.cira.ca> for full text of the .ca rules and related policies.

française").[8] Registrants of .us (United States) domain names must fulfill a "nexus" requirement, for example, being an individual who is a citizen or permanent resident of the U.S., or whose primary domicile is the U.S.; a U.S. corporation; or an entity or organization (including a federal, state, or local government of the United States, or a political subdivision thereof) that has a bona fide presence in the United States.[9]

2.4 Choosing gTLDs and ccTLDs

The concentration of registrants in the .com gTLD has led many users to complain that there is now a shortage of “good” .com names still available for registration. ICANN's approval of the new gTLDs such as .biz, .info, .pro, and .name was intended to create room in the domain name space for more users to obtain desired names, and to allow users to co-exist with names meant to differentiate between the type of registrant or activity associated with the domain names.

Some Internet users have welcomed the implementation of the new gTLDs, such as .biz and .info, as general alternatives to the overcrowded .com, .net and .org gTLDs; however, many trade mark owners have also expressed fear that their problems in policing registrations amongst the existing gTLDs and ccTLDs will only magnify as additional gTLDs become operational, since it affords wider opportunities for their marks to be registered as domain names by third parties with similar, competing marks, or by abusive third parties. Some mark owners perceive that the introduction

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8 Association Française pour le Nommage Internet en Coopération, “Charte de nommage pour la zone .fr”, online: <http://www.nic.fr/enregistrement/nommage-fr.html> (last modified: 4 February 2002).

of new gTLDs may also force them to register increasing numbers of these new domain names, as a defensive measure to prevent cybersquatting on their trade marks.

Some registrants have responded to the perceived domain name overcrowding by seeking names in ccTLDs, particularly ones that are administered under "unrestricted" criteria. Some Internet services are attempting to market these ccTLDs as top level domain alternatives to the .com gTLD, for example: .cc (Cocos (Keeling) Islands), .tv (Tuvala), .ws (Western Samoa), .nu (Niue), and .bz (Belize).[10] In Europe, there is widespread use of the European ccTLDs (for example, the .co.uk domain names (United Kingdom) is heavily used, and the European Parliament in February 2002 approved the new Internet address extension of .eu).[11] On one hand, some Internet services actively solicit potential registrants for domains in ccTLDs, hoping that customers will not be deterred by the fact that these are geographical ccTLDs and not gTLDs. On the other hand, some registrants seek ccTLD names, not merely as alternatives to gTLDs, but for the express purpose of operating websites which cater to a specific country's market or appeal to its citizens' sense of

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9 See the NeuStar, Inc. .us registry homepage, *usTLD Nexus Requirements,* posted online at: <http://www.NeuStar.us/policies/index.html> (date accessed: 28 February 2002).

10 See: (.cc) <http://www.enic.com>, (.tv) <http;//www.tv>, (.ws) <http://www.worldsite.ws>, and (.nu) <http://www.nunames.nu.main.cfm>, (.bz) <http://www.belizenic.bz>.

11 See the European Commission, "The creation of a ".eu" top level domain", online: <http://europa.eu.int/information_society/topics/telecoms/internet/eu_domain/index_en.htm> (date accessed: 28 February 2002). See European Commission, News Release "Commission welcomes European Parliament's endorsement of '.eu' Internet domain name" (28 February 2002) online: <http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/02/340|0|RAPID&lg=EN;> (date accessed: 28 February 2002).

nationalism, as stand alone websites or as a subsidiary page to a multinational parent company's home page.[12]

3.0 Trade Mark Disputes

Trade mark and domain name rights collide for a number of reasons, including first come, first served domain name registration procedures, and the fact that domain names, as Internet addresses, must be unique worldwide, whereas trade mark law allows concurrent uses of similar trade marks in different jurisdictions, or concurrent uses within the same jurisdiction of similar trade marks if there is no risk of confusion, depreciation of goodwill or misrepresentation.

With “unrestricted" domains, especially the highly valued .com domain, first come, first served priority allows anyone to register a domain name, without consideration of whether the registrant owns a trade mark in the name, or whether there could be potential competition for a domain name from owners of similar trade marks or domain names. In addition, while distinctive trade marks, with no immediate connection to their associated goods or services (for example KODAK or EXXON) are often the most valuable marks because of the broad scope of protection they receive under trade mark law, highly descriptive or generic domain names (such as <loans.com> or <business.com>) often fetch the highest resale prices because of their supposed marketing value. While it may be possible to enforce a distinctive

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[12] See for example the market research conducted regarding Internet user preferences for choosing .ca domains: Allan Gregg, "Canadian Attitudes Towards the .ca Domain" (Presentation to the Annual General Meeting of the Canadian Internet Registration Authority,

trade mark against a similar domain name, it may be very difficult to assert trade mark rights in a generic domain name and/or to prevent others from registering similar names using trade mark principles.

The most objectionable form of improper domain name use is “cybersquatting”. In the strictest sense, a “cybersquatter” is someone who purchases a domain name with the intention of selling it for profit to the trade mark owner. A variant of cybersquatting is "typo-squatting", which is the practice of registering domain names which are identical to well-known trade marks or domain names except that they contain spelling errors or keyboarding mistakes (for example, transposed letters, or the addition or omission of characters commonly found in domain names, such as periods or hyphens). Another example of improper domain name use may the registration of a domain name which comprises the trade mark of another, and its use with a website displaying objectionable content, such as pornography.

These areas of tension give rise to domain name disputes between trade mark owners and cybersquatters, trade mark owners who both have legitimate rights, and domain name and/or trade mark owners interested in the same generic names. The discussion below focuses mainly on cybersquatting activities, with some reference to other potential dispute issues.

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6 December 2001) online: <http://www.cira.ca/en/cat_agm.html> (date accessed: 28 February 2002).

3.1 Canadian Causes of Action Under Trade Mark Law

There are traditional causes of action in trade mark law on which to base claims against cybersquatting. Depending upon the facts of the case, a cybersquatting victim could initiate a court action alleging:

i) trade mark infringement;[13]

iii) passing off or unfair competition,[14] on the basis that by including another's mark in its domain name, a cybersquatter is directing public attention to its business as to cause or be likely to cause confusion, and/or on the basis that it may be passing off its services as those of the rightful owner; and/or

ii) depreciation of goodwill,[15] if the use by a cybersquatter is likely to have the effect of depreciating the value of the goodwill attached to another's marks.

Relative to the United States, there have been only a handful of court decisions in Canada involving domain names, and most involve interlocutory injunction applications where there was no determination on the merits.[16] So far, most of these decisions have favoured protecting the rights of registered trade mark owners,

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13 In Canada, see Sections 19 and 20, *Trade-Marks Act,* R.S.C. 1985, c. T-13.

14 In Canada, see Section 7, *Trade-Marks Act,* R.S.C. 1985, c. T-13.

15 In Canada, see Section 22, *Trade-Marks Act,* R.S.C. 1985, c. T-13.

16 For example: *Fitzwilliam* v. *Rolls-Royce plc*., [1999] F.C.J. No. 527 (F.C.T.D.); *Canada Post Corp*. v. *Epost Innovations In*c., [1999] F.C.J. No. 1297 (F.C.T.D.); *Epost Innovations Inc.* v. *Canada Post Corp.*, [1999] B.C.J. No. 2060 (B.C.S.C.); *Bell Actimedia inc.* v. *Puzo (Communications Globe Tete)*, [1999] F.C.J. No. 683 (F.C.T.D.); *ITV Technologies Inc.* v. *WIC Television* (1997), 77 C.P.R. (3d) 495 (F.C.T.D.); *Tele-Direct (Publications) Inc.* v. *Canadian Business Online Inc.*, [1997] F.C.J. No. 1387 (F.C.T.D.); and *Peinet Inc.* v. *O'Brien,* [1995] P.E.I.J. No. 68 (P.E.I.S.C.).

provided there is evidence of irreparable harm. Some Canadian judgments have even considered similar issues as those addressed under the ICANN *Uniform Domain Name Dispute Resolution Policy*, discussed in greater detail below.[17]

One Canadian case has suggested the possible reluctance of the courts to protect generic domain names. In *Toronto.com* v. *Sinclair and Cole*,[18] the Federal Court refused an application for an interlocutory injunction by a partnership of the Toronto Star and Bell Actimedia, the owner of the domain name <toronto.com>, who sought to enjoin the use of <toronto2.com>, and the website operating at that address. In addition to registering the domain name <toronto.com>, the plaintiffs had applied for the name as a trade mark and received a first refusal letter, on the basis of descriptiveness, from the Canadian Trade-marks Office. The plaintiffs operated a website with information about events in the city of Toronto. The defendants had registered the domain name <toronto2.com> for a business about Internet activity in the city. The defendants argued that geographic names are unsuitable for trade mark protection, where there is no evidence of secondary meaning, and they submitted evidence of over a thousand domain names including the word Toronto and several informational websites that used the word Toronto in the domain name. The Federal Court found that the plaintiff's evidence was insufficient to demonstrate that it would suffer irreparable harm from the defendant's activities, and that the

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17 See, for example, *Itravel2000.com Inc*. v. *Fagan*, [2001] O.J. No. 943 (Ont. Sup.Ct.), discussed below, regarding the domain name <itravel.ca>. The court granted an injunction to the plaintiff, and considered issues such as the similarity of the domain name to the plaintiff's business and trade names, whether the defendant had a legitimate interest in the name. The court further held that purpose for which the defendant had registered the domain name was to sell it for a profit.

plaintiff's evidence did not show any diminishment of the goodwill in <toronto.com>, or the ability of the website to attract advertisers. It is difficult to tell from the reasons issued the extent to which the generic nature of the domain name may have affected the decision. The decision suggests, however, that if domain name registrants follow trade mark principles to select inherently distinctive domain names, they may create stronger and more easily enforceable rights in those domain names under trade mark law.

The subsequent decision in *Itravel2000.com Inc.* v. *Fagan,*[19] suggests that in some cases courts may favour protecting the rights of prior trade mark users or owners of marks with generic properties, at least in the context of an interlocutory injunction. In this case, the defendant had registered the domain name <itravel.ca>, and had owned a pending Canadian trade mark application for ITRAVEL.CA based on use since March 1999.[20] The plaintiff did not own any domain names including the word ITRAVEL, and its pending trade mark application for ITRAVEL was filed one month later than the defendant's application, but was based on an earlier date of first use (October 1998).[21] The trade mark of the defendant appeared to cover, in part, similar or related travel services. There was also evidence of at least six other prior pending Canadian trade mark applications for marks consisting of or including the word ITRAVEL, owned by parties other than the plaintiff or defendant, and evidence

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18 (2000), 6 C.P.R. (4th) 487 at 492 (F.C.T.D.) (Heneghan J.).

19 [2001] O.J. No. 943 (Ont. Sup.Ct.), also discussed above regarding the importation of *UDRP* principles into a court analysis.

20 Canadian trade mark application number 1,086,104 for ITRAVEL.CA.

21 Canadian trade mark application number 1,089,892 for ITRAVEL.

of use of the word ITRAVEL on the Internet by other third parties located in or offering services in Canada, several of which used the word ITRAVEL as a second or third level domain. The Ontario Superior Court, however, granted the plaintiff's request for an interlocutory injunction restraining the defendant from selling, transferring, disposing of, pledging or otherwise encumbrancing or dealing with or using the <itravel.ca> domain name. The court was satisfied that irreparable harm would result if the injunction were not granted and the defendant were allowed to make use of the domain name, in particular to sell it to another party in the United States or elsewhere, since the plaintiff would be deprived of its "property" (the domain name) and would have no certainty of being able to recover it subsequently. The court did not, however, grant the plaintiff's alternative request to transfer the domain name.

To evaluate how a Canadian court may rule on the merits of a domain name dispute, it may also be helpful to look to U.S. and U.K. cases for guidance, some of which will be discussed in the next section of this paper. It should be noted that many U.S. cases rely heavily on the U.S. cause of action for trade mark dilution, grounded in the *Federal Trademark Dilution Act* of 1995, *Lanham Act* Section 43(c).[22] Dilution claims aim to protect famous trade marks from unauthorized commercial uses 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.[23] The evaluation of a dilution

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22 15 U.S.C. 1125(c).

23 *Federal Trademark Dilution Act*, 15 U.S.C. §1125(c)(1).

claim is less restricted than that of an infringement or passing off claim -- it avoids the difficulties of meeting the confusion test for trade mark infringement.

3.2 U.S. & U.K. Cases on Cyberpirates

Although there are a number of court decisions which considered cybersquatting issues prior to the implementation of the U.S. *Anticybersquatting Consumer Protection Act*, discussed in more detail below, two cases are frequently cited because they reflect the general attitude of the courts that cybersquatting will not be tolerated: an American decision, *Panavision* v. *Toeppen,*[24] and a U.K. decision, *Marks & Spencer PLC* v. *One in a Million.*[25] The domain name registrants in both cases were ordered to transfer their domain names to the plaintiff trade mark owners.

In *Panavision* v. *Toeppen*, the defendant had made a business out of registering the domain names of well-known marks and exacting payment from the marks' owners for the return of those marks. Toeppen did not, however, use the domain names to sell good or services, raising the issue of whether there was actual "use" of the trade marks, so as to result in a finding of infringement of passing off. The issue is one with relevance in Canada, since both trade mark infringement and depreciation of goodwill require there to be an unauthorized "use" of the registered trade mark. For there to be "use" of a trade mark registered for goods in Canada the trade mark

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24 *Panavision International* v. *Toeppen* 945 F.Supp. 1296 (C.D. Cal. 1996) (hereinafter *Panavision*).

25 *Marks & Spencer PLC* v. *One in a Million* (1997), [1998] FSR 265 (H.C. Chan. Div.); aff'd (1998)(U.K. Ct. App.) (hereinafter *One in a Million*).

must appear on the goods or their packages, or be in some other way associated with the goods at the time of sale. For trade marks registered for services in Canada, the mark must appear in advertising or be displayed in the performance of the services.[26]

In the U.S. *Panavision* case, Toeppen was held liable for trade mark dilution. The Court held that registering the trade marks of another as domain names for the purpose of selling them back to the trade mark owners went against the purpose of the federal dilution statute, and was not a permissible trade mark use. The court further held that Toeppen's actions lessened, if not eliminated, the capacity of the famous marks to identify wares or services. The court, however, admitted that for the purposes of trade mark dilution, mere registration of a domain name, without more, is not a typical "commercial use" of the trade mark on goods or with services. However, in this case, the defendant had gone beyond the mere registration of domain names and had registered them with the intent to sell them for a profit to trade mark owners, thereby trading on the value of the trade marks, and the court found that this activity constituted a commercial use under the dilution statue.

In the U.K. case of *Marks & Spencer PLC* v. *One in a Million*,[27] the defendants systematically registered domain names containing the trade marks of well-known British companies, with the intent to sell them back to the trade mark owners. None of the sites were actively in use. The U.K. Court of Appeal held that the defendants

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26 Section 4, Trade Marks Act, R.S.C. 1985, c. T-13.

were liable for passing off and trade mark infringement. Although the plaintiffs could not prove that the trade marks were in use in association with goods or services covered by the trade mark registrations by being part of the domain name, the court held that the U.K. *Trade-Marks Act* made it an infringement to use a famous mark on unrelated products or services, where such use could harm the distinctiveness or reputation of the mark. The plaintiffs' marks were sufficiently distinctive and their reputations so great that trade mark infringement resulted. (This seems to be a decision based, like many U.S. cases, on a “dilution” analysis.) The court further held that the tort of passing off was wide enough to include situations such as this one, where the "use" of a trade mark was registering it as a domain name, with intent to sell the domain name for a profit.

Other U.S. decisions have reflected the courts’ trend to curtail cybersquatting activities in cases where the plaintiff has shown that the domain name registrant is, in fact, cybersquatting and acting in bad faith.[28] Other cases reflect the more complicated analysis of competing rights for domains in the same gTLD (namely, .com), for example between owners of similar trade marks or trade names,[29] or

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27 (1997), [1998] FSR 265 (H.C. Chan. Div.); aff’d (1998)(U.K. Ct. App.).

28 See for example, *Intermatic Inc.* v. *Toeppen* 947 F. Supp. 1227 (N.D. Ill. 1996), against the same defendant as in *Panavision, supra* note 25; *Microsoft Corp. v. Karr,*No. 98-04245 (S.D. Texas), in which a court ruled in favour of Micrsoft Corp., ordering a Texan cybersquatters who had registered, among others, the domain names <microsoftwindows.com>, <microsoftoffice.com>, <microsoftkids.com>, <microsoftpress.com>, and <windowsfiles>, to relinquish these domain names to Microsoft Corp.

29 See, for example, *eToys.com* v. *etoy.com* (Los Angeles Sup. Ct. November 29, 1999) (unreported), which settled on January 25, 2000, see articles: M. Mirapaul, "Etoys Offers to Drop Suit Against Artists Group" *New York Times* (29 December 1999) online: <http://www.nytimes.com/library/tech/99/12/cyber/articles/30etoy.html> (date accessed: 28 February 2002), and P. Jacobus, "eToys settles Net name dispute with etoy" *CNET News.com* (25 January 2000) online: <http://news.com.com/2100-1017-

between trade mark owners and website owners who use their sites to publicize consumer criticism of the trade marks owner's products or services without using the trade mark in the site's actual domain name, although it may be part of the site's URL address.[30] Some courts in the past have considered that the genuine use of .net or .org gTLDs for their intended purpose, i.e. providing Internet services in the case of .net, may be one factor in distinguishing such domain name from claims based on similar trade marks or .com domain names. More recent court decisions and some arbitrators under the ICANN Uniform Domain Name Dispute Resolution Policy, however, have questioned the usefulness of existing gTLD distinctions in trade mark disputes, on the basis that current practice suggests that registrants of .net and .org domain names do not consistently follow the intended purposes for these gTLDs.[31]

236087.html?legacy=cnet> (date accessed: 28 February 2002); *Nissan Motor Co. Ltd.* v. *Nissan Computer Corp.* (C.D. CA, CV 99-12980 March 23, 2000); *Juno Online Services, L.P.* v. *Juno Lighting, Inc.* 979 F. Supp. 684 (N.D. Ill. September 29, 1997); *Interstellar Starship Services Limited* v. *Epix, Inc.* 1997 U.S. Dist. LEXIS 18873 (D. Ore. November 20, 1997); *Toys "R" Us* v. *Akkaoui* 1996 WL 772709 (N.D. Cal. October 29, 1996); *Giacalone* v. *Network Solutions Inc.,* 1996 WL 887734 (N.D. Cal. June 14, 1996); and *Toys "R" Us, Inc.* v. *Feinberg* 26 F. Supp. (2d), 639 (S.D.N.Y. Oct. 28, 1998).

30 See *Bally Total Fitness Holding Corporation* v. *Faber* 29 F. Supp. 2d 1161 (U.S. Dist. Ct., C.D. Calif. December 21, 1998), regarding a website at <http://www.compupix.com/ballysucks>, on which the words "Bally sucks" appeared. This use of the BALLY trade mark, not as part of the domain name, and for consumer commentary, was held to be protected under the First Amendment. The court further found that the anti-dilution statute did not prohibit such unauthorized use of a trade mark for non-commercial expression. It could be questioned whether the same analysis would apply under Canadian law.

31 *Avery Dennison Corp.* v. *Sumpton*, 189 F. 3d 868 (9th Cir. Cal. 1999), rev'g 999 F. Supp. 1337 (C.D. Cal. 1998). The district court recognized that .com was intended for businesses, and .net was intended for networks. The appeal court accepted the district court's finding in this regard, although it noted that there was evidence on the record to show this distinction was "illusory".

4.0 Uniform Domain Name Dispute Resolution Policy ("URDP")

In response to the high cost and uncertainty of domain name litigation, frustration with the previous NSI dispute policies, the decentralization of gTLD registrars, and the burgeoning number of domain name disputes, on October 24, 1999, ICANN implemented a dispute arbitration procedure, which is regulated by ICANN's *Uniform Domain Name Dispute Resolution Policy* ("*UDRP*").[32] The *UDRP* complaint process is an expedited administrative procedure which is meant to allow disputes involving clear cases of abusive domain name registration to be resolved more quickly and cheaply than through litigation. All registrars in the .com, .net, .org, .info, .biz and .name top-level domains follow the *UDRP*. A number of country codes are also subject to the *UDRP*.[33] A Canadian dispute resolution policy for the .ca domain has been finalized, but has not yet been implemented (see Section 7.0, below, for further details.)

A *UDRP* procedure permits a complainant, i.e. the trade mark owner, to file a written complaint with an ICANN-approved dispute resolution service provider.[34] Once a complaint has been filed, and the provider has accepted that the complaint fulfills all

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32 ICANN's *Uniform Domain Name Dispute Resolution Policy* is available online at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last modified: 5 February 2002).

33 As of February 2002, dispute resolution service provider WIPO indicates that these include: .ag (Antigua and Barbuda); .as (American Samoa); .bs (Bahamas); .bz (Belize); .cc (Cocos (Keeling) Islands); .cy (Cyprus); .ec (Ecuador);.fj (Fiji); .gt (Guatemala); .la (Laos);.na (Namibia); .nu (Niue); .pa (Panama); .ph (Phillipines); .pn (Pitcairn Islands); .ro (Romania); .tt (Trinidad and Tobago); .tv (Tuvala); .ve (Venezuela); .ws (Western Samoa). See WIPO, *Dispute Policies and Procedural Rules for ccTLDs*, online: <http://arbiter.wipo.int/domains/cctld/rules/index.html> (date accessed: 28 February 2002).

34 See ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy*, *infra* note 37. See also the procedure outlined in the ICANN *Rules for Uniform Domain Name Dispute Resolution Policy* (approved October 24, 1999), online: <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last modified: 5 February 2002). Each

the formal requirements of filing, the provider sends an Official Notification to the domain name owner (the "respondent") that a proceeding has been commenced. It is mandatory that respondents submit to the administrative proceeding.[35] According to the policy and accompanying rules, the date of the Official Notification is deemed to be the date of commencement of the proceeding, and the respondent has twenty calendar days from this date to file a response with the provider. In the most streamlined scenario, where neither party elects to have the dispute decided by a three-member panel, a decision may be rendered within a few weeks of a response being filed: the provider must choose a single panelist within five calendar days of receiving the respondent's response; the panel must then forward its decision, in writing, to the provider within fourteen calendar days of its appointment. The provider then forwards the panel's decision to the parties in the dispute.

Opting to initiate a *UDRP* administrative proceeding does not preclude any of the parties from commencing a court action, either before or after a complaint has been filed,[36] nor does it prevent the parties from reaching a settlement at any time. In fact, if either party disagrees with the panel's decision in a UDRP proceeding, either party has ten calendar days, from the date the decision is received from the panel by the dispute resolution service provider, to bring an action relating to the domain name in a court of law and to notify the service provider, domain name registrar and the other

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dispute resolution service provider has its own supplemental rules of procedure, which are accessible on their respective websites.

35 Article 4(a), *UDRP*.

36 If a legal proceeding is brought simultaneously with a *UDRP* proceeding, however, some courts may choose to stay the legal proceeding pending the outcome of the *UDRP*

party involved that such an action has been initiated, otherwise the decision is implemented. Courts are not bound by a panel's decision under the *UDRP,*[37] and although Article 4(a) of the *UDRP* prevents a panel's decision from being implemented if a court action is subsequently commenced (as described above), that subsequent court action is not an appeal of the decision, but a right of the party to bring an action in court under the laws of the mutual jurisdiction chosen by the Complainant. Since the implementation of the *UDRP*, there have been a number of attempts to bring actions subsequent to a *UDRP* panel's ruling.[38]

Currently, there are four dispute-resolution service providers: the World Intellectual Property Organization ("WIPO"), located in Geneva, Switzerland; National Arbitration Forum ("NAF"), located in Minneapolis, U.S.A.; CPR Institute for Dispute Resolution, located in New York City, U.S.A., and Asian Domain Name Dispute Resolution

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proceeding. See, for example, *Weber-Stephen Products Co.* v. *Armitage Hardware and Building Supply, Inc.* Case No. 00-C-1738 (N.D. Illinois May 3, 2000).

37 As suggested by Article 4(k) of the *UDRP*, and as held by the court in *Weber-Stephen Products Co.* v. *Armitage Hardware and Building Supply, Inc.* Case No. 00-C-1738 (N.D. Illinois May 3, 2000).

38 Article 4(k) of the *URDP* provides for the right of a party to challenge a decision of a *UDRP* panel, and refers to the Complainant's choice of "mutual jurisdiction" in the event of a challenge to the proceeding (as defined in the accompanying *Rules for Uniform Domain Name Dispute Resolution Policy*, online: ICANN <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last modified: 5 February 2002), namely: the jurisdiction of the respondent, and/or the jurisdiction of the domain name registrar. Some examples of court actions following a *URDP* decision include: the Order for Preliminary Injunction granted to the plaintiff in *Referee Enterprises, Inc.* v. *Planet Ref, Inc., Right Sports, Inc.* Case No. 00-C-1391 (E.D. Wisc., Jan. 24, 2001), subsequent to a decision in *Referee Enterprises, Inc.* v. *Planet Ref, Inc.* NAF Case No. FA94707 (June 26, 2000), regarding the domain name <ereferee.com>. The plaintiff in the court action was the complainant in the *UDRP* proceeding, which was decided in favour of the respondent; *Sallen* v. *Corinthians Licenciamentos LTDA*, 273 F. 3d 14 (1st Cir. 2001), which established that it may be appropriate for a party to bring an action under the *Anticybersquatting Consumer Protection Act* following a *UDRP* decision.

Centre ("ADNDRC").[39] The fees for a proceeding vary slightly between the four providers. For example, as of February 2002, for complaints involving one domain name, the dispute-resolution service providers charge fees of approximately USD$1,150 to US$2,000 for a single person panel, and USD$2,500 to $4,500 for a three person panel. Each provider sets its own rates, and policies regarding potential extra charges (for example, for proceedings involving multiple domain names, correspondence by methods other than e-mail, and charges for withdrawing a complaint). These fees vary by provider, and are continuously updated on their respective websites. In comparison with normal legal fees and costs incurred in a court action, and the length of time involved to reach conclusion, ICANN *UDRP* proceedings can be significantly expedited and are less expensive. They are therefore attractive to trade mark owners with uncomplicated disputes that involve clear cases of abusive domain name registration.

To make a successful claim, a complainant in a *UDRP* proceeding must prove all of the specified elements in Article 4(a) of the *URDP*:

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39 See ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy* online: ICANN <http://www.icann.org/udrp/approved-providers.htm> (last modified: 5 February 2002), for a list of providers with links to each website and fee information. Formerly, eResolution, located in Montreal, Canada, acted as dispute service provider for *UDRP* proceedings from the time of implementation of the *UDRP* but ceased accepting proceedings commenced after November 30, 2001. ADNDRC began accepting proceedings as of February 28, 2002. ADNDRC was formed by the Hong Kong International Arbitration Centre (HKIAC) and the China International Economic and Trade Arbitration Commission (CIETAC), of Beijing, to make *UDRP* proceedings more accessible to Asian Pacific Rim and Asian language users. See ICANN, News Release, "ICANN Announces New Dispute Resolution Provider in the Asia Pacific Region" (3 December 2001) online: <http://www.icann.org/announcements/announcement-03dec01.htm> (date accessed: 28 February 2002).

(i) that it owns a trade mark that is identical or confusingly similar to the domain name;

(ii) that the domain name registrant has no legitimate rights in the domain name; and

(iii) that the domain name registrant has registered and used the domain name in bad faith.

At least 4357 decisions involving 7561 domain names have been rendered as of February 14, 2002: of these, approximately 77 percent have favoured complainants.[40] Among the approximately 19 percent of decisions favouring respondents, many involved situations in which the trade mark owner was unable to demonstrate that the domain name registrant was without legitimate rights in the name, and/or that the domain name had been registered and used in bad faith. Some examples of scenarios that have failed to support all elements of the three-part test:

i) both parties owned similar trade marks, or the domain name owner was commonly known by a similar name (showing competing legitimate interests, and negating the claim that the domain name owner has no legitimate rights to the name);[41]

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40 *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, online: ICANN <http://www.icann.org/udrp/proceedings-stat.htm (last modified: 28 February 2002).

41 A full list of proceedings and decisions under the *UDRP* are posted online by ICANN at <http://www.icann.org/udrp/proceedings-list.htm>. See, for example, *Frank Jones Pearson* v. *Byerschoice,* NAF Case No. FA0092015 (March 9, 2000) re: <buyerschoice.com>; *Digitronics Inventioneering Corporation* v. *@Six.Net Registered,* WIPO Case No. D2000-0008 (March 1, 2000) re: <six.net> and <sixnet.com>; *Unitil Resources* v. *Robert Ampe,* NAF Case No. FA0093553 (March 14, 2000) re: <usource.com> and <usource.net>; *Shelley Harrison* v. *Coopers Consulting Inc.,* eResolution Case No. AF-0121 (April 4, 2000) re:

ii) the domain name owner had made preparations to use the domain name, or was operating, or had operated, a web site at that address in connection with a *bona fide* offering of goods or services, prior to any notice to him or her of the dispute (negating the bad faith claim);[42]

iii) the offending domain name was a descriptive, generic or common term in everyday language (negating claims of illegitimacy and bad faith). [43]

<launchpad.com>; and *Breakthrough Software, Inc.* v. *Hendrick Huigen,* eResolution Case No. AF-0122 (April 13, 1999) re: <shopzone.com>.

In the <buyerschoice.com> dispute above, both parties had phonetically equivalent registered trade marks, and the domain name owner had simultaneously registered .com addresses for its own mark (BYERS CHOICE) and identical spelling to the complainant's mark (BUYERS CHOICE), so that customers could find the site if they misspelled the address. In the <usource.com> dispute, the respondent had a registered trade mark that predated the use and application by the complainant of its trade mark.

42 See, for example, *Telaxis Communications Corp.* v. *William E. Minkle,* WIPO Case No. D2000-0005 (March 5, 2000) re: <telaxis.com> and <telaxis.net>; *Digitronics Inventioneering Corporation* v. *@Six.Net Registered,* WIPO Case No. D2000-0008 (March 1, 2000) re: <six.net> and <sixnet.com>; *Unitil Resources* v. *Robert Ampe,* NAF Case No. FA0093553 (March 14, 2000) re: <usource.com> and <usource.net>; *CRS Technology Corp.* v. *CondeNet Inc.,* NAF Case No. FA0093547 (NAF March 28, 2000) re: <concierge.com>; *Microcell Solutions Inc.* v. *B-Seen Design Group Inc.,* eResolution Case No. AF-0131 (May 2, 2000) re: <fido.com>; *E. Remy Martin* v. *Ramy Fahel*, WIPO Case No. D2001-1026 (January 18, 2002) re: <remyxo.com>; and *The Prudential Insurance Company of America* v. *PRU International*, NAF Case No. FA0111000101800 (January 18, 2002) re: <pru.com>.

43 See, for example, *Shirmax Retail Ltd.* v. *CES Marketing Group Inc.,* eResolution Case No. AF-0104 (March 20, 2000) re: <thyme.com>; *General Machine Products Company, Inc.* v. *Prime Domains,* NAF Case No. FA0092531 (March 2, 2000) re: <craftwork.com>; *CRS Technology Corp.* v. *CondeNet Inc.,* NAF Case No. FA0093550 (March 28, 2000) re: <concierge.com>; *Astro*Carto*Graphy Living Trust* v. *Advanced Locational Research,* NAF Case No. FA0003000094267 (April 26, 2000) re: <astrocartography.com>; *Microcell Solutions Inc.* v. *B-Seen Design Group Inc.,* eResolution Case No. AF-0131 (May 2, 2000) re: <fido.com>; *Scorpions Muskiproductions und Verlagsgesellschaft MBH* v. *Alberta Hot Rods*, WIPO Case No. D2001-0787 (November 7. 2001) re: <scorpions.com>; *eMoney Group Inc.* v. *Eom, Sang Sik* NAF Case No. FA0012000096337 (March 26, 2001) re: <emoney.com>; and *Ultrafem Inc.* v. *Warren R. Royal*, NAF Case No. FA0106000097682 (August 2, 2001) re: <instead.com>.

In Section 2 of the <thyme.com> decision, above, Panelist David Sorkin wrote: "Where the domain name and the trade mark in question are generic - and in particular where they comprise no more than a single, short, common word - the rights/interests inquiry is more likely to favour the domain name owner." In Section C of the <fido.com> decision, above, the panel stated: "registration of a common or generic name such as FIDO can hardly be considered indicative of bad faith, absent other factors [...] Even when a common name has become highly distinctive of a particular product because massive advertising has generated

Where the trade mark in question is a coined word, however, and the subject of an uncontestable trade mark registration, some panelists may be reluctant to find that the trade mark has become a generic word without substantial evidence.[44]

iv) complex factual issues must be resolved, such as evidence of a prior relationship between the trade mark owner and domain name owner, the terms of which are unclear and which should be resolved in a court of law;[45]

v) registration (and often, use) of the domain name predated the earliest use or registration of the complainant's trade mark (negating claims of illegitimacy and bad faith);[46] and/or

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substantial secondary meaning, another party might legitimately register the common name because of its primary meaning."

44 See, for example, the majority decision in *Sony Corporation v. Times Vision, Ltd.* NAF Case No. FA0009000095686 (March 9, 2001), re: the domain name <jumbotron.com>. The dissenting panelist disagreed with the majority, holding that the extent of evidence of generic use of a mark necessary to rebut a claim of bad faith in a *UDRP* proceeding, should be less than that required to invalidate a trade mark under trade mark law.

45 See, for example, *Adaptive Molecular Technologies, Inc.* v. *Priscilla Woodward,* WIPO Case No. D2000-0006 (February 28, 2000) re: <militec.com>. In this case, the domain name owner was an "authorized stocking distributor" of the trade mark owner's product, and there were significant factual issues as to whether the complainant had legally acquiesced to the domain name owner's use of the trade mark, or whether such use was a nomative fair use. The panel decided these were trade mark issues that were outside the scope of the proceeding, and were for the courts to decide. See also *United States Postal Service* v. *Postoffice.com, Inc.* NAF Case No. FA0012000096313 (March 19, 2001), re: <postoffice.com>, in which the majority found that the respondent's evidence of bona fide use of the domain name, and of use of the words "post office" in every day language, in contexts other than as a trade mark of the U.S. Postal Service, were sufficient to rebut a claim of bad faith, and that it was beyond the jurisdiction of the panel to enforce the complainant's rights in its mark under a U.S. Criminal Statute.

46 See, for example, *Shelley Harrison* v. *Coopers Consulting Inc.,* eResolution Case No. AF-0121 (April 4, 2000) re: <launchpad.com>; *Unitil Resources* v. *Robert Ampe,* NAF Case No. FA0093553 (March 14, 2000) re: <usource.com> and <usource.net>; and *Business Architecture Group, Inc.* v. *Reflex Publishing*, NAF Case No. FA0104000097051 (June 5, 2001) re: <bag.com>.

vi) specifically, Article 4(a)(ii) of the *URDP* requires that the domain name has been registered (or acquired) and is being used in bad faith, but the evidence shows that only registration or use was in bad faith, but not both;[47]

Some panels have denied complaints because even the first element has not been satisfied: namely, the complainant has not proven it owns a trade mark which is identical or confusingly similar. For example, some panels have dismissed complaints in which the complainant attempted to rely on a registered trade mark of which it was not the named owner in title.[48] When the registry database could not confirm that the offending domain name was, in fact registered, a panel held that the complainant failed to prove this first element.[49] Where a complainant's claim to the contested domain name arose out of a contractual dispute rather than trade mark rights, and the complainant could not establish that it owned any trade mark

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47 See, for example, *Microcell Solutions Inc.* v. *B-Seen Design Group Inc.,* eResolution Case No. AF-0131 (May 2, 2000) re: <fido.com>; and *Shelley Harrison* v. *Coopers Consulting Inc.,* eResolution AF-0121 (April 4, 2000) re: <launchpad.com>. See in particular, *Telaxis Communications Corp.* v. *William E. Minkle,* WIPO Case No. D2000-0005 (March 5, 2000) re: <telaxis.com> and <telaxis.net>. In the <telaxis.com> decision, the panel noted that while it was a bad faith use that the domain name registrant redirected the disputed domain names, after the dispute had begun, to websites of the complainant's competitors or to pornographic sites, the evidence showed that the registration of the domain names had been in good faith, and that prior to the dispute the domain name registrant had made preparations to use the domain name in offering real estate services.

48 Backstreet Boys Productions, Inc. v. Zuccarini, WIPO Case No. D2000-1619 (March 27, 2001) re: <backstreeboys.com> and other names. The complaint was subsequently refilled in WIPO Case No. D2001-0654, naming the trade mark owner as complainant. The Complaint succeeded in the second proceeding.

49 *Heel Quik, Inc.* v. *Michael H. Goldman,* NAF Case No. FA0092528 (March 1, 2000) re: <heelquik.com> and <heelquick.org>.

(registered or unregistered), business name or trade name that remotely resembled the domain name, the complaint was denied.[50]

In two National Arbitration Forum decisions, the panel refused to recognize the complainant's claim in its trade mark rights, where those rights were based on common law use of and pending applications for the marks, rather than registered trade marks.[51] It is unclear from the brevity of these written decisions whether the complainants lacked proof of their rights in their alleged common law marks. Without further clarification of the facts in each case, these decisions seem inconsistent with the *UDRP* requirement of trade mark ownership, which should be broad enough to cover both registered and unregistered marks (at least for mark owners relying on trade marks used in jurisdictions that recognize unregistered rights). The more recent line of decisions under the *URDP* have recognized the common law trade marks of domain name registrants in support of their claims of legitimate rights in their domain names.[52] Apparent inconsistencies in the interpretation of the *URDP*

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50 See *Drakken Ltd.* v. *Noname.com,* eResolution Case No. AF-0190 (July 2, 2000), re: <oscarnet.com>. In that case, the complainant had purchased the contested domain name from another party. The registration expired, because the vendor had failed to pay the renewal fees, and the respondent subsequently registered the domain name. The panel noted that while the complainant might be entitled to remedies in another forum against the vendor or the domain name registrar, the complaint failed to meet the requirements of the *URDP.*

51 See *Jeremy Goldberg* v. *Rugly Enterprises,* NAF Case No. FA0092975 (March 2, 2000) re: <phonespel.com>, <phonespel.org>, <phonspell.com>, <phonespell.net> and <phonesspell.com>; and *Western Hay Company* v. *Carl Forester,* NAF Case No. FA0093466 (March 3, 2000) re: <westernhay.com> and <westernhay.net>.

52 See in particular *Shelley Harrison* v. *Coopers Consulting Inc.,* eResolution Case No. AF-0121 (April 4, 2000) re: <launchpad.com>, in which the panel considers the relevance of common law trade marks and finds that the domain name registrant's acquired common law trade mark right to use the name LAUNCHPAD gave it a legitimate interest in the continued use of its domain name.

occur, however, since the decisions of one panel are not binding on another, and each decision is heavily fact-based.

5.0 U.S. Anticybersquatting Legislation

The *Anticybersquatting Consumer Protection Act* ("*ACPA*")[53] was enacted on November 29, 1999, to target trade mark cyberpiracy specifically. It was intended to address a number of difficulties commonly encountered by plaintiffs attempting to sue cybersquatters in court for trade mark infringement and/or dilution, for example, proving that a plaintiff's trade marks have been "used" by the domain name owner under trade mark law, when the domain name owner has merely offered to sell the domain name, and in fact, the domain name is not in use and does not resolve (i.e. connect) to an active server. Another common difficulty for a plaintiff is locating and naming a proper defendant, when the listed registrant for the domain name is a fictional entity or individual, and/or the registrant used false contact information to secure the domain name registration.

The *ACPA* prohibits the registration of, trafficking in, or use of a domain name where there exists a bad faith intent to profit from the goodwill of a related trade mark. In addition to proving bad faith, a plaintiff must also prove that the offending domain name is either: identical or confusingly similar to a trade mark that was distinctive at the time the domain name was registered; or that the domain name is identical to,

53 15 U.S.C. 1125(d).

confusingly similar to, or will dilute a trade mark that was famous at the time the domain name was registered.

A key aspect of the legislation is that it permits *in rem* civil proceedings, against the domain name itself, if the trade mark owner is unable to find or obtain personal jurisdiction over the domain name registrant. Such proceedings may be particularly useful if the registrant cannot be reached or has given false information to the domain name registrar so as to render him or her unreachable. To determine jurisdiction for an *in rem* proceeding, the Act deems the situs of a domain name is deemed to be in the judicial district in which either the domain name registrar or registry is located, or where documents sufficient to establish the control and authority regarding use and disposition of the domain name are deposited with the court. In order to use the *in rem* provision, a plaintiff must exercise good faith efforts to contact the domain name registrants.

U.S. courts have held that *in rem* provisions of the legislation are constitutional and do not violate due process. A plaintiff bringing suit under the *in rem* provisions of the *ACPA* need not prove that the domain name has sufficient minimum contacts to support personal jurisdiction in the forum state. Rather, a plaintiff must show that it cannot assert personal jurisdiction over the domain name owner[54] and that the case meets the requirements for *in rem* jurisdiction set out in the *ACPA*, for example, if

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54 See, for example, *Heathmount A.E. Corp.* v. *Technodome.com*, Case No. CA-00-00714-A, 2000 U.S. Dist. LEXIS 10591 (E.D. Va., July 24, 2000).

the domain name was registered through a registrar or registry located in the judicial district in which the suit is brought.[55]

The *ACPA* generally gives courts the authority to grant injunctions, including the forfeiture, cancellation or transfer of the domain name to the trade mark owner, as well damages and statutory damages in certain cases. Remedies in an *in rem* action are limited to forfeiture, cancellation or transfer of the domain name. The legislation also explicitly provides that the domain name registrar, registry or other domain name authority shall not be liable for injunctive relief or damages except in the case of bad faith or reckless disregard, including a willful failure to comply with such court orders. This provision is clarifies the existing law regarding registrar liability, in light of a number of prior U.S. cases in which courts refused to hold the registrar NSI liable for inducing the cybersquatting activities of registrants.[56]

6.0 Jurisdiction and Domain Name Disputes

It is beyond the scope of this chapter to examine the vast body of cases considering jurisdiction on the Internet.[57] It is particularly important to note that the cases considering jurisdiction in online defamation, contractual, and other types of disputes

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55 See for example *Cf. Cable News Network L.P.* v. *CNNews.com*, 162 F. Supp. 2d 484 (E.D. Va. 2001), discussed in greater detail below under the heading "Jurisdiction and Domain Name Disputes". See also *Caesars World, Inc.* v. *CAESARS-PALACE.COM*, 54 U.S.P.Q.2D (BNA) 1121 (E. D. Virginia 2000), in which the Eastern District Court of Virginia denied the defendants' motion to dismiss for lack of *in rem* jurisdiction.

56 See, for example, *Lockheed Martin Corporation* v. *Network Solutions Inc.* 985 F. Supp. 949 (C.D. Cal. 1997). See also *NSI* v. *Umbro International, Inc*., Record No. 991168 (Sup. Ct. Va., April 21, 2000).

57 For a more detailed discussion of Internet jurisdiction issues from an intellectual property perspective, see J. Lee, "Jurisdiction on the Web: Where is "Here" in Cyberspace?" (Paper presented at *Intellectual Property Summit 2002*, Infonex Conferences, 23 January 2002).

do not always apply in intellectual property disputes, since they often do not address the technicalities of intellectual property law. Such cases, for example, may often be differentiated from those in which trade mark infringement or passing off is claimed, since in these latter cases, courts must often consider the requirements of proving "use" of a trade mark (in association with goods or services).

To complicate matters, domain name disputes often involve domain names that: are registered, yet do not resolve to active websites (and are therefore not "used" as trade marks); are offered for sale by cybersquatters but not used as trade marks *per se*; and/or are used for fan sites, information sites or "gripe sites" (criticism). While some courts have expanded the definition of, for example "passing off" to include cybersquatting,[58] recognition of the problems with this technicality of trade mark law led to the adoption of special policies such as the ICANN *Uniform Domain Name Dispute Resolution Policy* for arbitration of domain name disputes, and the *Anticybersquatting Consumer Protection Act*, in order to address some of these "quirks" of domain name disputes, and define the proper forum in which one may bring proceedings under those rules.

Regarding the *ACPA*, we have discussed above that where personal jurisdiction cannot be obtained against a domain name registrant, an *in rem* action against the domain name itself may be brought in the forum where the domain name registrar or registry, is located, or where documents sufficient to establish the control and

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58 *Marks & Spencer PLC* v. *One in a Million* (1997), [1998] FSR 265 (H.C. Chan. Div.); aff'd (1998)(U.K. Ct. App.).

authority regarding use and disposition of the domain name are deposited with the court. For example, in *Cf. Cable News Network L.P.* v. *CNNews.com*,[59] the *in rem* provision was used by a plaintiff, headquartered in Atlanta, Georgia, to bring an action alleging infringement of its CNN trade mark in Virginia, against a Chinese defendant. The registrar of the domain names was located in China, however, the registry for all .com domain names at the time of the proceeding was VeriSign, Inc., located in Virginia.[60] The court held that *in rem* jurisdiction was constitutionally proper when a court sits in the same district in which the registry is located, in this case, Virginia.[61] In *Fleetboston Financial Corp.* v. *Fleetbostonfinancial.com*,[62] the courts further confirmed that jurisdiction for the purposes of an *in rem* proceeding is narrowly defined. The *Fleetboston* case was dismissed for lack of jurisdiction because the neither the registrar nor registry was located in the forum jurisdiction, and the domain registrant was located in Brazil with no apparent contacts to the U.S. The only connection to the forum was the location of the plaintiff, however, the court noted that the *in rem* provisions of the *ACPA* do not provide for the location of the plaintiff as a basis for an *in rem* proceeding in that jurisdiction.

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59 162 F. Supp. 2d 484 (E.D. Va. 2001).

60 See the section entitled "Registrars & Registries", above.

61 There was argument by the registrant that jurisdiction was improper, seemingly from the belief that it was based on the deposit of the registration certificate with the court. The registrant argued that the registration certificate had been obtained through coercion. The court held this point was irrelevant to the issue of jurisdiction, which derived from the situs of the registry, not the location of the deposit of the certificate.

62 138 F. Supp. 2d 121 (D. Mass 2001).

The *UDRP* dictates which Providers are approved by ICANN to administer *UDRP* proceeding,[63] and specifies in its rules that a Complainant must agree to submit, with respect to any challenges to a decision in the administrative proceeding, to the jurisdiction of the courts in at least one specified "Mutual Jurisdiction". Mutual Jurisdiction is defined in the Rules as:

> "a court jurisdiction at the location of either (a) the principal office of the Registrar […] or (b) the domain name holder's address as shown for the registration of the domain-name in Registrar's Whois database at the time the complaint is submitted to the Provider." [64]

In terms of both subject matter jurisdiction and territorial jurisdiction, *Sallen* v. *Corinthians Licenciamentos LTDA* established that it may be appropriate for a party to challenge a *UDRP* decision by bringing a proceeding under the *ACPA*, in that case, in the jurisdiction of the domain name registrant (Massachusetts).[65]

The general test in Canada for determining personal jurisdiction is to assess whether there is a "real and substantial connection" between the geographical forum and the subject matter of the litigation, as considered by the Supreme Court of Canada in

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63 Article 4(d) *UDRP.*

64 Rule 3(xiv), ICANN's *Rules for Uniform Domain Name Dispute Resolution Policy*, online: < http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last updated: 5 February 2002).

65 See *Sallen* v. *Corinthians Licenciamentos LTDA*, 273 F. 3d 14 (1st Cir. 2001), in connection with *Corinthians Licenciamentos LTDA* v. *Sallen* WIPO Case No. D2000-0461, regarding the domain name <corinthians.com>. This case is notable for its discussion of subject matter jurisdiction of the U.S. federal courts to exercise jurisdiction in such cases. The 1st Circuit court held that there is federal jurisdiction over such claims, and remanded the case to the district court.

Morguard Investments Ltd. v. *DeSavoye*.[66] The Supreme Court of Canada upheld *Morguard* in *Hunt v. T&N plc*[67] holding the "real and substantial connection" test is constitutionally based, and must be reflected in provincial rules concerning competent jurisdiction. If a court determines that it has jurisdiction over a matter, however, it may still decline jurisdiction on the grounds that the convenience of the parties and ends of justice would best be served if action were brought in another forum (*forum non conveniens*).

While the location of the registrar or registry may be relevant under the *ACPA* or the *UDRP*, a Canadian decision suggests that mere location of the registrar in the forum, without something more, is insufficient for Canadian courts to assert jurisdiction over domain name cases involving infringement or passing off claims under the *Trade Marks Act.* In *Easthaven Ltd. v. Nutrisystem.com, Inc.*,[68] the court considered the location of intermediaries, such as the domain name registrar, in determining jurisdiction over parties making claims under traditional trade mark statutes. The Ontario court reasoned that there was no real and substantial connection to Ontario, since both parties to the dispute were based outside of Canada, and the "sole cogent connection" to Ontario was the location of the registrar of the contested domain name. There was no other evidence of the defendant's connection to Ontario, either by domicile, or by substantial, continuous or systematic activities there.

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66 *Morguard Investments Ltd.* v. *DeSavoye*, [1990] 3 S.C.R. 1077 (S.C.C.) is the key general Canadian case in this area. Also, see J. -G. Castel, *Canadian Conflict of Laws*, 4th ed. (Butterworths: Toronto, 1997) at 52 *et seq.*

67 [1993] 4 S.C.R. 289 (S.C.C.).

7.0 CIRA's Dispute Resolution Policy for the .ca Domain

Rather than adopting the *UDRP*, after a lengthy consultation period, the Canadian Internet Registration Authority ("CIRA") released its own *CIRA Domain Name Dispute Resolution Policy* ("*CDRP*") on November 29, 2001, to govern disputes over .ca domain name registrations. The *CDRP* is expected to be implemented in early 2002, although as of February 2002, no firm implementation date has yet been set, and CIRA has yet to choose a dispute resolution service provider to administer the policy.[69] The purpose of the *CDRP* was to reflect the maintenance of the .ca domain name as a Canadian resource, and to provide a forum in which bad faith registrations of .ca domain name "can be dealt with quickly and inexpensively".[70]

In 2000, CIRA released its first draft *CDRP*, which bore a significant resemblance to ICANN's *UDRP*, with several important differences regarding, *inter alia*, the bad faith requirement and specific provisions regarding the eligibility of complainants to file and/or have domain names transferred to them if they did not meet Canadian Presence Requirements. CIRA solicited comments from Canadian individuals and interest groups for feedback on the draft policy, and whether certain principles in ICANN *UDRP* should be adopted or modified, based on the experience of the

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68 [2001] O.J. No. 3306 (Ont. Sup. Ct.).

69 The *CDRP* is posted on CIRA's website, at <http://www.cira.ca/en/cat_Dpr.html> (date accessed: 28 February 2002). Submissions made during the consultation periods are also available at the above link.

70 Paragraph 1.1, *CIRA Domain Name Dispute Resolution Policy* ("*CDRP*"), posted November 29, 2001, online at the CIRA website: <http://www.cira.ca/en/cat_Dpr.html>.

URDP.[71] CIRA then released a revised draft *CDRP* on September 7, 2001, and closed its second public consultation period on October 12, 2001.

Among the issues upon which CIRA sought public comments were:

i) the scope of the *CDRP* and whether it should include both registered and unregistered trade marks, trade names and personal names;

ii) whether complainants who do not meet the Canadian Presence Requirements should be allowed to file a complaint under the CDRP, and/or have domain names transferred to them if successful in the proceeding (and would the .ca domain become a haven for cybersquatters if trade mark owners who failed to meet the Canadian Presence Requirement were unable to lodge complaints, and/or assume ownership of contested .ca domain names);

iii) should the *CDRP* adopt the ICANN approach, allowing *bona fide* use of a domain name to be a sufficient condition for ruling against the complainant;

iv) should the *CDRP* require proof of "bad faith" use and registration of the domain name by the registrant, as it is defined under the ICANN *UDRP*.

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71 See the draft *CDRP,* and the report by Michael Geist, *CIRA Consultation on Alternative Dispute Resolution (ADR) Report and Analysis*, online: CIRA <http://www.cira.ca/en/cat_Dpr.html> (date accessed; 28 February 2002). Comments were received by the business community (including Internet service providers and domain name services), the intellectual property and legal communities, individual Internet users and a branch of the Ontario government (Ministry of Economic Development and Trade).

As a result of these consultations, the final, November 29, 2001 version of the *CDRP* was released. The *CDRP* resembles the *URDP* to that extent that a complainant must allege three basic grounds: the domain name is identical or confusingly similar to the complainant's mark, the domain name registrant has no legitimate interest in the domain name, and the registrant has acted in bad faith.[72]

A number of important differences were introduced into the *CDRP*, however, most notably:

i) in respect of the third ground of the complaint (bad faith on the part of the registrant), the complainant must show that the "registrant registered the domain name in bad faith", thus eliminating the requirement under the *UDRP* to show both use and registration in bad faith;[73]

ii) the *CDRP* specifies that a panel will consider that the registrant has a legitimate interest in the domain name, or has registered a domain name in bad faith, "if and only if" the facts of the case correspond to the list of scenarios outlined in the policy.[74]

iii) the *CDRP* recognizes provisions of, and adopts language from, the Canadian *Trade-Marks Act*, for example: the policy refers to Section 9 prohibited marks; the definition of "use" of a mark resembles that of the

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72 Paragraph 3.1, *CDRP.*

73 Paragraph 1.4, *CDRP*.

Trade-Marks Act (from Section 4); the policy discusses how use of a "clearly descriptive" domain name would support a claim to legitimate right on the part of the respondent (the language is similar to Section 12(1)(b));[75] and

iv) the *CDRP* explicitly recognizes unregistered, as well as registered, trade marks;[76]

v) if a domain registrant is successful in a proceeding, and can demonstrate to the panel that the complainant commenced the proceeding in an attempt "to unfairly, without colour of right," cancel or obtain transfer of the contested domain name(s), the panel may find that the complainant acted in bad faith and order the complainant to pay to the provider, in trust for the registrant, costs up to $5,000 (Canadian dollars). In comparison, the finding that a complainant has attempted "reverse domain name hijacking", by initiating an abusive proceeding under the *UDRP,* appears to have a merely declaratory purpose, and does not provide for monetary awards to be granted to successful registrants;[77] and

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74 Paragraphs 3.6 and 3.7, *CDRP*.

75 Respectively, paragraphs 3.2(d); 3.5(a) and (b); 3.6(b)*CDRP*.

76 Paragraph 3.2, *CDRP*.

77 Paragraph 4.6, *CDRP*. Compare to Paragraph 15(e) of the ICANN *Rules for Uniform Domain Name Dispute Resolution Policy.*

vi) the *CDRP* places restrictions on the eligibility of the complainant, requiring that to be eligible to bring a proceeding under the *CDRP*, a complainant must satisfy the CIRA Canadian Presence Requirements[78] at the time of submission, the only exception being that a foreign owner of a registered Canadian trade mark may submit complaints relating to the registered mark;[79]

In comparison, it is interesting to note that as part of the 2002 opening of .us (United States ccTLD) domain name registrations to the general public,[80] a separate *usTLD Domain Name Dispute Resolution Policy* ("*USDRP*")[81] was created, rather than adopting the *UDRP*. Like the *CDRP*, this policy also aimed to improve upon perceived difficulties with the *UDRP*. Most notably among the differences are that the *USDRP* specifies a requirement for the complainant to show bad faith use or registration by the respondent (as opposed to bad faith use and registration under the *UDRP*, or merely bad faith registration under the *CDRP*); and the *USDRP* eliminates the requirement to demonstrate a pattern of cybersquatting under the

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78 *Canadian Presence Requirements for Registrants*: *Version 1.2 Effective date: November 8, 2000*, posted at the CIRA website: <http://www.cira.ca/en/cat_Registration.html> (date assessed: 28 February 2002).

79 Paragraph 1.4, *CDRP*.

80 The general public will be able to register .us domain names as of April 24, 2002. Trade mark owners may register .us domain names during a sunrise period that commences March 4, 2002. See NeuStar, Inc..us homepage at <http://www.NeuStar.us>. See also NeuStar, Inc., News Release, ".US, America's Internet Address, Coming Soon" (12 February 2002) online: <http://www.NeuStar.com/pressroom/announcements/press_release.cfm?press_id=232> (date accessed: 28 February 2002).

81 NeuStar, Inc. *usTLD Dispute Resolution Policy (approved by the U.S. Dept. of Commerce February 21, 2002)*, which includes the corresponding *Rules for Uniform Domain Name Dispute Resolution Policy*, posted online: http://www.neustar.us/policies/index.html (date accessed: 28 February 2002).

claim that the respondent acted in bad faith by attempting to prevent the trade mark owner from reflecting its mark in a domain name, which requirement is present in the corresponding provisions of the *UDRP* and *CDRP*.[82] A finding of "reverse domain name hijacking" under the *USDRP* is, as the under *UDRP*, merely of declaratory nature, without provision for awarding costs to the successful registrant.[83] The *USDRP* does not appear to require that the complainant meet the usTLD Nexus Requirements in order to be eligible to initiate a complaint.[84]

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82 Paragraph 4(b), *USDRP*, and in particular, Paragraph 4(b)(ii). Compare to Paragraph 4(b)(ii), *UDRP* and Paragraph 3.7(b), *CDRP*.

83 See Paragraph 15(e)of the *Rules for Uniform Domain Name Dispute Resolution Policy* accompanying the *USDRP*.

84 See Paragraph 3(a) of the *Rules for Uniform Domain Name Dispute Resolution Policy* accompanying the *USDRP*: "Any person or entity may initiate an administrative proceeding by submitting a complaint […]".